Product Management & Pricing Policy

1. BACKGROUND

On 31st March 2024 IRDAI issued released the IRDAI (Insurance Product) Regulation, 2024 (Product Regulation) which shall be the base Regulation for the Policy. On 4th October, 2022, IRDAI introduced a circular (Cir. No. IRDAI/ACTL/CIR/PRO/207/10/2022 with subject: Circular on filing of Products/Riders for Life Insurance Business) hereafter referred to as "Circular 1" and on 31st March' 2023, introduced another circular (Cir. No. IRDAI/ACTL/CIR/PRO/81/3/2023 with subject: "Use and File" Procedure for Products) hereafter referred to as "Circular 2". These two Circulars consolidate and update all the earlier circulars /guidelines regarding File & Use (F&U) and Use & File (U&F) process for product approval. Chapter I of the Circular 1 in conjunction with Circular 2 sets out the Use & File procedure for the filing of new products / riders as well as modifications of existing products / riders. (Collectively referred to as Product Circulars)

Product Regulation requires the life insurers to formulate a Board Approved Product Management & Pricing Policy (hereafter referred to as "Policy") and to constitute a Product Management Committee with the responsibilities outlined as below.

2. OBJECTIVES AND SCOPE OF THE POLICY

2.1. The objectives of the Policy are set out below:

a. To provide guidance to the Committee to approve the products/riders specified under the Circular so as to ensure that the products are designed and priced in adherence to IRDAI regulations/directions (section 5 below) and are in line with Company's internal policies and planned objectives.
b. To provide guidance to the Committee to ensure all the relevant processes and suitable infrastructure and system requirements for the product / rider to be launched are established (section 5).

2.2. The scope of the Policy is set out below:

This Policy will apply to the U&F procedure for filing of new products/riders, which are mentioned in Annexure I of the Policy and to the modification of existing products / riders in compliance with Section C under the Chapter I of the Circular 1.

It is noted that Chapter I of the Circular 1 does not apply to filing of new products/riders of the following lines of business/products:

a. Individual Non-Linked, Non-Par Savings
b. Individual Non-Linked Par Savings
c. Individual ULIP - in case there is addition of new funds
d. Pension /Annuity products
e. Group Unit Linked products
f. Any other product not covered by Chapter I of the Circular

For above products, Chapter II of the Circular 1 dealing with File & Use procedure would apply for filing with the Authority.

3. CONSTITUTION OF THE COMMITTEE

3.1. As per the requirement of Chapter I of the Circular, the Committee shall comprise

S.No.	Designation	Acting as
1.	Head of Group Business	Chairman of the Committee
2.	Appointed Actuary	Mandatory member of the Committee as per the Circular
3.	Chief Risk Officer	Mandatory member of the Committee as per the Circular
4.	Chief Technology Officer / Head IT/ Head Business Process	Mandatory member of the Committee as per the Circular
5.	Chief Compliance Officer	Mandatory member of the Committee as per the Circular
6.	VP – Product Management	Member

3.2. The quorum for the Committee shall be 3 members in addition to the Appointed Actuary.

3.3. As per the Circular 1, it is acknowledged that MD & CEO shall have an overall responsibility for ensuring that a robust due diligence process is in place to mitigate risks arising from the products and will counter sign the relevant Certificates provided under Chapter VI of the Circular.

3.4. In addition to the above, the Committee may include other members of Company's senior management in the PMC as members or as invitees. In case of any change in designation or resignation of any member or invitee, the person handling the stated portfolio / position shall be considered to be the member or invitee.

3.5. PMC shall convene and approve product / rider under U&F procedure at physical / virtual meeting or through a circular resolution post review of all documents.

4. COMMITTEE CHARTER

The Committee shall review and approve all new products/riders and minor modifications within the ambit of Chapter I of the Circular 1 by discharging the following duties:

a. Review and approve all the product/riders submitted to the Committee in line with Policy.
b. Ensure that entire set of documents required under U&F procedure is complete, correct, digitally signed and are in compliance with the extant applicable legal and regulatory framework, and maintained by the Committee. Committee shall ensure that entire set of documents are submitted to IRDAI, whenever called for, within a period of two days.
c. Ensure that the benefits reflecting in sales literature and the terms and conditions reflecting in policy document are consistent with the approved design.
d. Carry out a due diligence process and record its concurrence / sign off on various product related risks (such as risk related to capital requirements, profitability, underwriting, reinsurance etc.) to ensure proper product design, appropriate pricing and filing with IRDAI with complete compliance of regulatory requirements.
e. Ensure Minutes of the PMC meeting / PMC Circular Resolution approving the product or rider to be recorded and circulated to all PMC members and shall make part of filing documents.
f. For product / riders filed under Use and File Procedure, the Committee shall issue a system readiness certificate and be considered as "delegated risk committee" of the Board for this

purpose of erstwhile Regulation 10 of IRDAI (Non-Linked Insurance Products) Regulation 2019 and Regulation 36 of IRDAI (Unit-Linked Insurance Products) Regulation, 2019 read with IRDAI (Insurance Product) Regulation, 2024.

g. Ensure once the product/rider is approved by PMC, it is launched in line with extant applicable regulatory framework.
h. Ensure the modified product / rider is launched with its approval, after withdrawing existing version from the market for new business.

5. PRINCIPLES AND GUIDANCE FOR PRODUCT APPROVAL

The following principles and guidance will apply when reviewing a product approval by the Committee.

5.1. Product Design

a. The premium rates/charges, benefit structure, terms and conditions are workable and sound, the underlying assumptions are reasonable and premium rates/charges are fair and appropriately reflect benefits and terms & conditions of the product.

b. The premium derivation, rating process and discount offered / loading applied shall be unambiguous and objectively defined such that similar risks shall not be discriminated in terms of premium being charged.

c. The premium rates and charges have been derived using generally accepted actuarial principles.

d. If there is a feature such as settlement option/income option/inbuilt income option etc. where benefits are payable in instalments on death or maturity, the instalment/income period shall be reasonable.

5.2 Pricing Assumptions

a. Pricing bases are in line with the Company's own experience or on basis of views of industry experts, reinsurers and published reports, to the extent applicable.

b. There is consistency between the pricing assumptions and the valuation assumptions used for profit testing, to the extent applicable.

c. Wherever relevant experience is available, the premium bases should be supported by comparison of actual experience with the assumption over a period of 3 to 5 years under that product / rider and / or that product segment / rider segment.

5.3 Viability of the Premium rate and charges

a. The premium rates/charges are equitable between policies sold through different distribution channels.
b. The product/rider shall be financially viable at the portfolio level.
c. The profit margin shall be reasonable.

5.4 System Readiness

While issuing system readiness certificate, Committee should ensure compliance with IRDAI (Insurance Product) Regulation, 2024 be read along with erstwhile Regulation 10 of IRDAI (Non-Linked Insurance Products) Regulation 2019 and Regulation 36 of IRDAI (Unit-Linked Insurance Products) Regulation, 2019.

5.5 Filing and Compliance

a. Compliance with the Insurance Act, 1938, all Regulations and directions of the Authority, and all other extant norms as applicable shall be adhered to.
b. Compliance with additional guidance including any check-list issued/communicated by the Authority from time to time shall be adhered to.
c. The information submitted shall be consistent across all the filed documents.
d. Proposal form contains particulars which are in conformity with the provisions of Section 41 & 45 of the Insurance Act, 1938.
e. Product/rider offered in the market shall be in line with the documents submitted/to be submitted with the Authority as per provisions of Chapter I of the Circular.
f. Compliance with the requirement to submit CEO certificate in the format specified in Annexure-A of the Circular 2.
g. Upload the policy wordings/documents, sales literature, premium calculator, on website in the chronological order of UINs, before the product is launched or within seven days of allotment of UIN, whichever is earlier.

5.6 Regulatory Actions under the Circular

In the event of regulatory action under Clause 22 of Chapter I of the Circular, the Committee shall review and approve appropriate responses to the Authority and apprise the Board of the gaps that led to such regulatory action. The Committee shall ensure that, in case Authority directs a withdrawal of the product / rider, appropriate mechanism would be put in place to service the existing policyholders. The Committee shall also ensure that appropriate customer communication is made in order to minimize any adverse impact to the customers as a result of such regulatory action.

The Committee is aware that the Authority may initiate an action, as deemed appropriate against the signatories of the certificate, the members of the Committee, and the Company, jointly and/or severally, under the applicable provisions of the Insurance Act, 1938 or any other applicable legal / regulatory provision.

The Policy shall be read along with the IRDAI (Insurance Product) Regulation, 2024 issued by IRDAI and in case of any ambiguity/conflict, the provisions of the Regulations shall be applied.

5.7 Modification Frequency

Modification of existing on sale product shall be carried out after a reasonable time period from the launch date of existing version. Modifications shall be based on credible experience or on strong market indicators justifying the modification.

6 Review of the Policy

- The Policy shall be reviewed by the Committee from time to time as required but at least annually and placed in the Board for approval.
- The Managing Director and CEO of the Company is authorized to make changes in the foregoing policy as may be required from time to time, which shall be presented to the Board at its subsequent meeting for approval / ratification. Any requirement under the law, to the extent applicable to the Company, that needs to be covered under the policy or any changes in the applicable laws, to the extent applicable, shall be deemed to be incorporated into this policy automatically. The Policy, along with changes, if any, shall be reviewed by the Board of Directors on annual basis.

ANNEXURE 1: NEW PRODUCTS/RIDERS ALLOWED UNDER U&F PROCESS TO WHICH THE POLICY WILL APPLY

The list below is as per Section B of Chapter I of the Circular.

1. Individual non-linked pure term insurance products
2. Individual non-linked term insurance products with return of premium not exceeding 100% of total premium paid
3. Individual non-linked health insurance products
4. Individual unit-linked life and health insurance products which are offered with the existing approved funds only
5. Group Non-linked term insurance products (including one-year renewable, single premium, Regular/Limited Premium)
6. The following group Non-Linked savings insurance products:
   a. Group Non-Linked Superannuation Product
   b. Group Non-Linked Gratuity Product
   c. Non-Linked Leave Encashment Product
   d. Group Non-Linked Post-Retirement Medical Product
7. Group Non-Linked credit life insurance products
8. Group Non-Linked Health Insurance products
9. All riders for individual & group business, including:
   a. Term rider
   b. Accidental Death Benefit rider
   c. Accidental Total / Partial Permanent Disablement rider
   d. Waiver of Premium rider
   e. Critical Illness rider
   f. Terminal Illness rider

   (The above list of riders is not exhaustive.)