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Our response to the proposed Draft of IRDAI (Protection of Policyholders' Interests and Allied Matters of Insurers) regulations 2024

Vivek Singh <viveksingh200@gmail.com>

Mon, Mar 4, 2024 at 8:48 AM

To: spandana.v@irdai.gov.in

Cc: sridhar@irdai.gov.in

Bcc: MD M Jagannath Ji <mdmj@licindia.com>, MD-Sat Pal Bhanoo Ji <satpal@licindia.com>, ed_nb@licindia.com, "ed_marketing@licindia.com" <ed_marketing@licindia.com>, co_fp <co_fp@licindia.com>

महोदय/महोदया,

Sir/Madam,

कृपया सलग्रक को डाउनलोड करने की कृपा करें ।

Please download the attachment.

धन्यवाद सहित सादर-Thanks and regards

विवेक सिंह -Vivek Singh

Secretary General-NFIFWI(LIC Development Officer Organisation)

Ex Member-Insurance Advisory Committee-IRDAI

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NATIONAL FEDERATION OF INSURANCE FIELD WORKERS OF INDIA

REGISTERED UNDER TRADE UNION ACT, 1926 (Reg. No. ALC/KARYASAN-17/11295)

New India Building Annex, S.V. Road, Santacruz (W), Mumbai - 400054.

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Secretary General

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NFIFWI/377/2023-25

Date- 04-03-2024

To,

The Chairman,

Insurance Regulatory and Development Authority of India,

Sy No. 115/1, Financial District, Nanakramguda, Gachibowli,

Hyderabad – 500032

Sub: Our response to the proposed Draft of IRDAI (Protection of Policyholders' Interests and Allied Matters of Insurers) regulations 2024

Revised period for cooling off facility.

Respected Sir,

IRDA in its draft regulations 2024 on Protection of Policyholders' Interests and Allied Matters of Insurers under chapter 5 and point no. 25(2) proposed to allow free look period of 30 days from the date of receipt of the policy document. We as the experienced marketers of LIC confidently believe that more time given to think over the policy taken, more possibility to doubt on the benefits and other terms and conditions under the policy. This is nothing but common consumer psychology. As a result chances of cooling off policies increase which is completely against the aim of rapid spreading of insurance as envisaged by IRDAI.

Moreover, in any competitive market the competitors always try to bring the customer to their fold. More time given to cool off means more time given to the competitors to confuse a policy holder regarding his choice. This practice in some cases has been observed in some of the intermediaries also in LIC. The result is cooling off of policies within cool off (free look) period under some sort of misguidance. In genuine cases 15 days time is more than enough for a policy holder to critically check the benefits and terms and conditions under the policy he/she already purchased.

Due to the aforesaid reasons we do not find any rationale behind the enhancement of the free look period from present system of 15 days to 30 days.

With thanks and best of Regards,

Sincerely yours

(Vivek Singh)

Secretary General NFIFWI

Ex-member, IRDA Insurance Advisory Committee (2014 to 2017)

Exposure Draft of

Insurance Regulatory and Development Authority of India (Protection of Policyholders' Interests and Allied Matters of Insurers) Regulations, 2024

1. As part of the comprehensive review of Regulations being undertaken by the IRDAI, to enhance the ease of doing business and also reduce compliance burden for stakeholders while also ensuring that interests of policyholders continues to be protected, Insurance Councils were asked to submit their recommendations. Councils constituted the Regulations Review Committee (RRC) which recommended unified Regulation on Protection of Policyholders' Interests and Allied matters of Insurers to protect the interest of policyholders and allied matters such as manner of receipt of the premium, nomination and assignment of the policies, Insurance Advertisements and Disclosure, opening of places of business etc. Following further deliberation draft Insurance Regulatory and Development Authority of India (Protection of Policyholders' Interests and Allied Matters of Insurers) Regulations, 2024 is proposed to be issued which consolidates the provisions of the following regulations:
 - (i) The Insurance Regulatory and Development Authority (Manner of Receipt of Premium) Regulations, 2002;
 - (ii) The Insurance Regulatory and Development Authority of India (Places of Business) Regulations, 2015;
 - (iii) The Insurance Regulatory and Development Authority of India (Fee for registering cancellation or change of nomination) Regulations 2015;
 - (iv) The Insurance Regulatory and Development Authority of India (Fee for granting written acknowledgement of receipt of Notice of Assignment or Transfer) Regulations, 2015;
 - (v) The Insurance Regulatory and Development Authority of India (Issuance of e-Insurance Policies) Regulations, 2016;
 - (vi) Insurance Regulatory and Development Authority of India (Outsourcing of Activities by Indian Insurers) Regulations, 2017;
 - (vii) The Insurance Regulatory and Development Authority of India (Protection of Policyholders' Interests) Regulations, 2017;
 - (viii) The Insurance Regulatory and Development Authority of India (Insurance Advertisements and Disclosure) Regulations, 2021.

2. The draft on IRDAI (**Protection of Policyholders' Interests and Allied Matters of Insurers Regulations, 2024**) is annexed herewith. The following are some of the major changes proposed in the draft:

- (i) It is broadly divided into the following two parts:
 - a) **Part A** covers provisions relating to protection of the interest of the policyholders;
 - b) **Part B** covers provisions relating to Operation and allied matters of the insurers.
- (ii) Protection of interest of policyholders:
 - a. Free Look Period: The free look period for the policies, obtained through any mode, shall be 30 days from the date of receipt of the policy document.
 - b. In order to enable electronic transfer of refund and for payments the claims, insurer to collect the details of bank accounts of insured at the proposal stage;
 - c. No policy in case of life insurance shall be issued unless nomination is obtained.
 - d. Nomination provisions relating to general, wherever applicable and health insurance policies introduced.
 - e. Insurance policies meeting the defined criteria to be issued in Electronic form.
- (iii) Advertisement: The requirement of filing of advertisement with the Authority has been dispensed with;
- (iv) Opening of place of business:
 - a. no prior approval requirement for insurers meeting the specified criteria;
 - b. An insurer having specified solvency ratio, profitability in 3 years out of 5 years and having satisfactory track record can now open foreign branch including office at IFSCA.
 - c. The returns specified for foreign branch office are dispensed with.
- (v) Outsourcing
 - a. Reporting Requirement: the existing requirement of reporting of outsourcing is dispensed with. Insurers are required to make necessary disclosures in this regard in its annual report.

All the stakeholders are requested to forward their comments / suggestions, if any, on the proposed regulations in the attached format (Annexure- A) on or before 5:00 PM on 4th March, 2024 to Ms. Spandana V, Manager at spandana.v@irdai.gov.in with a copy to Shri K Sridhar, DGM at sridhar@irdai.gov.in

R K Sharma
CGM-PPGR