



भारतीय बीमा विनियामक और विकास प्राधिकरण  
INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY OF INDIA

**Title:** To the CEOs of all life insurers

**Reference No.:** 064/IRDA/ACTL/March - 2008

**Date:** 18/03/2008

Life insurance products

The products offered by life insurance companies on Group basis, generally conform to the following categories:

- a. Annually renewable pure life cover products,
- b. Medium / long term pure life cover products,
- c. Medium / long term creditor protection products,
- d. Group gratuity,
- e. Superannuation products including annuities and
- f. others

In respect of products belonging to categories b, c, d, e and f, there could be two sub categories viz., (1) declining sum assured products and (2). constant and level sum assured products. At present, life insurance companies have to follow the File & Use procedure whenever new product under any of the above category (a to f) is introduced or whenever a modification / revision takes place in one of the existing products.

With a view to providing flexibility to the Insurers, the Authority has considered the requests from many life insurance companies and it has been decided as follows:

1. The life insurance companies can offer premium quotes to group clients where the premium quotes are different from what has been filed and approved by the Authority, provided, the quote is approved by the Appointed Actuary on the basis of sound actuarial principles. This procedure is applicable **only to products which fall under category (a).** In this context, the certification process as outlined in Circular No. 01/IRDA/ACTL/MC/2006-07 dated 12<sup>th</sup> July, 2006, must be strictly followed.
2. In the case of fund based products viz., group gratuity etc., life insurance companies can give quotes which could vary from what has been filed with the Authority provided the quotes are duly certified by the Appointed Actuary.
3. With reference to immediate annuity products, life insurance companies have to follow the current procedure of obtaining the approval whenever new products are introduced in the market. However, subsequent to the introduction of these products, life insurance companies have the flexibility to vary the annuity rates in the range of -10% to +10% of the approved annuity rates, without taking prior approval from the Regulator. Very often, according to the changing interest rates scenarios, life insurance companies have to change the annuity rates quickly so as to have an efficient asset liability management. The current dispensation proposed here will enable the companies in this direction. However, where the annuity rates have to change by more than 10%, prior approval of the Regulator is required, a procedure which is currently in vogue. However, such requests will be placed on priority basis and the Authority undertakes to clear such revision expeditiously.
4. The above mentioned procedure, as outlined in para – 3 is also applicable to individual immediate annuity products offered by life insurance companies.
5. With respect to other categories, the current practice will continue to be followed. Even under category (a) the company must continue to adhere to the File & Use procedure, so that the product is approved with a given premium table. Life Insurance Companies may note that under any circumstances no

product can be launched without prior approval of the Regulator and all aspects of File & Use procedure must be observed.

In each quarter, life insurance companies have to submit to the Regulator basic details of group policies sold, where contracts have been signed, as given in Annexure -1. This statement must be certified jointly by the CEO, Compliance Officer and the Appointed Actuary in order to reinforce the coordinated decision making process and to enhance joint responsibility.

These proposed measures come into effect from April 1, 2008. Accordingly, all the transactions which are negotiated fresh or renewal on or after April 1, 2008 will come under the purview of this circular.

**(R. Kannan)**  
**Member (Actuary)**

## Annexure - I

Name of the Company:

Name of the Product:  
Linked / Non-Linked:

Date of approval by IRDA:

[illegible]

Chief Executive Officer

Appointed Actuary

Compliance Officer

Date &amp; Seal