



Ref: IRDAI/NL/CIR/F&U/ 060 /03/2017

22nd March, 2017

The Chairman-cum-Managing Directors/
Chief Executive Officers of General Insurers

**Re: Modification in premium rates due to revised Commission/Remuneration
Structure and introduction of Reward System**

The IRDAI (Payment of Commission or Remuneration or Reward to Insurance Agents and Insurance Intermediaries) Regulations 2016 comes into force with effect from 1st April, 2017. The Regulations bring about certain revisions in commission/remuneration rates and also introduce the reward system. These may trigger insurers to revisit the pricing of their products in so far as the costing input relating to commission/remuneration is concerned. In this backdrop, it has been decided that general insurers who wish to revise the pricing of their products as a result of the new regulations, may do so without having to file a modification to the product under the Product Filing Guidelines subject to the following:

- I. The change in premium rates being limited to +/- 5% of the existing premium rates of products/add-ons.
 - II. There being no change in any other parameter of the premium basis. In other words, the price change would be limited to the aspect of change in commission/remuneration including reward system, because of the new regulations.
- 2) Insurers shall submit the following documents wherever price is being revised as mentioned above:
- a. A certificate giving details of the changes made in the F&U or U&F application as the case may be, and other related and applicable documents, reflecting the premium basis for which the existing provisions and the modified provisions are reflected page-number wise in a tabular format. The certificate shall be signed by the Appointed Actuary and CEO and shall state as follows: "It is certified that there is no other change in approved F&U and U&F application and other documents apart from changes mentioned therein".

- b. Certificate indicating system readiness
 - c. Additional Certificate as provided in Annexure I
 - d. Two sets of F&U or U&F application and related documents as applicable in track change mode signed by the Appointed Actuary and the CMD/CEO.
- 3) Insurers shall ensure that the above norms are followed strictly and any violation noticed will be dealt with as deemed fit by the Authority, including withdrawal of the product/add-on.
- 4) The provisions of the circular shall be effective from **1st April, 2017**.



(P. J. Joseph)
Member (Non-life)



Certificate

This is to certify that:

1. *(name of product)* with UIN *(mention UIN)* was withdrawn from the market on *(mention date of withdrawal)*.
2. The above product was modified with UIN *(mention UIN)* on account of implementation of IRDAI (Payment of commission or remuneration or reward to Insurance Agents and Intermediaries) Regulations 2016 as per IRDAI Circular under Ref: -----.
3. The modified product *(name of product)* with UIN *(mention UIN)* was launched in the market on *(mention date of launch)*.
4. The change in premium rates after modification are limited to +/- 5% of the premium rates already approved product/add-on.
5. There is no change in any other parameter in the premium basis except commission or reward or sales related expenses.
6. There is no detrimental change in premium rates or any other provision in respect of policies already sold under existing versions of the product / add-on.
7. The premium rates, advantages, terms and conditions of the modified product/add-on (Name of the product/add-on) after the modification are workable and sound, the assumptions are reasonable and the product / add-on is financially viable.
8. The premiums offered are fair and equitable taking into account the modification between policies sold by different distribution channels.
9. The modified product/add-on comply with all the extant norms and Regulations of the Authority.

Name and Signature of Appointed Actuary

Date

Place

Name and Signature of Chief Executive Officer with seal of the Insurer

Date

Place