



Ref: CO/ NB&R /377/2024

12<sup>th</sup> February, 2024

To,  
All HODs of Central Office,  
All Zonal Offices,  
All Divisional Offices,  
All P&GS Units,  
All Branch Offices & Satellite Offices,  
Audit & Inspection Depts, MDC, ZTCs, STCs.

**Re : Underwriting guidelines for Credit Bureau Reports**

It has been decided to avail Credit Bureau reports as an underwriting tool. This will help in better financial assessment of risk. However, the Credit Bureau Report is **not a substitute** for the income proof but only a supportive document. The information in the Credit Report are only indicators of proposer's financial behaviour.

I. There are two types of reports depending on the Total Rated up Sum Assured (TRSA) as mentioned below:

Type of Report	Content of the Report	Applicable to TRSA
Short report	a) Identity verification (Name, DOB, Address, Tel no, Mobile no., email id, Aadhar No, PAN, Passport No or details of any other KYC documents b) Credit Score Rating c) Employment details – Service, Business, Self employed d) Public information such as Bankruptcy, court case, frauds	≥ 10 Lakhs < 60 Lakhs
Detailed Financial Evaluation Report (Long Report)	In addition to above e) Enquiries done by the life proposed for loan with banks and for insurance with other insurance Cos. f) Summary of loan accounts of the life proposed – type of loan, ownership of loan whether individual or not, if mortgage loan then value of mortgaged property, Loan sanction date and amount, EMI, mode of payment/ repayment, tenure and interest rate, o/s loan, if fully repaid then closure date g) Credit card details, o/s amount, overdue payments, if any	≥ 60 lakhs

The process for generating the Credit Reports is detailed below:

1. Branch Office has to capture the details provided in the proposal form and supporting documents accurately. PAN is desirable to fetch the report. Accuracy of data particularly the TRSA is of great significance in fetching the correct Report. Hence, the Branch Offices must ensure that correct details are entered during registration of proposals.

2. Once registration of proposal is completed, error will be set in respect of those proposals where Credit Report is required as per aforesaid criteria (TRSA >= 10 Lakhs). User (core group) has to go to Credit Bureau option under Completion menu. Here two options have been provided:

a) Registration of request for Credit Bureau Report – User has to give proposal no. and confirm TRSA. The request for Credit Report will be triggered and fetched in real time. The Short report will be displayed for viewing.

Request for Credit Bureau Report will be triggered based on the following information:

- PAN
- Name
- Date of Birth
- Gender
- Mobile Number

The trigger for generating Credit Report will be enabled only once for each proposal. Hence the aforesaid details must be confirmed before generating Credit Report.

b) Enquiry of Credit Bureau Report – This option is for subsequent viewing of the Report

3. The Short Report will be viewable in Branch Office in efeap. In Divisional Office, Zonal Office and Central Office both the Short Report and the Detailed Financial Evaluation Report will be viewable in the NUA. Proposals with Detailed Financial Evaluation Report are not to be underwritten by Branch Office regardless of the SUC. These proposals will be decided by Divisional Office / Zonal Office / Central Office as per the FPSO and the guidelines detailed below.

## **II. Guidelines for Short Report**

a) Identity to be confirmed by comparing name, Date of birth, Mobile number, e-mail id, PAN, ID number such as Aadhar, Passport number etc. and address provided in the report with the contents of the proposal form. If there is mismatch in identity / KYC then Proposer's observation should be called.

b) If address in the report indicates frequent movement from one place to another particularly change of city then it must be viewed with caution. Depending on the individual merits of the case, underwriter may call for observation of the proposer.

c) If any data regarding Employment / Business / Profession is available, then the same is to be matched with the corresponding information in the proposal form.

d) If anything adverse is reported in Public Information, then the proposal must be referred to NB&Actuarial, Zonal Office for underwriting.

e) Check the Credit Score Range

Credit Score Rating: 3 types of Credit Score Rating will be available In Short Report:

**Low Risk:** This means the Credit Score is very good and the proponent has good financial discipline as per his/ her past financial transactions.

**Normal Risk:** This means the Credit Score has an average financial discipline.

**High Risk:** This means the Credit Score is not good.

- i) If identity is matched and Credit Score Rating is “Low Risk” or “Normal Risk”, then the proponent is considered to be financially stable and can be decided as per the usual financial underwriting guidelines.
- ii) If identity is not matched and / or there is a frequent change of place as mentioned in (b) above without any satisfactory observation from the proposer  
And / or  
Credit Score Rating is “High Risk”

In such cases Branch Office must exercise necessary due diligence as detailed below:

- MHR in letter format by atleast ABM(Sales) after meeting the life proposed at his / her premises along with a specific recommendation must be obtained.
- In such cases PFQ should not be accepted as Income proof .

If these aspects are found satisfactory then, the Branch Office should decide the case at their end as per FPSO.

Cases where the above aspects are found to be unsatisfactory, should be referred to Divisional Office.

**At the Divisional Office**, the underwriter must call for an elaborate letter format MHR by Branch in charge(after meeting the proposer at his / her premises) with regard to all the adverse information in the credit bureau report along with his / her specific recommendation. If the MHR by the Branch in charge is satisfactory and obviates any reasonable suspicion about proposer’s identity, address and financial behaviour, the Divisional Office should underwrite the proposal. If the MHR is not satisfactory and genuine doubts persist about proposer’s identity, address and financial behaviour, the case should be referred to Zonal Office.

**At the Zonal Office**, the case should be underwritten judiciously based on the observations of BO/DO and overall profile of the proposer.

For proposals with credit score rating “High risk” BO/ DO/ ZO should not allow any credit for special MHR by CM/ MM/ Sr DM /funding from parents’ / spouse’s income.

### **III. Guidelines for Detailed Financial Evaluation Report (Long Report)**

In the detailed financial evaluation Report besides the risk grade description (Low, Normal or High), the credit score will also be shown. The credit score wise risk grade description will be as follows :-

#### **Credit Score Risk Description**

Above 700	Low
631 to 700	Normal
Less than 631	High

Any credit score below 300 is to be ignored and proposal is to be underwritten as per the usual underwriting guidelines.

The detailed financial evaluation report is to be used as follows :-

- a) Identity and KYC to be confirmed in the same manner as mentioned in point 'a' of the guidelines for short report
- b) If there is frequent change of place then guidelines as detailed in point 'b' of the guidelines for short report are to be followed.
- c) If any data regarding Employment / Business / Profession is available, then the same is to be matched with the corresponding information in the proposal form.
- d) If the identity is matched and Credit score is greater than 630 (Low or Normal Risk), then the proponent can be considered to be financially sound and the usual financial guidelines are to be applied.
- e) Status of loans, regularity or defaults in payment of EMI/ credit card payments will confirm the financial discipline of life proposed.
- f) No of enquiries: If too many enquiries are being made to banks /insurers, there could be probability of financial stress and the eligibility for insurance must be determined carefully. Also, check if loan availed and insurance proposed is proportionate to his / her income.
- g) If anything adverse is reported in Public Information, then the proposal must be referred to one step higher office (Division to ZO & ZO to CO) for underwriting. ZO to ascertain the correctness of the information and depending on the seriousness of the matter the proposal must be underwritten.
- h) If identity is not matched or there is a frequent change of place as mentioned above without any satisfactory observation from the proposer  
And/or  
Credit Score is  $\geq 300$  but  $\leq 630$  (High Risk)
  - i. Check for defaults in EMI or credit card payments - If there are persistent defaults the case is to be viewed cautiously. The financials especially the premium paying capacity should be ascertained carefully.
  - ii. At Divisional Office a letter format MHR by the Branch in charge & at the ZO level an elaborate letter form MHR by the Chief Manager / MM with regard to all the adverse information in the credit bureau report along with his / her specific recommendation must be obtained. It is necessary that such letter form MHR is to be given after meeting the proposer at his / her own premises.

If the above aspects are found satisfactory, then the case is to be underwritten by the Division / ZO. However, if the above aspects are not satisfactory or if there is any suspicion about the genuineness of the proposal, then the case is to be referred to one step higher office (Division to ZO & ZO to CO) for underwriting citing the specific reasons for the same.

For proposals with credit score rating "High risk" any credit / funding from parents' / spouse's income or additional credit for special MHR by CM/ MM/ Sr DM should not be allowed.

**Under no circumstances any observation or clarification in of respect of defaults / score should be sought from the proposer.**

**IV. If Credit score is not available / Credit Report is not fetched**

When the proposer has not availed of any loan and/ or the proposer is not using any Credit Card, then credit score will not be available or it may appear in the credit bureau report as “Not Scored”. There may also be a few cases where the Report is not fetched. All such cases should be underwritten as per our usual financial underwriting guidelines.

**V. Proposals through ANANDA**

Proposals registered through ANANDA and attracting Credit Bureau report will not be completed through auto completion and must be underwritten manually.

**All the Offices to bear in mind that these Reports contain extremely confidential information of the proponents and hence must be handled with extreme care and confidentiality. It is only for the use of the underwriter for assessing the risk. The Reports must not be shared or disclosed or made available for viewing to anybody other than that of the underwriter. Any deviation from this or any complaint in this regard will be viewed very seriously.**

**Executive Director (New Business & Reinsurance)**

Note: This document is the property of the Life Insurance Corporation of India and its reproduction in any form and / or transmission and/or publication on any social medium without the express permission of Life Insurance Corporation of India will be treated as a violation of the LIC of India (Staff) Regulation, 1960, as amended from time to time , and the relevant provisions of the Information Technology Act, 2008.