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Market Watch

# Irdai permits insurers to grant moratorium on term loans

BY PTI | UPDATED: APR 08, 2020, 05.47 PM IST

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New Delhi: [Irdai](#) on Wednesday permitted [insurance](#) companies to grant a [moratorium](#) of three months on payment of term loans in line with the Reserve Bank's directions.

On March 27, the [Reserve Bank of India](#) had provided certain moratorium to the borrowers of term loans after the country was placed under the [lockdown](#) to fight [coronavirus](#) outbreak.

In a circular, Insurance Regulatory and Development Authority of India (Irdai) said it has received representations from industry associations, seeking moratorium on repayment of term loans sanctioned by the [insurers](#) in the context of outbreak of Covid-19.

The regulator has accepted the request.

"In respect of term loans, insurers are permitted to grant a moratorium of three months towards payment of instalments falling due between March 1, 2020 and May 31, 2020," it said.

The repayment schedule for such loans and also the residual tenor, will be shifted across the board by three months subsequent to the moratorium period, it added.

Irdai, however, added interest will continue to accrue on the outstanding portion of the term loans during the moratorium period.

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Further, the asset classification of term loans will be determined on the basis of revised due dates and revised repayment schedule.

"The rescheduling of payments, including interest, will not qualify as a default for the purpose of reporting of NPAs," Irdai added.

Insurers have been asked to frame Board approved policies to extend the relief in form of moratorium to all eligible borrowers.

The regulator also said concurrent auditors in their reports for the quarter ending June, 2020 should confirm that the insurers have complied with the Board Approved policy in granting moratorium.

Irdai has already provided additional time period for policy holders to pay their renewal premium as people may find difficulty in payment owing to the ongoing lockdown. NKD CS SHW BAL

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