



IRDA Does Not Sell Insurance!

The public are hereby cautioned regarding the following:

- There are certain telephone calls by persons claiming to be employees of Insurance Regulatory and Development Authority (IRDA), trying to sell insurance policies or offer 'benefits'.
- IRDA does not sell or promote any insurance product or offer any benefit.
- If any person approaches you claiming to be IRDA employee for sale of insurance products or offering any 'benefit', please report it to the nearest police station.
- IRDA regulates the activities of insurance companies to protect the interests of the general public and insurance policyholders.



A public awareness initiative by

बीमा विनियामक और विकास प्राधिकरण

**INSURANCE REGULATORY AND
DEVELOPMENT AUTHORITY**

Promoting Insurance. Protecting Insured.

www.irda.gov.in

You may contact IRDA Call Centre at 155255 or Log on to www.igms.irda.gov.in if your grievance has not been attended to by the insurance company.



**INSURANCE REGULATORY AND
DEVELOPMENT AUTHORITY**



**Handbook on
Life Insurance Riders**

Contents:

1. About this handbook	1
2. Life Insurance Riders	2
3. Frequently Asked Questions	7
4. Policyholder Servicing TATs	10
5. If you have a grievance	11

1. About the Handbook

This handbook is designed by the Insurance Regulatory and Development Authority (IRDA) as a guide on Life Insurance Riders and gives general information only. No Information given herein replaces or overrides the terms and conditions of an Insurance policy/rider

Please approach a duly licensed agent or a broker or Insurance Company registered with IRDA for specific information regarding a rider or for any other additional information.

2. Life Insurance Riders

- Riders are add-on options (Benefits) that can be added to a basic Life Insurance policy – to provide additional coverage. They help to customize different coverage requirements of a person under a single insurance policy. The prospectus/promotional material normally indicates about the riders that can be attached to the basic product. One may choose to add some or all such riders according to one's needs against payment of extra premium for each rider separately. Riders may be attached to linked or non-linked life insurance policy.
- Generally, riders have to be opted for the time of taking the basic policy. Some insurers may allow adding the riders at a later date as well, if stated explicitly in the promotional material.

The following are the most common riders that one would like to know about:

➤ **Accidental Death/ Permanent Disability Benefit Rider:**

This rider covers the risk of death or permanent disability as a result of an accident. In case of death due to accident, this rider provides for an additional benefit over and above what the basic policy covers. In case of total and permanent disability due to accident the rider may provide for benefits such as payment of benefits periodically, waiver of future premiums etc.

• **Critical Illness Rider:**

This rider is helpful to protect the insured in the event of diagnosis of a critical illness during the term of the policy where such illnesses are specified at the outset of the contract. If the insured falls sick due to any of the listed critical illnesses, this rider provides for payment of the additional benefit in one lump sum or periodical payments as per the Terms & Conditions of the contract. The insurer has to specify the list of critical illnesses covered and exclusions under

the riders. The most common Critical illnesses that covered are:

- i. Cancer
- ii. Heart attack
- iii. Kidney failure
- iv. Paralytic Stroke
- v. Cardiac Surgery

- **Guaranteed Insurability Rider:**

This rider allows the insured to increase the insurance cover as per the Terms & Conditions of the policy without further medical examination regardless of the state of health at that point of time. This rider is useful for young individuals, whose current income is low and who want to buy additional insurance at various stages of life as and when their income increases, along with time.

- **Term Rider:**

This rider provides for payment of additional

benefit (generally equals to the basic Sum Assured) on death over and above what the basic policy covers

- **Waiver of Premium rider:**

This rider provides for waiver of future premiums in the event of occurrence of an insured contingency such as death, disability etc. This facilitates continuity of coverage/benefits without having any financial strain. Similarly in case of some child plans, these riders provide the benefit of waiver of future premiums due to untimely death of the parent who has been covered in the rider/plan.

- **Spouse Insurance Rider:**

This rider provides insurance coverage for the spouse without him or her having to purchase a separate insurance policy.

- **Major Surgical Assistance benefit:** This rider provides for financial support in the event of

medical emergencies that require surgery. This rider does not generally cover Pre-existing illnesses and injuries that require surgery and also excludes expenses towards hospitalization for ailments that do not require surgery.

Note: The above list of riders is illustrative and not exhaustive. The scope of cover and benefits offered may vary from rider to rider and from insurer to insurer. You should approach duly licensed intermediary or insurer for specific information on a rider and its availability along with a specific insurance policy.

3. FAQs on Riders:

Q. Why should I purchase a rider?

Ans. Riders provide extra insurance cover/benefit on payment of additional premium without having to take a separate policy. Different riders can be added to the basic policy according to your needs and coverage requirements.

Q. When will the riders get terminated?

Ans. Normally, the rider gets automatically terminated, in case of discontinuance of the basic policy. It may also get terminated where it is a benefit rider and its benefits gets paid under the rider or due to occurrence of an insured event, which automatically puts an end to further benefits of riders as may be covered under the rider.

Q. Whether a rider can be offered/attached to every basic policy?

Ans. Not necessarily. A rider can only be attached, if the terms & conditions of the basic policy allow for the same.

Q. Are there any restrictions on the coverage amount, premium and number of riders I can have?

Ans. There are no restrictions as to the number of riders you can add to a basic policy, provided they are offered under the basic insurance policy. However, in no case, the premium relating to health related or critical illness riders in case of term or group products shall exceed 100% of premium under the basic policy. All other riders put together shall be subject to a ceiling of 30% of the premium of the basic policy. Any benefit arising under each of the riders shall not exceed the sum assured under the basic policy.

Q. At what time I can add a rider to my basic policy?

Ans. Generally insurers offer to add the rider at the time of taking the basic policy. However, some insurers allow adding the riders at a later date as well.

Q. What are the Tax benefits under Riders?

Ans. At present the tax benefits on premium paid towards riders are similar to the basic life

insurance policy. Premium paid towards all riders (other than health and critical illness) get tax benefits under Sec 80C and Health and Critical Illness riders get tax benefits under Sec 80D. All rider benefits when received (claims) are exempt from tax under Sec 10(10D). However, the tax laws are subject to change from time to time & will be applicable as per the laws prevailing on the date of delivery of service by insurer.

Q. Can I opt out of the rider I have added to my policy?

Ans. Depending upon terms of the rider, insurers may allow to get out the rider coverage. In such an event, the future premium payable will then simply be equal to the basic policy premium excluding the rider portion opted out.

Q. Can I have a rider separately without having a basic policy?

Ans. No. You cannot have rider coverage separately as a rider can only be offered as an add-on/additional benefit to a basic insurance policy.

4. Policyholder Servicing Turnaround Times as prescribed by IRDA

Service	Maximum Turn Around Time
General	
Processing of Proposal and Communication of decisions including requirements/issue of Policy /Cancellations	15 days
Obtaining copy of the proposal	30 days
Post Policy issue service requests concerning mistakes/refund of proposal deposit and also Non-Claim related service requests	10 days
Life Insurance	
Surrender value/annuity/pension processing	10 days
Maturity claim/Survival benefit/penal interest not paid	15 days
Raising claim requirements after lodging the Claim	15 days
Death claim settlement without Investigation requirement	30 days
Death claim settlement/repudiation with Investigation requirement	6 months
General Insurance	
Survey report submission	30 days
Insurer seeking addendum report	15 days
Settlement/rejection of Claim after receiving first/addendum survey report	30 days
Grievances	
Acknowledge a grievance	3 days
Resolve a grievance	15 days

5. If you have a grievance:

The Consumer Affairs Department of the Insurance Regulatory and Development Authority (IRDA) has introduced the Integrated Grievance Management System (IGMS) which is an online system for registration and tracking of grievances. You must register your grievance first with the insurance company and in case you are not satisfied with its disposal by the company, you may escalate it to IRDA through IGMS by accessing www.igms.irda.gov.in. In case you are not able to access the insurer's grievance system directly, IGMS also provides you a gateway to register your grievance with the insurer.

Apart from registering your grievance through IGMS (i.e., web), you have several channels for grievance registration-through e-mail (complaints@irda.gov.in), through letter (address your letter to Consumer Affairs Department, Insurance Regulatory and Development Authority, 3rd Floor, Parishram Bhavan, Basheerbagh, Hyderabad:4) or simply call IRDA Call Centre at **Toll Free 155255** through which IRDA shall, free of cost, register your complaints against insurance companies as well as help track its status. The Call Centre assists by filling up the complaints form on the basis of the call.

Wherever required, it will facilitate in filing of complaints directly with the insurance companies as the first port of call by giving information relating to the address, telephone number, website details, contact number, e-mail id etc of the insurance company. IRDA Call Centre offers a true alternative channel for prospects and policyholders, with comprehensive tele-functionalities, serving as a 12 hours x 6 days service platform from 8 AM to 8 PM, Monday to Saturday in Hindi, English and various Indian languages.

When a complaint is registered with IRDA, it facilitates resolution by taking it up with the insurance company. The company is given 15 days time to resolve the complaint. If required, IRDA carries out investigations and enquiries. Further, wherever applicable, IRDA advises the complainant to approach the Insurance Ombudsman in terms of the Redressal of Public Grievances Rules, 1998.

Disclaimer:

This handbook is intended to provide you general information only and is not exhaustive. It is an education initiative and does not seek to give you any legal advice.