

# Withdraw automatic extension of policies: IRDAI to general insurers

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The Insurance Regulatory and Development Authority of India (IRDAI) has asked all general insurers, other than standalone health insurers and specialised insurers, to withdraw the automatic extension option.

In a circular issued on Tuesday, the regulator said some insurers have been offering automatic extension of period clause.

This provides the policyholder an option to extend the base policy cover by a specified period. An additional pro-rata premium is being charged for this period.

“It is observed that some insurers are offering automatic extension of period clause as an add-on to annual policies such as standard fire special perils, industrial risks, office package, home package, shop package.”

## Contradicts norms

However, the automatic extension of period is contrary to existing norms.

“Hence, all insurers are advised to withdraw add-ons offering coverage similar to automatic extension of period clause with immediate effect and the same shall be informed to the authority,” said Yagnapriya Bharath, General Manager, IRDAI.

The existing policy issued with the above clause will be allowed to remain in force till their respective expiry dates.

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