



पेंशन निधि विनियामक और
विकास प्राधिकरण
बी-14/ए, छत्रपति शिवाजी भवन,
कुतुब संस्थागत क्षेत्र,
कटवारिया सराय, नई दिल्ली-110016
दूरभाष : 011-26517501, 26517503, 26133730
फैक्स : 011-26517507
वेबसाईट : www.pfrda.org.in

PENSION FUND REGULATORY
AND DEVELOPMENT AUTHORITY
B-14/A, Chhatrapati Shivaji Bhawan,
Qutub Institutional Area,
Katwaria Sarai, New Delhi-110016
Phone : 011-26517501, 26517503, 26133730
Fax : 011-26517507
Website : www.pfrda.org.in

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To,

Annuity Service Providers &
Other NPS Stake holders

Subject: Handling Surrender requests of Annuity Policies issued to NPS Subscribers by ASPs

Under National Pension System (NPS), the Subscribers are allowed to exit as per PFRDA (Exit and Withdrawal) Regulations. Exit regulations of PFRDA mandates for the utilization of the specified amount of accumulated corpus to purchase immediate Annuity to be provided by Annuity Service Providers (ASP) which are empaneled with PFRDA. ASPs are Life Insurance Companies which are regulated by *Insurance Regulatory and Development Authority of India (IRDAI)*.

2. PFRDA has been receiving requests for surrender of annuity policies post its issuance from the annuitants (*who were erstwhile NPS Subscribers*) or from other intermediaries with whom such Annuitants were associated earlier as NPS Subscribers. The Surrender is of two types viz surrender due to the applicability of Old Pension in case of Govt Sector subscribers and surrender due to any personal reasons including critical illness.

3. PFRDA (*Exits and Withdrawals under the NPS*) Regulations 2015, Regulation 22 defines the role of ASP as mentioned below,

(a) to provide different kinds of immediate annuities to the subscribers at the time of exit from the NPS.

(b) to provide minimum immediate annuity variants options as required by the PFRDA and to be able to provide any new variant as required by the PFRDA from time to time in the interest of subscribers in conformity with the Insurance Act, 1938 (4 of 1938) and the Insurance Regulatory and Development Authority Act, 1999 (41 of 1999) and the rules, regulations and guidelines made there under.

4. In view of the above, ASPs may handle the surrender requests received from Annuitants and intermediaries including Nodal officers of Government Sector without referring to PFRDA, National Pension System Trust (NPST) or Central Record Keeping Agency (CRA). The Surrender requests can be handled based on the specific annuity scheme features, contractual terms, surrender clause and applicable IRDAI guidelines.

5. ASPs are also advised to deal those cases of surrender on their own, after conducting their own due diligence in line with the existing provisions of the contract entered with the Subscriber at the time of issue of annuity policy. They also need to ensure that the Annuitants are made well aware of the surrender implications.

6. The information about surrender needs to be informed by ASP to the respective CRA through '*Reverse Information Flow*' for the purpose of the information and records with CRA.

7. This circular is issued under Section 14 of PFRDA Act 2013 and is available at PFRDA's website (www.pfrda.org.in) under the Regulatory framework in "Circular" section.

Yours Sincerely



(K Mohan Gandhi)

k.mohangandhi@pfrda.org.in
Chief General Manager