



Guidelines on operational issues pertaining to the Regulatory Sandbox

As per Regulation 13(3) of the IRDAI (Regulatory Sandbox) Regulations, 2019, the Authority hereby issues the following guidelines on operational issues pertaining to the Regulatory Sandbox.

The following procedure will be followed for the implementation of “innovation in insurance” programme through Regulatory Sandbox.

- 1) **Application for grant of permission for promoting innovation in insurance in India -**
An applicant desiring to promote or implement any innovation in insurance in India shall make an application to the Authority in Form-RG-1 in any one or more of the categories given in Regulation 4 of the IRDAI (Regulatory Sandbox) Regulations, 2019.
- 2) **Innovation in insurance in India**
 - a. Every applicant shall demonstrate to the Authority that the proposal for innovation will help increase insurance penetration or provide enhanced services to the policyholders.
 - b. The proposal shall not be made merely for the sake of seeking a regulatory relaxation but shall be a genuine innovation.
 - c. The decision of the Authority on whether the proposal is an innovation or not shall be final.
- 3) **Single Point of Contact -**
 - a. The applicant shall nominate an experienced and responsible person to be the single point of contact for interacting with the Authority on the application submitted.
 - b. The Authority shall also nominate a single point of contact for interacting with the applicant and to facilitate provision of guidance to the applicant.
 - c. All communication shall be routed through these single points of contact.
- 4) **Regulatory Relaxation –**
 - a. The Authority may consider granting limited regulatory relaxation to the proposal that promotes innovation in insurance in India.
 - b. However, no relaxation shall be offered in respect of compliance with the Insurance Act, 1938 or the IRDA Act, 1999 or any other applicable statutory provisions.
- 5) **Disclosure to the customers/ participants by the applicant –**
 - a. The customers participating in the proposal shall be clearly informed that they are participating in a proposal whose outcomes are not certain.
 - b. Prior consent of the customers shall be taken regarding their willingness to participate in the proposal.

- c. The applicant shall ensure that the customers participating in the proposal have made a voluntary and conscious choice.

6) Size of the proposal -

- a. The proposal shall come to an end if any of the following is achieved within the stipulated time:
 - i. Number of customers – 10,000;
 - ii. Premium collected – Rs. 50 lakh;
 - iii. Any other parameter(s) decided by the Authority.

7) Application for innovation in defined categories

- a. (i) An application for innovation in insurance involving underwriting or product category or both shall be filed by any applicant in association with any insurer(s).
(ii) An application involving an activity other than underwriting or product category may be filed singly or jointly by any applicant.
- b. The Application shall specify in clear terms the regulatory provisions that need relaxation to execute the proposal.
Provided that the Authority reserves the right to limit the relaxation in the matters concerning the protection of the interests of policyholders and grievances redressal procedures.
Provided further that the relaxation sought shall not be prejudicial to the interests of the existing policyholders and shall help in furthering the insurance penetration or policy servicing to the policyholders.
- c. The applicant shall specify the potential risks that are inherent in the proposal as evaluated and the measures that are taken to eliminate or mitigate the risks.
- d. Every proposal shall be approved by the highest decision making authority with reference to the applicant, such as Board in case of a company.
- e. The applicant shall put in place measures for closely monitoring the implementation of the proposal and shall update the Board or the highest decision making authority on the status on a periodic basis.

8) Accounting treatment of expenses on the proposal for innovation –

- a. Expenses incurred on the proposal shall be maintained separately and shown as a line item in the Annual Report. In case of insurers such expenses shall be charged to the shareholder's accounts or its equivalent.

9) Migration of policies and services at the end of proposal period –

- a. The applicant may continue offering the service or the product on a regular basis in the market on lines of any other services and products under the applicable regulatory framework with necessary approval of the Authority.
- b. If the policyholder does not continue with the service or product, then the applicant shall honour the existing liabilities in accordance to the agreed terms and conditions.

10) Confidentiality of personal information and data security –

- a. It shall be the duty of every applicant to keep the personal information collected during the course of the business transaction confidential and prevent its misuse.
- b. The applicant before commencing the operations shall put in place measures to maintain confidentiality of policyholder data and adequate systems to prevent manipulation of records and transactions.
- c. The safeguards put in place shall be reviewed on a continuous basis.
- d. Where any other person (other than an insurer or an insurance intermediary) engages with an insurer or insurance intermediary in executing the innovation, it is the duty of the insurer or the insurance intermediary, as the case may be, to ensure that no personal information pertaining to the policyholders is parted or retained with that other person.
- e. Where an insurer, insurance intermediary and the third party are jointly involved in implementing the innovation, it is the responsibility of the insurer and insurance intermediary to ensure that personal data of the policyholder is not parted or retained by the third party.

11) Grievances –

- a. The applicant shall put in place a mechanism to address policyholders' grievances.
- b. The grievances of policyholders shall be attended to within the time frame specified by the Authority from time to time.
- c. The insurer or insurance intermediary, as the case may be, are responsible to dispose off the grievances in accordance with the extant regulatory norms.

12) Other issues - The applicant shall immediately report to the Authority of any regulatory or supervisory action taken against the proposal by any Government or other Regulatory Authorities with full details including the penalty imposed, if any, administrative action taken and the remedial steps taken by it to prevent such recurrence.

13) Reporting requirements –The applicant shall submit to the Authority the reports as specified by it while approving the proposal.

14) Further powers of the Authority

- a. Power of the Chairperson to issue clarifications: In order to remove any difficulties in respect of the application or interpretation of any of the provisions of these Guidelines, the Chairperson of the Authority may issue appropriate clarifications from time to time.

- 21 -
Dr. Subhash C. Khuntia
Chairman, IRDAI

Form – RG – 1

(see Guideline 1 of IRDAI “Guidelines on operational issues pertaining to the Regulatory Sandbox”)

Application under IRDAI (Regulatory Sandbox) Regulations, 2019

| S. No. | Particulars | |
|--------|--|--|
| 1 | Name of the Applicant Address, Contact Details of the Applicant | |
| 2 | Whether any other person/ entity has beneficial interest in the proposal | |
| 3 | Category of the Applicant – (Whether Insurer / Insurance Intermediary / Others) | |
| 4 | Whether application is filed singly or in association with any insurer/ insurance intermediary | |
| 5 | Category of application (one or more) <ul style="list-style-type: none">▪ Insurance Solicitation or Distribution▪ Insurance Products▪ Underwriting▪ Policy and Claims Servicing▪ Any other (please specify) | |
| 6 | Details of the applicant (only if answer to S. No. 3 is “Others”) - <ul style="list-style-type: none">a) Corporate structure – (Whether Company / Limited Liability Partnership Firm/ Co-operative society/ Others (to be specified))b) Registration No. or CIN No. or equivalentc) Date of incorporation or establishmentd) Primary business activitye) Whether the applicant is a regulated entity in India or abroad. If so, name of the regulatory authority.f) Name of shareholders holding more than 10% equityg) Details of specific funds raised, if any, for the proposal | |
| 7 | Names and contact details of two authorised persons (directors/ partners) and Chief Executive Officer of the applicant | |
| 8 | Name and contact details of Single Point of Contact of the applicant | |
| 9 | Details of the proposal - <ul style="list-style-type: none">a) Description of how it differs from current market offeringsb) Benefits offered. expected outcomes and success parametersc) Sized) Risks foreseen and proposed risk management strategye) Steps proposed for protection of policyholders’ interestsf) Copy of disclosures to be made and consent to be obtained from policyholdersg) Exit strategy for the applicant and policyholders | |
| 10 | Details of testing that will be performed under the proposal - <ul style="list-style-type: none">a) Intended start and end date; | |

| | | |
|----|--|--|
| | <ul style="list-style-type: none"> b) Regulatory requirements that the applicant requests to be relaxed, if any c) Test plan, controls and scenarios d) Monitoring plan to ensure compliance | |
| 11 | <p>Please attach the following documents -</p> <ul style="list-style-type: none"> a) MOA & AOA/ LLP Deed or equivalent (only if answer to S. No. 3 is "Others") b) Audited financial statements of last financial year (only if answer to S. No. 3 is "Others") c) Networth as at end of last financial year certified by a chartered accountant (only if answer to S. No. 3 is "Others") d) Resolution of the Board or equivalent of the applicant on the proposal e) Details of the past innovation in financial sector, if any, carried out by the applicant f) Personal declaration form as per Annex "1" in respect of persons mentioned under S. No. 7 & 8 | |

THIS DECLARATION IS TO BE SIGNED BY TWO DIRECTORS / PARTNERS OF THE APPLICANT AS THE CASE MAY BE

- 1) We hereby apply for seeking permission for the proposal.
- 2) We have read the IRDAI "Guidelines on operational issues pertaining to the Regulatory Sandbox" and confirm that:
 - a. We are eligible to apply for grant of permission for the proposal;
 - b. We have to the best of my knowledge and belief, truly and completely answered the questions above and provided all the information which might reasonably be considered relevant for the purposes of grant of permission;
 - c. We undertake that we shall be responsible for every action taken in respect of the proposal and shall be liable to discharge all the obligations thereunder including any legal obligations thereunder;
 - d. We undertake that personal information pertaining to the policyholders is handled as per Guideline 10.
 - e. We undertake that grievances of policyholders would be attended to within the time frame specified by the Authority from time to time.

1.

2.

(Signature of the authorised persons)

Place:

Date:

PERSONAL DECLARATION FORM

(see Form - RG - 1 of IRDAI "Guidelines on operational issues pertaining to the Regulatory Sandbox")

| 1. Personal Details | |
|--|---|
| a. | Full Name |
| b. | Position in the applicant |
| c. | Date of Birth |
| d. | Correspondence Address |
| e. | E-mail ID, Telephone Number |
| f. | PAN |
| 2. FIT & Proper Criteria: | |
| If answer is YES to any of the following questions; please give details | |
| a. | Have you carried on business under any name other than the name stated in this application |
| b. | Have you ever been refused or restricted by any Statutory/ Government authority to carry on any business, trade or profession for which a specific licence or registration or other authorization is required by law. |
| c. | Have you ever been warned or reprimanded or censured or disciplined or suspended permission or licence or registration by any Statutory/ Government authority to carry on any business activity |
| d. | Have you ever been subject to any disciplinary proceeding by any Statutory/ Government authority |
| e. | Have you ever been convicted of any offence or subject to any pending proceedings under any law |
| f. | Do you attract any of the disqualifications envisaged under Section 164 of the Companies' Act 2013? |
| g. | Has any of your group company/associate company/related party been carrying any licence / registration issued by Authority. |
| Undertaking | |
| I confirm that the above information is, to the best of my knowledge and belief, true and complete. I undertake to keep the Authority fully informed, as soon as possible, of all events, which take place subsequent to this undertaking, pertaining to the information provided above. | |
| Place: | Signature |
| Date: | Name |

