

**Guidelines on Operational Issues pertaining to the
Regulatory Sandbox**

In exercise of the powers conferred by sub regulation (3) of Regulation 13 of IRDAI (Regulatory Sandbox) Regulations, 2019, the Authority hereby issues the following guidelines on operational issues pertaining to the Regulatory Sandbox, namely.

PROCEDURE FOR FILING OF APPLICATION

The following procedure shall 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

- a) An applicant desiring to promote or implement any innovation in insurance in India shall make an application to IRDAI in "Form-RG-1" in any one or more of the categories given in Regulation 4 of IRDAI (Regulatory Sandbox) Regulations, 2019.

2) Innovation in insurance in India

- a) Every applicant shall demonstrate to IRDAI 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 Chairperson of the Authority on whether the proposal is an innovative 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 IRDAI on the application submitted.
b) IRDAI shall also nominate a Single Point of Contact (SPOC) 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) IRDAI may consider granting limited regulatory relaxation to the proposal that promotes innovation in insurance in India.
- b) No application shall be made where the proposal made has no requirement of any regulatory relaxations.
- c) ***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 written 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.
- d) The applicant shall furnish the detailed exit strategy to the prospects.

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 – up to 1 lakh
 - ii. Premium collected – Rs. up to 5 Crore
 - iii. Any other parameter(s) decided by the Authority.

7) Application for innovation in defined categories

- Any application for innovation shall be filed by an applicant in association with an insurer.
- The Application shall specify in clear terms the regulatory provisions that need relaxation to execute the proposal.

Provided that IRDAI reserves the right to limit the relaxation in the matters concerning the protection of the interests of policyholders and grievance 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.

- 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.

- a) The applicant who is an insurer shall apprise their Board and put in place measures for closely monitoring the implementation of the proposal and keep the Board updated on the developments.

8) Application to conform to the requirements

- a) An application in Form – RG-1, which is not complete in all respects and does not conform to the requirements as specified under Regulation 6 of IRDAI (Regulatory Sandbox) Regulations, 2019 and these guidelines are liable to be rejected.
Provided that before rejecting an application, the applicant shall be given an opportunity of being heard.
- b) IRDAI may advise the applicant for a personal presentation, if required.
- c) IRDAI shall inform the applicant regarding the acceptance/non-acceptance of their application within 45 days from the date of receipt of the application or additional information/documents as the case may be.
- d) If the application is not accepted, the applicant may file a review application with IRDAI within 15 days from the date of receipt of such communication.

9) 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.

10) Migration of policies and services at the end of experiment period —

- a) The experiment will cease to exist post completion of the experiment period.
- b) Post completion of the experiment period, the applicant shall not continue to offer the service or the product in the market, if necessary amendments to the regulation/guideline/circulars are not in place.
- c) The applicant shall provide choice to the policyholders to migrate to other products at the end of the experiment period. If the policyholder does not continue with the service or product, the insurer shall honor the existing liabilities incurred during the experiment period.

11) Confidentiality of personal information and data security

- a) The applicant, before commencing the experiment, shall put in place measures to maintain confidentiality of policyholder data and adequate systems to prevent misuse and manipulation of records and transactions.
- b) The safeguards put in place shall be reviewed on a continuous basis.

- c) 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.

12) Grievances

- a) The insurer or insurance intermediary, as the case may be, shall be dealt with grievances in accordance with the extant regulatory norms.

13) Other Issues

- a) The applicant shall immediately report to IRDAI 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.

14) Reporting Requirements

- a) The applicant shall submit the reports as specified by IRDAI while approving the proposal.

15) 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.

16) Repeal Clause

- a) These Guidelines supersede the Guidelines on operational issues pertaining to the Regulatory Sandbox ref no: IRDAI/INT/GDL/RSB/139/08/2019 dated 22nd August, 2019.

Sd./
Chairman, IRDAI

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

Application under
IRDAI (Regulatory Sandbox) Regulations,
2019

SECTION - I	
1	Name of the Applicant Address, Contact Details of the Applicant
2	Category of the Applicant (Whether Insurer / Insurance Intermediary / Others)
3	Category of application (one or more)
	a) Insurance Solicitation or Distribution
	b) Insurance Products
	c) Underwriting
	d) Policy and Claims Servicing
4	Details of the applicant (other than insurer/intermediary)
	a) Corporate structure - (Whether Company/Limited Liability Partnership Firm/Co-operative society/others (to be specified)
	b) Registration No. / CIN No. & Date of Incorporation or Establishment
	c) Primary business activity
	d) Whether the applicant is a regulated entity in India or abroad. If so, name of the regulatory authority.
	e) Name of shareholders holding more than 10% equity
	f) Details of specific funds raised, if any, for the proposal.
5	Names and contact details of the Chief Executive Officer of the applicant
6	Name and contact details of Single Point of Contact of the applicant
7	Whether any other person/ entity has beneficial interest in the proposal

SECTION II	
8	Details of the proposal (up to 200 words per question only)
	a) Describe the innovation.
	b) Explain how the proposed innovation falls under the regulatory ambit of IRDAI.
	c) Describe the underlying technology, if any, used to offer.
	d) Is any Proof of Concept in place? If yes, please provide relevant prior experience – testing of use cases for the same.
	e) Describe how it would be addressing the existing gaps, if any in the current eco-system.
	f) Description of how it differs from current market offerings
	g) Benefits offered, expected outcomes and success parameters
	h) Size of the experiment
	i) Risks foreseen and proposed risk management strategy
	j) Steps proposed for protection of policyholders' interests
	k) Copy of disclosures to be made and consent to be obtained from policyholders
	l) Explain how the industry/policyholders would benefit from the proposed innovation.
	m) Exit strategy for the applicant and policyholders
	n) Describe how you intend to meet the regulatory requirements after exit from the regulatory sandbox.
9	Details of testing that will be performed under the proposal -
	a) Is there any regulatory barrier, please explain?
	b) Regulatory requirements to be relaxed.
	c) Does the innovation involve any inter-regulatory concerns or conflicts or approvals etc. Please provide details.
	d) Describe in detail the proposed test scenarios, test plan, controls along with the expected key milestones.
	e) Monitoring plan to ensure compliance

10	Please attach the following documents w.r.t. one of the applicants not being an insurer / intermediary:-
	a) MOA & AOA/ LLP Deed or equivalent
	b) Audited financial statements of last financial year
	c) Net worth as at end of last financial year certified by a chartered accountant
	d) Details of the past innovation in financial sector, if any, carried out by the applicant

THIS DECLARATION IS TO BE SIGNED BY CHIEF EXECUTIVE OFFICER OR
MANAGING DIRECTOR OF THE APPLICANT AS THE CASE MAY BE

- 1) We hereby apply for seeking permission for the proposal.
- 2) We understand IRDAI (Regulatory Sandbox) Regulations, 2019, IRDAI "Guidelines on operational issues pertaining to the Regulatory Sandbox" as amended from-time-to-time and confirm that:
 - a) We are eligible to apply for grant of permission for the proposal;
 - b) To the best of our 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 the personal information pertaining to the policyholders is handled as per Guideline 11.
 - e) We undertake that the grievances of policyholders would be attended to within the time frame in accordance by the Authority from time to time.

(Signature of the Chief Executive Officer /
Managing Director)

Place:

Date :