

Master Circular on General Insurance Business



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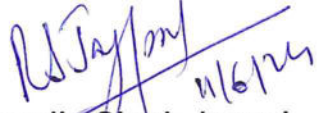
To

All General Insurers

Sub: Master Circular on IRDAI (Insurance Products) Regulations 2024 – General Insurance

- A. This Master Circular is issued under Section 14 (2) (i) of the IRDA Act 1999 and Section 34 of the Insurance Act, 1938 and Regulation 7 of IRDAI (Insurance Products) Regulations 2024.
- B. The Master Circular shall be reviewed every year unless review or repeal is warranted earlier.
- C. The Returns referred to under this circular shall be submitted as per the provisions herein and the Master Circular on submission of returns.
- D. All words and explanations used herein and not defined in this Master Circular but defined in the Insurance Act, 1938 (4 of 1938) or Insurance Regulatory and Development Authority Act, 1999 (41 of 1999) or Rules or Regulations made thereunder shall have the meanings respectively assigned to them in those Acts or Rules or Regulations.
- E. In Order to remove any doubts or difficulties that may arise in the application or interpretation or any of the provisions of this Master Circular, the Competent Authority may issue appropriate clarifications, as and when deemed necessary.

This has approval of the Competent Authority.


Randip Singh Jagpal
Executive Director(NL)

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Background:

The issuance of IRDAI (Insurance Product) Regulations, 2024 and de-notification of erstwhile tariffs, general terms and conditions; policy and endorsement wordings; provides a unique opportunity to develop simplified and easy-to-understand insurance products tailored to meet individual needs of the customers, providing them with ample choices and enhancing their insurance experience. The shift from rule based to principle-based regulations facilitates ease of doing business and encourages innovation, enabling faster adaptation to changing market dynamics and allows for reduction in the response time for emerging market needs. This would in turn encourage best practices in product design, pricing and enables provision of seamless journey for the customer. In this context, the following master circular is being issued for general insurance business.

Scope and applicability:

- (1) This Master Circular shall come into force with immediate effect.
- (2) This Master Circular replaces all earlier Guidelines/ Circulars (listed in Annexure C) of General Insurance Products. All Guidelines/ Circulars relating to filing of General Insurance products shall stand repealed from the effective date of these Guidelines. However, any action taken or under process in terms of earlier Guidelines and Circulars issued on General Insurance Product matters shall remain valid.
- (3) This Master Circular provides guidance on principle basis the operational aspects relating to general insurance products subsequent to the notification of IRDAI (Insurance Products) Regulations 2024. This Master Circular, unless specifically relaxed or exempted, shall be applicable to all Insurers transacting general insurance business.
- (4) This Master Circular shall apply to every existing general insurance product and every add-on cover. It will also apply to the general insurance coverage section within a Package Product. The Master Circular shall not apply to health insurance products included within a package product.

(5) The Insurers can offer new, innovative and customized products under the new product regulations to existing customers. However, it is reiterated that Insurers shall not withdraw or discourage the use of or decline to offer to any customer any of the Tariff Products which have been in existence prior to issuance of this Master Circular.

(6) Notwithstanding anything contained herein, it is hereby clarified that all Circulars/ Guidelines or any other notification or prescription issued by the Authority (**Annexure A**) in furtherance of any judicial order shall continue to be effective and remain in force unless specifically modified or repealed.

Chapter I: General Information for a Retail Policy Holder/ Customer

1)	a. <u>Insurers are required to make available products/ add-ons</u>: i. to provide wider choice to the retail policyholders / prospects covering his / her assets, risks, properties, liabilities against various perils, exposures and lines of business ii. for individuals, farmers, MSME and other retail segments iii. that are easy to understand and in simple language iv. which are less than one year, annual and more than one year as per the needs and choice of the customer v. which covers different risks of the customer/ policyholder by way of package products vi. which can be customized to meet the needs of different regions; geographies; segments b. Insurers shall allow for customization of products by providing flexibility to choose products/ add-ons as per his/her specific needs. The insurer shall offer different products for different risks or perils depending upon customer requirements. c. Insurers shall strive to create innovative products which are beneficial to the customer.
2)	<u>Insurers shall put in place end to end technology solutions</u> so as to ensure an effective, efficient and seamless onboarding of policyholders, policy servicing, renewal of policy, claim settlement and grievance redressal.
3)	<u>Insurers shall not withdraw or decline to offer</u> to any customer any of the erstwhile tariff products which have been in existence prior to issuance of this Master circular.
4)	<u>Base Product</u> - Every Insurer shall have a retail product which is identified and designated as base product defining the necessary minimum coverage in each Line of Business. The same will be displayed on its website allowing customers to compare with its variants or alternatives.
5)	<u>Documentation</u> – No claim shall be rejected for want of documents. All the required documents shall be called at the time of underwriting the proposal. The customer may be asked to submit only those documents that are directly related to the claim settlement such as claim form, Driving License, Permit, Fitness, FIR, Un-traced Report,

	Fire Brigade Report, Post Mortem Report, books of accounts, stock register, wage register, repair bills (only in cases where cashless is not available), wherever applicable.
6)	<u>Retail general Insurance products to specify the following:</u> i) <u>Scope of coverage (perils or contingencies insured)</u> – whether coverage is on named perils basis (covers the policyholder only for the risks named in the policy) or all-risk basis (covers all causes of loss except those specifically excluded) or any other basis. ii) <u>Exclusions and limitations</u> – what are the exclusions and limitations that will impact the coverage under the policy. iii) <u>Warranties & conditions</u> - what are the warranties & conditions whose non-compliance in the context of circumstances of a loss can make the claim void or voidable. Conditions and Warranties applied on retail products will be simple and precise. iv) <u>Application of condition of average/ underinsurance</u> – whether the loss will be subject to underinsurance and how much percentage of underinsurance is waived. Underinsurance is the amount of loss that will be borne by the policyholder in a situation when the sum insured declared in the policy is less than the actual value of the asset. v) <u>Salvage</u> – the amount that is assessed which the damaged asset will fetch in the open market. This amount is deducted from the claim amount. vi) <u>Deductible or excess</u> – what is the deductible or excess (the amount of loss that will be borne by the policyholder) under the policy, which will reduce the amount of the claim. vii) <u>Basis of settlement of loss</u> – The following basis on which amount will be arrived, at namely:- a) Indemnity (after application of depreciation, condition of average/ underinsurance, salvage, deductible, etc); b) Reinstatement value (indemnity amount without application of depreciation / underinsurance); c) Agreed value (stated amount in policy without adjustment or average); d) First loss (cover for an amount below the full value of the items insured); e) Parametric basis (on specified loss occurrence, the stated limit of liability shall be settled without evaluation or measurement of the actual extent or amount of loss or damage incurred).

7)	<u>Customer Information Sheet (CIS)</u> a) Every retail customer shall be given Customer Information Sheet (CIS) with every policy in the format given in Annexure B. This document explains in simple words, basic features of a policy at one place. b) It contains in brief the scope of coverage, add-ons, basis of sum insured, sum insured, exclusions, deductibles, special conditions & warranties, endorsements, etc. c) It shall also contain information regarding the Claims Procedure, Claims intimation and processing, principle for admissibility of claim, sample claim calculation process for retail products, Policy Servicing and Grievance Redressal Mechanism including contact details of Insurance Ombudsman of appropriate jurisdiction. d) Acknowledgment in physical or digital will have to be obtained from the Policyholder. e) On request, CIS will be made available in local language.
8)	<u>Cancellation:</u> a) The retail policyholder can cancel the policy at any time during the term, by informing the insurer. In case the Policyholder cancels the policy, he/ she is not required to give reasons for cancellation. The insurer can cancel the policy only on the grounds of established fraud, by giving minimum notice of 7 days to the retail policyholder. b) Under no circumstances can the insurer cancel statutory Motor Third Party Liability insurance or any other compulsory insurance mandated by law except in case of double insurance or total loss. c) The insurer shall – i) refund proportion premium for unexpired policy period, if the term of the policy is upto one year and there is no claim(s) made during the policy period. ii) refund premium for the unexpired policy period, in respect of policy with the term more than one year and the risk coverage for such policy years has not commenced.
9)	<u>Appointment of surveyor for Retail Customer/Policyholder:</u> a) Any loss that is reported under a general insurance product that exceeds Rs 50,000/- of more (in case of motor insurance) and Rs. 1 lakh or more (in case of other than motor insurance) needs to be mandatorily surveyed by a registered surveyor and loss assessor.

	b) The appointment of surveyor and loss assessor will be done on a random basis through General Insurance Council as provided in Chapter II.
10)	<u>Claims for Retail Customer/Policyholder:</u> a) The retail customer/ policyholder will be informed of the timelines/ Turn Around Times for settlement of claim. b) The allocation of surveyors through the general insurance council tech-based solution should happen within 24 hours of report of claim. c) The surveyor shall submit the survey report to the insurer within fifteen days of allocation. It shall be the duty of the insurer to obtain the survey within the specified time limits. d) The insurer shall decide on the claim within seven days of receipt of the survey report. This condition will not apply in case of policies issued on the property/building on reinstatement value basis. e) Any delay in settlement of the claims beyond the above stipulated timelines is a violation of legislation/ regulations. The insurer is liable to be imposed a penalty for such delay. f) The insurer cannot repudiate the claim in full or part: i) where the breach of warranty or condition is not relevant to nature or circumstances of loss. ii) on account of any delay on part of the Policyholder, where such delay has not resulted in the amount of assessed loss being increased.
11)	<u>Withdrawal of retail product</u> a) Retail policyholders must be told in advance about the product being withdrawn. b) If the retail policy does not have at least 3 months remaining duration, the Insurer shall permit its renewal, if so required by the Policyholder c) Every Long-Term policy as at the date of modification or withdrawal of the Product, shall remain in force unless opted to be cancelled by the Policyholder
12)	<u>Redressal of Grievances of the Policyholder:</u> The Insurer is required to have robust system of Grievance Redressal Process. The response letter of the Insurer in any grievance shall include the contact details of concerned insurance ombudsmen where his/her complaint can be escalated in case, the policyholder is not satisfied by the grievance redressal provided by the Insurer.

13)	<u>Implementation of Ombudsmen Awards:</u> The insurer is required to comply with the Award of the Insurance Ombudsmen within 30 days of receipt of award by the insurer. In case the insurer does not honour the award a penalty of Rs. 5000/- per day shall be payable to the complainant. Such penalty is in addition to the penal interest liable to be paid by the Insurer under the Insurance Ombudsman Rules, 2017. In case the insurer appeals against the award of Ombudsman, the above condition will not be applicable.
14)	Motor and Homeowner (Fire) Insurance largely cater to retail customers. Therefore, following additional options are to be made available to the policyholder/ customer for motor and home owner (fire) insurance. 1) <u>Motor Insurance -</u> a) Customer may be given the following options as first choice under motor insurance: "Pay as you Drive"/ "Pay as you Go"/ "Pay as you Use" insurance cover - comprehensive cover that includes coverage for depreciation b) <u>Towing/ Road Assistance Service:</u> Every retail customer can avail road side assistance services offered by the insurer either on cashless or reimbursement basis as per the product design. c) <u>Salvage:</u> In case of partial loss, the retail customer will not be burdened with disposal of salvage. The policyholder shall be paid his/ her claim amount. It shall be the responsibility of the insurer to collect the salvage from the customer. d) <u>Add-on cover:</u> Premium, where applicable, on any for each Add-on Cover opted for by the retail customer, is to be shown separately in the Premium Computation Table. e) <u>Insured's Declared Value (IDV):</u> The Insured's Declared Value (IDV) of the vehicle will be deemed to be the 'Sum Insured' and it will be fixed at the commencement of each policy period for each insured vehicle. The criteria for determining the IDV and any associated scale of value depreciation shall be approved by the Product Management Committee (PMC) of the insurer and published by the Insurer on their website. The basis of IDV shall form part of CIS. An illustration of calculation of IDV should also be provided to the customer.

- f) Depreciation on Non-OEM (Original Equipment Manufacturer) / Non-OES (Original Equipment Supplier) parts – The insurer will not apply depreciation on Non-OEM/ Non-OES parts that are used in repairs of motor vehicle following a loss.

2) Homeowner (Fire) Insurance

- a) Every retail customer will be covered for “fire” peril under a homeowner (fire) policy for the building (if owned by the customer) and / or contents and personal belongings (clothing, personal articles, electrical & electronic gadgets, TV, Fridge, Washing Machine, Air conditioner, air cooler, geyser, etc.), furniture (sofa sets, beds, diwans, recliners, dining/ study/ computer table, etc.), fixtures (tube-lights, fans, etc.), fittings (electrical, kitchen, bathroom, etc.)
- b) The policyholder/ customer shall have the option in Stand-Alone “fire” only insurance to include other perils such as
- i) Earthquake;
 - ii) Cyclone, Storm, Hurricane, etc.;
 - iii) Flood, Inundation;
 - iv) Lightning;
 - v) Landslide, Rockslide, Avalanche;
 - vi) Explosion of domestic pressure vessels in Stand-alone “fire” only insurance policy.
 - vii) Terrorism

Alternatively, he/ she will have the option to exclude one or more above mentioned perils from the fire insurance policy. For example, the policyholder/ customer can ask insurers for insurance coverage against earthquake risks in seismic active zones, cyclone cover along the coastal areas, flood and inundation along rivers, lakes, water bodies, etc., landslide, rockslide in hilly areas and the insurer will offer.

- c) The policyholder/ customer can ask the insurer to include i) burglary/ theft of contents and personal belongings; ii) electrical damage / non-working of electrical items (microwave, fridge, air conditioner, air cooler, TV, mixie, washing machine, computer, laptop, mobile phone, etc.) in the Homeowner (Fire) Insurance.
- d) No warranties shall apply on Homeowners Insurance product.

15)	<u>Multiple policies involving Bank or other lending or financing entity –</u> In case there is more than one insurance policy issued to the customer/ policyholder covering the same risk, the insurer will not apply contribution clause. Underinsurance will be applied on an overall basis taking into consideration the sum insured under all policies and comparing it with the value at risk.
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The detailed provisions in respect of paras 7, 8, 9, 10, 12 and 13 above will be given in the Master Circular issued under IRDAI (Protection of Policyholders' Interests, Operations and Allied Matters of Insurers) Regulations, 2024.

Chapter II: Insurers – General Principles

With the de-notification of tariffs, general terms and conditions, policy and endorsement wordings and the extension of Use and File procedures in insurance product filings, insurers are enabled an environment for innovation and speed of delivery of insurance products to the customers. With more flexibility being given to insurers, it is imperative that the policyholders' interest be safeguarded at all times.

The following broad principles are laid down for compliance by the insurers:

A. General Principles

1. Board approved policies and standard operating procedures

All insurers shall have:

- a) a Board Approved Underwriting Policy and follow the stipulations as laid down therein.
- b) well documented underwriting, claims and policy servicing manual.
- c) standard operating procedure for acceptance of risks and for processing of claims.

2. Proposal Forms & Customer Information Sheet (CIS) -

- a) **Proposal Forms** – Insurers shall endeavour to design proposal forms in simple language and provide proposal form and policy document in scheduled languages to retail policyholders.
- b) **Customer Information Sheet** – Insurers shall disseminate information about the products to the prospects in a transparent manner. Insurers shall mandatorily forward CIS to the policyholder and obtain acknowledgement.

3. Display on Insurer's website:

Insurers shall publish prominently the following on their web-site:

- a) Turn Around Timelines
 - i. acceptance of proposal for,
 - ii. issuing of policies,
 - iii. passing an endorsement,

- iv. policy servicing,
 - v. appointment of surveyor,
 - vi. receipt of survey report,
 - vii. claim approvals,
 - viii. settlement of claims.
- b) list of products on offer and products withdrawn.
4. **Training:** Provide periodical training to Intermediaries, distribution channels and employees of the insurers on existing and new products offered by the insurer, TATs for policy servicing, changes in the regulations among others.
5. **Technology Enablement:** Every insurer shall put in place end to end technology solutions so as to ensure effective, efficient and seamless onboarding of policyholder, renewal of policy, policy servicing, grievance redressal and claim settlement process.

B. Performance Monitoring of Surveyors and Loss Assessors

1. Insurers shall have Board approved criteria for:
 - a. monitoring the performance of surveyors and loss assessors, meeting the Turnaround Time (TAT), accuracy and speed of survey reports, etc. In no case, the remuneration of surveyor and loss assessor shall depend upon the amount of claim amount assessed by the surveyor and loss assessor.
 - b. obtaining feedback from the customers on the survey and loss assessment work undertaken.
2. Insurers should ensure that the surveyor report is submitted with speed and accuracy and within the time period as laid down in the IRDAI (Protection of Policyholders' Interests, Operations and Allied Matters of Insurers) Regulations, 2024 and the customer is not put to distress on account of delayed submission of the survey report.
3. In order to bring about transparency in the allotment of survey job to the surveyor and loss assessors, a tech based approach is the need of the hour. The General Insurance Council shall in association with Indian Insurance Institute of Surveyor and Loss Assessors (IIISLA) is, therefore, advised to develop a technology based

solution for allocation of survey work to a surveyor and loss assessor, based on department, line of business, geography, qualification and any other factor relevant to the allocation. The said allocation shall be done without any bias and in a time bound manner without any human intervention. The system should auto-generate the allocation of survey jobs seamlessly to surveyors. The allocation shall be on a random basis ensuring equitable and fair opportunities to the surveyors and loss assessors. The system should be developed in such a manner that whenever a claim is reported by the customer and registered by the insurer, the assignment of surveyor shall happen automatically on a random basis. The system shall also seamlessly send a message to the customer on assignment of surveyor to the customer. This will enable timeliness in survey of the loss, quicker and faster settlement of claims, transparency in allocation, efficient use of technology, faster turnaround times in claim settlement and greater trust in the claims settlement process in general insurance. This system shall be made operational latest by 31st October, 2024. The process to be followed by the policyholder in this regard shall also be displayed.

C. Product Management Committee and Advertisement Committee

1. Product Management Committee (PMC):

- a) The PMC shall ensure:
 - i. that all the matters referred under regulation 6(1)(b) of IRDAI (Insurance Products) Regulations, 2024 are complied with;
 - ii. compliance with circulars, guidance, if any, issued / communicated by the Competent Authority;
 - iii. that the benefits reflected in sales literature, terms and conditions reflected in policy document are consistent;
- b) The PMC shall be constituted with Chief Underwriting Officer, Appointed Actuary, Chief Marketing / Distribution Officer, Chief Investment Officer, Chief Technology Officer, and Chief Compliance Officer of the insurer as members. In addition to the above, the insurer may include other members of its senior

management in the PMC as members or as invitees (refer under 6(1)(b) of IRDAI (Insurance Products) Regulation, 2024).

- c) In addition to above, the PMC shall carry out proper due diligence and record its concurrence/ sign off on various product related risks (such as risks related to capital requirements, profitability, underwriting, reinsurance etc.) before approval.
- d) The quorum for the Product Management Committee shall be three members in addition to Appointed Actuary.
- e) The CEO of the insurer 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 countersign the relevant certifications.

2. The Advertisement Committee (AC):

- a. The AC shall approve every advertisement of the Insurer in compliance with the provisions of IRDAI (Protection of Policyholders' Interests, Operations and Allied Matters of Insurers) Regulations, 2024 and Master Circular issued thereunder.
- b. The AC shall be constituted with a minimum of two Key Management Persons (KMP), three Senior Management Officials one level below the KMP and a permanent invitee from PMC of the insurer (refer under 6(1)(c) of IRDAI (Insurance Products) Regulation, 2024).
- c. The quorum for the AC shall be 3 members including one KMP and the permanent invitee from PMC

Chapter III – Product Management

1. Product Development

- 1.1. Products should be need based so that unnecessary and superfluous coverages are not added and the necessary ones are not excluded. Insurers shall keep in mind suitability and affordability while designing and rating the product.
- 1.2. Design and rating of products must always be on sound, prudent underwriting and actuarial basis. Insurers shall ensure that the product designed is clear and transparent that is of value to the policyholder or prospect.
- 1.3. The terms and conditions of cover shall be fair between the insurer and the insured. The conditions and warranties should be reasonable and capable of compliance and in conformity with various laws, regulations, guidelines and circulars. The exclusions should not limit cover to an extent that the value and intent of insurance is lost.
- 1.4. The pricing of products should generally be based on appropriate data and/or technical justification. Insurers while pricing both retail and commercial products have to factor risk exposure, experience (allowing for unusual heavy (or low) experience due to natural catastrophes or large losses), reinsurance costs, reserves, expenses etc. and a reasonable amount of surplus. The premium rates shall not be excessive or inadequate or unfairly discriminatory.
- 1.5. All efforts should be made to incorporate risk prevention and mitigation processes at the very inception of developing a product so that the underlying risks can be appropriately managed by way of avoidance and minimization. Process for elimination/minimization of fraud / abuse / leakage should be incorporated as risk mitigation measures in product design and monitoring to eliminate moral hazard.
- 1.6. Insurer should take necessary steps in ensuring that competition will not lead to unprincipled rate cutting and other improper underwriting practices.
- 1.7. All Insurers shall ensure that policy wordings and prospectus will have complete information of Sum Insured, Perils covered, Policy Schedule, endorsements, additions and / or extensions, terms of coverage, the contingencies under which the

claims are payable the exclusions and details that ensure informed choice to the customer at every stage of policy issuance.

2. Product approval process

- 2.1. The Product Management Committee of the Insurer shall be responsible to ensure that the entire documentation required to be maintained under Use & File (U&F) Procedure is complete, correct, and in compliance with the extant applicable legal and Regulatory framework.
- 2.2. The Insurer shall submit a certificate signed by the CEO in the standard format as given in the Master Circular on Submission of returns.
- 2.3. Insurers shall, in respect of all Retail Products, upload on the website, in the chronological order of Product Unique Identification Numbers (UINs), Product wordings, related documentation, sales literature and at the option of the Insurer any premium rate chart, before the Product is launched or within seven days of allotment of UIN, whichever is earlier.

3. Unique Identification Number – Methodology

- 3.1. Every general insurance product and add-on (other than health insurance), whether individual or group, shall be identified with a unique number; and this number has to be quoted in all relevant documents furnished to the policyholder, other users (public, distribution channels), publicity material and also in the returns filed/ correspondence made with the IRDAI.
- 3.2. A product/ add-on can be introduced for sale in the market after assigning the Unique Identification Number (UIN).
- 3.3. This unique number will have the following characters/digits: -

UIN variables	Digit Count
IRDA & N are standard	5
Org registration no- Organization Registration Number	3
Product Type-	1
R- for Retail C- for Commercial O- Others	

Filling Type-	1
P- for Main product A- for Add-on	
Line of Business -	2
PR – Property MR – Marine MT – Motor EN – Engineering LB – Liability AV – Aviation CR – Crop TC – Trade Credit SU - Surety MS - Miscellaneous	
Seq No (as assigned by the system to each company)	4
Has to follow the sequence shared	
V is static and has to follow Version No (01/02/...)	3
FY - FY in which product is launched (Eg-202324)	6

An example of the UIN will appear for product/ add-on is given below:

Main Product (Display UIN)	The naming convention to generate UIN number for insurers is as follows: - The first 4 digits will be IRDA; - Next 1 digit - "N" for Non-Life - Then 3 digits for general insurer's registration number; - Followed by 1 digit for product type which could be either "retail (R)" or "commercial (c)" or "others (O)" - Then 1 digit for filing type whether it is a main product (P) or an add-on (A) - Next 2 digit will be for the lines of business as given - Followed by 4 digit sequence number which is the number to be given by general insurer - Followed by version number; and - Ends with Financial Year. IRDA + N + Org registration no. + Product Type + Filling type + LOB	Eg	So far example if XXX General Insurance Company Ltd (Regn No: 000) has created a retail main product for motor lines of business which as per sequence is 76 in number and is first version introduced in FY 2023-24. As UIN naming sequence it will be given the following number: IRDAN000RPMT0076V01202324
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	wise + Seq no + V + Version + FY		
Add on (Display UIN)	With regard to Add ons, the following pattern to be followed. a) UIN of the Main Product, as derived as per the above; b) Then 1 digit for filing type add-on (A) c) Followed by 4 digit sequence number which is the number to be given by general insurer d) Followed by version number; and e) Ends with Financial Year. Main Product Display UIN+ / + Filling type + Seq no + V + Version + FY	Eg	IRDAN000RPMT0076V01202324/A0001V01202324

3.4. The general insurers would publish in their website the details of products for public information, as below:

S No	IRDAI Product/Rider Number - UIN	Brand Name of Product/ Add-on	Offer to public from	Offer to public ended from
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3.5. Insurers shall submit periodic return as per the provisions of the Master Circular giving details of UIN's issued to products introduced in the market.

4. Product Withdrawal and Revisions

- 4.1. The Insurer may modify or withdraw a Product with the approval of its PMC.
- 4.2. A Product shall be deemed withdrawn if any modification is introduced in the:
 - 4.2.1. Specification of scope of coverage (perils and/or contingencies insured)
 - 4.2.2. Specification of limit of the Insurers' liability
 - 4.2.3. Specification of the basis of coverage.

In every such instance, the Insurer shall treat the modification as a new Product and apply for a new UIN.

- 4.3. The insurers shall keep a record of the reasons underlying the modification or withdrawal and obtain approval from the PMC for its withdrawal. This information may also be published on the website of the Insurer.
- 4.4. The Insurer shall retain a modified or withdrawn Product solely for servicing existing Policyholders. A Product that is modified or withdrawn shall not be made available to the new prospects/customers.

Chapter IV: General Guidelines - All Lines of Business

1. Criteria for classification of Products

- 1.1. General Insurers shall ensure that all risk-level information (including associated claims reported and settled) on all business underwritten shall be organized in a manner that it is amenable to be collated/ aggregated by any of the following criteria or in any combination of criteria mentioned in clause 1.2 below.
- 1.2. Every issued policy of insurance should be flagged for one or more of the following criteria:
 - a) Retail Product
 - b) Commercial Product
 - c) Group Business
 - d) Social Obligation
 - e) Rural Obligation
 - f) Government Scheme
 - g) Statutory Insurance
- 1.3. The General Insurers are advised to maintain record of data at risk level.

2. Acceptance of Risk

- 2.1 The underwriting evaluations and acceptance of a risk by the Insurer shall be primarily guided by its Board approved underwriting and risk management policy. The guidelines therein must be consistent with the structure and scope of every Reinsurance Treaty applying to each Line of Business of the Insurer.
- 2.2 The basis of settlement of loss, in addition to those given in Chapter I – Point No. 6) can include excess of loss, stop loss or any other specification.

3. Policy Duration

General Insurance policies may be issued on Annual, Long-Term or Short-Term basis.

4. Reinsurance-driven Product

While quoting the terms to the proposer, Insurers may vary the terms quoted by the Reinsurer(s), to the extent permitted by the Reinsurer(s), provided such variation of terms including any alteration in the net risk retention or loss retention by the Insurer shall be consistent with the underwriting guidelines and Reinsurance Program approved by the Board and with every such variation specifically approved in writing by Risk Management Committee of the Insurer.

5. Annual Performance Review of Product and Line of Business

5.1 The Product Management Committee of the Insurer shall put in place a program of annual performance review of every Product and Line of Business that should be approved by the Board of the Insurer.

5.2 The performance review of each Product shall include in its scope:

- a) the risk profile of exposures assumed and their respective underwriting (financial) results/ ratios, categorized by client/ market segment or any additional criteria.
- b) review of workflows and process controls associated with the assumption of risks including intermediation / distribution.
- c) client and claims service levels on pre-determined criteria.
- d) outsourced services.
- e) un-reinsured retention.
- f) contractual certainties of coinsurance/ reinsurance contracts.
- g) placement of risks that are beyond the automatic reinsurance treaty capacity.
- h) the estimated 'return' (excluding any return derived from investment activities that is allocated to the Product) on assigned 'risk-based capital'.
- i) recommendations, on restructuring of the Product, alteration in Premium Rates, business acquisition costs, reformulation of the risk/ loss retention levels and associated Reinsurance protection and the target share of the business volume in the overall Line of Business.

5.3 The performance review report(s) shall be placed with the:

- a) Risk Management Committee (RMC)

b) Internal Audit Committee (IAC)

A consolidated summary incorporating the observations of the RMC and the IAC, shall be placed with the Board of the Insurer.

Chapter V – General Guidelines - Specific lines of business

I. Motor Insurance

1. The scope of coverage under the Motor Third Party Liability insurance shall be at least as per the provisions of the Motor Vehicles Act 1988 ("M.V. Act").
2. The premium rates for Motor Third Party Liability insurance will continue to be regulated by the Motor Vehicle Act, 1988 and the Rules framed thereunder by the Central Government.
3. The extended / wider legal liability coverage for paid drivers, cleaners, conductors and employees of the Policyholder and benefits payable, shall be governed by provisions of Employee Compensation Act 1923.
4. The Certificate of Insurance shall be issued in the format(s) as specified under Chapter XI of the MV Act and shall be updated to reflect any material changes and a fresh Certificate of Insurance shall be issued wherever required.

5. Motor Own Damage Insurance - Settlement of Total Loss / Constructive Total Loss Claims

- a) The Product Management Committee of the Insurer shall determine criteria for considering a vehicle as Total Loss/ Constructive Total Loss (TL/CTL) including in the context of theft of the vehicle and such criteria and the procedures for settlement shall be incorporated in the Product and published by the Insurer in their website. The same shall form part of the Customer Information Sheet.
- b) If a damaged motor vehicle is assessed as being unrepairable and hence a wreck ie. a 'total loss' or 'write-off', the Insurer shall grant the Policyholder the option to retain the wreck and accept a 'cash loss' settlement (being the IDV less the assessed value of Salvage based on competitive quotes procured by the Insurer including any submitted by or through the Policyholder).
- c) In the event of a 'cash-loss' settlement, the Insurer is entitled to cancel the Own Damage insurance effective the date of damage. Additionally, the Insurer can cancel

the statutory Motor Third Party Liability insurance policy after requiring the Policyholder to either cancel the road registration of the wreck and submit documentary evidence in original thereof or alternatively evidence in original a statutory Motor Third Party liability insurance policy covering the wreck effective the date of damage.

6. Classification of Motor Vehicles

- a) Insurers shall, for classification of insured motor vehicles, at the minimum, follow the classification prescribed in Motor Vehicles (Third Party Insurance Base Premium and Liability) Rules, 2022 under the Motor Vehicles Act 1988 and Central Motor Vehicles Rules 1989 and subsequent amendments thereto and rules framed thereunder. The category of motor vehicles shall always have the meaning assigned to a particular category under Central Motor Vehicle Rules.
- b) Insurers shall ensure that information relating to the insured motor vehicles are identical to that recorded in the original Registration Certificate of the motor vehicle. The Insurers shall further ensure that the details are not in variance to that recorded in VAHAN database.

7. Policy Duration

- a) Motor insurance policies may be issued on Annual, Long-Term or Short-Term basis, with the exception of Standalone TP which can only be Annual or Long-Term.
- b) In case of Standalone Own Damage (SAOD) insurance, the expiry date of an issued policy of insurance shall not be beyond the statutory Third Party Liability insurance of the same motor vehicle. The Insurer shall ensure that SAOD coverage is offered only if a Motor Third Party Liability insurance is already in existence or is taken simultaneously.

II. Surety Insurance:

Surety shall be a contract of guarantee under Section 126 of the Indian Contract Act, 1872. It is a contract to perform the promise, or discharge the liability of a third person in case of his default. The person who gives the guarantee is called the "Surety"; the person

in respect of whose default the guarantee is given is called the "principal debtor", and the person to whom the guarantee is given is called the "creditor".

- a) The insurer shall not enter into "alternate risk transfer" mechanism.
- b) No Surety Insurance contract shall cover Financial Guarantee in any form. Financial Guarantee comprises of any bond, guarantee, indemnity or insurance, covering financial obligations in respect of any type of loan, personal loan and leasing facility, granted by a bank/credit institution, financial institution or financier, or issued or executed in favour of any person or legal entity in respect of the payment or repayment of borrowed money or any contract, transaction or arrangement, the primary purpose of which is to raise finance or secure sums due in respect of borrowed money.
- c) Surety Insurance contracts shall not be issued where the underlying assets / commitment are/is outside India. Further, the payment for risk covered under the Surety Insurance contracts shall also be made in Indian rupees.

III. Trade Credit Insurance

Trade credit insurance protects businesses against the risk of non-payment for goods and services by buyers. It usually covers a portfolio of buyers and indemnifies an agreed percentage of an invoice or invoices that remain unpaid as a result of protracted default, Insolvency / Bankruptcy.

The insurers underwriting trade credit business shall take note of the following:

- 1.1 A trade credit insurance policy may be issued to the following
 - (i) Seller / Supplier of goods or services.
 - (ii) Factoring company as defined in The Factoring Regulation Act 2011 & amendments thereof.
 - (iii) Bank / Financial Institution, engaged in Trade Finance, licensed and regulated by respective Statutory Bodies which have better quality appraisal and effective risk management system.
- 1.2 A trade credit insurance for Banks / Financial Institutions and Factoring Companies shall cover the loss on account of non-receipt of payment from a buyer, due to

commercial or political risks, against the bills / invoices purchased or discounted.

1.3 A trade credit insurance policy shall not cover

- (a) Reverse Factoring (except on TReDS platforms);
- (b) Government Buyers as defined under paragraph 4 (v) above except for political risks in overseas under export transaction.
- (c) Financial Guarantee in any form
- (d) Any other risk cover that may be specified by the Authority from time to time.

1.4 A Trade Credit Policy may be issued for covering trade related transactions other than loan default of seller. A trade credit insurance policy shall not cover any receivable arising from transactions made other than trade credit transaction.

1.5 A trade credit insurance policy shall be sold as

- (i) Whole turnover basis to cover all buyers of that particular segment or product or country.
- (ii) Cover for individual buyer only for:
 - (a) Micro & Small Enterprises
 - (b) Project covers
- (iii) Single Invoice Covers through bill discounting / factoring shall be allowed only on Invoice Discounting e-Platforms such as TReDS.

Chapter VI: MISCELLANEOUS PROVISIONS

I. Returns Submission:

Insurers shall submit periodic returns as per the provisions of the Master Circular on submission of returns.

II. Repeal of the Guidelines /Circulars:

This Master Circular supersedes all the Guidelines/ Circulars listed in Annexure C.

Schedule I

GENERAL INSURANCE – DEFINITIONS

1. Definitions

For the purpose of this Master Circular, the terms not defined herein shall have the meaning assigned in Schedule II of IRDAI (Insurance Products) Regulations, 2024 unless otherwise specified or the context otherwise requires.

- 1.1. Add-on Cover: A coverage extension that adds to the scope of insurance coverage of a Product and includes a write-back of an exclusion or a deletion/ restriction of a coverage limitation. Add-on Covers may be offered with or without consideration. Add-on Covers shall include endorsements or riders or every other alteration serving the same purpose.
- 1.2. Annual Product: A Product with Policy Duration equal to 12 months and with or without a provision of extension of the Policy Duration or periodic review of terms and conditions based on specified criteria which may include claims reported/ settled.
- 1.3. Base Product: A Retail Product which is identified and designated as such by the Product Management Committee of the Insurer and which defines the necessary minimum coverage addressing a specific insured interest or target segment of prospects/ insurance buyers in each Line of Business.
- 1.4. Line of Business: A grouping or classification by the Insurer of its Products based on criteria such as a target market/ client segment or nature of assets or of exposures. The grouping may vary from Insurer to Insurer.
- 1.5. Long-Term Product: A Product with Policy Duration exceeding 12 months and with or without a provision of extension of the Policy Duration or periodic review of terms and conditions based on specified criteria which may include claims reported/ settled.
Explanation: Products serving construction/ erection risks/ projects and associated exposures (such as legal liabilities, professional indemnities, interruption risks, surety and inherent/ latent defects) with Policy Duration exceeding 1 year shall not be classified as Long-Term.
- 1.6. Micro Small & Medium Enterprises (MSME): MSME shall have the same meaning assigned to it under Micro Small & Medium Enterprises Development Act 2006.
- 1.7. Package Product: A Product which is a combination of General Insurance coverages and which may also additionally include coverages available within Health Insurance Products.

- 1.8. Policy Duration: The 'period of insurance' which is the period of validity (or 'in force' period) of an issued policy of insurance, during which the Insurer is contractually liable to respond to claims under the terms of the insurance coverage. Policy Duration shall include every extension of the period of insurance.
- 1.9. Product: A specified insurance coverage or a predetermined combination of insurance coverages designed or positioned as a standard offering by an Insurer. It is a pre-requisite that the Product and every insurance coverage offered shall constitute / result in a direct transfer of risk of a clearly defined scope, from the *risk-owner* to the Insurer. Add-on Covers shall be considered as part of the Product.
- 1.9.1. A General Insurance Product is categorized as either a Retail Product or a Commercial Product.
- 1.9.2. Any Commercial Product that is also to be deployed in the Retail segment shall necessarily be set up also as a Retail Product with a distinct UIN.
- 1.10. Reinsurance-driven Product: A Product where the rates, terms and conditions of the insurance coverage offered by the Insurer are primarily determined by the Reinsurer. A situation where Reinsurance is procured but with the rates, terms and conditions of the insurance coverage determined by the Insurer, will not be categorized as Reinsurance-driven.
- 1.11. Short-Term Product: A Product designed to be offered with Policy Duration of less than 12 months and with or without a provision of extension of the Policy Duration or periodic review of terms and conditions based on specified criteria which may include claims reported/ settled.

Annexure A

Circulars issued pursuant to the Court Orders that will remain in force

S. No.	IRDAI Circular No.	Date	Title	Hon'ble Court
1	IRDAI/ NL/ CIR/ MISC/ 188/ 10/ 2023	27 October, 2023	Amendment of Arbitration Clause in General Insurance policies	Hon'ble Supreme Court of India
2	IRDAI/ NL/ CIR/ MOTOR/ 178/ 10/ 2023-24	18 October, 2023	Mandating of coverage, payment of premium under IMT-29 compulsory as an inbuilt coverage in a private car policy	Hon'ble Madras High Court
3	IRDAI/ NL/ CIR/ MISC/ 215/ 08/ 2020	20 August, 2020	PUC certificate at the time of renewal of Insurance of Vehicle - Directions given by Hon'ble Supreme Court of India in WP(C) No.13029 of 1985 in the matter of M.C. Mehta Vs. Union of India	Hon'ble Supreme Court of India
4	IRDAI/ NL/ CIR/ MOT/ 144/ 06/ 2020	09 June, 2020	Master Circular on Recent Developments in Motor Insurance products - Issuance of Long-Term Motor Third Party Insurance policies for new cars and new two-wheelers	Hon'ble Supreme Court of India, vide its order dated 20th July, 2018, in WP No.295/2012 of Shri.S. Rajasekaran vs Union of India and Others
5	IRDAI /NL/ CIR/ MOTOD/ 118/ 07/ 2019	25 July, 2019	Misuse of Total Loss Accident Vehicle Documents over Stolen Vehicles	
6	IRDAI/ NL/ CIR/ MOT/ 112/ 07/ 2019	11 July, 2019	Clarification: Issuing Long Term Motor Products- private car and two-wheelers	
7	IRDAI/ NL/ CIR/ MOTOD/ 095/ 06/2019	21 June, 2019	Cover for Motor Own Damage risks for Cars and Two-wheelers	In furtherance to Circular Ref: IRDA/ NL/ CIR/ MOT/ 137/ 08/ 2018 dated 28 th August, 2018
8	IRDAI/ NL/ CIR/ MOTP/ 200/ 12/ 2018	11 December, 2018	Cover for Compulsory Personal Accident (CPA) for Owner-Driver under Motor Insurance Policies	Hon'ble High Court of Judicature at Madras
9	IRDAI/ NL/ CIR/ MOTP/ 170/ 10/ 2018	09 October, 2018	Compulsory Personal Accident Insurance for Owner-Driver under Motor Insurance	Hon'ble High Court of Judicature at Madras
10	IRDAI/ NL/ CIR/ MOTP/ 158/ 09/ 2018	20 September, 2018	Enhancement of Capital Sum Insured in Compulsory Personal Accident Cover for Owner-Driver under Motor Insurance Policies	Hon'ble High Court of Judicature at Madras
11	IRDAI/ NL/ CIR/ MOT/ 137/ 08/ 2018	28 August, 2018	Long term motor insurance coverages- Implementation of the Directions of the Hon'ble Supreme Court of India	Hon'ble Supreme Court of India
12	IRDA/ NL/ CIR/ MISC/ 104/ 07/ 2018	06 July, 2018	PUC Certificate at the time of renewal of insurance of vehicle – Directions	Hon'ble Supreme Court of India
13	IRDA/ NL/ CIR/ MISC/ 206/ 8/ 2017	31 August, 2017	Non-participation/ unsatisfactory participation of certain insurance companies in Lok Adalats/ MACT	Hon'ble High Court of Tripura

14	IRDA/ NL/ CIR/ MISC/ 113/ 06/ 2016	07 June, 2016	Discharge Voucher Issue	Apex court Judgements
15	IRDA/ NL/ CIR/ F&U/ 073/ 11/ 2009	16 November, 2009	Liability of Insurance Companies in respect of Occupant of a Private Car and Pillion Rider in a Two- Wheeler under Standard Motor Package Policy [also called Comprehensive Policy]	

Annexure B

CUSTOMER INFORMATION SHEET

This document provides only key information about your policy. Please refer to the policy document for detailed terms and conditions.

SI No	Title	Description (Please refer to applicable Policy Clause Number in next column)	Policy / Clause Number
1	Product Name		
2	Unique Identification Number (UIN) allotted by IRDAI		
3	Structure	- State basis of Sum / Limit Insured - Indemnity / Modified Indemnity - Fixed Benefit - Parametric Limit	
4	Interests Insured	List broad categories	
5	Sum Insured / Motor Insured Declared Value Scope	List the main Sums/ Limits insured per Coverage/ Coverage Section	
6	Policy Coverage	List and describe each insured Coverage:	
7	Add-on Cover	List and describe with Sum/Limit Insured, each Add-on Cover opted by the Policyholder	
8	Loss Participation	State and explain how Deductible is applied. (List separate Deductibles per Coverage)	
9	Exclusions	List all the applicable exclusions	
10.	Special Conditions and Warranties (if any)	State and specify context Explain obligations of the Policyholder.	
11.	Admissibility of Claim	- Mention the broad principle of admissibility / denial of claims [Example: Reporting of loss occurrence; Duty of care & loss minimization; Exclusion of Willful Negligence] - Include a sample claim calculation process for retail products	

12.	Policy Servicing - Claim Intimation and Processing	• Toll free / IVRS number of the Insurer • Website / Email • Details of designated company officials to be contacted in time of claim • Details of procedure to be followed for cashless service (In case of Motor Insurance) as well as for reimbursement of claim • Turn Around Time (TAT) for claims settlement • Escalation Matrix when TAT is not satisfied	
13.	Grievance Redressal and Policyholders Protection	• State the brief details of Protection of Policyholder's Interest • Details of Grievance Redressal Officer of the Insurer • Bima Bharosa Portal • Ombudsman <i>(Please provide contact details, Toll free number and email)</i>	
14.	Obligations of the Policyholder	• To disclose all information correctly sought by the insurer at time of filling the proposal form • In case of any change / modification / addition to the already declared information the same shall be brought to the notice of the Insurer immediately • Non-disclosure of material information may affect the claim settlement. Disclosure of other material information during the policy period.) <i>Insurer to specify the material information</i>	

Declaration by the Policyholder:

I have read the above and confirm having noted the details.

Place:

Date:

(Signature of the Policyholder)

Note:

- i. Insurer shall provide web-link where the product related documents including the Customer Information sheet are available on the website of the Insurer.
- ii. In case of any conflict, the terms and conditions mentioned in the policy document shall prevail.
- iii. **Insurer to take confirmation of the Policyholder regarding receiving of the Customer Information Sheet.**

Annexure C

List of circulars repealed by IRDAI

S No	Ref No	Dated	Title
1	IRDAI/ ACTL/ CIR/ PRO/ 81/ 3/ 2023	31/ 03/ 2023	"Use and File" Procedure for Products
2	IRDAI/ NL/ CIR/ MISC/ 212/ 10/ 2022	13/ 10/ 2022	Product Filing Procedure
3	IRDAI/ NL/ CIR/ MISC/ 107/ 06/ 2022	01/ 06/ 2022	Use and File Procedure for Retail Products for Agriculture & Allied Activities
4	IRDA/ NL/ GDL/ MISC/ 005/ 01/ 2021	04/ 01/ 2021	Guidelines for Fire and Allied Perils cover for standard products for Micro Businesses and Small Businesses - Bharat Sookshma Udyam Suraksha and Bharat Laghu Udyam Suraksha
5	IRDA/ NL/ GDL/ MISC/ 004/ 01/ 2021	04/ 01/ 2021	Guidelines for Fire and Allied perils cover for Dwellings - Introduction of a standard product Bharat Griha Raksha
6	IRDAI/ NL/ GDL/ SIC/ 01/ 01/ 2022	03/ 01/ 2022	IRDAI (Surety Insurance Contracts) Guidelines, 2022
7	IRDAI/ NL/ GDL/ MISC/ 244/ 09/ 2021	08/ 09/ 2021	IRDAI (Trade Credit Insurance) Guidelines, 2021
8	IRDAI/ CIR/ MISC/ 243/ 09/ 2021	08/ 09/ 2021	Title Insurance Products
9	IRDAI/ NL/ CIR/ MISC/ 242/ 09/ 2021	08/ 09/ 2021	Product structure for Cyber Insurance
10	IRDA/ CIR/ MISC/ 031/ 02/ 2021	11/ 02/ 2021	Product Structure for Insurance of Remotely Piloted Aircraft System (RPAS)
11	IRDAI/ NL/ CIR/ MOT/ 143/ 06/ 2020	08/ 06/ 2020	Withdrawal of Long-Term Package Product offering both Motor Third Party Insurance and Own Damage Insurance for three years or five years
12	IRDAI/ NL/ CIR/ CRE/ 044/ 03/ 2016	10/ 03/ 2016	Guidelines on Trade Credit Insurance
13	IRDAI/ NL/ GDL/ F&U/ 030/ 02/ 2016	18/ 02/ 2016	Guidelines on Product Filing Procedures for General Insurance Products
14	IRDAI/NL/CIR/GDL/176/10/2023	09/10/2023	Trade Credit Insurance Guidelines, 2021 – Modification to Guideline 5.3A- allowing "reverse factoring" on TReDS platforms
15	IRDAI/NL/Cir/Misc/7/1/2023	12/01/2023	Modification of Surety Insurance Guidelines
16	IRDAI/NL/CIR/SIC/104/5/2023	15/05/2023	Modification of Surety Insurance Guidelines