Exposure Draft

Date: 12.12.2023

Ref. No: IRDAI/ACTL/Product_Regulation/2023-24

INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY OF INDIA (Insurance Products) Regulations, 2023

The IRDAI vide its order dated July 29, 2022 directed the Councils to constitute a Regulation Review Committee (RRC) comprising representatives from all stakeholder groups for the purpose of enhancing ease of doing business and simplifying regulations by moving towards principles based regime with a view to making them more effective.

Further, nine sub-groups drawing representations from various stakeholders were formed. Additionally, industry executives were invited to some of the sub-groups wherever the need for specific domain expertise was deemed necessary.

The RRC recommended Insurance Regulatory and Development Authority of India (Insurance Products) Regulations, 2023 after repealing the following regulations:

1. IRDAI (Micro Insurance) Regulations, 2015;
2. IRDAI (Minimum Limits for Annuities and other benefits) Regulations, 2015;
3. IRDAI (Acquisition of Surrender and Paid up values) Regulations, 2015;
4. IRDAI (Health Insurance) Regulations, 2016;
5. IRDAI (Unit Linked Insurance Products) Regulations, 2019;
6. IRDAI (Non-Linked Insurance Products) Regulations, 2019

After considering the recommendations of the RRC and also keeping the interest of the policyholders, the draft on Insurance Regulatory and Development Authority of India (Insurance Products) Regulations, 2023 is prepared and annexed herewith.

The main objective of the proposed draft regulations is to facilitate insurers to respond faster to the emerging market needs, to promote ease of doing business, to improve insurance penetration, to protect the policyholders interest by enabling insurers to adopt good governance while designing and pricing the products. It will also enable insurers to ensure sound and responsive management practices for effective oversight and adequate due diligence with regard to insurance products, including innovative products considering the interests of policyholders

All the stakeholders are requested to forward their comments / suggestions, if any, on the proposed regulations (Annexure-A) in the attached format (Annexure- B) on or before 5:00 PM on 03 January, 2023 to actuarial-policy@irdai.gov.in with a copy to urmi.jain@irdai.gov.in and narendra@irdai.gov.in.

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ANNEXURE – A

EXPOSURE DRAFT

INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY OF INDIA (Insurance Products) Regulations, 2023

NOTIFICATION

Hyderabad, [*insert date*]

[*Notification number to be inserted by Authority prior to issue in gazette*] In exercise of the powers conferred under Section 114A of the Insurance Act, 1938 and Section 14(2)(i) read with Section 26 of the Insurance Regulatory and Development Authority Act, 1999, the Authority, in consultation with the Insurance Advisory Committee, hereby makes the following regulation, namely: -

1. Short title, applicability and commencement

i. These Regulations may be called the Insurance Regulatory and Development Authority of India (Insurance Products) Regulations, 2023.

ii. These Regulations shall come into force from the date of the publication in the Official Gazette.

iii. Unless otherwise specified herein, these Regulations shall be applicable to Insurers which have been granted certificate of registration to transact the business of life insurance or general insurance or health insurance in India as applicable.

iv. These Regulations shall be reviewed once in every 3 (three) years from the date of publication of the IRDAI (Insurance Products) Regulations, 2023, unless a review, repeal or amendment is warranted earlier.

2. Objectives: The key objectives of these Regulations are as under:

i. To facilitate insurers to respond faster to the emerging market needs, to promote ease of doing business and to improve insurance penetration.

ii. To protect the policyholders interest by enabling insurers to adopt good governance while designing and pricing the products.

iii. To ensure sound and responsive management practices for effective oversight and adequate due diligence with regard to insurance products, including innovative products considering the interests of policyholders.

3. Definitions

i. In these Regulations, unless the context otherwise requires-

a. “Act” means the Insurance Act, 1938 (4 of 1938);

b. “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;

c. Combi-micro insurance product means micro insurance products which permit a tie-up between a life insurer, General insurer or standalone health insurer.

d. "File and Use" means a procedure where the Insurers are permitted to market the product only after prior filing and assignment of Unique Identification Number(UIN).

e. "Group" consist of persons who assemble together with a commonality of purpose or engaging in a common economic activity and includes Employer – Employee Group and Non Employer – Employee Group.

   i. Employer– Employee Group is a group where an Employer-Employee relationship exists between the master policyholder and the member in accordance with the relevant laws.

   ii. Non-Employer-Non-Employee Group is a group other than Employer-Employee where a clearly evident relationship between the member and the group policyholder for services other than insurance exist.

f. Government Sponsored Insurance Scheme: Any Insurance Scheme, designed or notified or sponsored by the Central Government and/or State Government and offered by Insurers. The schemes may or may not be subsidized by the Central Government and/or State Government

g. Micro-insurance business means category of insurance business provided through the products categorized as micro-insurance products under these regulations.

h. Micro-insurance policy means an insurance policy which has been issued through the solicitation of the micro-insurance product.

i. Micro-insurance product includes:

   a. Life micro-insurance product or General micro-insurance product or Health-micro insurance product, designed in accordance with the terms stated in these regulations

   b. insurance products designed or notified or sponsored by the Central Government and/or State Government under the head "Micro-insurance".

   c. insurance products subsidized either fully or partly by the Central Government and/or State Government and

   d. any other product approved as Micro-insurance product by the Authority.

j. "Product Management Committee (PMC)" shall be a board constituted committee within the insurer with functions as per these regulations.

k. "Senior citizen" means a person as defined in the Maintenance and Welfare of Parents and Senior Citizens Act, 2007 and any subsequent amendments thereafter, if any.

l. "Unique Identification Number (UIN)" means a unique number allotted to each product which is required to be disclosed in Product related literature, policy documents and any other supporting documents for such products.

m. "Use and File" means the procedure where the insurer is allowed to launch the product to market without prior filing after assignment of Unique Identification Number (UIN).

ii. "Products" mentioned herein include base products and riders or add-ons.

iii. All words and expressions used herein and not defined in these Regulations but defined in the Insurance Act, 1938 (4 of 1938), or the Insurance Regulatory and Development Authority Act, 1999 (41 of 1999) or any Rules or Regulations made thereunder shall have the meanings respectively assigned to them in those Acts or Rules or Regulations.

4. Principles of design and pricing of insurance products

i. As part of product design and development cycle, every insurer shall ensure that:
   a. evolving risk coverage needs of the customer shall be taken into account while developing new products and revising existing products;
   b. product shall cover an insurable risk with an underlying risk transfer;
   c. the products offered are simple to understand and not complex;
   d. transparency and clarity in wordings, terms, coverage, exclusions, and conditions;
   e. policyholder's interests are protected;
   f. the basic principles of insurance like insurable interest, indemnity, utmost good faith, proximate cause, contribution clause, salvage and subrogation etc. are adherence to;
   g. all the risks relevant to the products are considered in the pricing appropriately;
   h. the premium rates are fair and not excessive, inadequate, or unfairly discriminatory and provide value to the money;
   i. all relevant factors such as risk appetite, capital availability, claim experience, reinsurance costs, guarantees, options are considered;
   j. products are viable and self-sustainable;
   k. market conduct practices are appropriate and fair;
   l. appropriate systems, procedures relevant to the product, such as underwriting, pricing, reinsurance, claims management are in place;

ii. In addition to above, the products designed shall follow the applicable provisions set out as under:
   a. Schedule I & III- Life Insurance Products
   b. Schedule II & III- General Insurance Products
   c. Schedule-III - Health Insurance Products

5. Micro-Insurance Products:

i. Micro insurance products may offer premium payment modes based on the needs and choice of the specific target market.
ii. Grace period for all life micro-insurance policies and health micro-insurance policies shall be reckoned on an annual basis, irrespective of the actual premium payment mode opted by the policyholder.
iii. Every insurer shall issue insurance contracts to the individual micro insurance policyholder in the languages recognised in the constitution of India which is simple and easily understood by the policyholders. Provided that where issuance of policy contracts in the languages recognised in the constitution of India is not possible, the

insurer shall as far as possible issue a detailed write-up about the policy details in the respective language.

iv. Life insurers, General or Health insurers may offer Combi micro insurance products by having tie-up between them subject to compliance with Section 64VB of the Act.

v. While issuing micro-insurance product to groups, every insurer shall issue insurance contracts to the group micro-insurance policyholder in an unalterable form along with a schedule showing the details of individuals covered under the group, and also issue a separate certificate of insurance, to each such individual evidencing proof of insurance, containing details of validity period of cover, name of the nominee, and addresses of the underwriting office and the servicing office, where both offices are not the same; depending on the needs of the member of the group, the term offered under the group credit insurance policies may be allowed up to the term of the underlying loan.

vi. Every micro-insurance product shall prominently carry the caption "Micro-Insurance Product".

6. Product Management and Governance

i. Board approved policies and Product Management Committee (PMC)

a. Every insurer shall have in place Board approved polices covering all areas of product design, underwriting, advertisements and overall management of the insurance products.

b. The Board constituted Product Management Committee shall be responsible for implementation of the Board approved policy and ensuring:

    i. adherence to principles of design and pricing of insurance products,
    ii. appropriateness of the product design for the target market,
    iii. regulatory compliance and recommending products for filing under File and Use procedure, as applicable,
    iv. products falling under Use and File category are approved,
    v. that all advertisements issued by the insurer and their distribution channels are approved considering the expectations that may get created, possible market conduct issues and shall be in accordance with the applicable framework,
    vi. periodical review of product performance, market conduct issues including grievances and taking up corrective actions, as may be necessary,
    vii. Modifying or withdrawal of the product, if required,
    viii. overall management of the insurance products,
    ix. maintenance of documentation of the decisions taken for each product for inspections of the Authority

ii. System and Control:

a. PMC shall recommend the launch of approved insurance products, only after ensuring that all the processes, suitable infrastructure, system requirements and standard operating procedures are in place on an ongoing basis from policy issuance to claim settlement, including determination of reserves & solvency margin and for seamless operations of the insurer including policyholders' servicing on a day-to-day basis.

b. An insurer shall exercise prudent management and oversight of insurance products including maintaining and implementing adequate controls.

c. Insurer shall put in place systems and procedures to prevent, identify, monitor and mitigate frauds.

iii. **Review of insurance products:**

a. All the products, offered for sale, shall be reviewed by the Appointed Actuary at least once a year taking into account:

    i. the reasonable expectation of all stakeholders, including policyholders
    ii. financial viability of the product
    iii. emerging risks and experience under the product
    iv. any other relevant factors

b. Appointed Actuary shall present the results of such review to the PMC and make suitable recommendations for any modifications or withdrawal of the product,

c. Any revision either of the premium rates or the corresponding benefits or both with respect to the existing products shall be based on credible underlying experience of relevant risk parameters. The revision shall also consider the analysis of policyholder's grievances and market feedback, if any.

7. Powers to issue Circular, Guidelines and directions from time to time

i. The Chairperson of the Authority may issue from time to time circulars, guidelines and directions, if necessary, relating to these regulations including, but not limited to, product approval process, categorization of products, any matter relating to product design, standard products, administration and overall management of products, withdrawal and revision of products, migration and portability, market conduct, maintenance of records, submission of returns and statements, disclosure norms and other operational aspects including customer information sheet.

ii. The Chairperson of IRDAI may direct insurer to withdraw any product, if it is not in the interest of the policyholders or the industry.

8. Power to issue clarifications and to remove difficulties, if any

In order to remove any doubts or the difficulties that may arise in the application or interpretation of any of the provisions of these Regulations, the Chairperson of the Authority may issue appropriate clarifications as and when deemed necessary.

9. Repeal and Savings

i. These Regulations shall repeal the following regulations from the date these Regulations come into force.

    i. IRDAI (Micro Insurance) Regulations, 2015;
    ii. IRDAI (Minimum Limits for Annuities and other benefits) Regulations, 2015;
    iii. IRDAI (Acquisition of Surrender and Paid up values) Regulations, 2015;

iv. IRDAI (Health Insurance) Regulations, 2016;
v. IRDAI (Unit Linked Insurance Products) Regulations, 2019;
vi. IRDAI (Non-Linked Insurance Products) Regulations, 2019;

ii. Other provisions which were in existence in the regulations mentioned above under regulation 9.i. here and not covered in this regulation shall be dealt separately by the circular issued under provision of regulation 7 of this regulation.

iii. Unless otherwise mentioned herein, nothing in these Regulations shall be deemed to invalidate the insurance contracts entered into prior to these Regulations coming into force.

DEBASISH PANDA, Chairperson
[ADVT.-III/4/Exty./XXX/2023-24]

Schedule I: Specific provisions applicable to Life Insurance Products (Refer Regulation 4)

1. **Definitions:**

A. General Definitions:

1.1. **"Death benefit"** means the benefit which is payable on death of life assured, as stated in the policy document.

1.2. **"Grace Period"** for other than single premium policies" means the time granted by the insurer from the due date of ~~the~~ payment of premium, without any penalty or late fee, during which time the policy is considered to be in-force with the risk cover without any interruption, as per the terms & conditions of the policy.

1.3. **"General Annuity Business"'** means the business of effecting contracts to pay annuities on human life but does not include contract under pension business.

1.4. **"Group Fund Based products**" means products wherein a life insurer assures a return, whether guaranteed or otherwise, on the corpus created through periodic or lump-sum contribution received from the master policyholder who is generally the employer/ trustee and employees are the members.

1.1. **Index Linked insurance products** are the products where the benefits under the policy are directly linked to a publicly available index.

1.2. **Non-Linked Insurance products** are the products other than Linked insurance products.

1.3. **"Non-par products" or "products without participation in profits"** means products where policies are not entitled for any share in surplus (profits) during the term of the policy;

1.4. **"Par products " or " products with participation in profits"** means products where policies are entitled to share in surplus (profits) during the term of the policy as per Section 49 of the Insurance Act, 1938.

1.5. **"Pension business"** means the business of effecting contracts to manage investment of pension funds or superannuation scheme which may eventually lead to payment of annuity under general annuity business.

1.6. **"Revival of a policy"** means restoration of the policy, which was discontinued due to the non-payment of premium, by the insurer with all the benefits mentioned in the policy document, with or without rider benefits if any, upon the receipt of all the premiums due and other charges or late fee if any, during the revival period, as per the terms and conditions of the policy, upon being satisfied as to the continued insurability of the insured or policyholder on the basis of the information, documents and reports furnished by the policyholder, in accordance with Board approved Underwriting policy.

1.7. **"Rider"** means the insurance covers that are added to a base product for a consideration.

1.8. **"Rider Benefits"** means an amount of benefit payable on occurrence of a specified event covered under the rider, and is an additional benefit to the benefit under the base product, and may include waiver of premium benefit on other applicable riders.

1.9. **"Savings Products"** means those products other than "Pure risk" products.

1.10. **"Sum Assured on Death"** means an absolute amount of benefit which is guaranteed to become payable on death of the life assured in accordance with the terms and conditions of the policy.

1.11. **"Sum Assured under Health cover"** means an absolute amount of benefit which is guaranteed to become payable in accordance with the terms and conditions of the policy under health cover.

1.12. **“Surrender"** means complete withdrawal or termination of the entire policy contract.

1.13. **“Surrender Value"** means an amount, if any, that becomes payable on surrender of a policy during its term, in accordance with the terms and conditions of the policy.

1.14. **Unit Linked insurance products** are the products where the benefits are partially or wholly dependent on the performance of the underlying assets under each of the segregated fund offered.

B. Definition applicable to Linked Insurance Product:

1.15. **“Allocation”** for Linked Insurance Product means the process of allocating premium to create units, at the prevailing unit price, in the segregated funds offered under the linked insurance product, as and when the premiums are received or switches from one fund to another fund are made.

1.16. **“Annualized premium”** means the premium amount payable in a year excluding taxes, rider premiums and underwriting extra premium on riders, if any.

1.17. **“Date of payment of premium”** means the date on which premium payment is received by the insurer in accordance with the provisions of Section 64 VB (2) of the Act.

1.18. **“Discontinuance”** means the state of a policy that could arise on account of surrender of the policy or non-payment of the premium due before the expiry of the grace period.

Provided that no policy shall be treated as discontinued on non-payment of the said premium if, within the grace period, the premium has not been paid due to the death of the insured or upon the happening of any other contingency covered under the policy.

1.19. **“Discontinued Policy Fund”** means the segregated fund of the insurer constituted by the fund value, as applicable, of all the linked insurance policies discontinued during lock-in period.

1.20. **“Lock-in period”** means the period of five consecutive completed years from the date of commencement of the policy, during which period the proceeds of the policies cannot be paid by the insurer to the policyholder or to the insured, as the case may be, except in the case of death or upon the happening of any other contingency covered under the policy.

1.21. **“Net Asset Value (NAV)”** means the price per unit of the Segregated Fund**.**

1.22. **“Partial Withdrawals”** means any amount withdrawn partially out of unit fund by the policyholder during the term of the policy.

1.23. **“Premium re-direction”** means an option which allows the policyholder to modify the allocation of amount of renewal premium to various segregated funds, under a linked insurance policy.

1.24. **“Revival Period”** means the period of three consecutive complete years from the date of first unpaid premium.

1.25. **“Segregated fund”** means funds earmarked under Linked Insurance business.

1.26. **“Settlement option”** means a facility made available to receive the maturity or death proceeds in instalments in accordance with the terms and conditions stated in advance at the inception of the contract.

1.27. **“Switches”** means a facility allowing the policyholder to move from one segregated fund, either wholly or in part, to other segregated fund(s) amongst the segregated funds offered as per the terms and conditions of the policy.

1.28. **“Top-up premium”** is an amount that is paid voluntarily by the policyholder besides contractual premium and is treated as single premium for all purposes.

1.29. **"Total Premiums paid"** means sum total of all the premiums received under the base product including top-ups premium paid, if any.

1.30. **“Units”** means a specific portion or part of the underlying segregated linked fund which ~~is~~ represents policyholder’s entitlement in such funds.

1.31. **“Unit Fund value”** means the summation of number of units in each segregated fund multiplied by the Net Asset Value per unit (NAV) for respective segregated fund under that policy.

C. Definition applicable to Non-Linked Insurance Product:

1.32. **“Annualized premium”** shall be the premium amount payable in a year excluding taxes, rider premiums, underwriting extra premiums and loadings for modal premiums.

1.33. **"Maturity Benefit"** means Sum Assured on Maturity, any additional and accrued benefit, which is payable on maturity in accordance with the terms and conditions of the policy.

1.34. **“Pure Risk Products”** means insurance products (without any savings element) where the payment of agreed amount is assured on the happening of death of life assured or to cover health related contingency within the term of the policy.

1.35. **“Revival Period”** means the period of five consecutive complete years from the date of first unpaid premium.

1.36. **“Sum Assured on Maturity”** means an absolute amount of benefit which is guaranteed to become payable at the end of the policy term i.e. on maturity of the policy in accordance with the terms and conditions of the policy.

1.37. **"Total Premiums paid"** means sum total of all the premiums paid under the base product, excluding any extra premium and taxes, if collected explicitly.

2. Product Structure

i) All insurance products offered by life insurers shall be categorized either under linked insurance products or under non-linked insurance products.

ii) All Linked insurance products shall further be categorized under
   a. Unit linked insurance products
   b. Index linked insurance products

iii) All non-linked insurance products shall be further categorized under
   a. With participation insurance products and
   b. Without participation insurance products

iv) With participation and without participation insurance product may be referred to as Par and Non-Par product respectively.

v) All linked insurance products shall be offered under Non-Par product category.

vi) Life insurance products may be offered either on individuals’ basis or group basis.

A. Unit Linked Insurance Products

i) Unit linked products shall operate by offering one or more segregated funds, wherein each segregated fund shall have well defined asset categorization along with its risk profile.

ii) The premiums, net of allocation charges, if any, shall be utilised to allocate units in the segregated funds chosen by the policyholder at its net asset value.

iii) A Unit Linked policy shall offer one of the following death or health benefits:

a. The sum assured as agreed in the policy plus the balance in the unit fund;
b. The sum assured as agreed in the policy or the balance in the unit fund whichever is higher.

iv) Net asset value (NAV) shall be determined for each of the segregated funds on a daily basis, based on the performance of the underlying assets of such segregated funds. NAV shall be used for the computation of benefits under the policy.

The NAV of the Segregated Fund [SFIN] shall be computed as:

$$\frac{\text{(Market value of investment held by the fund + value of current assets – value of current liabilities and provisions, if any)}}{\text{Number of units existing on Valuation Date (before creation / redemption of units)}}$$

Note: i) Value of Current Assets represents Accrued interest, Dividend Receivable, Bank Balance, Receivable for Sale of Investments and Other Current Assets (for Investments).

ii) Value of current liabilities represents Payable for Investments.

iii) Number of units derived from the investment accounting system shall be reconciled on a day to day basis with the policy administration system.

iv) Provisions shall include expenses for brokerage and transaction cost, NPA, Fund Management Charges (FMC) and any other charges approved by the Authority.

v) Insurers shall explicitly specify charges, as applicable, subject to the following conditions:

a. use uniform definitions for charges under all the Unit Linked insurance products in accordance with this regulation.
b. Except for single premium products, in all other products, the overall charges in all Unit Linked insurance products shall be distributed in an even fashion during the lock-in period such that the:
   i. premium allocation charge and policy administration charge shall be spread evenly during first 5 years of the policy contract, without wide fluctuations.
   ii. charges could change from year to year in a reasonably orderly manner so that the difference between the maximum and minimum charges during first 5 years shall not vary by more than 3 times.
   iii. charges during lock-in period shall be so structured such that the cap on net reduction in yield is achieved without any further additions to fund value at any time during and at the end of the first five years of the contract. This provision is applicable to both single premium products and other than single premium products.
c. The charges levied under the Unit Linked insurance products shall be:

   I. **Premium Allocation Charge**: This is a percentage of the premium appropriated towards charges from the premium received. For Unit Linked insurance products, the balance amount known as allocation rate constitutes that part of premium which is utilized to purchase the units of the fund in the policy. The percentage shall be explicitly stated and could vary by the policy year in which the premium is paid, the premium size and the premium type (regular, single or top-up premium).

i. This is a charge levied at the time of receipt of premium.
ii. The maximum premium allocation charge shall be declared by the Authority from time to time. The current Premium Allocation Charges is capped at 12.5% of Annualized premium in any year.

II. **Fund Management Charge (FMC):**

i. For unit linked insurance products, this is a charge levied as a percentage of the value of assets and shall be appropriated by adjusting the Net Asset Value.
ii. This is a charge levied at the time of computation of NAV, which is usually done on daily basis.
iii. The maximum Fund Management Charge shall be declared by the Authority from time to time. The current cap on fund management charges in respect of each of the segregated fund is 135 basis points.

III. **Guarantee Charge:**

i. For unit linked insurance products, this is a charge levied as a percentage of the value of assets and shall be appropriated by adjusting the Net Asset Value.
ii. This is a charge levied at the time of computation of NAV, which is usually done on daily basis.
iii. The maximum Guarantee Charge shall be declared by the Authority from time to time. The current cap on guarantee charges is 50 basis points.

IV. **Policy Administration Charge**: This charge shall represent the expenses other than those covered by premium allocation charges and the fund management charge. This is a charge which may be expressed as a fixed amount or a percentage of the premium or a percentage of sum assured.

i. For unit fund, this charge is levied at the beginning of each policy month from the unit fund by cancelling units for equivalent amount.
ii. This charge could be flat throughout the policy term or vary at a pre-determined rate, subject to an upper limit as decided by the Authority from time to time. The current cap is 5% per annum.
iii. The maximum Policy Administration Charge shall be declared by the Authority from time to time. The current cap on policy Administration charge is Rs 500 per month.

V. **Surrender Charge or Discontinuance charge:**

i. This is a charge levied on the unit fund where the policyholder opts for complete withdrawal of the contract as stipulated in Regulation under this Regulation.
ii. This charge is usually expressed either as a percentage of the fund or as a percentage of the annualized premiums (for regular premium contracts).

iii. No discontinuance charges shall be imposed on top-up premiums.

iv. The charges levied on the date of discontinuance (as a percentage of Fund Value or one annualized premium or a percentage of single premium) shall not exceed the limits as decided by the Authority from time to time. The current limits are given below:

For annual premiums:

Where the policy is discontinued during the policy year	*Maximum Discontinuance Charges for the policies having annualized premium up to Rs. 50,000/-*	*Maximum Discontinuance Charges for the policies having annualized premium above Rs. 50,000/-*
1	Lower of 20% * (AP or FV) subject to a maximum of Rs. 3000	Lower of 6% * (AP or FV) subject to a maximum of Rs. 6000
2	Lower of 15% * (AP or FV) subject to a maximum of Rs. 2000	Lower of 4% * (AP or FV) subject to a maximum of Rs. 5000
3	Lower of 10% * (AP or FV) subject to a maximum of Rs. 1500	Lower of 3% * (AP or FV) subject to a maximum of Rs. 4000
4	Lower of 5% * (AP or FV) subject to a maximum of Rs. 1000	Lower of 2% * (AP or FV) subject maximum of Rs. 2000
5 and onwards	Nil	Nil

For Single premium policies:

Where the policy is discontinued during the policy year	Maximum Discontinuance Charges for the policies having Single Premium up to Rs. 3,00,000/-	Maximum Discontinuance Charges for the policies having Single Premium above Rs. 3,00,000/-
1	Lower of 2% *(SP or FV) subject to a maximum of Rs.3000/-	Lower of 1% *(SP or FV) subject to a maximum of Rs.6000/-
2	Lower of 1.5% *(SP or FV) subject to a maximum of Rs. 2000/-	Lower of 0.70% *(SP or FV) subject to a maximum of Rs. 5000/-
3	Lower of 1% *(SP or FV) subject to a maximum of Rs.1500/-	Lower of 0.50%* (SP or FV) subject to a maximum of Rs. 4000/-

4	Lower of 0.5% *(SP or FV) subject to a maximum of Rs. 1000/-	Lower of 0.35% *(SP or FV) subject to a maximum of Rs. 2000/-
5 and onwards	Nil	Nil

AP- Annualized Premium
SP-Single Premium
FV- Fund Value

VI. **Switching Charge**: This is a charge levied on switching of monies from one segregated fund to another available within the product. The charge per each switch, if any, shall be levied at the time of executing the switch. The maximum Switching Charge shall be declared by the Authority from time to time. The current cap per switch is Rs.500.

VII. **Mortality or Morbidity Charge:** This is the cost of life or health insurance cover. It is exclusive of any expense loadings levied by cancellation of units. This charge, if any, shall be levied at the beginning of each policy month from the fund.

i. The method of computation shall be explicitly stated in the policy document. The mortality or morbidity charge table shall form part of the policy document.

ii. Mortality charge table shall be guaranteed during the contract period and morbidity charges may be reviewed during the term of the policy, as per regulation 6.(iii).

iii. The mortality or morbidity charge for the mortality or morbidity risk covered shall:

a. only reflect the pure risk charges for the cover offered and shall not include any allowance for expenses or any other parameters.

b. be reasonable and consistent with the prescribed mortality tables or morbidity tables, if any.

c. be demonstrated with the support of insurer's own experience, wherever applicable.

d. be expressed as per Rs.1000 Sum at risk for each age.

VIII. **Rider charge or Rider Premium**:

i. Within a product, cost of rider cover can be levied through rider charge or level rider premium, but not both. This should be explicitly mentioned in policy document & other filing documents.

ii. Riders can be attached to the Unit Linked insurance products provided:

a. the rider premium does not contain any expense loading and

b. the premium payment term and policy term of the riders are consistent with premium payment term and policy term of the base unit linked insurance product.

c. The level rider premium shall be levied in addition to the base premium.

iii. In case the rider cost is levied through charge, such charges shall be exclusive of expense loadings and levied separately to cover the cost of rider benefit. The rider charge, if any, shall be levied by cancellation of units. This charge is levied at the beginning of each policy month from the fund. The rider charge table shall be form part of the policy document. The rider charge shall be expressed as per Rs.1000 Sum Assured for each age

IX. **Partial withdrawal charge:** This is a charge levied on the unit fund at the time of partial withdrawal of the fund during the contract period. The maximum Partial withdrawal charge shall be declared by the Authority from time to time. The current cap on partial withdrawal charge is Rs 500 per transaction.

X. **Miscellaneous charge:**

i. This is a charge levied for any alterations within the contract, such as, increase in sum assured, premium redirection, change in policy term etc. The charge is expressed as a flat amount. This shall be levied by cancellation of units.

ii. This charge is levied only at the time of alteration. The maximum Miscellaneous charge shall be declared by the Authority from time to time. The current cap on alteration charges is Rs. 500 per alteration.

XI. **Other conditions on Charges:**

i. The charges shall not be modified or changed without obtaining appropriate approval as required.

ii. All the charges, where upper limit is allowed, may be modified with supporting data within the upper limits with after obtaining appropriate approval as required.

iii. The systems and processes for managing unit funds, computation of NAV, calculation of units and deduction of charges shall be reviewed once in a financial year.

XII. Before launch of product, Insurers shall ensure the maximum reduction in yield for policies in accordance with the table below:

Number of years completed inception since	**Maximum Reduction in Yield (Difference between Gross and Net Yield (% p.a.)**
5	4.00%
6	3.75%
7	3.50%
8	3.30%
9	3.15%
10	3.00%
11 and 12	2.75%
13 and 14	2.50%
15 and thereafter	2.25%

i. Charges for mortality, morbidity, rider, investment guarantee, tax on charges (as applicable) and extra premium due to underwriting emanating from extraordinary health conditions may be excluded in the calculation of the net yield.

ii. The equation of value considering the premiums paid by policyholder and the projected fund value at the end of the policy year of demonstration based on the gross rate of returns 6%, 8% and 10% p.a. shall give the effective net yield per annum. The projection of fund shall consider all the charges except as specified in clause 2. A. above.

iii. The policyholders' options such as partial withdrawals, premium redirection, switches, settlement options, top up premium, which affect the net yield shall be ignored for the demonstration of reduction yield.

vi) The maturity benefit shall be at least equal to the balance in the unit fund value available on the date of maturity.

B. Index Linked Insurance Product

a. Ensure compliance with the principles of Transparency, Simplicity, Fairness, Awareness and Liquidity of Indices.
b. The NAV shall be linked to underlying publicly available index. All other provisions of Unit Linked Insurance Products shall be applicable in mutatis mutandis to Index linked insurance products.

C. Non-Linked Insurance Products:

a. Under Par products, the maturity benefits shall closely reflect the asset share.
b. Under Non Par individual savings products, the benefit shall be guaranteed in terms of an absolute amount at the inception of policy.
c. Under savings products other than term insurance product with return of premium, survival benefits including maturity benefit shall result in at least non-zero positive return to the policyholder.

D. Pension Products:

a. Pension products may be offered either under linked insurance product or non-linked insurance product.
b. Pension products offered to individuals shall:

    i) have explicitly defined assured benefit that is payable either on death or on any health contingency, if covered;
    ii) have explicitly defined assured benefit that is payable on vesting under non-linked products;
    iii) be optional to offer the assured benefit in case of vesting for Linked Insurance Products.

c. The benefit under the pension products shall be utilized on the date of vesting or surrender or death as per the policy terms and conditions.
d. For all Group Fund Based non-linked pension products under defined benefits scheme subscribed to by an employer there shall also be an assured benefit that is available on death of every member.
e. For all Group Fund Based non-linked pension products with the defined contributions scheme subscribed to by an employer, where the scheme maintains individual member accounts there shall be an assured benefit that shall be applicable on each of such individual accounts.

f. An assured benefit means at least one of the guarantees from the following options:

i) Non-zero positive rate of return on the premiums paid, excluding applicable tax, from the date of payment to date of vesting or
ii) An absolute amount to be paid on death or maturity or health contingency (which shall result in non-zero positive return).

E. **Annuity Products** includes immediate annuity and deferred annuities including group deferred and group immediate annuities. Annuities shall be guaranteed for life. Annuity products shall be offered under Non-Linked category only.

F. **Life micro-insurance product** provides cover under the life insurance business either on individual or group basis, in accordance with the following terms:

(a) Insurers shall not offer micro insurance products under unit linked platform.
(b) Except to the provisions explicitly provided for Micro insurance, all other provisions of these Regulations shall be applicable mutatis mutandis to the Micro Insurance Products, as applicable.
(c) In case of all non-linked products, except for pure term and health products, where premiums are received for one full policy year:
   i. it shall have a paid-up value of at least the total premiums paid;
   ii. be payable either on maturity or on death or on the happening of the contingency covered.
(d) Maximum coverage under life micro insurance products shall be as per the following table:

Table-I

Sl. No.	Product category	Maximum amount of cover
1.	Term insurance product with or without return of premium	Rs. 10 lakhs
2.	Simple Non-linked, non-participating savings insurance and Pension	Rs. 5 Lakhs
3.	Immediate annuity product	Rs. 10 Lakhs (Maximum purchase price)
4.	Accidental death benefit rider	Rs. 10 lakhs
5.	Fixed benefit Health insurance products	Rs. 10 lakhs
6.	Schemes under group business	Rs. 10 lakhs per member

3. Minimum Sum Assured:

For all the life insurance products, the minimum Sum Assured on death or minimum Sum Assured under Health cover as applicable during the entire term of the policy shall not be less than as specified herein:

Minimum Sum Assured		
Age at Entry	***Single Premium***	***Regular Premium and Limited Premium***
Less than 50 years	1.25 times of single premium	7 times the annualized premium
50 years and above	1.10 times of single premium	5 times the annualized premium

The provision of the minimum Sum Assured shall not be applicable to reduced paid-up policies, pension products, annuity products, decreasing cover pure risk products and Group Fund Based products.
The above multiples are minimum and products should offer higher multiples to the policyholders. These higher multiples shall be in accordance with the risk appetite and board approved underwriting policies of the insurer.

The minimum Death Benefit or health cover for all life insurance products other than single premium shall be at least 105% (one hundred and five percent) of the total premiums paid up to the date of occurrence of covered contingency, except for immediate annuity products and group fund based products.

4. Surrender Value

The surrender value shall be derived using generally accepted actuarial principles, including but not limited to:

(1) The policyholders are treated equitably at the time of surrender.
(2) The surrender value payable shall be fair and reasonable to the policyholders.
(3) Surrender Value shall follow a smooth progression and shall be close to the expected maturity value towards the end of the policy term.
(4) There shall be a premium threshold defined for each product, wherein, there shall not be any surrender charges imposed on the balance of the premiums beyond such threshold limits, irrespective of the timing of the surrender. For example:
  a) A Non-Linked savings insurance policy with an annualised premium of Rs. 100000 and policy term of 20 years. Assuming a threshold limit of Rs. 25000, the adjusted guaranteed surrender value after payment of third annualised premium may be as follows:
    i. Guaranteed Surrender value for threshold premium: Rs. 25,000 x 3 x 35% = Rs. 26,250
    ii. Premium refund beyond threshold premium: Rs. (1,00,000 – 25,000) x 3 = 2,25,000
    iii. Adjusted Guaranteed surrender value: (i) +(ii), i.e. Rs. 2,51,250.
    iv. Surrender value shall be higher of (Adjusted Guaranteed Surrender

Value, Special Surrender Value)

b) A Non-Linked savings insurance policy with an annualised premium of Rs. 100000 and policy term of 20 years. Assuming a threshold limit of Rs. 25000, if the policy is surrendered in the first policy year, the adjusted guaranteed surrender value after payment of first annualised premium may be as follows:
   i. Guaranteed Surrender value for threshold premium: Zero
   ii. Premium refund beyond threshold premium: Rs. (1,00,000 – 25,000) x 1 = 75,000
   iii. Adjusted Guaranteed surrender value: (i) +(ii), i.e. Rs. 75,000
   iv. Surrender value shall be higher of (Adjusted Guaranteed Surrender Value, Special Surrender Value)

A. Surrender Value under Non-Linked Insurance Products

a) All individual non-linked savings and protection oriented products such as non-linked life insurance products, and non-linked pension products including deferred annuity products, other than pure risk premium products such as term insurance, health insurance and immediate annuity products, shall acquire a guaranteed surrender value.
b) Other than single premium products: The policy shall acquire a guaranteed surrender value on payment of premium for at least two consecutive years. The guaranteed surrender value shall be at least:
   i. 30% of the total premiums paid less any survival benefits already paid, if surrendered during the second year of the policy, and
   ii. 35% of the total premiums paid less any survival benefits already paid, if surrendered during third year of the policy.
   iii. 50% of the total premiums paid less any survival benefits already paid, if surrendered between the fourth year and seventh year of the policy, both inclusive.
   iv. 90% of the total premiums paid less any survival benefits already paid, if surrendered during the last two years of the policy.
   v. The surrender value beyond the seventh year shall follow a smooth progression and converge to at least 90% of the total premiums paid less any survival benefits already paid, as the policy approaches maturity.

c) Single premium products: The guaranteed surrender value shall be at least:

   i. 75% of the total premiums paid less any survival benefits already paid, if surrendered any time within third policy year.
   ii. Subject to (iii), 90% of the total premiums paid less any survival benefits already paid, if surrendered in the fourth policy year.
   iii. 90% of the total premiums paid less any survival benefits already paid, if surrendered during the last two years of the policy.
   iv. The surrender value beyond the fourth year shall follow a smooth progression, and converge to at least 90% of the total premium paid less any survival benefits already paid as the policy approaches maturity.

d) The surrender value of the any subsisting bonus and any accrued guaranteed additions shall be added to the above guaranteed surrender value or adjusted guaranteed surrender value as applicable.

e) The special surrender value shall represent the asset share in case of the par policies, where the asset share shall be determined in accordance with the guidance or practice standards issued by the Institute of Actuaries of India. For non-par savings policies, the special surrender value shall reflect the notional asset share, guaranteed maturity or survival benefits under the policy.

f) The surrender value shall be the higher of the surrender value as calculated under clause 4.A.(b), 4.A.(c) & 4.A.(d) above and the special surrender value.

g) A policy which has acquired a surrender value shall not lapse by reason of the non-payment of further premiums but shall be kept in-force to the extent of the paid-up sum assured and the subsisting reversionary bonuses including guaranteed addition, if any, except for policies whose paid up sum assured is less than the amount specified under clause 4.A.(i).

h) For regular premium policies, the paid up sum assured (before inclusion of reversionary bonuses or the guaranteed additions, if any):

   i. On death shall not be less than the *ratio of* the total period for which premiums have already been paid bears to the maximum period *for* which premiums were originally payable *multiplied* by the sum assured on death.
   ii. On maturity shall not be less than the *ratio of* the total period for which premiums have already been paid bears to the maximum period *for* which premiums were originally payable *multiplied* by the sum assured on maturity.
   iii. Adjustment shall be made to the paid up sum assured calculated as above on account of survival benefits paid, if any.

i) The clause 4.A.(h) above shall not apply where the paid up sum assured:

   i. of the policy exclusive of attached bonuses and the guaranteed additions, if any, (other than Micro Insurance Business) is less than Rupees Two Thousand Five Hundred.
   ii. of the policy exclusive of attached bonuses and the guaranteed additions, if any under Micro Insurance Business is less than Rupees Five Hundred.
   iii. takes the form of an annuity of less than Rupees Seven Hundred Fifty per month.

j) In case the paid up sum assured of a policy is less than as specified under clause 4.A.(i) above, policy may be terminated after expiry of revival period by paying the surrender value.

B. Surrender Value under Linked Insurance Policy:

Surrender Value under Linked Insurance policy shall be the Fund value as on the date of the surrender subject to deduction of applicable charges as specified under this regulation. Where a Linked insurance policy is surrendered during the first five years, the surrender value shall become payable only after the completion of the lock-in period.

5. Minimum Benefit

No Life Insurer shall pay or undertake to pay an amount of benefit excluding any profit or bonus on any policy of insurance issued, less than:

i. Annuity of Rupees 3,000 per month other than Government Sponsored Insurance Scheme and National Pension Schemes where annuity shall be as per respective scheme
ii. Gross sum of Rupees 10,000 (except under Micro Insurance)
iii. Gross sum of Rupees 5,000 for Micro Insurance:

Provided that this shall not prevent any insurer from converting any policy into a paid-up policy of any value or payment of surrender value of any amount.

The Chairperson may, however, approve Annuities and other Benefits lower than the amount specified in above under extraordinary circumstances.

Schedule-II: Specific provisions applicable to General Insurance Products (Refer Regulation 4)

1. **Definitions:**

    (a) **"Commercial products"** are general insurance products that are offered to entities and also refer to other than "retail" products.
    (b) **"Large Risk"** shall be classified by the insurer as per the Underwriting Policy of the Insurer.
    (c) **"Retail products"** are insurance products that are offered to individual customers including their family as also for micro or small businesses.
    (d) **"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".

2. **Classification of Products:**

    (a) General Insurance Products shall be classified into two categories viz. Retail Products and Commercial Products.
    (b) A retail product may be offered to a commercial customer if the product meets the insurance needs of that segment of commercial customers. However, a commercial product shall not be sold to individual customers and their family.
    (c) 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 shall have a separate Unique Identification Number (UIN).

3. **Large Risks:**

a) Large Risks shall be considered in accordance with the underwriting policy, underwriting capacity and reinsurance policy approved by the Board of the insurer.
b) Where insurance covers properties at several locations and one of those qualifies as a large risk, insurance of all other locations covered under that policy can be treated as a large risk provided all the properties are under the ownership of a single insured and are covered under one policy.

4. **Micro Insurance Product:**

General micro-insurance product provides cover under the general insurance business either on individual or group basis. Maximum coverage under General micro insurance products shall be as per the following table

Table-I

S. No	Type of cover	Maximum Amount of Cover	Term of cover	Minimum /Maximum Age at entry
1	Dwellings and contents including Tools or implements or other named assets against Fire and Allied perils	Rs.5 lakhs per risk	1 Year	NA

2	i) Insurance for physical loss or damage to, or destruction of, insured property relating to Micro and small Business Enterprises against Fire and Allied perils for Material Damage ii) Alternate accommodation/ Increased cost of working (arising out of a claim under Sec 2(i) above) maximum 30 days	Rs.10 lakhs per risk Rs.750/- per day for maximum of 30 days	1 Year	NA
3	Livestock	Rs. 2 lakhs per risk	1 Year	NA
4	Crop Insurance (Horticulture and Plantation Crops)	Rs.2 lakhs for each season/crop. “Maximum Sum Assured limits under Crop Insurance to be reckoned on per season/per crop basis” .	1 Year	NA
5	Poultry Insurance	Rs.2 lakhs per risk	1 Year	NA
6	Aquaculture	Rs.2 Lakhs per risk	1 Year	NA
7	Motor Insurance:			
	i. Two wheeler package policy ii. Package policies for other vehicles used for farming like tractors etc., iii. Stand-alone Motor OD Policy for Two Whelers	As per the vehicle costs	1 Year	NA
	iv. Stand-alone Third party liability for new vehicles - a) Private car b) Two wheelers	NA	a) 3 years	NA

			b) 5 years	
	v. Stand-alone Third party liability for aged two wheelers and private car	NA	1 Year	NA
8	Schemes under group business	Rs.5 lakhs	1 Year	Product Specific
9	General Insurance policies issued to Micro, Small and Medium Enterprises as classified in Section (7) of Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 under various lines of General insurance business will also be qualified as General micro insurance business up to Rs.10,000 premium p.a. per MSM Enterprise			

Schedule III: Specific Provisions applicable to Health Insurance products (Refer Regulation 4)

1. **Definitions**:

   1.1. "AYUSH Treatment" refers to the medical and / or hospitalization treatments given under Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homeopathy systems.

   1.2. "Break in policy" means the period of gap that occurs at the end of the existing policy term/installment premium due date, when the premium due for renewal on a given policy or installment premium due is not paid on or before the premium renewal date.

   1.3. Grace period means the specified period of time, immediately following the premium due date during which a payment can be made to renew or continue a policy in force without loss of continuity benefits pertaining to waiting periods and coverage of pre-existing diseases. Coverage need not be available during the break in policy. The minimum grace period for payment of the premium for all types of insurance policies shall be: fifteen days for monthly payment, and thirty days in all other cases.

   1.4. Family Floater policies means the health insurance policies wherein all members under the policy have a single sum insured limit which may be utilized by any or all members

   1.5. Migration" means, the right of policyholders (including all members under family cover and group policies), to transfer the credit gained for pre-existing conditions and specific waiting period from one health insurance policy to another with the same insurer.

   1.6. Portability" means the right of a policyholder to transfer the credits gained for, pre-existing conditions and specific waiting periods from one insurer to another irrespective of the type of health insurance policy.

   1.7. **Pre-Existing Disease**

   Pre-existing Disease means any condition, ailment, injury or disease:

   a) That is/are diagnosed by a physician not more than 48 months prior to the effective date of the policy issued by the insurer **or**
   b) For which medical advice or treatment was recommended by, or received from, a physician not more than 48 months prior to the effective date of the policy.

   1.8. Specific waiting Period means a period up to 24 months from the inception of a health insurance policy during which period specified diseases/treatment (except due to an accident) are not covered. On completion of the period, diseases/treatments shall be covered provided the policy has been continuously renewed without any break.

2. **Classification of Products:**

   For the purpose of these Regulations, Health Insurance products are classified into Indemnity/benefit based policies on the basis of type of product and Individual/Group products on the basis of market segment as specified by the Authority.

2.1. **Types of products:**

i. Indemnity based health insurance policy means an insurance policy that compensates an insured for the loss due to occurrence of a covered event up to the limit specified in the policy.

ii. Benefit based health insurance policy means an insurance policy that pays fixed amount on the occurrence of a covered event as specified in the policy.

3. Scope of Health Insurance Business:

3.1. Life Insurers may offer long term Individual Health Insurance products i.e., for term of 5 years or more. Life insurers may also offer cashless claims settlement facility on authorisation of the policyholder or the nominee.
Provided that a life insurer shall not offer indemnity based products either Individual or Group.

3.2. General Insurers and Health Insurers may offer individual health products with a maximum tenure of three years.

3.3. Group health products can be offered with a maximum term of one year except the credit linked products where the term can be extended up to the loan period not exceeding five years.

3.4. Overseas or Domestic Travel Insurance policies may only be offered by General Insurers and Health Insurers,

3.5. Health Insurance Products of Life Insurers:
Health Insurance products of Life Insurers shall also be subject to the provisions in the Schedule I of these Regulations wherever applicable.

4. Pricing:

4.1. Premium shall remain unchanged for the policy tenure in respect of policies issued for a period up to three years. Insurers may offer facility of premium payment in instalment With respect to the policies issued for period beyond three years, the premium shall remain unchanged for first three years and subsequently insurers may review the pricing based on product experience, if required.

4.2. In order to encourage entry into health insurance at an early age, insurers shall, whilst pricing health insurance, take due cognizance of entry at younger ages with continuous renewals thereafter.

5. AYUSH Coverage:

All insurers may endeavor to provide coverage for one or more systems covered under "AYUSH treatment" provided, the treatment has been undergone in the hospitals or healthcare facilities.

6. Health Micro-Insurance Product:

Health micro-insurance product provides cover under the health insurance business either on individual or family floater or group. Maximum coverage under Health micro insurance products shall be as per the following table:

Table-I

S. No	**Type of cover**	**Maximum Amount of Cover**	**Term of cover**

1	Hospital Cash	Rs.5000 per day for 30 days in a year	i. Individual /Family – up to 3 Years ii. Group- 1 Year
2	Health Insurance contract (Individual)*	Rs.5 lakhs	up to 3 years
3	Health Insurance contract (Family floater)*	Rs.10 lakhs	Up to 3 years
4	Health Insurance contract (Group)*	Rs.10 lakhs	1 Year
5	Group Health Insurance contract (Credit Linked)*	Rs.10 lakhs	Up to 5 years
6	Personal Accident (Individual/Family/Group)	Rs 10 lakhs	i. Individual /Family – up to 3 Years ii. Group- 1 Year iii. Group Credit Linked- Up to 5 years

*Excluding Hospital Cash and Personal Accident which is categorized separately

7. Entry Age:

There shall not be any restriction on entry based on age in health insurance covers. Notwithstanding the above, insurers may design products for specific target market such as senior citizens, students, children and such products shall be subject to provisions of clause 11 (i).

8. Free Look Period:

(i) All new individual health insurance policies issued by Life Insurers, General Insurers and Health Insurers, except those with tenure of less than a year shall have a free look period. The free look period shall be applicable at the inception of the policy and

(1) The insured will be allowed a period of 15 days from the date of receipt of the policy to review the terms and conditions of the policy and to return the same if not acceptable.
(2) If the insured has not made any claim during the free look period, the insured shall be entitled to—(a) A refund of the premium paid less any expenses incurred by the insurer on medical examination of the insured persons and the stamp duty charges or; (b) where the risk has already commenced and the option of return of the policy is exercised by the policyholder, a deduction towards the proportionate risk premium for period on cover or; (c)Where only a part of the insurance coverage has commenced, such proportionate premium commensurate with the insurance coverage during such period.

9. Pre-existing Diseases and Specific waiting period:

Health Insurance products shall cover pre-existing diseases either disclosed or undisclosed by the persons to be insured, immediately after the expiry of the 36 months waiting period or such lower period as stipulated in the product. Insurers may endeavor to have lower pre-existing disease waiting period and specific waiting period in the health insurance products.

10. Renewal of Health Policies issued by General Insurers and Health Insurers (not applicable for travel and personal accident policies):

(a) A health insurance policy shall be renewable except on grounds of established fraud, moral hazard or misrepresentation by the insured, provided the policy is not withdrawn.

(b) An insurer shall not deny the renewal of a health insurance policy on the ground that the insured had made a claim or claims in the preceding policy years, except for benefit based policies where the policy terminates following payment of the benefit covered under the policy like critical illness policy.

(c) The insurer shall provide for a mechanism to condone a delay in renewal up to the grace period from the due date of renewal without considering such condonation as a break in policy.

(d) For Individual products, the loadings on renewal shall be at entire portfolio and not on any individual policy claim experience. However, discount in premium may be provided by insurers to individual policyholders for good claims experience.

(e) No Insurer shall resort to fresh underwriting by calling for medical examination, fresh proposal form etc. at renewal stage where there is no change in Sum Insured offered. Provided that where there is an improvement in the risk profile, the Insurer may endeavor to recognize that for removal of loadings at the point of renewal.

11. Migration and portability of health insurance policy (not applicable for Travel and Personal Accident policies):

i. General insurers and health insurers offering indemnity based health insurance policy shall offer an option to the policyholders to migrate to a suitable alternative health insurance policy available at the time of modification or withdrawal of the policy. Further, indemnity based health insurance policy offered to specific age groups such as senior citizens, students, children under family floater policies, shall also offer an option to such lives to migrate to a suitable alternative health insurance policy available at the specific exit age.

ii. All health insurance policies issued by General and Health Insurers shall allow the migration and portability of policies.

12. Multiple Policies:

a) In case of multiple benefit based health insurance policies which provide fixed benefits, on the occurrence of the insured event in accordance with the terms and conditions of the policies, each insurer shall make the claim payments independent of payments received under other similar polices.

b) If two or more indemnity based health insurance policies are taken by an insured during a period from one or more insurers to indemnify treatment costs, the policyholder shall have the right to require a settlement of his/her claim in terms of any of his/her policies.

(i) In all such cases the insurer who has issued the chosen policy shall be obliged to settle the claim as long as the claim is within the limits of and according to the terms of the chosen policy.

(ii) Where the insured has multiple indemnity based health insurance policies, ordinarily, the insured is entitled to claim for treatment cost incurred only under one policy. However, claim or claims disallowed under the earlier chosen policy/policies due to sum insured being inadequate or any other reason may be made from the other policy/policies, if admissible under the other policy/policies.

13. Special Provisions for Senior Citizens:

All Insurers and the TPAs representing the insurers, shall establish a separate channel to address the health insurance related claims and grievances of senior citizens. The details of such channel shall be available in the website of the Insurers