

***IRDAI (PROTECTION OF POLICYHOLDERS INTEREST,
OPERATIONS & ALLIED MATTERS OF INSURERS)
REGULATIONS, 2024***



Dear Friends,

Insurance has become an essential part of our life. We need insurance today same as our needs of food, shelter and security. We can say that insurance has become one of our basic needs. Since we have come through COVID-19 pandemic, which taught us the value of an insurance.

An insurance coverage protects us financially in case of happening of insured risks /perils. For example in case of health insurance , insurance company indemnify your cost of hospitalization in case you suffered from insured disease and hospitalized. Since hospitalization cost is increasing @14% p.a. affecting availability of affordable health services to the financially weak sections of the society.

The Government and IRDAI, the Insurance Regulator are in endeavor to provide insurance to every citizen of India. The Government has set a target ,that is “ Insurance for all till 2027”. This will be achieved only when Regulator and the Government creates a conducive environment for development of Insurance Industry in India.

As you are aware that the insurance penetration in India was approximate 4.1% in previous year and during the year also it remains same as expected by the market.

The IRDAI has taken various steps ,such as reducing burden of compliance , increase in FDI limits, de-tariffications , repeal of various redundant regulations, consolidation of various regulations on same matter into one, allow insurance companies for payment of commission etc., within limit of expenses of management fixed and many more.

These steps have encouraged players in insurance industry a lot and gave message that government and IRDAI are serious in development and regulations of insurance industry keeping in mind protection of interest of policyholders.

INTRODUCTION

The IRDAI in its 125th Board Meeting replaced 34 regulation with 6 new regulations and introduction of 2 new regulations enhancing clarity and coherence in the regulatory landscape. The process involved extensive consultations with diverse stakeholders, including insurance industry, experts, and public at large ensuring a comprehensive consideration of varied perspectives in shaping the revised framework.

The IRDAI has earlier constituted a Regulations Review Committee to suggest and review existing regulations and recommend changes on the basis of changing technologies and modern practices.

On recommendation of RRC, the IRDAI has issued IRDAI(Protection of interest of policyholders ,Operations and Allied Matters of Insurers) Regulations, 2014 on 20th March, 2024.

The IRDAI (Protection of Policyholders' Interests and Allied Matters of Insurers) Regulations, 2024 consolidate eight regulations into a unified structure, focusing on several key objectives aimed at ensuring fair treatment of prospects during solicitation and sale of insurance policies and protecting the interests of policyholders throughout their engagement with insurers and distribution channels. These regulations emphasize the adoption of standard procedures and best practices by insurers and distribution channels to fulfill their obligations towards policyholders, including grievance redressal and policyholder-centric governance. Additionally, the regulations aim to promote prudent practices in risk management related to outsourcing activities by insurers. Furthermore, the regulations ensure that the opening or closing of places of business by insurers, both domestically and internationally, is conducted in a manner that prioritizes the interests of policyholders.

BELOW MENTIONED REGULATIONS SUBSUMEMD

1. *The IRDAI (Manner of Receipt of Premium) Regulations, 2002;*
2. *The IRDAI (Places of Business) Regulations, 2015;*
3. *The IRDAI (Fee for registering cancellation or change of nomination) Regulations 2015;*
4. *The IRDAI (Fee for granting written acknowledgement of receipt of Notice of Assignment or Transfer) Regulations, 2015;*
5. *The IRDAI (Issuance of e-Insurance Policies) Regulations, 2016;*
6. *The IRDAI (Outsourcing of Activities by Indian Insurers) Regulations, 2017;*
7. *The IRDAI (Protection of Policyholders' Interests) Regulations, 2017;*
8. *The IRDAI (Insurance Advertisements and Disclosure) Regulations, 2021*

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REGULATION 2 – OBJECTIVES

- (1) To ensure fair treatment of prospects at the stage of solicitation and sale of insurance policies.*
- (2) To ensure that interests of policyholders are protected, and the conduct of the insurer and distribution channel are not prejudicial to the interests of policyholders.*
- (3) To ensure that insurers and distribution channel fulfil their obligations towards policyholders and have in place standard procedures including best practices for the sale and service of policy holders.*
- (4) To ensure policyholder-centric governance by insurers and distribution channels, with emphasis on grievance redressal.*
- (5) To ensure that insurers follow prudent practices on management of risks arising out of outsourcing with a view to preventing negative systemic impact and to protect the interests of the policyholders.*
- (6) To ensure sound and responsive management practices for effective oversight and adequate due diligence with regard to outsourcing of activities by insurers.*
- (6) To ensure that opening or closing of places of business within or outside India by insurers is conducted in a manner which is not prejudicial to the interests of policyholders.*

PART - A

PROVISIONS RELATING TO PROTECTION OF INTERESTS OF POLICYHOLDERS

REGULATION 4. *The part A include the following matters:*

Chapter 1 : Activities prior to sale of insurance policies;

Chapter 2 : Proposal for sale of insurance policies;

Chapter 3 : Sale and Issuance of Insurance Policies;

Chapter 4 : Payment and refund of Premium, Nomination and Assignment;

Chapter 5 : Servicing of Policyholders;

Chapter 6 : Settlement of Claims;

Chapter 7 : Grievance Redressal.

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REGULATION 5- DEFINITIONS

(5) “Complaint” or “Grievance”; means written expression (includes communication in the form of electronic mail or voice based electronic scripts) of dissatisfaction by a complainant with respect to solicitation or sale or purchase of an insurance policy or related services by insurer and /or by distribution channel.

Explanation: An inquiry or service request would not fall within the definition of the “complaint” or “grievance”.

(6) “Complainant”; means a policyholder or prospect or nominee or assignee or any beneficiary of an insurance policy who has filed a complaint or grievance against an insurer and /or distribution channel.

(7) “Cover”; means an insurance contract whether in the form of a policy document or a cover note or a Certificate of Insurance or any other form as may be specified to evidence the existence of an insurance contract.

(8) “Distribution Channels”; include insurance agents, intermediaries or insurance intermediaries, and any persons or entities authorised by the Authority to involve in sale and service of insurance policies.

(9) “Mis-selling”; includes sale or solicitation of policies by the insurer or through distribution channels, directly or indirectly by a. exercising undue influence, use of dominant position or otherwise, or b. making a false or misleading statement or misrepresenting the facts or benefits, or c. concealing or omitting facts, features, benefits, exclusions with respect to products, or d. not taking reasonable care to ensure suitability of the policy to the prospects/policyholders.

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REGULATION 5- DEFINITIONS

(10) "Proposal form"; means a form to be filled in by the prospect in physical or electronic form, for furnishing the information including material information, if any, as required by the insurer in respect of a risk, in order to enable the insurer to take informed decision in the context of underwriting the risk, and in the event of acceptance of the risk, to determine the rates, advantages, terms and conditions of the cover to be granted.

Explanation:

(i) "Material Information" for the purpose of these regulations shall mean all important, essential and relevant information and documents explicitly sought by insurer in the proposal form.

(ii) The requirements of "disclosure of material information" regarding a proposal or policy, apply both to the insurer and the prospect, under these regulations.

(11) "Prospect"; means any person who is a potential customer and likely to enter into an insurance contract either directly with the insurer or through the distribution channel involved.

(12) "Prospectus"; means a document either in physical or electronic format issued by the insurer to sell or promote the insurance product. Explanation: Insurance product referred to herein shall also include the riders or add-on(s), if any. Where a rider or add-on is tied to a base policy, all the terms and conditions of the rider or add-on shall be mentioned in the prospectus. Where a standalone rider or add-on is offered to a base product, a reference to the rider or add-on shall be made in the prospectus of the base policy indicating the nature of benefits flowing thereupon.

(13) "Solicitation"; means the act of approaching a prospect or a policyholder by an insurer or by a distribution channel with a view to persuading the prospect or a policyholder to purchase or to renew an insurance policy.

(14) "Unfair trade practice"; shall have the meaning ascribed to such term in the Consumer Protection Act, 2019, as amended from time to time.

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CHAPTER-1 ACTIVITIES PRIOR TO SALE OF INSURANCE POLICIES

REGULATION 6. PRINCIPLES FOR SALE OF INSURANCE PRODUCTS: *Every insurer shall ensure that:*

- a). the prospects or the policyholders have equitable and inclusive access to insurance products and services either directly or through the distribution channel.*

- b). the solicitation process is transparent and has built-in practices to enable fair and equitable treatment of the prospect or the policyholder at all points of time and provide all necessary information about the products to enable them to take informed decision about purchasing insurance policies.*

ACTION POINTS:

- 1. A Prospect or Policyholder should be provided access to products of company at all times with ease;*
- 2. Solicitation process whether with insurer or distribution channel should be smooth and transparent;*
- 3. Prospect or policyholder should be provided all relevant information and suggestions then need to make an informed decision;*
- 4. List of products with prospectus should be available with distribution channel;*
- 5. Product details should be available on website of the company.*

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REGULATION 7. BOARD APPROVED POLICY FOR PROTECTION OF INTERESTS OF POLICYHOLDERS:

(1) Every insurer shall have in place a Board approved policy for the protection of policyholders' interests and shall include inter-alia matters as set out in sub-regulation (2) and shall review it on an annual basis.

(2) Every insurer shall ensure:

(i) that appropriate framework is put in place to ensure that the features, benefits along with terms and conditions of the products being sold are represented correctly and fully and that the products are not mis-stated or misrepresented to prospects or policyholders.

(ii) inclusivity and accessibility of insurance cover to persons with disabilities.

(iii) adoption of suitable service and process efficiencies including implementing technology solutions for grievance redressal.

(iv) that measures are taken to prevent mis-selling and unfair business practices, by building suitable conduct measures including appropriate grievance redressal framework.

(v) setting up reasonable turnaround times for various activities and services to provide timely completion and resolution; and to publish the same on the website prominently.

(vi) establishing a mechanism to create Insurance Awareness on an ongoing basis so as to educate prospects and policyholders about insurance products, benefits and their rights and responsibilities.

(vii) establishing systems and processes for expeditious settlement of claims.

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REGULATION 7. BOARD APPROVED POLICY FOR PROTECTION OF INTERESTS OF POLICYHOLDERS:

ACTION POINTS

- 1. There should be a Board Approved Protection of Interest of Policyholders' Policy of the company and same will be displayed at the website;*
- 2. Insurance cover to persons suffering from disabilities should be provided;*
- 3. Board Policy will encourage for having suitable ,equipped with modern technology Grievance Redressal Framework;*
- 4. Measures to be taken to prevent mis-selling and unfair business practices and having a robust Grievance Redressal System;*
- 5. Reasonable Turnaround Time for completion of various activities should be fixed keeping regulatory requirements in mind and same will be displayed at the website of the Company;*
- 6. Company should take insurance awareness activities with the general public , to solve their queries and solicit of its insurance products.*

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REGULATION 8. PRODUCTS ON OFFER/ PRODUCTS WITHDRAWN.

(1) Every insurer shall ensure that the products that are being offered for sale and those that are withdrawn are published prominently on its website along with the benefits, features, applicable terms and conditions, premium, prospectus, its Unique Identification Number, benefit illustration, as applicable, and shall update regularly.

(2) Every distribution channel shall provide a link prominently on its website, if maintained, to directly access the insurer's website wherein products on offer are displayed with respect to insurers.

ACTION POINT:

- 1. Products that are filed with Authority for sale should be available on the website of the company with full disclosure of relevant factors;*
- 2. Products removed or withdrawn by the company should also be prominently displayed on website.*
- 3. In case of distribution channel, it should provide a link to the prospects so that he/she directly access insurer's website to see details of products.*

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REGULATION 9. PROSPECTUS OF INSURANCE PRODUCTS

- i). Every insurer shall ensure that the information given to the prospect or the policyholder about the product offerings shall reflect true and correct picture about the features, benefits, exclusions, risks, options, exit options including grievance redressal in clear and simple terms.
- ii). Every insurer shall develop and maintain a prospectus for every retail insurance product including riders or add-ons thereto and make available such prospectus on their website.
- iii). The Competent Authority shall specify minimum information to be incorporated in the prospectus.
- iv). Insurers shall be responsible for the contents of the prospectus and shall ensure that.
 - a). no sale of insurance product is made without prospectus, explaining all the benefits, features, terms and conditions of the product and providing benefit illustration to the prospect, wherever applicable.

Explanation: Except for those life insurance products where all the benefits are assured in absolute amounts at the outset of the contract, all other life insurance products shall provide the prospective policyholder a customized benefit illustration at the point of sale, illustrating the guaranteed and non-guaranteed benefits at gross investment returns, as may be specified.

- b). The prospectus enables the prospects or the policyholders to make informed decisions. The benefits and features of the product considering the nuances of the products are explained in clear and concise terms including giving illustration.
- c). There is no misleading or false information.
- d). details of the grievance redressal processes are clearly provided; and e. insurer or distribution channel provide all necessary information including any material information in respect of the proposed cover(s) to the prospect to enable the prospect to decide on the best cover(s).

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REGULATION 9. PROSPECTUS OF INSURANCE PRODUCTS

ACTION POINTS;

1. *No insurance product should be sold without prospectus attached therein;*
2. *Prospectus should contain all relevant details of insurance product along with UIN Number etc.;*
3. *The minimum information specified by IRDAI should be disclosed in prospectus;*
4. *The details of Grievance Redressal Procedure clearly mentioned in the prospectus;*
5. *All pros-cons of the products should be declared;*
6. *Insurance distribution channel provides all necessary information to the prospects to enable them to taken informed decision.*

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CHAPTER 2 : PROPOSAL FOR SALE OF INSURANCE POLICIES

REGULATION 10. PROPOSAL FOR INSURANCE

(1) Unless otherwise exempted by the Competent Authority, a proposal for grant of insurance cover, for any class of insurance business, must be evidenced by a proposal form in physical or electronic form.

(2) The matters related to proposal form and the sale of insurance policies shall be in a manner as specified by the Competent Authority.

ACTION POINT:

- 1. Every proposal for grant of insurance must evidence with a Proposal Form, whether physical or in electronic form;*
- 2. Proposal Form for those products are not required , when they are specifically exempt by the Authority.*
- 3. Proposal Form is also not required in case of Marine Insurance.*

CHAPTER 3 : SALE AND ISSUANCE OF INSURANCE POLICIES

REGULATION 11. EVERY INSURER SHALL ENSURE THAT:

- a). The policy terms and conditions are written in simple and clear terms to understand, avoid jargon and avoid coercive, unfair and one-sided clauses.*
- b). The insurance policies issued to the policyholders contain such minimum details as may be specified.*

ACTION POINT:

- 1. The policy terms and conditions should be written in clear and simple understandable terms;*
- 2. The policy documents must contains such minimum details as may be specified.*

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REGULATION 12. CUSTOMER INFORMATION SHEET:

Every insurer shall mandatorily provide the customer information sheet along with the policy document in the manner as may be specified. [Reference IRDAI Circular No. IRDAI/HLT/CIR/MISC/190/01/2023 dated 30th October, 2023]

ACTION POINTS:

- 1. A Customer Information Sheet has been devised to be provided to all policyholders;*
- 2. Insurer ,distribution channel shall forward CIC to all policyholders and their acknowledgement shall be obtained;*
- 3. The CIC should be made available in local language also;*
- 4. All details in the format should be filled;*
- 5. The policy document forwarding letter shall contains a cross reference to the CIS.*

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17. ISSUANCE OF INSURANCE POLICIES IN ELECTRONIC FORM:

a). Every insurer shall have in place a Board approved policy for insurance policies issued in electronic form and shall inter-alia include the following:

- (1) Measures to safeguard the privacy of the data and information,*
- (2) Adequacy of systems to prevent manipulation of records and transactions,*
- (3) Broad framework on security of data,*
- (4) IT related processes,*
- (5) Data and record reconciliation amongst multiple systems, if applicable, and*
- (6) Putting in place continuous review and upgradation of the cyber security safeguards.*

b). Irrespective of whether the proposal is received in electronic form or otherwise, every insurer shall issue insurance policies only in the electronic form.

Provided that the Authority, on being satisfied that it is in the interest of policyholders and for orderly growth of insurance industry, allow such exemptions to this requirement.

Provided further that the insurer shall mandatorily seek the choice of the prospect in the proposal form for availing physical policy document.

c). Notwithstanding sub-regulation (2) above, all policies issued in electronic form by the insurer directly to the policyholder shall also be issued in physical form, if requested by the policyholder.

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13. ISSUANCE OF INSURANCE POLICIES IN ELECTRONIC FORM:

ACTION POINTS:

- 1. All insurance policies shall be issued in electronic form after 1st April 2024, whether proposal form received in physical or electronic form;*
- 2. In case policyholder wants to have physical policy ,it should be provided ;*
- 3. Insurer mandatorily seek choice of policyholder while filling proposal form ,whether he/she wants policy in physical form or in electronic form;*
- 4. Provisions of Digital Personal Data Protection Act, 2023 should be followed, while collecting ,retrieving, storage and use of personal data of prospects;*
- 5. There should be proper IT System to secure data and to prevent mis-utilisation of personal data.*
- 6. Consent of Guardian should be taken in case of handling of data of minor child.*
- 7. E-Insurance Account though not mandatory till date should be open for issue of insurance policies in electronic form;*

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REGULATION 14. GROUP INSURANCE POLICES.

(1) No group shall be formed for the sole purpose of availing insurance and every insurer, and the distribution channel shall ensure that the group considered for availing insurance shall be in existence before issuance of the insurance policy.

(2) Every insurer shall ensure that:

(i) groups, where a person is negotiating “group” rates and then finding members to enroll into the group for insurance, are not to be considered as a legitimate group for the purpose of availing group insurance.

(ii) in the case of an employer-employee group, where an employer arranges a group insurance policy for its employees, the employer shall be treated as the master policyholder with the employees being treated as the beneficiaries. In such cases, the employer shall issue confirmation of insurance cover to individual employees with clear reference to the group insurance policy.

(iii) In case of a non-employer-employee group purchasing a group policy:

a). The administrator will be treated as master policyholder and shall have authority from the members to arrange insurance on their behalf.

b). The individual group member would be treated as the insured beneficiary and the master policyholder will only be the holder of the policy.

c). It shall be the duty of the insurer to issue certificates of insurance to all the members of the group. Such a certificate shall contain information on the schedule of benefits, the premium charged and important terms and conditions of the insurance contract in the manner as may be specified.

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REGULATION 14. GROUP INSURANCE POLICES.

ACTION POINTS

- 1. A Group seeking insurance coverage for its members, must be in existence before issuance of insurance policy;*
- 2. The members of a group shall not be less than 7 persons;*
- 3. It should be checked that organizer of a group shall not collect members of group after negotiating of rates with the insurance company;*
- 4. The Orgnizer of Group Insurance should not charge any amount from the group members unless allowed by the authority;*
- 5. Insurance company should issued Certificate of Insurance to every group members and Master Policy in the name of Group Organizer;*
- 6. In case of Employer-Employee Group Insurance , an insurer should issue Confirmation of Insurance cover to thr individual employees;*
- 7. In case of Non-Employer Employee insurance , the Group Orgnizer shall be treated as Master Policyholder and must have an Authority from members to group to arrange Group Insurance on their behalf.*

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REGULATION 15. PRIVACY AND CONFIDENTIALITY.

(1) Subject to ensuring compliance as per extant law on data protection, insurers and distribution channels shall ensure that the information and documents collected during the solicitation or subsequently during all times are maintained with utmost confidentiality, privacy and protected manner.

(2) Subject to sub-regulation (1), information collected from the proposal form during the course of solicitation of an insurance policy or issuance of an insurance policy shall not be parted or shared with any third party without the explicit consent of the policyholder, except

- a). with the statutory authorities in accordance with the existing statutory laws; or
- b). for the purpose of underwriting the policy or settling a claim under the policy; or
- c). with any other institution as authorised by the Authority.

(3) No insurer shall insert any clause or condition in the proposal form which, by default, allows the insurer to part or share policyholder's information to any third party.

ACTION POINTS:

1. Insurer should follow provisions of DPDP Act,2023 while collecting , using, storing etc. of personal data of policyholders;
2. Information collected in Proposal Form should not be parted with any other third party without express consent of Policyholder;
3. Insurer should not enforce prospect or take consent of prospect in proposal form to share their information.
4. Insurer must disclose to the policyholder purpose of collection, use and sharing of their personal data.

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CHAPTER 4: PAYMENT AND REFUND OF PREMIUM, NOMINATION AND ASSIGNMENT

REGULATION 16. MANNER OF PAYMENT OF PREMIUM *Subject to ensuring compliance with the provisions and norms notified under Prevention of Money Laundering Act, 2002, insurers shall allow for the following manner of payment of premium:*

- (1) As prescribed in the Insurance Rules, 1939.*
- (2) Recognized by the Reserve Bank of India as a valid mode of payment; and*
- (3) Any other manner of payment as may be specified.*

MODE OF PAYMENT

The premium to be paid by any person proposing to take an insurance policy (hereinafter referred to as the proposer) or by the policyholder to an insurer may be made in any one or more of the following manner(s), namely:- a) Cash; b) Any recognized banking negotiable instrument such as cheques, including demand drafts, pay orders, banker's cheques drawn on any scheduled bank in India; c) Postal money orders; d) Credit or Debit Cards held in his name; e) Bank Guarantee or Cash Deposit; f) Internet; g) E-transfer; h) Direct credits via standing instructions of proposer or the policyholder or the life insured through bank transfers; and i) any other method of payment as may be approved by the Authority from time to time.

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REGULATION 17. REFUND OF PREMIUM

(1) *In the event of any refund of premium becomes due on account of policy cancellation or alteration of any terms and conditions of the contract of insurance or otherwise, such refund shall be made only to the bank account of the policyholder or the proposer or nominee(s), as the case may be, through electronic transfer.*

(2) *In order to enable electronic transfer of refund and for payment of claims, the insurer shall mandatorily collect the details of bank account of the policyholder or the proposer at the proposal stage.*

ACTION POINTS:

- 1. In case of refund of premium on the basis of cancellation or otherwise , the premium should be refunded in the account of policyholder only;*
- 2. Insurance company shall take banking details and KYC details of policyholder's at the inception of insurance policy.*

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REGULATION 18. NOMINATIONS

(1) Provisions applicable to Life insurers.

- (i) No proposal shall be accepted unless nomination is obtained as per section 39 of the Act.*
- (ii) Insurers shall provide a facility for changing the nominee(s).*
- (iii) The fee for registering cancellation or change of nomination(s) shall not exceed Rs. 100/- (Rs. One Hundred only) on each occasion.*

(2) Provisions applicable to General and Health insurers with respect to all individual and group policies, as applicable, the insurer shall obtain nomination at the time of issuance of new policies and at the time of renewal for existing policies.

(3) Provisions applicable for all insurers.

- (i) No fee shall be collected for registering a nomination at the time of effecting a policy of insurance.*
- (ii) The nomination effected by a policyholder at the inception of the policy through the proposal form and recorded by the insurer in the schedule of a policy document or through an endorsement issued accepting change in nomination shall be considered as a valid acknowledgement by the insurer.*

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REGULATION 18. NOMINATIONS

ACTION POINTS

1. *No Proposal shall be accepted unless nomination is declared at the inception of policy;*
2. *Insurer shall provide facility to change in nomination during tenure of policy;*
3. *No fees shall be charged for nomination at the inception of policy;*
4. *Fees for registering change or cancellation of nomination should not exceed Rs. 100/-;*
5. *Nomination made by policyholder at the time of issue should be mentioned in the policy documents or through an endorsement in case of cancellation or change;*
6. *Notice for change or cancellation of nomination must be received by the insurer;*
7. *In case of nominee being a minor , then it shall be lawful for policyholder to appoint a person to received the money secured by the policy in the event of death of policyholder;*
8. *Insurer shall furnish to the policy-holder a written acknowledgement of having registered nomination or there change or cancellation;*

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REGULATION 19. ASSIGNMENT OR TRANSFER.

(1) The fee for granting a written acknowledgement of the receipt of notice of assignment or transfer assignment shall not exceed Rs. 100/- (Rs. One Hundred only).

(2) No other fee shall be collected for rendering any other services in relation to the assignment or transfer of insurance policy carried out in accordance with Section 38 of the Act.

ACTION POINTS;

1. An assignment of the policy makes the existing nomination invalid;
2. Assigns shall be entered as nominee in the insurance policy;
3. Assignment may be with or without consideration;
4. Generally, assignment will be held to secure a loan, debt or as a gift in favour of family members;
5. An assignment will be effective by endorsement;
6. No stamp duty is required in assignment held by endorsement on the policy;
7. If separate agreement is there between parties, then stamp duty should be charged as applicable;
8. Assignment shall be attested by two witnesses, specifically setting forth the fact of the transfer or assignment;
9. A notice of transfer or assignment should be received from policyholder;
10. Assignments /Nomination are processed only on receipt of relevant documents such as original policy, assignee/nominee photo, ID Proof, Proof of address along with assignment/nomination form.

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REGULATION 20. FREE LOOK PERIOD OF LIFE AND HEALTH POLICIES.

- (1) Every policyholder of life and new individual health insurance policies, except for those policies with tenure of less than a year, shall be provided a free look period of 30 days beginning from the date of receipt of policy document, whether received electronically or otherwise, to review the terms and conditions of such policy.*
- (2) The insurer shall inform clearly and explicitly the policyholder about the availability of the free look period.*
- (3) In the event a policyholder disagrees with any of the policy terms or conditions, or otherwise and has not made any claim, he shall have the option to return the policy to the insurer for cancellation, stating the reasons for the same.*
- (4) Irrespective of the reasons mentioned, the policyholder shall be entitled to a refund of the premium paid subject only to a deduction of a proportionate risk premium for the period of cover and the expenses, if any, incurred by the insurer on medical examination of the proposer and stamp duty charges.*
- (5) In respect of a linked insurance product, in addition to the deductions under sub-regulation (4) above, the insurer shall also be obligated to repurchase the units at the Net Asset Value (NAV) of the units on the date of cancellation.*
- (6) A request received by the insurer for cancellation of the policy during free look period shall be processed and premium shall be refunded within 7 days of receipt of such request, as stated at sub regulations (4) and (5) above.*

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ACTION POINTS:

- 1. Every policyholder ,except for those policies having tenure less than one year should be provided a Free Look Cancellation period of 30 days from the date of receipt of insurance policy[Earlier it was 15 days for physical and 30 days for electronic insurance policies];*
- 2. Details of Free Look Cancellation Period should be mentioned in the policy documents;*
- 3. FLC Period details should be inform to the policyholder;*
- 4. If a policyholder have not made any claim and disagree with any term or condition of insurance, he has right to return the insurance policy for cancellation stating the reason(s) ;*
- 5. Irrespective of reasons mentioned the policyholder is entitled for refund after deduction of below mentioned expenses;*

First Premium Paid -(Less) Proportionate Risk Premium-(Less) Medical Charges if incurred

- 6. The amount should be refunded within a period of 7 days(earlier 15 days) from the date of receipt of request of cancellation in the account of policyholder;*
- 7. In case of Unit Linked Insurance Policy along with expenses as mentioned above insurer is also require to re- purchase of units at the date of cancellation.*

REGULATION 21. POLICYHOLDER SERVICING.

(1) Every insurer shall ensure that the prospect or the policyholders are provided with necessary information about various services and shall widely disseminate information about all the services that may be availed, along with the procedure for availing such services including the turnaround times.

(2) The insurer shall deliver the services requested within a reasonable time not exceeding the specified turnaround time, with speed and efficiency and establish a mechanism to obtain feedback for continuous improvements.

(3) Every insurer and distribution channel involved in servicing of the policyholders shall ensure that all the dealings with policyholders are conducted in a manner such that it achieves the following outcomes:

(i) Policyholders are

a). treated with fairness and impartiality.

b). provided with clear and prompt information in relation to their policies at all times.

c). not faced with unreasonable pressure or advice to change products or switch providers; and

d). not barred from submitting claims or making complaints.

(ii) Post-sale servicing of policyholders to be complemented with technological solutions to provide prompt and efficient services.

(iii) Policyholders' reasonable expectations are met by servicing standards.

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REGULATION 21. POLICYHOLDER SERVICING.

- (4) Every insurer and distribution channel involved shall be responsible for achieving the outcomes specified in sub regulation (3) above.
- (5) The Distribution channel shall ensure that all policyholders are serviced in accordance with code of conduct as may be specified.
- (6) No additional fee shall be charged by the insurer or distribution channel or group master policyholder for servicing of policyholders in relation to an insurance policy, except for such services as may be specified.
- (7) Every insurer and distribution channel shall comply with the guidelines issued by the Competent Authority on Mis-selling, Unfair trade practice, fair treatment, compliance and oversight, mitigation of conflicts of interests, guidance to prospect on product suitability and suitability assessment and Unclaimed amount.

ACTION POINT:

1. Every Prospect or Policyholder shall be provided with details list of various service provided by insurance company and a list of TAT also for completion of various service;
2. Policyholder should be treated fairly, provided all information related to policy on timely basis and should not be advised to change the insurer;
3. Policyholder should not be dis-courage to file complaint with company or authority;
4. Policy documents shall contain details of Grievance Redressal procedure of company, details of offices of Ombudsman so that they shall approach appropriate forum within time.
5. In case of renewal of insurance policy insurer must intimate the insured not before 90 days from last date of coverage;

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REGULATION 21. POLICYHOLDER SERVICING.

ACTION POINT:

6. *In case if payment of premium mode monthly then 10 days Grace Period is allowed and in any other case 30 days Grace Period is allowed;*
7. *If the amount of Premium Due with interest is not received within a period of six months from the due date of payment, then policy goes into “Lapse”;*
8. *For revival of insurance policy, insured has to pay due amount along with interest and other formalities;*
9. *No additional fees will be charged by insurer, distribution channel or Master Policyholder ,while serving group members other than as may be specified;*
10. *Insurer, Distribution channels must follow Code of conduct as specified by the Authority;*
11. *Every insurer and distribution channel shall comply with the guidelines issued by the Competent Authority on Mis-selling, Unfair trade practice, fair treatment, compliance and oversight, mitigation of conflicts of interests, guidance to prospect on product suitability and suitability assessment and Unclaimed amount.*

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CHAPTER 6: SETTLEMENT OF CLAIMS

REGULATION 22. SETTLEMENT OF CLAIMS.

(1) Every insurer shall ensure that:

- a). Necessary specific documentation required to support the claim are listed in the policy document along with the procedures to be followed for settlement of claims, in addition to placing the information prominently on their website.*
- b). claims registered are settled in a timely manner not exceeding the turnaround times for settlement of claims as per their Board approved policy and in the manner as may be specified.*

(2) All distribution channels shall comply with the specified code of conduct with respect to services related to settlement of claims. Treatment of Policyholders and Claimants

REGULATION 23. *With regard to the claims, every insurer or the distribution channel, as applicable, shall inter alia ensure the following:*

- (a) Provide necessary support and guidance for registering claim.*
- (b) Provide fair treatment at all times in processing the claim.*
- (c) Provide information at various stages of claim settlement.*
- (d) Call for all necessary documents as specified in the policy document at one go and avoid calling such documents/information in a piece meal manner.*
- (e) Settle the claims with speed and efficiency within a reasonable time.*

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ACTION POINTS:

1. Every Policy documents should contains details of documents required for settlement of claim;
2. Every Policy document should contains procedure of claim lodging;
3. It is duty of the insurer to display prominently on its website the procedure of settlement of claim and documents required for lodging of claim;
4. The claim must be settled in TAT and as per approved Board Policy of the insurer;
5. All distribution channel and the insurer must follow Code of Conduct while settling claims;
6. The insured must be informed promptly as per TAT when claim intimation received;
7. Details of all relevant documents required for settling claim must informed to the claimant in one outgo;
8. Appointment of Surveyor is required must be made within 72 hours of intimation of claim;
9. Surveyor must visit and contact claimant within 48 hours of its appointment;
10. Surveyor must submit its interim report within 15 days from the date of appointment;
11. Surveyor must submit Final report within 30 days from the date of appointment;
12. If company required any additional report, same shall be inform to the surveyor within 15 days from the date of receipt of Final report;
13. In case Surveyor must submit report within 90 days for the date of appointment;
14. Insurer must settle claim within a period 30 days from the date of receipt of Final Report / Receipt of last relevant document to settle claim.

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CHAPTER 7 GRIEVANCE REDRESSAL

REGULAITON 25. GRIEVANCE REDRESSAL PROCEDURE

- (1) Every insurer shall have a system, including IT systems, and a procedure for receiving, registering and disposing of grievances in each of its offices. Every insurer shall publicize its grievance redressal procedure and ensure that it is specifically made available on its website.*
- (2) Every insurer and where relevant, the distribution channel, shall have in place robust procedures and effective mechanism to resolve grievances of policyholders and/ or claimants efficiently, effectively and in a timely manner.*
- (3) No insurer or distribution channel shall prohibit, bar or discourage any policyholder or claimant from lodging any grievance to the Authority.*
- (4) The Grievance Redressal Procedure as may be specified shall be followed by all insurers and distribution channels.*
- (5) Insurers shall widely publish the availability of option to the complainant for taking up grievance with Insurance Ombudsman, in case the grievance is not resolved to the satisfaction of the complainant.*

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35 ACTION POINTS;

- (1) Every insurer shall have a system, including IT systems, and a procedure for receiving, registering and disposing of grievances in each of its offices.*
- (2) Every insurer shall publicize its grievance redressal procedure and ensure that it is specifically made available on its website.*
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- (4) No insurer or distribution channel shall prohibit, bar or discourage any policyholder or claimant from lodging any grievance with the Authority.*
- (5) The Grievance Redressal Procedure as may be specified shall be followed by all insurers and distribution channels.*
- (6) Insurers shall widely publish the availability of option to the complainant for taking up grievance with Insurance Ombudsman, in case the grievance is not resolved to the satisfaction of the complainant.*
- (7) The contact details of Grievance Redressal Officer with mail/telephone nos. and address should be displayed on website of the company.*
- (8) Every insurer must have a Board Approved - Grievance Redressal Policy and a copy of the same with turnaround time details shall be displayed on the website of the insurers.*
- (9) The causes or reasons of repudiation of claim /complaint must be written clearly and sign by the authorized person of the company.*
- (10) Claim Rejection Letter shall contain reference of offices of insurance Ombudsman to facilitate complainant to file further complaint in case of dissatisfaction.*
- (11) Internal SOP for handling of grievances should be strictly followed.*
- (12) Complaints received by Intermediaries related to company should be checked and feedback to be taken.*

Thank you



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