Bajaj General Insurance Limited

Product Management Policy

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1. Background and Objectives

In a fast-moving landscape with new risks emerging, insurers need to develop and innovate insurance products to meet the evolving customer requirements. To facilitate the above and with a view to increase overall insurance penetration the Insurance Regulatory and Development Authority of India (IRDAI) issued the **IRDAI (Insurance Products) Regulations, 2024 and Master Circular of Health and General Insurance** ("Regulations").

These Regulations empower the insurer to develop innovative, need-based, cost-effective and value for money products to protect the interests of policyholders and in this regard the said regulations have placed enhanced responsibilities on the **Product Management Committee (PMC) of Bajaj General Insurance Limited (the Company)** constituted by Board of the Company as per the Regulations to ensure proper due diligence is conducted while developing, designing, delivering the products in adherence to the Regulations.

2. Definitions

Classification of Products: The Company offers wide range of General and Health Insurance products to its customers and are classified as below:

i. **General Insurance Products:** General Insurance Business means fire, marine, motor, engineering, casualty or miscellaneous insurance business, whether carried on singly or in combination with one or more of them[1]. These are broadly classified based on "who buys the product". i.e Retail Product and Commercial Product.

   a) "Retail product" is an insurance product designed for individuals or households as also for micro or small businesses. Retail customers include individuals, farmers, MSME and other retail segments. A retail product which is identified shall contain base coverage defining the necessary minimum coverage in each Line of Business. It is however clarified that for a product to be classified as Retail in respect of a MSME policyholder, necessary documents / supporting information would need to be provide by the said policyholder confirming that they fall under the criteria of an MSME as defined under the Micro, Small and Medium Enterprises Development Act, 2006**.**

   b) "Commercial product" is a general insurance product that is designed for other than individuals or households. Commercial products are those that are sold to entities/persons and will include firms, companies, trusts etc. (other than individuals, farmers and other retail segments). Any Commercial Product that is also to be deployed in the Retail segment shall necessarily be set up also as a Retail Product.

ii. **Health Insurance Products**: provide insurance coverage for sickness benefits or medical, surgical or hospital expense benefits, whether in-patient or out-patient travel cover and personal accident cover[1]. Health insurance products are classified either into indemnity or benefit-based products and can be offered to Individual or families or group.

   a. Indemnity based health insurance compensates to the extent of actual medical expenses incurred upon hospitalization of the insured and

   b. Benefit based health insurance pays a fixed amount / benefits on the occurrence of an insured event.

iii. **'Group'** consists of persons who join with a commonality of purpose or engaging in a common economic activity and includes the following:

   a. **Employer – Employee group** is a group where an employer-employee relationship exists

[1] Insurance Act, 1938: Definitions

between the master policyholder and the member in accordance with the applicable laws.

b. **Non-Employer–Employee** group is a group other than employer– employee where a clear relationship between the member and the group policyholder exists for services/activities other than insurance.

3. Product Management Committee

I. Constitution

The Committee shall comprise of the following members:

1. Appointed Actuary (AA)
2. Chief Underwriting/Technical Officer
3. Chief Marketing / Distribution Officer
4. Chief Investment Officer
5. Chief Technology Officer
6. Chief Compliance Officer
7. Chief Risk Officer
8. Head Products
9. Head - Customer Service or Grievance Redressal Officer

In addition to the above, the heads of Health SBU, Reinsurance and Finance departments will be permanent invitees of the PMC.

Other senior management representatives may be invited to attend any meeting of the PMC on case-to-case basis.

The Chief Technical Officer will be Chairperson of the Committee.

Quorum: The quorum for the PMC shall be three members in addition to the Appointed Actuary for every meeting.

Frequency of Meeting: The PMC shall meet as and when necessary, with respect to the business of the Company.

Due Diligence: 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.

The MD & CEO of the Company insurer shall be responsible for ensuring that a robust due diligence process is in place to mitigate risks arising from the products and will countersign the relevant certifications and minutes of committee meeting shall be reviewed by CEO.

Summary of PMC minutes will be placed before the Board on Quarterly basis by Chairperson.

II. Roles & Responsibilities of PMC

The PMC shall be responsible for implementation of the Board approved policies covering all areas of product design, underwriting, advertisements, and overall management of the insurance products.

a. Product Design, Filing and Management: PMC shall ensure:

- Adherence to principles of design and pricing of insurance products as mentioned in Annexure I.
- Appropriateness of the product design for the target market.
- Regulatory compliance and recommending products for filing under File and use procedure, as applicable.
- Products falling under Use and file category are approved.

- Periodical review of product performance, market conduct issues including grievances and taking up corrective actions, as may be necessary.
- Overall management of the insurance products.
- Filing and approval (new or modification) or withdrawal of the product as mentioned in Annexure II.
- Maintenance of documentation of the decisions taken for each product for inspections of the Competent Authority.
- Any other matter which the PMC may want to discuss and /or review.

b. System and Control: The PMC shall ensure that the approval for new product launch or revision to a product is recommended, post ensuring the following are in place:

- Suitable infrastructure,
- System requirements and
- Standard Operating Procedures from policy issuance to claim settlement, including determination of reserves & solvency margin and for seamless operations of the insurer including policyholders servicing on a day-to-day basis.

c. Annual Performance Review: PMC shall put in place a program for annual performance review of every product and line of business, which shall be approved by Board. Review report shall be placed before the Audit Committee and the Risk Management Committee (RMC) of the Company for their observations. A consolidated summary of observations of the Audit Committee and the RMC shall be placed with the Board for noting. The Action Taken Report on the observations will be placed before the RMC and subsequently for the Board noting.

d. Other Responsibilities of the PMC Members

- **Advertisement Committee**: As per Chapter 2 (C)(II) of the Master Circulars on Health and General Insurance Products an Advertisement Committee shall include one member of PMC as a permanent invitee to ensure that advertisements are accordance with the products approved by PMC.

- **Claims Review Committee (CRC):** PMC shall constitute a three member sub-group to review the health repudiated claims. The sub-group called as “Claims Review Committee” and shall independently take final decision on repudiation of every health claim. The PMC may decide on the overall framework of the Claims repudiation/ review and/or any other matter incidental to the roles and responsibilities of the CRC.

e. Display on Website: A list of products that are being offered for sale and those that are withdrawn shall be published on Company’s website along with the benefits, features, applicable terms and conditions, premium, prospectus, its Unique Identification Number, benefit illustration, as applicable, and shall update regularly.

The Company shall, in respect of all Retail Products and Add-ons upload the following on the website within the timeline mentioned in prevailing Product Regulation.

- Product wordings,
- Related documentation,
- Sales literature,
- Any premium rate chart (at the option of the Company).

4. Periodic Review of The Policy

The Product Management Committee shall review the Policy on an annual basis. The Product Management Committee will also recommend any changes to the Policy, pursuant to this review or otherwise, to the Board for its approval.

5. Provisions and Applicability of The Policy

The Product Management Committee shall be empowered to make such rules and regulations for the compliance and implementation of this Policy.

Any revision necessitated on account of changes in regulatory framework shall be incorporated in the Policy from the effective date thereof, as may be approved by the MD & CEO based on recommendation of the Head of Products. The revised policy shall be presented to the Board of Directors on annual basis for noting of such changes.

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Approved by the Board of Directors on 17 July 2024

Annexure I: Principles of Design and Pricing of Insurance Products[2]

As part of product design and development cycle, the following shall be ensured:

a) Evolving risk coverage needs of the customer are considered while developing new products and revising existing products,
b) Product covers an insurable risk with an underlying risk transfer,
c) The products offered are simple to understand and not complex,
d) There is transparency and clarity in wordings, terms, coverage, exclusions and conditions,
e) Policyholder's interests are protected,
f) The basic principles of insurance like insurable interest, indemnity, utmost good faith, proximate cause, contribution clause, salvage and subrogation etc. are adhered to,
g) All the risks relevant to the products are appropriately considered in the pricing,
h) The premium rates are fair and not excessive, inadequate, unfairly discriminatory and provide value for money,
i) All relevant factors such as risk appetite, capital availability, claim experience, reinsurance costs, guarantees, options are considered,
j) Products are viable and self-sustainable,
k) Market conduct practices are appropriate and fair,
l) Appropriate systems, procedures relevant to the product, such as underwriting, pricing, reinsurance, claims management are in place.
m) Any revision either of the premium rates or the corresponding benefits or both with respect to the existing products shall be based on credible underlying experience of relevant risk parameters. The revision shall also consider the analysis of policyholders' grievances and market feedback, if any,
n) Products shall also follow provisions laid down in applicable regulations and guidelines.

[2] IRDAI (Insurance Products) Regulations, 2024

Annexure II: Product Filing, Approval & Withdrawal

Product Filing and Approval

Any new/existing Product or Rider or Add-on or Modification shall be approved by the Product Management Committee (PMC).

The PMC shall ensure that the entire documentation required to be maintained under filing procedure is complete, correct, and in compliance with the extant applicable legal and Regulatory framework.

Product Withdrawal

PMC shall decide on withdrawal of any insurance product /add-on/rider.

The reason for withdrawal shall be clearly documented and filed with the PMC.

A withdrawn Insurance product/add-on/rider shall not be offered to new prospects/ customers after the date of the withdrawal.