



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

**Title:**Life Insurers

**Reference No.:**IRDA/ACTL/FUP/VER 2.0/ DEC 2001

**Date:**12/12/2001

FILE AND USE PROCEDURE

# INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY

## FILE AND USE PROCEDURE

### LIFE INSURANCE PRODUCTS

CIRCULAR NO. IRDA/ACTL/FUP/VER 2.0/ DEC 2001/ 12<sup>TH</sup> December 2001.

*THIS CIRCULAR IS APPLICABLE TO ALL REGISTERED LIFE INSURERS IN INDIA, EFFECTIVE FROM DATE OF ISSUE, AND SUPERSEDES THE PREVIOUS CIRCULAR NO. IRDA/ACTL/FUP/VER 1.0/ NOV 2000/.*

**1. Application.**—This circular is applicable to all life insurers carrying on life insurance business in India, registered in accordance with section 3 of the Insurance Act, 1938, in respect of all life insurance products other than the products classified under linked-business. The products referred to herein are life insurance products under life insurance business, general annuity business, pension business, or health insurance business, as the case may be.

**2. Description of File and Use Procedure.**—(1) An insurer, who wishes to introduce a new product, shall **file** an application for such product with the Authority and **use** the product for sale in the market, subject to the requirements set out in para 3.

- (2) An insurer, who wishes to make changes to any existing product or to withdraw an existing product, shall conform to the requirements set out in para 4 for changes and in para 5 for withdrawals.
- (3) A separate application shall be made in respect of each product.

**3. Procedure to be followed for introduction of new insurance products.**— (1) A life insurer, wishing to introduce a new product, shall submit an application to the Authority along with Form IRDA - Life-Non Linked -NP .

- (2) Within 30 days of the receipt of the application referred to in sub-para (1), the Authority may seek additional information with regard to the product, and the insurer shall not commence selling the product in respect of which additional information has been sought by the Authority, until the Authority confirms in writing having noted such information. If no such information is sought by the Authority, the insurer can commence selling the product in the market, as set out in the application after the expiry of the said 30-day period.

**4. Procedure to be followed for changes in terms and conditions of existing products.** – A life insurer, wishing to make changes to an existing product, shall submit an application to the Authority setting out the details of the changes in the terms and conditions and giving reasons for the proposed changes, subject to procedure laid down in para 3.

**5. Procedure to be followed in case of withdrawal of existing products.** – A life insurer, wishing to withdraw an existing product,

shall inform the Authority giving the details of the product and the reasons for withdrawal.

N. RANGACHARI,  
CHAIRMAN.

# FILE & USE PROCEDURE

## FORMS: IRDA-LIFE-NON-LINKED-NP

## IRDA-LIFE- LINKED-NP

### GENERAL INSTRUCTIONS

1. Life Insurers must use appropriate forms for filing the products.  
Form IRDA-Life-Non-linked-NP: non-linked business. (individual as well as group business products)  
Form IRDA-Life-Linked-NP: linked business. (individual as well as group business products)
2. (a) If an insurer wishes to offer riders/add-ons along with a basic life insurance product, he must furnish the information in respect of the riders/add-ons separately using the Form IRDA-Life-Non-linked-NP or the Form IRDA-Life-Linked-NP, as the case may be and also the financial projections alongwith sensitivity analysis for each rider/add-on benefit. It is also clarified that it is not necessary to file the rider details more than once, but it would be necessary to furnish the item financial projections ( i.e. item no.15 of the Form), when the same rider is offered along with other products.

*Note: If an insurer offers rider A along with product X, product Y or product Z (e.g. Accident Benefit Rider), then the Form has to be furnished afresh along with each of the products under which the said rider is offered. This is because the financial projections for the rider may differ under that product. For instance, the financial projections submitted for a rider A under the product X need not be the same when the same rider A is offered alongwith product Y. As such the financial projections need to be furnished for the said rider alongwith product in the specified Forms. It may be noted that rider details need not be mentioned again but only the financial projections, when the same rider is offered along with the second or the third product.*

- (b) Insurers should also ensure that the minimum policy term of any product to be launched in the market shall not be less than five years.
3. **All items in the Forms with the relevant details must be furnished.** For instance, under Item 19 of the Form “Certification” the details such as Name of Appointed Actuary, Name of the product, Name of Insurer etc. must be furnished. This would avoid unnecessary delays.
4. **Forms along with the necessary enclosures such as Specimen Policy Bond, Specimen Proposal Form, Specimen Sales Literature, and the Statement of Financial Projections, must be furnished, but NOT in piecemeal.**
5. **Insurers must not alter the material contents** of the products under the File & Use procedure later without prior intimation to the Authority.
6. While submitting the Form the reference to enclosures must be avoided as far as possible. The permitted enclosures are:- a.) Sales Literature; b) Policy Bond; c) Proposal forms d) Financial Projections
7. If an insurer wishes to modify materially an existing product which is already in use in the market, then he is required to comply with ‘File & Use’ procedure afresh, depending upon the nature of modification.
8. If an insurer wishes to withdraw an existing product in the market, he may do so. But he must inform the Authority giving reasons for withdrawal, within 7 days from the date of withdrawal.
9. If an insurer does not receive any query (either formal or informal ) from the Authority within 30 days from the date of receipt of the application form at the Authority, he may use the product in the market after the expiry of 30 days from the said date of filing. If the insurer receives any query with regard to the product filed either formally in writing or informally from the Authority, he should not use the product in the market unless and until the queries are clarified to the Authority.
10. If an insurer does not launch the product within a reasonable period (say 3 months ), he will be required to comply with ‘File & Use’ procedure afresh.

11. The Appointed Actuary must initial on all the pages of the application Form and the enclosures therewith.
12. The insurer shall undertake to furnish the premium rates in their web-site so that if any member of public is interested to know the premium rate he can obtain the same by using the web-site. This applies to all products whether individual or group.
13. The insurer shall also furnish the name of the software used in the matter of designing and filing the products (for instance the software can be AXIS, PROPHET). If the insurer is using his own software he must inform so. This is for the information of the Authority only.
14. All the communications regarding 'File & Use' must be addressed to the Sr. Actuary, Insurance Regulatory and Development Authority, 1st Floor, Gate No.3, Jeevan Tara Building, Parliament Street, New Delhi-110001. Phone No. 3743865, 3753867, 3349182; fax no.: 3363981, e-mail:ksmanyam [at] irdaonline [dot] org

## **1) Form IRDA–Life-Non Linked –NP**

### **Application for 'file and use' of Non-Linked Life Insurance Products.**

- 1. Name of Life Insurer:** [give the name of Insurer alongwith Registration No.alloted by IRDA]
- 2. Name of Appointed Actuary:** [Give the name of Appointed Actuary certifying this product. Please note that his appointment should be in force as on the date of this application.]
- 3. Brand Name of the insurance product (market name):** [Give the name of the product which will be printed in Sales Literature and known in the market. This name should not be changed after launching in the market. This name shall appear in all returns etc. which would be submitted to IRDA.]
- 4. Date of introduction of the product (proposed in case of new products; actual date in case of existing products):** [ In case of new products being launched for the first time in the market, give the proposed date (However the date cannot be within 30 days from date of this application) from which Insurer wants to market. In case of existing products, the actual date from which product was launched in the product.]
- 5. Date of change (proposed in case of existing products, but not applicable for new products):** [(a)This must be filled as "Not Applicable" for all the new products. (b) Proposed date of modification of the features of the product, where such product is already in use in the market. (c) In case the Insurer wishes to withdraw the existing product from the market, the date of withdrawal must be furnished under this item. In such withdrawal cases, the first 5 items only need to be filled in and the application must be signed by both the Appointed Actuary and the Principal Officer of the Insurer.]

### **6. Terms and Conditions**

[All the items should be filled in properly and carefully. No item must be left blank.]

#### **6.1 Whether the product is offered to:** [Tick the appropriate boxes]

- a) [Males] / [Females] / [Both]
- b) [Smokers] / [Non Smokers] / [All]
- c) [Individuals] / [Groups] / [All]
- d) [Standard Lives] / [All types of Lives – including impaired lives]
- e) [Specific geographic locations in India] / [All geographic locations in India]

[if specific geographic locations, specify the locations.]

- f) [Urban population] / [Rural population] / [All]
- g) [Targeted Section] / [Socially weaker sections] / [Any other] / [All]

#### **h) market for:**

**limited period:** [if so give here the number of months]: / **unlimited period.**

#### **6.2.State:**[All the items to be filled in without omitting any one.]

- a) **Minimum Face Amount/Basic Sum Assured/ Annuity p.a. :** Rs. [ ] in 000's
  - b) **Maximum Face Amount/Basic Sum Assured/ Annuity p.a.:** Rs. [ ] in 000's
  - c) **Minimum / Maximum Premium :** Rs. [ ] / [ ]
- [State the premium charged indicating the mode of payment of premium as well as the coverage amount]

- d) **Minimum Entry Age:** [            ] last /nearest / next birthday  
 f) **Maximum Entry Age:** [            ] last /nearest / next birthday  
 g) **Minimum Policy Term:**[            ] in years / months  
 h) **Maximum Maturity Age:** [            ] last /nearest / next birthday

6.3 **Specify whether terms and conditions include:**[If there is restriction, the same should be furnished.]

a) [restriction on travel outside India] / [No restrictions on travel]

b) [restriction on future occupation] / [No restrictions on future occupation]

**7. General Description of the Product.** [This section should describe the various contingencies under which the benefits would be payable and how these would be determined. This may look like the following table for an Endowment product where full sum assured with vested bonuses is payable on death / maturity. Surrender value is payable after 3 years' premiums have been paid and which would be some percentage of the premiums paid.]

Events	How and when Benefits are payable	Size of such benefits/policy monies
Death	Payable at the end of the year of death	Full Sum Assured+vested bonuses
Maturity	Payable immediately on the date of maturity	Full Sum assured+vested bonuses
Surrender	Payable Immediately on the date of surrender	GSV/SSV whichever is higher (see item 8.3 )
Lapse	Payable on any of the above three events subject to certain condition, for instance, the insurer having received at least three years' premiums	Reduced benefits according to a pre-determined formula (see item 8.3)

**Note :**GSV=Guaranteed Surrender Value, SSV=Special Surrender Value

## 8. Product Features.

**8.1 Par(ticipating) / Non-Par(ticipating) :** [Tick the appropriate one. Please note that the basic product and any rider attaching to the basic product should belong to one category (i.e. either par or non-par but not both).]

**8.2 Benefit payable on death or survival:-** [Describe how and when benefits are payable. Specify any conditions attached to each benefit.]

**8.3 Non-forfeiture benefits (cash surrender value, paid-up value, automatic premium loans, etc.) (Please see section 113 of the Insurance Act,1938)**

[This section should specify the benefits /provisions with respect to surrender values ,paid up values etc. Surrender value scales should be specified in accordance with the Section-113 of the Insurance Act,1938. Wherever a formula is used that should be specified alongwith the assumptions made.The various non-forfeiture benefits should be given under separate headings surrender values if any should be specified as well. The insurer shall also file with the Authority the non-guaranteed (special) surrender values made available to policyholders from time to time.]

**8.4 If the product is with profits product, how the profits will be distributed.**[Specify whether simple/compound reversionary bonuses, cash bonuses, terminal bonuses, etc.]

**8.5 Options available under the product. (e.g. to increase or decrease benefits, plan changes, conversion to annuities at maturity, etc.)** [This section should specify the various options available under the product.The charges , if any,towards the cost of the option should be specified. ]

**8.6 Limitations on minimum and maximum sizes : (either sum assured or premiums)**[For Group products the minimum size of the group should also be specified here.]

**8.7 Policy loan provisions.** [Specify whether any loan is available on the policy or not. The scale of the loan amount available, if any, should be specified.]

**8.8 Modes of premiums permitted and the charges applied for different modes of payment premiums and quantum of sum assured, if any.** [ Specify here modes allowed, such as SP,AP, HP,QP,MP, FP; charges applied for the selection of each mode, which might or

might not depend upon the size of the policy : FP=fortnightly premium ]

### **8.9 Scales of commissions/remuneration payable to the agents/insurance intermediaries.**

[This section should specify the scales of commissions /remuneration payable to the agents/insurance intermediaries. The Section –40(B) of the insurance Act, 1938 should be referred to for ascertaining the various limits on commissions/remunerations payable to agents/insurance intermediaries.]

### **8.10 Any other features that may be relevant for the product.(specify here riders/add-on benefits)**

[This section should specify the names of the rider(s)/add-on benefits which are proposed to be attached with the basic product. The riders to be attached should not be furnished as a group. For instance if various Term riders are to be attached then the names of each of the rider has to be mentioned. Please follow general instructions for filing of rider(s)/add-ons.]

**9. Target Market** . [This section should discuss the target market for which the product is designed. Also please enclose a separate statement, if any market research is conducted for this purpose .]

**10. Distribution Channels.** [This section should describe the various distribution channels to be used for distributing the product. If multiple channels are to be used, the expected proportions of business to be procured by each channel should be indicated .]

**11. Treatment of Different Classes for the purpose of underwriting.** [This section should discuss how the different segments of the population will be dealt with for the purpose of underwriting (to the extent they are relevant and a brief detail of procedure adopted for assessment of various risk classes may be given.) ] e.g.

- a) **Males and females.**
- b) **Smokers / non-smokers**
- c) **Limitations on entry ages**
- d) **Sub-standard lives.**
- e) **Any other classifications that may be relevant to the product line (such as group of lives)**

**12. General Policy Provisions.** [This section should give information on the following: For the basic cover, there should not be any 'exclusion' provision, except the 'suicide' clause. However, 'exclusions' may be imposed for the rider benefits.]

- a) **Suicide Claim provisions.** [The amount of claim payment, if any, to be made on suicide should be specified here. The suicide exclusion provision should be clearly spelt out here.]
- b) **Exclusions, if any (e.g. occupational hazard ,travel)**
- c) **Grace period for non-forfeiture provisions**
- d) **Nomination requirements. (please see section 39 of the Insurance Act, 1938)**
- f) **General approach to be used for revivals or reinstatements, policy changes/alterations, etc.**

**13. Reinsurance.** [This section should describe the reinsurance arrangements. The retention limit should be indicated. The name of the reinsurer and the terms of reinsurance (premium rates, commissions, etc.). Any recapture provisions should be described. Please enclose a copy of the reinsurance program and a copy of the Treaty, if not filed with the Authority.]

### **FINANCIAL PROJECTIONS**

**14. Pricing Assumptions.** The pricing assumptions will depend on the nature of product. Give details of the following (Also, give the actuarial formulae, if any, used; if not, state how premiums are arrived at):

- a) **Rate of mortality** [The tables used must be prescribed one. Please get in touch with Actuarial Society of India .]
- b) **Rates of morbidity** [The tables used must be prescribed one. Please get in touch with Actuarial Society of India .]
- c) **Rates of policy terminations.** [The rates used must be in accordance with insurer's experience, if such experience is not available, this can be from the industry/reinsurer's experience .]

d) **Rate of interest.** [The rate or rates must be consistent with the investment policy of the insurer.]

e) **Bonus rates (bonus loadings assumptions in case of par policies)**

f) **Guaranteed cash values.** [These are guaranteed surrender values, as mentioned elsewhere in this form.]

g) **Commission scales (split according to distribution channels).** [Give rates of commission. These are explicit items.]

**h) Expenses: Split into:-** [Expense assumptions must be company specific. If such experience is not available, the Appointed Actuary might consider industry experience or make reasonable assumptions.]

**I) First year expenses by : sum assured related, premium related, per policy related**

**II) Renewal expenses (including overhead expenses) by : sum assured related, premium related, per policy related**

**III) Claim expenses**

**(The expenses should include a provision for future inflationary increases)**

i) **Allowance for transfers to shareholder, if any:** [Please see section 49 of the Insurance Act, 1938]

j) **Taxation.** [Please see the relevant sections of the Income Tax Act, 1961]

**k) Profit margins.** [The profit margins should be shown for various model points for base, optimistic and pessimistic scenarios in a tabular format, as in item 15 below. The definition of profit margin should also be give, for insurance the present value of net profits to the p.v of premiums.]

**l) Volume of new business** (By distribution channels, give expected premium income for the next 5 years .)

**m) Average sum assured (by distribution channels) .**

**n) Any other parameter assumed relevant for the product.**

**15. Results of Financial Projections.** [The financial projections should show the following for each model point (age and term combination). The insurer should indicate the model points such as entry ages 20, 30, 40, 50, 60 and terms, say 10, 20, 30, depending upon the product]

<i>Entry Age (20,30,40,50,60)</i>	<i>Policy Term, if any (e.g. 10,20,30)</i>	<i>Profit Margin (base scenario)</i>	<i>Profit Margin (optimistic scenario)</i>	<i>Profit Margin (pessimistic scenario)</i>

a) **New business strain in each of the projection years for the next 5 years.**

**b) ROI on the product (ROI :Return on Investment) (or profit margin,giving basis)** [The definition of the return of investment and how it has been calculated should be furnished.]

**c) Profit test conducted, if any :** [The results of the profit test conducted should be given in tabular form with the basis for calculations clearly spelt out.]

**d) Sensitivity Analysis .** [The assumptions and results of such an analysis should be furnished if possible in a tabular format. ]

**16. Proposal Form and Sales Literature:** [Proposal form required to be filled in by the proponent to purchase the insurance product. Sales Literatures – the pamphlets made available to members of the public at the time of sale). While designing the proposal form, please that the provisions contained in the Insurance Act, 1938 are complied with. For instance, Section 41..

**Sales Literature:** This is the literature which is to be used by the various distribution channels for selling the product in the market. This should enumerate all the salient features of the product alongwith the exclusions applicable for the basic benefits.. The exclusions for riders attached should also be furnished. A sample benefit illustration should be furnished.]

**Enclose a specimen copy of the proposal form alongwith the sales literature made available providing information to the prospects.**

**17. Policy Bond. [insurance contract].:** [Enclose a specimen copy of the policy bond to be issued to the purchaser of the insurance product.]

**18. Premium Table (including Rider Premium Tables):** [Enclose a copy of the premium table to be used by the distribution channels. Please write the name of the website (of the insurer) on which the premium rates would be made available. See the General Instructions.]

**19. Certification. The Insurer shall enclose a certificate from the Appointed Actuary, countersigned by the principal officer of the insurer, as per specimen given below:**

*(The language of this should not be altered at all)*

" I, **(name of the appointed actuary)**, the appointed actuary of the life insurer: **(name)**, hereby solemnly declare that the information furnished above is true and certify that, in my opinion, the premium rates, advantages, terms and conditions of the product **(market name of the product)**, \*which is a new insurance product to be launched in the market/\*which is an existing product but being modified now, are workable and sound, the assumptions are reasonable and premium rates are fair."

*\*=strike off whichever is not applicable*

**Place** *Name and Signature of the Appointed Actuary.*

**Date:**

**Counter Signature of the principal officer along with name, and Company's seal.**

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## **2) Form IRDA–Life- Linked –NP**

**Application for 'file and use' of Linked Life Insurance Products.**

**1. Name of Life Insurer:** [give the name of Insurer alongwith Registration No.alloted by IRDA]

**2. Name of Appointed Actuary:** [Give the name of Appointed Actuary certifying this product. Please note that his appointment should be in force as on the date of this application.]

**3. Brand Name of the insurance product (market name):** [Give the name of the product which will be printed in Sales Literature and known in the market. This name should not be changed afterwards. This name shall appear in all returns etc. which would be submitted to IRDA.]

**4. Date of introduction of the product** (proposed in case of new products; actual date in case of existing products): [ In case of new products being launched for the first time in the market, give the date (However the date cannot be within 30 days from date of this application) from which Insurer wants to market. In case of existing products, the actual date from which product was launched in the product.]

**5. Date of change** (proposed in case of existing products, but not applicable for new products): [(a)This must be filled

as "Not Applicable" for all the new products. (b) Proposed date of modification of the features of the product, where such product is already in use in the market. (c) In case the Insurer wishes to withdraw the existing product from the market, the date of withdrawal must be furnished under this item. In such withdrawal cases, the first 5 items only need to be filled in and the application must be signed by both the Appointed Actuary and the Principal Officer of the Insurer.]

**6. Terms and Conditions.** [All the items should be filled in properly and carefully. No item must be left blank.]

**6.1** Whether the product is offered to: [Tick the appropriate boxes]

- a) [Males] / [Females] / [Both]  
b) [Smokers] / [Non Smokers]/ [All]  
c) [Individuals]/ [Groups] [All]  
d) [Standard Lives]/ [All types of Lives – including impaired lives]  
e) [Specific geographic locations in India]/ [All geographic locations in India]

[if specific geographic locations, specify the locations.]

- f) [Urban population]/ [Rural population]/ [All]  
g) [Targeted Section]/ [Socially weaker sections] /[Any other] /[All]

**h) market for:**

**limited period:** [if so give here the number of months]: /**unlimited period.**

**6.2.State:**[All the items to be filled in without omitting any one.]

- a) **Minimum Face Amount/Basic Sum Assured/ Annuity p.a. :** Rs. [ ] in 000's  
b) **Maximum Face Amount/Basic Sum Assured/ Annuity p.a.:** Rs. [ ] in 000's  
c) **Minimum / Maximum Premium :** Rs. [ ]/[ ]  
[State the premium charged indicating the mode of payment of premium as well as the coverage amount]  
d) **Minimum Entry Age:** [ ] last /nearest / next birthday  
f) **Maximum Entry Age:** [ ] last /nearest / next birthday  
g) **Minimum Policy Term:**[ ] in years / months  
h) **Maximum Maturity Age:** [ ] last /nearest / next birthday

**6.3** Specify whether terms and conditions include: [If there is restriction, the same should be furnished.]

- a) [restriction on travel outside India] / [No restrictions on travel]  
b) [restriction on future occupation] / [No restrictions on future occupation]

**7. General Description of the Product.** [This section should describe the various contingencies under which the benefits (including method of calculation of unit values) would be payable and how these would be determined.

**8. Product Features.**

**8.1 Investment Policy** (give here for each type of segregated funds)

**8.2 Benefit payable on death or survival:-** [describe how and when benefits are payable. Specify any conditions attached to each benefit]

**8.3 Non-forfeiture benefits** (cash surrender value, paid-up value, automatic premium loans, etc.) (Please see section 113 of the Insurance Act, 1938)

[This section should specify the benefits /provisions with respect to surrender values ,paid up values etc. Surrender value scales should be specified in accordance with the Section-113 of the Insurance Act, 1938. Wherever a formula is



*used that should be specified alongwith the assumptions made.The various non-forfeiture benefits should be given under separate headings surrender values if any should be specified as well. The insurer shall also file with the Authority the non-guaranteed (special) surrender values made available to policyholders from time to time.]*

**8.4 Options available under the product.** *(e.g. to increase or decrease benefits, plan changes, switching, flexibility in payment of premium, premium holidays,conversion to annuities at maturity, etc.) [This section should specify the various options available under the product.The charges , if any,towards the cost of the option should be specified. ]*

**8.5 Charges and frequency of charges** *( Specify here all charges such as switching charge)*

**8.6 Minimum Guarantees available** *(e.g. Benefits, cash surrender values, paid up value, charges etc.)*

**8.7 Limitations on minimum and maximum sizes :** *(either sum assured or premiums) [For Group products the minimum size of the group should also be specified here.]*

**8.8 Policy loan provisions.** *[specify whether any loan is available on the policy or not. The scale of the loan amount available, if any, should be specified.]*

**8.9 Unit encashment conditions:**

**8.10 Modes of premiums permitted and the charges applied for different modes of payment premiums and quantum of sum assured, if any.** *[specify here modes allowed, such as SP,AP, HP,QP,MP, FP; charges applied for the selection of each mode, which might or might not depend upon the size of the policy]*

**8.11 Scales of commissions/remuneration payable to the agents/insurance intermediaries.**

*[This section should specify the scales of commissions /remuneration payable to the agents/insurance intermediaries.The Section –40(B) of the insurance Act,1938 should be referred to for ascertaining the various limits on commssions/remunerations payable to agents/insurance intermediaries.]*

**8.12 Any other features that may be relevant for the product.** *(specify here riders/add-on benefits)*

*[This section should specify the names of the rider(s)/add-on benefits which are proposed to be attached with the basic product.The riders to be attached should not be furnished as a group. For instance if various Term riders are to be attached then the names of each of the rider has to be mentioned.Please follow general instructions for filing of rider(s)/add-ons.]*

**9. Target Market .** *[This section should discuss the target market for which the product is designed. Also please enclose a separate statement, if any market research is conducted for this purpose]*

**10. Distribution Channels.** *[This section should describe the various distribution channels to be used for distributing the product. If multiple channels are to be used, the expected proportions of business to be procured by each channel should be indicated.]*

**11. Treatment of Different Classes for the purpose of underwriting.** *[This section should discuss how the different segments of the population will be dealt with for the purpose of underwriting (to the extent they are relevant and a brief detail of procedure adopted for assessment of various risk classes may be given.)] e.g.*

a) **Males and females.**

b) **Smokers / non-smokers**

c) **Limitations on entry ages**

d) **Sub-standard lives.**

e) **Any other classifications that may be relevant to the product line** *(such as group of lives)*

**12. General Policy Provisions.** This section should give information on the following: [For the basic cover, there should not be any 'exclusion' provision, except the 'suicide' clause. However, 'exclusions' may be imposed for the rider benefits.]

- a) **Suicide Claim provisions.** [The amount of claim payment, if any, to be made on suicide should be specified here. The suicide exclusion provision should be clearly spelt out here.]
- b) **Exclusions, if any** (e.g. occupational hazard, travel):
- c) **Grace period for non-forfeiture provisions:**
- d) **Nomination requirements.** (please see section 39 of the Insurance Act, 1938)
- f) **General approach to be used for revivals or reinstatements, policy changes/alterations, etc.**

**13. Reinsurance.** [This section should describe the reinsurance arrangements. The retention limit should be indicated. The name of the reinsurer and the terms of reinsurance (premium rates, commissions, etc.). Any recapture provisions should be described. Please enclose a copy of the reinsurance program and a copy of the Treaty, if not filed with the Authority.]

#### **Financial Projections**

#### **14. Pricing Assumptions**

The pricing assumptions will depend on the nature of product. Give details of the following (Also, give the actuarial formulae, if any, used; if not, state how premiums are arrived at):

- a) **Rate of mortality:**
- b) **Rates of morbidity:**
- c) **Rates of policy terminations:**
- d) **Rate of interest assumed on non-unit reserves:**
- e) **Guaranteed cash values:**
- f) **Commission scales (split according to distribution channels):**
- g) **Expenses: Split into:-**

**I) First year expenses by : sum assured related, premium related, per policy related:**

**II) Renewal expenses (including overhead expenses) by : sum assured related, premium related, per policy related**

**h) Mortality/Morbidity Charge:**

**i) Allocation rate:**

**j) Bid/Offer spread:**

**k) Fund Management Charge :**

**l) Surrender penalty:**

**m) Claim expenses:**

**(The expenses should include a provision for future inflationary increases)**

**n) Allowance for transfers to shareholder.**

**o) Taxation:**

**p) Profit margins:**

*[The profit margins should be shown for various model points for base, optimistic and pessimistic scenarios in a tabular format. The definition of profit margin should also be given.]*

**q) Volume of new business:** *(by distribution channels, give expected premium income for the next 5 years)*

**r) Average sum assured (by distribution channels) .**

**s) Assumption on valuation of unit and non unit reserves**

**t) Any other parameter assumed relevant for the product (such as guaranteed benefits/charges)**

**15. Results of Financial Projections.** *[The financial projections should show the following for each model point (age and term combination). The insurer should indicate the model points such as entry ages 20, 30, 40, 50, 60 and terms, say 10, 20, 30, depending upon the product]*

**(a) New business strain in each of the projection years for the next 5 years:**

**b) ROI on the product (ROI :Return on Investment ) (or profit margin, giving basis)** *[The definition of the return of investment and how it has been calculated should be furnished.]*

**c) Profit test conducted, if any :** *[The results of the profit test conducted should be given in tabular form with the basis for calculations clearly spelt out.]*

**d) Sensitivity Analysis .** *[The assumptions and results of such an analysis should be furnished if possible in a tabular format. ]*

**16. Proposal Form and Sales Literature:** *[Proposal form required to be filled in by the proponent to purchase the insurance product. Sales Literatures – the pamphlets made available to members of the public at the time of sale). While designing the proposal form, please ensure that the provisions contained in the Insurance Act, 1938 are complied with. For instance, Section 41..*

*Sales Literature: This is the literature which is to be used by the various distribution channels for selling the product in the market. This should enumerate all the salient features of the product along with the exclusions applicable for the basic benefits. The exclusions for riders attached should also be furnished. A sample benefit illustration should be furnished.]*

**Enclose a specimen copy of the proposal form along with the sales literature made available providing information to the prospects.**

**17. Policy Bond. [insurance contract].:** *[Enclose a specimen copy of the policy bond to be issued to the purchaser of the insurance product.]*

**18. Premium Table (including Rider Premium Tables):** *[Enclose a copy of the premium table to be used by the distribution channels. Please write the name of the website (of the insurer) on which the premium rates would be made available. See the General Instructions.]*

**19. Certification.** *The Insurer shall enclose a certificate from the Appointed Actuary, countersigned by the principal officer of the insurer, as per specimen given below:*

*(The language of this should not be altered at all)*

*" I, (**name of the appointed actuary**), the appointed actuary of the life insurer: (**name**), hereby solemnly declare that the information furnished in the IRDA/Form – Life-Linked -NP dated (**date**), is true and certify that, in my opinion, the premium rates, advantages, terms and conditions of the product (**market name of the product**), which is a new insurance product to be launched in the market, are workable and sound, the assumptions are reasonable and premium rates are fair."*

***Name and Signature of the appointed actuary.***

***Place***

***Date:***

***Counter Signature of the principal officer along with name, and Company's seal.***