

## Annexure: A

IRDAI (Minimum Information required for Investigation and Inspection) Regulations, 2020

### **Suggestions received during the IAC meeting held on 24/09/2020:**

SNo	Suggestions made by IAC	Inspections Department Comments	Recommendations of Inspection Department
1	<p>Date of receipt of policy document by the insured may be deleted, as it is difficult difficulty to record the date on which each insured received the policy considering the different modes of sending policies to insureds.</p> <p>It is also suggested that now-a-days post office sends sms to the mobile number once the package is delivered. Hence, such services can be availed by insurers, as delivery of policy</p>	<p>Date of receipt of policy document by insured is a critical data element depending on which the 'free-look' period is to be decided for each policy as per PPHI Regulations, 2017, as free look period is one of the major source for AML activities. Also, it is the legal document which is the basis on which the insured can make a claim.</p>	<p>We may retain the provision as proposed in the draft regulations</p>

	document to the insured is an important element of policy issuance.		
2	Draft regulation is more granular in prescribing micro level data elements to be maintained by the entities, instead it could be generic.	<p>1. Section 33 (7) requires the Authority to notify regulations specifying the minimum information that are to be maintained by the insurer and intermediaries.</p> <p>2. In this context, provisions existing in Rule-39 of Insurance Rules 1939 are taken as a base and these requirements are further elaborated considering the current environment.</p> <p>3. As Rule 39 deals with the micro level data elements, the draft also deals with micro level data, as the objective of this regulation is to specify minimum information that is required to conduct investigation. Also, as discussed during the meeting more than 99% of the data elements are already maintained by the entities in the present date.</p>	After detailed examination, few provisions of the regulations are proposed to drop and based on some suggestions, few provisions are proposed to be included. All the changes are highlighted in the draft.
3	Matters relating to travel/ tour expenses of employees are scrutinized by Insurer's internal Audit. Hence may be deleted	These are existing requirements of the Insurance Rules 1939. Insurance companies are primarily trustees of policyholders' monies and utmost care need to be excised in handling the business. Any expenditure incurred by the insurer has a direct impact on the premium paid by the policyholder. Hence, all the expenses incurred should be prudent and relevant to the	We may retain the provision as proposed in the draft regulations

		<p>business under consideration. Many times travel is a method of incentivizing the sales teams to circumvent the compliance to various legal framework on payments. Hence the data is all the more relevant for the insurance business. The expenditure associated with it may go unnoticed, may also lead to misuse of funds, if the payments are not monitored. The rationality of the expenditure may be required to be assessed in the investigations, if required.</p>	
4	<p>Staff attendance records are an HR matter and are non-critical, hence may be delated.</p>	<p>This is an existing requirement of Insurance Rules, 1939. Staff costs is the major head of expenditure incurred by the insurer and has a direct impact on the premium paid by the policyholder. Hence, all the expenses incurred by the insurer should be prudent and relevant to the business under consideration. Many times there are staff recruited, but are not in attendance, however costs on such personnel is incurred by the insurers. Also insurers recruit staff and allow the staff to work for their group entities and intermediaries. This increases the expenses incurred by the insurer and hence the premiums paid by the policyholder. This method is also employed by some of them to incentivize the intermediaries to circumvent the compliance to various legal framework on payments. Hence the data is all the more relevant for the insurance business. There is huge possibility</p>	<p>We may retain the provision as proposed in the draft regulations</p>

		of mis-use of funds by overstaffing, if the details are not monitored. The rationality of the staff, their attendance and the corresponding expenditure may be required to assess in the investigations, if required.	
5	Date of receipt of claim may be dropped	Claims under group insurance schemes where the claim amount is paid to master-policyholder or forwarded through the master policyholder for onward payment to end beneficiaries. Claim payment is the major obligation under any policy and the insurer, even without any mandate, should maintain the date of payment of claim, as it establishes meeting the obligation under the policy.	We may retain the provision as proposed in the draft regulations
6	To include:		
	i. Expiry or Validity date of Bank Guarantee	In the draft regulations, it is required to maintain the conditions of guarantee, which may also include expiry and validity date. However, we may include as proposed	We may include as proposed in the IAC
	ii. Rate of penal interest paid for delayed payments	This was removed from the previous draft, based on the stakeholder's comments. We may now include	We may include as proposed in the IAC
	iii. Confirmation in respect of reinsurance placements	As part of the draft, it is required to maintain, "signed reinsurance treaties and facultative placements relating to the reinsurance arrangements ceded or accepted from any of its offices in India with cross-reference to the details of the terms on which the reinsurance	Some of the suggestions are included appropriately.

		treaties/arrangements have been entered into; date of commencement of risk, date of termination of risk". Date of commencement of risk would closely reflect the suggestion made.	
7	Appointment letters to be maintained by the Brokers may be deleted	In order to ensure that the person soliciting the policies are employed by the intermediary, it is required. Otherwise, there is no record to cross-check, whether the person soliciting the policies is licensed by the Authority	We may retain the provision as proposed in the draft regulations
8	Claims records to be maintained by the Brokers may be deleted	Records pertaining to claims reported to the intermediaries and the claims in respect of which the intermediaries have assisted the clients, needs to be maintained by them. The requirement is only for claims routed through the intermediary	We may retain the provision as proposed in the draft regulations
9	To include requirements on Insurance penetration	As this regulation deals with matters pertaining to investigation, the proposed area is out of the scope of the Regulation as per Section 33(7) of the Insurance Act.	We may not include the data element as proposed in the IAC
10	To include requirements of ensuring Insurable interest, in particular for group insurance contracts and also to include that the risk to be assumed only after receiving duly	As per the draft regulation, insurer is required to maintain as below: "Every office of an insurer issuing any documents used for evidencing of the assumption of risk shall ensure that such documents are serially numbered, shall maintain a record of the serial numbers of the forms of documents issued to each person, and shall maintain a proper check to verify that all the forms of documents issued are properly	We may not include the data element as proposed in the IAC

	filled in proposal form and supporting documents	<p>accounted for". This may not exactly match the requirements, but it only required them to maintain the underlying documents w.r.t assumption of risk.</p> <p>As this regulation deals with matters pertaining to investigation, the proposed area is out of the scope of the Regulation as per Section 33(7) of the Insurance Act.</p>	
11	To delete "at all times" as it could be interpreted as immediate submissions of the information, whenever asked for and could be seen as non-compliance to this regulation.	As insurers and entities are expressing the difficulty with respect to the possible interpretation of the phrase and not necessarily on the information that is proposed to notify, we may agree to the suggestion.	May be accepted and we may delete the said phrase.