

**Exposure Draft on IRDAI (Linked Insurance Products) Regulations, 2018 and IRDAI (Non-Linked Insurance Products) Regulations, 2018****Background**

Reference is drawn to IRDA (Linked Insurance Products) Regulations 2013, and IRDA (Non-Linked Insurance Products) Regulations, 2013 notified in February, 2013. Since 2013, there were significant changes in the trends in product structures driven by the customers' needs, wants and preferences. Industry was also representing to review the various provisions of the current product regulations to ensure insurance products cope with the dynamism of the market.

Apart from this, innovations in the methods of placing the products in the market, coupled with innovations in product benefits and structures is the main driving force which necessitated review of the existing product regulations.

Accordingly, the Authority had constituted a "Committee on Review of Product Regulations – Life" for reviewing the said Regulations. The Report submitted by the Committee was uploaded to the Authority's website and the comments of the public were invited. Further, a working group was constituted to consider the recommendations of the Committee and the feedback received thereto.

**Proposal**

The following are some of the key changes proposed to the current Regulations:

- a) Minimum death benefit has been made 7 times for regular premium products and 1.25 times for single premium products for all ages.
- b) Non-linked policies to acquire guaranteed surrender value after 2 years.
- c) Revival period extended to 5 years from the current 2 years in respect of non-linked products.
- d) In respect of pension products, option for commutation up to 60% allowed.
- e) Facility for partial withdrawal allowed for linked pension products.
- f) In respect of annuities Open market option is allowed
- g) Settlement option period extended till 10 years or original policy term whichever is lower.
- h) Switches now allowed during settlement period. This helps the customers of unit linked policies to manage their funds better in a volatile market situation.
- i) Insurers can now design individual term, group term and credit and micro insurance products which offer a range of policy terms.
- j) Provisions governing group products modified to allow wider range of products based on customer requirement.
- k) Category of linked Variable Insurance Products is removed as linked product structure addresses the requirements in a better manner. The provisions relating to Non-Linked Variable insurance products are simplified.
- l) Provisions dealing with operational aspects have been taken out of product regulations so that separate instructions can be issued from time to time by the Authority keeping in view the emerging requirements.

- m) Provisions for 'With Profit Management Committee' revised, to include more details on its working. Eligibility criteria for Independent Actuary has also been introduced.
- 2) The draft IRDAI (Linked Insurance Products) Regulations and the draft IRDAI (Non-Linked Insurance Products) Regulations are placed herewith as Annexure I and Annexure II.
- 3) All the stakeholders are requested to offer their comments, suggestions on the proposed draft regulations for further examination at our end. The comments, suggestions may be sent to Mr. Pankaj Kumar Tewari, DGM (Actuarial), vide email pankajk [dot] tewari [at] irda [dot] gov [dot] in with a copy to shyama [at] irda [dot] gov [dot] in latest by 15<sup>th</sup> November, 2018 in the format enclosed as Annexure III (MS-WORD).
- 4) This has the approval of the Competent Authority.

Deputy General Manager (Actuarial)