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## साधारण बीमा व्यवसाय में सुधार Reforms in General Insurance Business

*in a de-tariffed regime*

As part of reforms in the general insurance business especially post de-notification of all the tariffs and policy wordings, ushering a new era of measures for simplified and customer-centric insurance solutions towards seamless customer experience and ease of operations for the Insurers in a calibrated manner, the Insurance Regulatory and Development Authority of India (IRDAI) has issued a comprehensive Master Circular on General Insurance Business repealing thirteen circulars.

Provision of easy-to-understand insurance products tailored to meet individual needs of the customers, providing them with ample choices and enhancing their insurance experience has now been enabled. The shift from rule based to principle-based regulatory framework facilitates ease of doing business and encourages innovation, enabling reduction in the response time for emerging market needs.

### **Key Highlights of the Master Circular:**

For ready reference, retail customers are provided with important and relevant information at one place.

### **Customer Centric measures:**

- Availability of **wider choices of products/add-ons** covering his / her assets, risks, properties, liabilities against various perils, exposures and lines of business
- Possibility of customization of products and **flexibility to choose products** as per their needs.
- Introduction of a **Customer Information Sheet (CIS)** to provide clear and concise policy details including scope of coverage, exclusions, warranties, and claim settlement processes
- **No claim** shall be **rejected for want of documents**. Required documents to be called at the time of underwriting the proposal. The customer may be asked to submit only those documents necessary and related to claim settlement (if cashless is not available)

- Retail customer can cancel the policy anytime by informing the insurer. **Insurer can cancel** the policy **only on grounds of established fraud**. The insurer shall refund proportionate premium for the unexpired policy period on cancellation.
- **Strict timelines for settlement of Claims** including TATs for appointment of surveyors and submission of their reports. It will be the **duty of insurer to obtain timely survey reports**.
- **No contribution clause** to be applied in case of **multiple policies**.
- Additional options of “**pay as you drive**”/ “**pay as you go**” to be given as first choice to the customer in motor insurance
- **No burden** on customer for **disposal of salvage**. Policyholder to be paid the claim amount. Collection of salvage from the customer is insurer’s responsibility.
- Homeowners “**fire**” **policy** to have an **option to choose add-on covers** such as flood, cyclone, earthquake, landslide, rockslide, terrorism or **to opt out** from comprehensive fire and allied peril policy.

### **Calibration and governance measures**

In an environment which enables innovation, speed of delivery and flexibility of operations, it is imperative that the **policyholders’ interest is safeguarded** at all times. Broad principles for compliance by the insurers include:

- **Board’s oversight** and **Governance** mechanism to be **strengthened** for various stages of insurance contract from product development, sales and servicing of the policies.
- **Suitability** and **affordability** of customers to be considered in **product development** avoiding unnecessary and superfluous coverages
- Pricing of products to factor risk exposure, experience and expenses such that the **premium rates** are **not excessive** or inadequate or **unfairly discriminatory**.
- Efforts to be made to incorporate in the product design proper management of underlying risks towards prevention and mitigation in the product design
- Steps to ensure **no unprincipled rate cutting** and **improper underwriting practices**

- Tech enabled processes providing **end-to-end technology solutions** to ensure seamless onboarding, policy servicing, renewal, claim settlement, and grievance redressal.
- To ensure **equitable and fair opportunities to the surveyors and loss assessors, work allocation to be done on a random basis** in an automated manner without human intervention through a tech based solution to be developed by General Insurance Council in association with IISLA

Review and reforms to enhance the insurance experience for all stakeholders is a continuous process. A regulatory environment which empowers the policyholders by bringing about transparency and fair treatment; empowers the stakeholders with ease of operations and facilitate quick adaptation to changing market dynamics is a significant step towards achieving a more inclusive, transparent and efficient insurance sector in India.

Please refer to the full text of the Master Circular on the IRDAI website at [Document Detail - IRDAI \(Link\)](#)