

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:5058
ANSWERED ON:26.04.2013
CLEARANCE TO INSURANCE PRODUCTS
Maadam Shri Vikrambhai Arjanbhai

Will the Minister of FINANCE be pleased to state:

- (a) whether the clearance to Insurance Products takes a lot of time in the country;
- (b) if so, the details thereof and the reaction of the Government thereto;
- (c) the steps taken/proposed to be taken by the Government to ensure expeditious clearance of Insurance products?

Answer

Minister of State in the Ministry of Finance (Shri Namo Narain Meena)

(a) and (b) : Yes, sir. Policyholders' protection is the prime concern of the Insurance Regulatory and Development Authority (IRDA) and it does exercise a thorough diligence while approving products accordingly. IRDA has informed that the scrutiny process involves detailed examination of whether :

product is suitable to the targeted customers and meets their genuine needs

the reasonableness of cover provided and affordability in terms of premium charged

Financial viability of the product

Compliance with various regulations /circulars/guidelines etc., issued by the Authority

the interests of all the stakeholders is protected and

the reinsurance arrangements, pricing assumptions, target segments, investment philosophy, charges (in case of unit linked products) etc., are appropriate.

A considerable time is spent in cross correspondence and discussions with the applicant company thereby constraining the pace of product clearances.

(c) : In order to address product design issues, the Authority had already initiated exposure drafts on various issues with respect to (i) Non-linked products (ii) Linked products & (iii) Health insurance products offered by both life and non-life insurers and has notified IRDA (Linked Insurance products) regulations 2013, IRDA(Non-Linked Insurance products) regulations, 2013 and IRDA (Health Insurance) regulations 2013. These regulations have been evolved to address divergent practices adopted by the insurers in the past thereby ensuring consistency in the products which may also result in speedy approval of products.