

INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY

EXPOSURE DRAFT

DRAFT REGULATIONS FOR STANDARD PROPOSAL FORM FOR LIFE INSURANCE

I. Purpose

The purpose of these regulations is to provide for a standard proposal form for individual policies in Life Insurance that has an inbuilt flexibility for seeking additional /specialized information that is product specific or specific to a particular risk category. The regulations provide for a standard format that consists of four parts, namely (A) Details of the prospect (B). Specialised/Additional information. (C). Needs of the prospect. (D). Recommendation, apart from the required declarations. Sections A, C and D are standard and compulsory and Section B may be modified as required. A separate form is to be collected for each individual life proposed.

II. Objective:

II.1. The Objective of the Regulations is to introduce a standard proposal form that not only brings in uniformity in information sought but also ensures that it takes into consideration all relevant questions that are required to understand the need for a particular product and make a recommendation to the prospect that is based on 'suitability' in a simple and straightforward manner bringing in transparency and thereby protecting his/her interests.

II.2. Authority:

These regulations are issued in terms of the powers vested upon the Authority under Section 14 (b) of the Insurance Regulatory and Development Authority Act, 1999. They are complementary to the provisions relating to the proposal form provided for under the law , rules and regulations, in particular Sections 45 and 51 of the Insurance Act, 1938 and Regulations 7 (d) and 4 of the IRDA Regulations for Protection of Policyholders' Interests, 2002 and Rule 12 of the Insurance Rules, 1939.

III. Applicability and Scope

The regulations apply to all individual policies issued by life insurance companies , irrespective of the segment and type of product.

IV. Definitions:

IV.1. **Recommendation:** ‘Recommendation’ means advice provided by an agent or broker or an insurer where no agent or broker is involved, to an individual consumer that results in a purchase of a life insurance policy in accordance with that advice.

IV.2. **Suitability:** ‘Suitability’ is a determination that, based upon a particular prospect’s risk profile, financial situation, investment objectives and investment experience, a product is appropriate for that prospect. This is based on the data collected under the Needs Analysis section of the standard proposal form.

IV.3. **Standard Proposal form:** Proposal form format as provided under Annexure A of these Regulations.

V. Obligations of Insurers, Agents and Brokers to determine suitability:

V.1. An Insurer or Agent or Broker shall make reasonable efforts to obtain a consumer’s suitability information prior to making a recommendation. Suitability information means information that is reasonably appropriate to determine the suitability of a recommendation as provided for in the standard proposal form.

V.2. Based on the suitability of information gathered from the prospect, the Insurer or Agent or Broker must have reasonable grounds to believe that the product being recommended to the prospect is suitable for him/her.

V.3. In recommending the purchase of a life insurance product, the Insurer or Agent or Broker shall ensure the following:

(a). The prospect has been informed of the various products available and the details of the various features of the particular product being recommended. This would include and not be limited to the benefits, the various charges such as surrender charge, administration and all other charges as applicable, market risks etc—in other words all relevant features of the product necessary for the prospect to make the right decision.

(b). The insurer or agent or broker believes that a particular product would suit the needs of the prospect and that the prospect would benefit from purchasing such a product.

V.4. **It shall be mandatory for all life insurance companies to adopt the standard Proposal form .**

VI. Insurers to establish supervisory procedures:

VI.1. An insurer shall establish a supervision system that is reasonably designed to achieve compliance with these guidelines including but not limited to the following:

(a). The insurer shall maintain reasonable procedures to inform insurance agents and brokers of the requirements of these guidelines and of the standard proposal form needs to be collected for the purpose of needs analysis and making a recommendation.

(b). The insurance agents and brokers shall be adequately trained to determine suitability.

(c). The insurer shall maintain procedures for review of each recommendation prior to issuance of a product that is designed to ensure that there is a reasonable basis to determine that a recommendation is suitable. Such review procedures shall include a screening system for the purpose of identifying selected sale transactions for a detailed review. Such review may be accomplished electronically or through other means including but not limited to physical review.

(d). The insurer shall maintain reasonable procedures to detect recommendations that are not suitable. This may include, but is not limited to, confirmation of suitability information, systematic consumer surveys, verification calls or interviews, confirmation letters and programs of internal monitoring. An insurer may apply sampling procedures for confirming suitability information after issuance or delivery of the product.

VII. Record keeping:

VII.1. Insurers, agents and brokers shall maintain and make available to the Authority records of information collected from the prospect and other information used in making the recommendations that were the basis for insurance transactions for five years after the insurance transaction is completed by the insurer.

VII.2. The records may be maintained in physical or electronic form or any process that accurately reproduces the actual document and can stand legal scrutiny.

VIII. Training

Agents shall be adequately trained on seeking information for needs analysis. Brokers shall also be given the necessary inputs for sale of the products of a particular insurer. Further, insurer shall ensure that agents, brokers and direct sales personnel are given thorough training regarding the various specific products of the insurance company.

IX. Effective Date/Compliance Date

These guidelines shall take effect from **1st September, 2012.**

ANNEXURE A**PROPOSAL FORM**

Name of Insurer :
Agency / Broker Name and contact details :
Licence No. & Validity Details :

Affix latest
passport size
photograph
here

A. DETAILS OF PROSPECT

1. Basic Information	
Name	
Spouse's Name	
Father's Name	
Mother's Name	
Gender	
Date of birth	
Age Proof	
Identification marks	
Address for Communication	
Permanent Address	
Address Proof	
Telephone (Landline/Mobile)	
E-mail id	
Marital status	
Nationality	
Education Qualifications	
State of health	Excellent/Very good/Good/Moderate/Poor
Smoker	Yes/No
Do you consume alcohol regularly?	Yes/No
Why do you want to take this policy?	

2. PAN Number/ Aadhaar Number:

PAN Number	
Aadhaar Number	

3. Family details					
Number of dependants					
Details of dependants	1	2	3	4	5
Name					
Male/Female					
Relationship					
Age					
Date of Birth					
State of health (Excellent/Very good/Good/Moderate/Poor)					
Occupation					
Whether financially dependent					
Any scope for expansion of family	Yes/No				

4. Employment details	
Occupation	
Nature of Work	
Length of service	
Annual income	
Details of Income proof submitted	
Whether covered under pension scheme	
Normal retirement age	

5. Pension details	
Employer's Scheme/Insurance	
Personal contribution/Premium	
Retirement age	

Anticipated value	
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6. How do you project your work span ?						
Number of Years	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
Working span						

7. Income/Expenditure --Current and projected							
YEAR	Last Year	Current Year	5-10 Years	10-15 Years	15-20 Years	20-25 Years	25-30 Years
Income							
Expenditure							

8. Financial details	
Value of savings and assets	
Details of liabilities	
Expected inheritance	

	Name of Member (whether proposer or covered person	Details of premium being paid	Name of Member (whether proposer or covered person	Details of premium being paid
Life				
Health				
Savings and Investment				
Pension				
Other (to specify)				

B. SPECIALISED/ADDITIONAL INFORMATION

1. Physical/Medical Information (Questionnaire)—for each covered person	
Height	:
Weight	:
Do you have any physical deformity/handicap/congenital defect/abnormality?	YES/NO

Are you currently undergoing/have undergone any tests, investigations, awaiting results of any tests, investigations or have you ever been advised to undergo any tests, investigations or surgery or been hospitalized for general checkup, observations, treatment or surgery?	YES/NO
Have you ever been treated or hospitalized for Cancer, Tumor, Cysts or any other growth?	YES/NO
Have you ever been referred to an Oncologist or Cancer hospital for any investigation or treatment?	YES/NO
Did you have any ailment/injury/accident requiring treatment/medication for more than a week?	YES/NO
Have you ever been absent from work for more than a week in last 2 years due to any illness?	YES/NO
Were you or your spouse ever tested for Hepatitis B or C, HIV/AIDS or any other sexually transmitted disease?	YES/NO
Have you ever suffered Chest pain, Palpitation, Rheumatic fever, Heart Murmur, Heart attack, shortness of Breath or any other Heart related disorder?	YES/NO
Have you ever suffered symptoms/ailment relating to Kidney, Prostate, Hydrocele, And Urinary System?	YES/NO
Have you ever suffered Gastritis, Stomach or Duodenal Ulcer, Hernia, Jaundice, Fistula Piles or any other disease or disorders of the Gastrointestinal System?	YES/NO
Have you ever suffered Thyroid disorder or any other disease or disorder of the Endocrine system?	YES/NO
Have you undergone/have been recommended to undergo Angioplasty, Bypass Surgery, Brain Surgery, Heart Valve Surgery, Aorta Surgery or Organ Transplant?	YES/NO
Have you ever suffered Diabetes/ High Blood Sugar?	YES/NO
Have you ever suffered High/Low Blood Pressure?	YES/NO
Have you ever suffered Disorders of Eye, Ear, Nose, Throat including defective sight, speech or hearing & discharge from ears?	YES/NO
Have you ever suffered ailments relating to Liver or reproductive System?	YES/NO
Have you ever suffered Symptoms/ailments relating to Brian, Depression? Mental/Psychiatric ailment, Multiple Sclerosis, Nervous System, Stroke, Paralysis, Parkinsonism or Epilepsy?	YES/NO
Have you ever suffered Asthma, Bronchitis, Blood spitting, Tuberculosis or other Respiratory disorders?	YES/NO
Have you ever suffered Anaemia, Blood or Blood related disorders?	YES/NO
Have you ever suffered Musculoskeletal disorders such as Arthritis, Recurrent Back Pain, Slipped disc or any other disorder of Spine, Joints, Limbs or Leprosy?	YES/NO
Have you ever suffered any other illness or impairment not mentioned above?	YES/NO

2. Details of Female Prospects /covered person	
Are you Currently Pregnant?	YES/NO
If yes, current months of pregnancy	
State age of first pregnancy	
Have you ever had any abortion, miscarriage or ectopic pregnancy?	YES/NO
Have you undergone any gynecological investigations, internal checkups, breast checks such as mammogram or biopsy?	YES/NO

Have you ever consulted a doctor because of an irregularity at the breast, vagina, uterus, ovary, fallopian tubes, menstruation, birth delivery, complications during pregnancy or child delivery or a sexually transmitted disease?	YES/NO
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Sections 41 and 45 to be reproduced

Declaration of Proposer regarding correctness of the information provided.

Signature of Proposer

C. NEEDS OF PROSPECT

1. Affordable contribution—Current and projected							
YEAR	Last Year	Current Year	5-10 Years	10-15 Years	15-20 Years	20-25 Years	25-30 Years
Yearly							
Monthly							

2. Identified insurance needs	
Life Insurance (Death/Maturity)	
<i>Desirable Sum Assured</i>	
Health Insurance	
<i>Desirable limit of coverage per annum</i>	
Savings and Investment Planning	
<i>Desirable returns per annum</i>	
Pension planning	
<i>Desirable pension per annum</i>	

3. Insurance Plan Details (Traditional/ULIP/Pension/Health)	
Plan Name	
Premium Type	
Payment Mode	

Payment Method	
Premium Term	
Coverage Term	
Sum Assured	
Benefits/Riders/Fund Allocation	

4. Identified Life needs	Projections per annum							
	ITEM/YEAR	Last Year	Current Year	5-10 Years	10-15 Years	15-20 Years	20-25 Years	25-30 Years
Food, shelter, clothing and other living expenses such as transportation expenses, utilities etc								
Education expenses								
Health expenses								
Marriage expenses								
Vacations and other travel expenses								
Other commitments such as insurance premium, various contributions etc								
TOTAL								

D. RECOMMENDATION

1. Recommendation:	
1. Life stage	Childhood/Young unmarried/Young married/ Young married with children/married with older children/post-family or pre-retirement/retirement
2. Protection needs	Life & Health/Savings and Investment/Pension
3. Appetite for risk	Low/Medium/High
4. Policy recommended, including name of insurer	

5. Details of commitment for the current and future years	
6. Whether all risk elements and details of charges to be incurred and all other obligations have been explained	
7. Why you think this policy is most suited for the prospect	

Note: Mention 'in Rs' etc wherever applicable

Agent/Broker's Certification:

I /We hereby certify that I/we believe that the product/s recommended me/us above is suitable for the prospect, based on the information submitted by him/her, as recorded above.

Dated: _____

(Signature of Agent/Broker)

Prospect's Acknowledgement:

The above recommendation is based on the information provided by me. I have been explained about the features of the product and believe it would be suitable for me based on my insurance needs and financial objectives.

Dated: _____

(Signature of Prospect)