



REF: IRDA/F&I/CIR/INV/085/04/2020

8<sup>th</sup> April, 2020

**CIRCULAR**

**The CEOs of all Insurers,**

**Sub: Rescheduling of Term Loans in the context of outbreak of Covid-19**

The Authority 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. RBI has issued directions dt. 27<sup>th</sup> March, 2020, providing certain moratorium to the borrowers of Term Loans. Considering the cashflow problems faced by the borrowers and in line with the RBI directions, the following instructions on providing moratorium on repayment of term loans are hereby issued:

- a. In respect of term loans, insurers are permitted to grant a moratorium of three months towards payment of instalments falling due between 1<sup>st</sup> March, 2020 and 31<sup>st</sup> May, 2020. 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.
- b. Interest shall continue to accrue on the outstanding portion of the term loans during such moratorium period.
- c. The asset classification of term loans which are granted relief as per point no.(a) above shall be determined on the basis of revised due dates and revised repayment schedule.
- d. The rescheduling of payments, including interest, will not qualify as a default for the purpose of reporting of NPAs.
- e. Insurers shall frame Board approved policies to extend above mentioned reliefs to all eligible borrowers.

- f. Concurrent Auditors in their reports for the quarter ending June, 2020 shall confirm that the insurers have complied with the Board Approved policy in granting moratorium.

This is issued with the approval of Competent Authority.

(S N Jayasimhan)  
HOD-Investments