

EXPDRFT



To All							
Ref: 2021	Date: 05-04-2021						
Comments / suggestions of the stakeholders on draft on IRDAI (General Insurance Products) Regulations, 2021							
<p>Currently, General Insurance products are guided by the Guidelines Ref IRDAI/NL/GDL/F&U/030/02/2016 18th February, 2016.</p> <p>2. Guidelines for product filing have been in vogue since 2000 and have been revised from time to time. It has been felt necessary to have Regulations governing general insurance products, even while having a provision thereunder for issuance of guidelines for various segments as may be necessary.</p> <p>3. The proposed regulations provide the basic framework and reflect the fundamental principles to be followed in respect of product design and pricing.</p> <p>4. Stakeholders are requested to give their comments / suggestions through e-mail to nl-products@irdai.gov.in with a copy to Mr A. Rama Sudheer, Manager (ramasudheer@irdai.gov.in) before 26th April, 2021 in the following format.</p> <p style="text-align: right;">(Yegnapriya Bharath) Chief General Manager (Non-life)</p>							
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S.No	Page No	Regulations	Regulation and Sub-Regulation No./ Para Number	Suggested change	Reasons for change
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INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY OF INDIA

NOTIFICATION

Hyderabad, the --- -----, -----

**Insurance Regulatory and Development Authority of India
(General Insurance Products) Regulations, 2021**

Preamble

In exercise of the powers conferred under clause (zd) of sub section (2) of Section 114A of the Insurance Act 1938 (4 of 1938) and Section 14 read with section 26 of the IRDA Act 1999 (41 of 1999) and in consultation with the Insurance Advisory Committee, the Insurance Regulatory and Development Authority of India (the Authority), hereby makes the following Regulations.

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CHAPTER I

PRELIMINARY

1. Short title and commencement:

- (a) These Regulations shall be called the Insurance Regulatory and Development Authority of India (General Insurance Products) Regulations, 2021.
- (b) These Regulations shall come into force on the date of their publication in the Official Gazette of Government of India.
- (c) Unless otherwise provided for by these Regulations, nothing in these Regulations shall be deemed to invalidate General Insurance contracts entered prior to these Regulations coming into force.

2. Objectives:

- (a) To provide framework for designing and pricing of general insurance products.
- (b) To ensure that the interests of policyholders are protected.
- (c) To promote efficiency in the conduct of general insurance business.

3. Scope and Applicability.

- (a) These Regulations, unless specifically relaxed or exempted, shall be applicable to all insurers transacting general insurance business, registered under the Insurance Act, 1938.
- (b) These Regulations shall apply to all General insurance products (hereinafter referred as `products`) and add-ons marketed or offered by General Insurers. Where the filing is for revision of an existing product or add-on, only those products or add-ons which have been assigned Unique Identification Number (UIN) by the Authority through the extant software shall be processed for revision.
- (c) Any product or add-on that does not bear a Unique Identification Number (UIN) assigned by the Authority (as on the date of notification of these regulations) shall be deemed as withdrawn. While unexpired policies may be allowed to be continued till their expiry, no new policy shall be marketed or offered in respect of such withdrawn products.
- (d) The general insurance package product consisting of various covers/sections including Health section/s shall also be covered by these Regulations in so far as non-health covers/sections are concerned.

4. Transitional Arrangements:

- (a) General Insurers shall modify the company`s Underwriting Policy, product related process, reporting formats, software application and any other change required in accordance with these Regulations and Guidelines issued thereunder within

the period specified by the Authority pursuant to notification of these Regulations and issuance of Guidelines.

- (b) Products and/or add-ons which were filed by the insurer and assigned with a UIN by the Authority prior to notification of these Regulations need not be re-filed unless the insurer undertakes any change in the rates, terms or conditions of such products or add-ons or the Guidelines issued under these Regulations specifically require filing of either the product or add-on as the case may be.

5. Definitions:

- (a) For the purpose of these Regulations, the terms shall have the meaning assigned hereunder unless otherwise specified or the context otherwise requires.
 - 1. “**Act**” means the Insurance Act, 1938 (4 of 1938);
 - 2. “**Authority**” means the Insurance Regulatory and Development Authority of India established under the provisions of Section 3 of the Insurance Regulatory and Development Authority Act, 1999 (41 of 1999);
 - 3. “**Add-ons**” refer to covers that seek to add an insurance cover or provide services incidental to claims under a base product for a consideration.
 - 4. “**Commercial products**” are general insurance products that are marketed or offered to entities other than individuals and also refer to other than “retail” products as specified by the Authority in the guidelines issued under these Regulations.
 - 5. “**Filing**” means submission of product documents required to be filed with the Authority pursuant to these regulations.
 - 6. “**Electronic Filing**” means filing or submission of information or documents through electronic means as specified by the Authority.
 - 7. “**File and Use**” means a procedure where the Insurers are permitted to market the product only after prior filing and assignment of UIN by the Authority.
 - 8. “**Government Insurance Schemes**” mean insurance schemes notified by the Central or State Government for a specific set of beneficiaries and where the Government sponsors it partially or fully.
 - 9. “**Group**” means (a) Employer – Employee Group where an Employer-Employee relationship exists between the master policyholder and the member in accordance with the relevant laws. (b) Non-Employer-Non-Employee Group other than Employer-Employee where a clearly evident relationship between the member and the group policyholder for services other than insurance exist.
 - 10. “**Group Products**” mean products which are marketed or offered to a ‘group’.
 - 11. “**Long Term Products**” are general insurance products that have a duration of cover of more than one year. For this purpose, Project Policies, which are more than twelve months shall not be classified as long term products.

12. **“Large Risks”** are risks that are specified by the Authority from time to time under guidelines issued under these Regulations in respect of (a) Property risks and (b) Liability risks.
13. **“New Product” or “New Add-on”** is an insurance product or add-on being offered by the insurance company for the first time.
14. **“Optional Covers”** provide cover against perils not bundled in the perils covered by base product but separately offer as choice to the prospects to choose. The Optional covers shall be filed along with the base product.
15. **“Package product”** refers to offering a product with a combination of two or more existing products or two or more sections offering new covers.
16. **“Pilot products”** are insurance products which are launched by insurers to experiment marketing a new product concept for a short period of time in a defined area with defined exposure limits within the framework of these Regulations and Guidelines issued thereunder.
17. **“Project policies”** are covers granted to insure projects as per specified duration.
18. **“Reinsurance driven products”** are insurance products where the rates, terms and conditions of cover are primarily determined by the reinsurer and are not generally available in the Indian Insurance market. Products where reinsurance is used only for capacity purpose will not fall under this category;
19. **“Retail products or add-ons”** are insurance products or add-ons that are marketed or offered to individual customers including their families or are products that may be specifically permitted by the Authority under Guidelines issued in terms of these Regulations. Wherever there is a joint insurable interest in a subject matter of insurance and one of them is an individual, they will also be treated as Individual customer for the purpose of this product or add-on classification.
20. **“Revision”** in product or add-on means any significant change in the existing rates, terms, advantages and conditions of the product or add-on. Minor revision in the product or add-on will be as specified in the Guidelines issued hereunder.
21. **“Short Term Products”** are general insurance products that have a duration of cover of less than twelve months where the subject matter of risk itself exist for less than twelve months”.
22. **“Standard Products”** are insurance products for which there are uniform and common standard wordings/definitions and notified as such by the Authority from time to time vide guidelines issued under these Regulations.
23. **“Use and File”** is a procedure where the Insurer is permitted to market the product or add-on upon submitting prescribed documents and obtaining UIN for the product or add-on as per the laid down procedure.

- (b) Words or expressions used but not defined herein and defined in the Insurance Act, 1938 or Insurance Regulatory and Development Authority Act, 1999 or in

any Rules or Regulations made thereunder shall have the same meaning as assigned to them in those Acts or Rules or Regulations.

6. Classification of Products:

- (a) For the purpose of these Regulations, General Insurance products are classified into Retail products and Commercial products on the basis of who buys the product and/or on the basis of Sum Insured as may be specified by the Authority through guidelines issued under these Regulations.
- (b) Retail and Commercial products shall be distinguished from one another with a suitable name change or pre fix or suffix as the case may be and need to have a separate Unique Identification Number (UIN) obtained from the Authority.

CHAPTER II

PRINCIPLES FOR PRODUCT DESIGN AND RATING

7. Product Development

General Insurers shall design and rate insurance products/add-ons, new or revised, keeping in view certain basic principles which shall include the following.

I. Product Design:

- (a) The design of products shall take into consideration the policyholders' interests in terms of suitability and affordability even while catering to their changing needs through evolving risk coverage.
- (b) The product or add-on should cover an insurable risk involving a real risk transfer and adhere to the basic principles of insurance.
- (c) The cover should offer protection only against fortuitous or unforeseen losses either under clearly specified contingencies and/or with clearly specified exclusions.
- (d) The product or add-ons and related documents or literatures should reflect transparency and clarity in wordings, terms, coverage, exclusions and conditions.

II. Product Pricing:

- (a) The pricing of products/add-ons should generally be based on appropriate data and/or technical justification. Insurers, while pricing products/add-ons, have to factor in risk exposure, claim/loss experience, expenses, reinsurance, solvency requirement, and factor in a reasonable amount of surplus and/or economic cost of capital. Insurer may consider the investment return in the pricing based on experience. Premium rates shall neither be excessive nor inadequate. They shall not be discriminatory to the similar risks'.
- (b) 'The pricing of the product or add-on should aim at ensuring that the product or add-on is viable, generating a reasonable margin without any cross subsidization from any other product or add-on'.
- (c) The pricing approach shall be based on sound actuarial principles with supportive data. The discounts or loadings offered should be on objective basis with appropriate justifications and duly certified by the Appointed Actuary. Differential rates shall not be applied to similar risks.
- (d) Where the proposed schedule of rates is derived from an existing schedule of rates, there should be adequate statistical information on the claims experience and actuarial justification backing the current schedule of rates.

- (e) Where the rates are based on the generally prevailing market level of premium rates, the insurer should be able to demonstrate the reasonableness of the variation from the currently prevailing level of rates and viability with respect to its own underwriting and risk management standard.
- (f) Where the rates proposed are based on reinsurance market level of rates, the insurer should be able to demonstrate that the rates of the reinsurance markets have been properly ascertained and represent rates quoted by reinsurers of repute.
- (g) Where the rates are based on non-insurance technical data, the insurer should be able to justify the basis including the estimated claims costs.
- (h) Where statistical support for particular risk classification is not available, it can be rated by comparison with rates based on statistics for a risk of comparable hazard.

III. Large Risks:

- (a) Risks qualifying as Large Risks as per the Guidelines issued by the Authority shall be insured at the same rates, terms and conditions as those of the reinsurer(s) and the basis of insurance shall be exactly the same as the reinsurer(s) with no variation whatsoever. If the existing product of the insurer with UIN does not suit the rates, terms or other requirements as provided by the reinsurer(s), the insurer shall file such product with the rates, terms or other requirements as provided by the reinsurer(s) under Use and File and obtain UIN prior to marketing it.
- (b) If the insurer is compelled to vary the terms quoted by the reinsurers while quoting the terms to the proposer, such variation of terms and any increased retention that results from it, shall be consistent with the underwriting policy and reinsurance policy approved by the Board for underwriting of business and also for retention and reinsurance. The Insurer shall charge an additional premium over the rates secured from the international market that is commensurate with the additional risk coverage offered by it. Such additional premium charged shall have been approved by Product Management Committee (PMC).
- (c) Where terms are developed from the international market on `net rates` basis, the rates quoted to the Indian client should be loaded to include the direct insurance commission or brokerage and reinsurance brokerage payable and a reasonable margin to cover the Indian insurers' expenses of management and profit margin.

IV. Government Schemes:

In respect of insurance products offered by insurers for schemes notified and sponsored fully or partially by the State and Central Government, insurers shall adhere to the conditions of the scheme notified by the appropriate Government. They are also required to modify the conditions as per the changes notified by the

Government from time to time. Further, in respect of such Schemes, insurers shall follow the guidelines issued on the matter under these Regulations.

V. Package Products:

- i) The Authority may issue guidelines from time to time in respect of accounting of premium, connected expenses, claims and expenses for package products.
- ii) All package products shall comply with the relevant guidelines issued under these Regulations from time to time.

VI. Pilot Products:

Pilot products shall explicitly mention "Pilot Product" as a prefix or suffix to the product name. A pilot product may be converted into a regular product based on the experience gained. However, if a product is withdrawn, the existing policyholders shall be given an option to choose another existing product which may or may not be comparable to the pilot product.

VII. Group Products:

These products shall comply with the provisions relating to group insurance as provided for in the Guidelines issued under these Regulations.

VIII. Add-ons:

- (a) Insurer may file Add On(s) only when a base product UIN to which add-ons are to be attached is assigned to the insurer.
- (a) Add-on should follow the base product, its classification, filing and approval procedures.
- (b) An Add-on to a base policy, however, shall not change the fundamental nature of the base product and has to be consistent with the basic principles of insurance.
- (c) Add-on(s) may have its/their own limits and deductibles.
- (d) Add-on as a stand-alone product or as a separate insurance contract, independent of any other purchase of another product, policy or service is not permitted.
- (e) Add on though common in wording and applicable to more than one product shall be mapped to specific product with UIN.
- (f) The aggregate premium of all Add ons plus premium under optional covers built into the base product shall not exceed one hundred per cent of the premium for the base product. The Authority may fix lower than one hundred per cent of base product premium in specific products.
- (g) Optional covers included as part of the base product shall not fall under the category of 'add-ons'

- (h) Assistance services incidental to claims intended to be provided to the policyholder through aggregators or outsourced service providers relating to risk mitigation of the subject matter covered under the policy incidental to claims handling matters may be filed as add-ons with appropriate consideration.
- (i) Any other 'assistance' services under whatever name or pretext not related to the base insurance cover offered and not incidental thereto shall not be permitted.
- (j) Insurers shall bear the final responsibility for any deficiency in service or complaint arising out of facilitating permitted assistance services being provided in the form of add-ons. A definite mechanism shall be put in place to address the grievances of policyholders relating to these assistance services.

CHAPTER III
PRODUCT FILING

8. Filing Procedure

General Insurers shall ensure the following systems are in place before filing the product.

8.1 Prerequisites for Filing of Product:

I. Underwriting Policy and other Underwriting related matters:

- a. Insurers must file the Underwriting Policy as approved by its Board.
- b. Any changes in the Underwriting Policy, duly approved by the Board of the insurer, shall be submitted within 30 days of approval given by its Board. It must be ensured that the impact of such changes on the existing product is addressed appropriately. The insurer shall ensure that the underwriting philosophy of the company in respect of all the lines of business the insurer is engaged in and pertaining to all types of products of the insurer are reflected in the Underwriting Policy.
- c. Where a risk is co-insured, the primary responsibility to comply with these Regulations shall rest with the lead co-insurer. However, all other co-insurers participating in the coinsurance arrangement must be well aware of the terms offered by the lead co-insurer. The lead co-insurer shall send the required confirmation to all other co-insurers as soon as the terms are agreed upon and in any case, immediately upon attachment of risk, that the policy or product is compliant with product filing procedures. The terms of coinsurance agreements as specified from time to time shall be followed by participating Insurers.

II. Product Management Committee (PMC):

Every insurer shall set up a Product Management Committee (PMC).

- a. The PMC shall act as a self-governing mechanism through which the insurer shall ensure quality product or add-on design and ensure proper filing of the products or add-on with complete compliance of regulatory requirements.
- b. The Product Management Committee shall review and recommend new products or add-ons and revision of existing products or add-ons proposed to be filed with the Authority. Deviations, if any, from the underwriting policy shall be brought to the notice of the board. Deviations should not be undertaken in a routine manner, except in extreme exigencies by recording full facts.
- c. The PMC shall submit reports independently to the insurer and assist insurer in effective control over the risks posed, in particular, by insurance products or add-ons being marketed or offered by the insurer. In order to be consistent with the board approved underwriting policy, the PMC shall carry out a due

diligence process and record its concurrence or sign off on various product or add-on related risks for all products or add-ons falling under File and Use and Use and File procedures. The Committee shall also review the performance of the products or add-ons annually.

- d. The PMC should necessarily include the senior level officials of insurer, who are primarily responsible in product or add-on design, from departments like Underwriting, Marketing, Actuarial, Claims. The following must be included in PMC.

- (i). Appointed Actuary
- (ii). Chief Underwriting Officer
- (iii). Chief Financial Officer
- (iv) Chief Marketing Officer
- (v). Chief Risk Officer
- (vi), Compliance Officer
- (vii). Reinsurance Head.

The role of above officials shall be as specified in the Guidelines issued under these Regulations.

- e. The CEO of the insurer shall have the overall responsibility for ensuring that a robust due diligence process is in place to mitigate risks of new and current products or add-ons.

8.2 Product Approval Process:

I. File and Use Procedure:

- (a) The following categories of products shall be subject to the File and Use procedure:

- (i) All Retail category of products and Standard Products as may be specified by the Authority.
- (ii) Commercial category of products upto a defined Sum Insured as may be specified by the Authority for different segments through Guidelines.

- (b) The filing of products or add-ons under File and Use procedure must comply with the following.

- i. Thorough scrutiny and recommendations are required to be made by the Product Management Committee of the Insurer.
- ii. Filing of the product or add-on by the CEO of the insurer after having been satisfied about the recommendations of the PMC.

- iii. The PMC must scrutinise all the products or add-ons from various regulatory aspects, filing procedures, actuarial point of view and organisational policy and recommend the filing.
- iv. The Insurer shall not market the product or add-on without prior filing and receiving the Authority's confirmation in writing that the contents of the product or add-on are noted and assigned Unique Identification Number (UIN) for it.

II. Use and File Procedure:

(a) The following categories of products shall be subject to the Use and File procedure:

- i) Standard Products as may be specified by the Authority.
 - ii) All products falling under the category of 'Commercial' Products with initial aggregate Sum Insured as defined by the Authority from time to time for the different segments through Guidelines.
 - iii) All insurance schemes notified and sponsored fully or partially by either the Central or State Government.
 - iv) Products covering large risks.
 - v) Any other products as specified by the Authority.
- (b) The Product Management Committee plays the most important role as far as Use and File Procedures are concerned because of the self-governing process. As a part of good Corporate Governance, the Board of Directors assume responsibility to oversee the activity of Product Management Committee (PMC) of the insurer.
- (c) As far as the Use and File Procedure is concerned, insurers may market the products or add-ons only after filing the product under 'use & file' and obtaining UIN, subject to conditions that:
- i) These products or add-ons are scrutinised, reviewed and recommended to the Insurer by its Product Management Committee without any deviation from Board approved underwriting policy;
 - ii) The Recommendations of the PMC on product or add on design and the pricing are accepted by the Insurer;
 - iii) The Insurer shall file all the product or add-on documents with the Authority or upload the same online in the Authority's web system and get UIN number before marketing the product or add-on.
- (d) Information to the Authority on products under Use and File procedures shall include but not be limited to
- i) Disclosing the objective of introducing the product or add-on, target customers, reinsurance arrangements and a description of strategic alliance arrangements, if any;
 - ii) Disclosing the Actuarial and Financial projections, accounting impact, market share, impact on solvency margins, capital;
 - iii) Enumerating the advantages and disadvantages associated with introduction of the product or add-on;

- iv) Including the details of the market research conducted on the assessment of the need for the targeted population;
- (e) The Authority, based on the PMC recommendations and CEO, Appointed Actuary, Lawyer certifications about the regulatory compliances, shall take the filing on record.
- (f) The Authority reserves the right to check the products or add ons after these are filed. If the Authority finds the product or add-on is not in the interests of the policyholders or not in conformity with the regulatory compliance, it may advise suspension or withdrawal or re-filing under File and Use Procedures. If it is warranted for the reasons to be recorded, the Authority may prohibit an insurer from using the Use and File option for a given product and may subject all its products to the File and Use procedure.

III. Compliance Requirements Common to both File and Use and Use and File Procedure:

- (a) An application for filing of Product or add-on shall be made to the Authority in form and manner as specified in the Guidelines issued under these Regulations;
- (b) The insurer shall ensure that the Guidelines in respect of General Insurance products or add-ons specified under these Regulations are followed.
- (c) For products under both of the product classifications (Retail and Commercial), the PMC of the insurer would play a key role in checking and reviewing the need for the product, the design of the product, handle the compliance issues, ensure protection of policyholders' interests and carry out the required performance appraisal of the products. One of the objectives of the PMC is to minimise any concern or query in the product filing, which in turn will reduce the time between filing by the insurer and final noting by the Authority.
- (d) The insurer shall ensure that the insurance products that meet statutory requirements in a class of general insurance business are filed and product UIN received prior to filing other insurance products in that class of business.
- (e) The Appointed Actuary shall review the pricing approach and check whether the pricing is commensurate with the benefits offered.
- (f) The PMC shall ensure that the product or add-on is need based, affordable and financially viable.
- (g) The product or add-on wordings and clauses should be consistent across all documents. The insurer should ensure to use same wordings and clauses as far as possible across the products.
- (h) Insurers may file add on covers over and above base covers with appropriate premium. The Authority may specify standard wordings for products or add ons wherever necessary.
- (i) The filing submitted must be accurate, consistent, complete, and contain all required documents in order for the filing to be processed in a timely and efficient manner.

- (j) The CEO of the insurer should file a product/add-on only after fully being satisfied that the product/add-on is fully complied with various regulatory requirements.
- (k) The Authority may direct the insurer to submit any information or data or clarification as may be required for the processing/disposal of the filing.
- (l) The insurer shall bring to the notice of the Authority, on its own forthwith, such further information/or clarification, which might have a bearing on consideration of their filing.
- (m) The insurer must ensure not to make frequent changes in the products or add-ons for which UIN is assigned. The Insurer shall not revise the product/add-on at least within six months of allotment of UIN. The Authority shall not consider any such request unless it is completely unavoidable.
- (n) The insurer, immediately after getting the product or add-on noted by the Authority, shall at all times, display, in its website, all noted insurance products or add-ons with their UIN numbers.
- (o) Products/add-ons which are withdrawn or suspended shall be shown in the insurer's website as under suspension or withdrawn with respective dates.
- (p) In case of revision either in pricing or policy wordings of the existing products and/ or add-ons, the Insurer shall submit the required forms as stipulated in guidelines issued under these regulations.

9. Authority`s power to seek explanation or clarification and /or issue directions:

- (a) If it is found at any point of time that any product or Add –on being offered by an Insurer is not appropriate for any reason or does not carry rates, terms and conditions as filed or the product related documents used with the product and/or add–on are not in compliance with the original filing, the Authority may express its concerns and call upon the Insurer to address the same within the time specified’.
- (b) The Authority may require an insurer to justify the rates, terms and conditions of insurance cover offered to a particular client or to a class of clients or for a particular product or add-on, within the time specified. A mere statement that the risk is rated on merits will not be acceptable unless the quantification of the merits can be objectively demonstrated to the satisfaction of the Authority. After hearing the insurer, the Authority may issue such directions as appropriate in relation to that insurance cover or that product or add-on, as the case may be.
- (c) If the insurer is not able to satisfy the Authority in the matters referred above, insurer may be required to suspend or withdraw the sale of that product or add-on from the market until it is modified in a manner acceptable to Authority. Where a product or add-on is withdrawn from the market under this provision, the insurer shall neither use the same name for any other product or add-on nor use the same product or add-on in any other name.
- (d) No insurer shall file a certificate or a document, statement containing false declarations or by omitting material facts. In the event that the Authority subsequently learns that such filing contains false declarations or omissions of

facts material to the filing, approval of the subject product or add-on may be withdrawn, and the insurer may be subjected to regulatory actions as deemed to be appropriate under the Act.

10. Rejection of Filing:

- (a) Where the product or add-on filing does not conform to the requirements under the product filing procedures or violates these Regulations or any other relevant Act/Regulations/Guidelines/Circulars, the Authority may refuse to note the filing through written communication stating the reasons for such decision.
- (b) The Insurer aggrieved by rejection of any filing, or the withdrawal of approval of any filing, or any related action taken by the Authority pursuant to these Regulations, may request personal hearing. Such request must be in writing, stating the reasons for being aggrieved and the grounds to be relied upon as basis for request to be considered at the hearing. This request for hearing shall be made within 30 days of receipt of actual communication from the Authority.
- (c) No revision of the filings of product or product or add-ons which is rejected or withdrawn shall be filed within six months from the date of letter of rejection or withdrawal communicated by the Authority except otherwise decided by the Authority. When submitting revised forms in response to letter of refusal or withdrawal communicated by the Authority, the revised filing will constitute a new filing and must comply with all provisions of these Regulations.

11. Unique Identification Number (UIN):

The Unique Identification Number (UIN) for each product or add-on will be assigned, specifying a unique number for each company, each product and each add on cover in respect of the specific product. No product including Add-ons should be offered by the insurers without referring the UIN in all the product related documents which include sales material and policy schedule and contract.

12. Validity of Product Approval:

- (a) *The product or add-on assigned with UIN can be used in the market without any specified validity period unless otherwise restricted by the Authority.* The Authority reserves the right to fix validity period and may advise the insurer to sell the product for a given period and thereafter may extend from time to time.
- (b) The insurer shall launch and market the product or add-on within six months from the date of allotment of UIN by the Authority, failing which the noting of the Authority shall lapse automatically, unless a request is received and considered favourably by the Authority.

CHAPTER IV

PRODUCT MANAGEMENT

13. Product or Add-on Withdrawal and Revision

- (a) Insurers may voluntarily withdraw a product or add-on and submit to the Authority with justification and grounds for such a proposal. The Authority may permit the Insurer to withdraw the product or add-on after considering the request and subject to satisfying itself that the insurer has made arrangements to service the policies already in force.
- (b) The decision to withdraw a product should be taken by the Insurer's Product Management Committee. The reason for withdrawal of a product should be clearly documented and filed with the Authority along with the product withdrawal information.
- (c) The existing annual and long term policies which are already issued before withdrawal of an existing product shall be allowed to remain in force till their respective expiry dates. This will be equally applicable to the products which are revised under filing procedures.
- (d) The policyholders of a withdrawn or revised product must be informed through written communication at least 3 months before the expiry of their respective policies. The communication should also include 'if a product is withdrawn, the existing policyholder shall be given an option to choose from among the existing products or to cancel the policy'. If the policyholder exercises any of the options, the premium adjustments or refunds shall be made on prorata calculations. The decision of migrating or cancelling rests with the policyholders only.
- (e) The claims reported under the withdrawn products shall be processed as per the terms and conditions of the withdrawn products.

14. Prohibition on alteration of terms and conditions and other features of the product:

- (a) The alteration of, or any change to, any such form filed and noted by the Authority is prohibited. Any such proposal to alter or change the documents or forms shall be submitted to the Authority under the provisions of these Regulations.
- (b) Every insurer should market the product or add-on strictly in accordance with the terms and conditions and other features of the product or add-on as noted by the Authority. The Insurers shall quote the rates strictly as per the filing with the Authority. It should be ensured that no premium quotation is given which is not as per the filing with the Authority and a rate which the Appointed Actuary and underwriter did not approve.

15. Product Performance Review:

The Appointed Actuary shall periodically review the product performance of all products or add on covers in a structured manner and present it to the PMC at least once a year along with his / her recommendations. The product performance report shall contain data of premium and claims for each product and add on along with Appointed Actuary's recommendations, Product Management Committee observations and board observations may be sent to Authority by 30th June of every year for the preceding financial year.

The analysis shall be carried out to ascertain if the assumptions used while pricing the product are valid after gaining the product experience.

CHAPTER V

MISCELLANEOUS

16. Action in case of violations in Product Filing and Marketing.

- (a) Any false/misleading or fraudulent information, material to the filing in respect of the documents or statements shall be considered as violation of these Regulations.
- (b) Insurers offering premium rates which are not filed with the Authority, discounts in premiums not specified in the filing, discount in the premium without specific approval for the same from the PMC and offer enhanced benefits on the products without charging any premiums shall be considered to be violations of these Regulations.
- (c) Insurers violating any of the provisions of these Regulations shall be subject to regulatory action in accordance with the provisions thereof in the Act and Insurance Regulatory and Development Authority Act, 1999 and the relevant regulations framed there under.

17. Furnishing of information:

The Authority may seek data/statements or any other information related to products or add-ons as may be required from time to time. The insurers shall submit the same within the specified time period.

18. Power of the Authority to issue clarifications

In order to remove any difficulties in the application or interpretation of these Regulations, the Chairperson of the Authority may issue clarifications, directions and guidelines in the form of circulars from time to time.

19. Power to issue Guidelines under these Regulations

The Authority may issue Guidelines under these Regulations in respect of any or all of the lines of business falling under General Insurance pertaining to various relevant aspects of General Insurance products.

Dr. Subhash C. Khuntia
Chairman