

Exposure Draft

Ref. No: IRDAI/InsurTech/Bimasugam_Regulation/2023-24

13.02.2024

IRDAI (Bima Sugam - Insurance Electronic Marketplace) Regulations, 2024

A Digital Public Infrastructure called “Bima Sugam - Insurance Electronic Marketplace” is proposed to be established to empower and protect the interest of policyholders, to increase penetration of insurance in India and to enhance availability, accessibility and affordability.

Bima Sugam shall be a one stop solution for all Insurance stakeholder’s vis-a-vis customers, insurers, intermediaries or insurance intermediaries and insurance agents to promote transparency, efficiency, collaboration across the entire insurance value chain, technological innovation in insurance sector, universalize and democratize insurance and to achieve the vision of “Insurance for all by 2047”.

Regulatory framework for establishment, governance, functioning of the Bima Sugam - Insurance Electronic Marketplace with following is proposed to be laid down:-

- a) Not for profit company shall be formed as per Sec 8 of Companies Act, 2013.
- b) The company shall establish, facilitate, develop, operate and maintain the Marketplace for providing various services to the insurance stakeholders.
- c) Shareholding of the company widely held amongst life, general and health insurers and no single entity having controlling stake. Shareholders shall contribute to capital as and when required.
- d) IRDAI would nominate two members on the Board of Company.
- e) Board to constitute a Risk Management Committee to mitigate various risks.
- f) Prior approval of Authority for appointment of Chairperson & CEO of the Company.
- g) Consent based architecture for the services.
- h) Consumers shall not be charged for availing services of Bima Sugam.

The draft Insurance Regulatory and Development Authority of India (Bima Sugam - Insurance Electronic Marketplace) Regulations, 2024 is prepared and annexed herewith (Annexure-A).

All the stakeholders are requested to forward their comments / suggestions, if any, on the proposed regulations in the attached format (Annexure- B) on or before 5:00 PM on 4th March, 2024 to sageena@irdai.gov.in with a copy to keshav@irdai.gov.in.

DRAFT

INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY OF INDIA NOTIFICATION

Hyderabad, the 2024

Insurance Regulatory and Development Authority of India (Bima Sugam - Insurance Electronic Marketplace) Regulations, 2024

F. No. IRDAI/Reg///2023.-In exercise of the powers conferred by 114A (zd) of Insurance Act, 1938 read with clause (e) of section 2, Section 14 and clause (e) of sub section 2 of Section 26 of the Insurance Regulatory and Development Authority Act, 1999 (41 of 1999), the Authority, in consultation with the Insurance Advisory Committee, hereby issues the following Regulations.

CHAPTER I **PRELIMINARY**

1. Objectives:

- a) IRDAI with the objectives to empower and protect the interest of policyholders, to increase penetration of insurance in India and to enhance accessibility, issues the IRDAI (Bima Sugam - Insurance Electronic Marketplace) Regulations 2024 for allowing establishment of a Digital Public Infrastructure called Bima Sugam - Insurance Electronic Marketplace. This shall be a one stop solution for all Insurance stakeholder's vis-a-vis customers, insurers, intermediaries or insurance intermediaries and insurance agents to promote transparency, efficiency, collaboration across the entire insurance value chain, technological innovation in insurance sector, universalize and democratize insurance and to achieve the vision of "*Insurance for all by 2047*". These regulations specify, regulatory framework for establishment, governance, functioning of the Bima Sugam - Insurance Electronic Marketplace and for matters connected therewith and incidental thereto.
- b) Broad principles have been laid down in these regulations to enable the functioning of the Bima Sugam - Insurance Electronic Marketplace. The Competent Authority may issue guidelines and circulars as the case may be under these regulations considering the need for effective functioning of the Marketplace.

2. Short title and commencement:

- a) These Regulations may be called the Insurance Regulatory and Development Authority of India (Bima Sugam - Insurance Electronic Marketplace) Regulations, 2024.

- b) These Regulations shall come into force on the date of their publication in the official gazette.

3. Definitions:

1. In these Regulations, unless the context otherwise requires:
 - a) “Act” means the Insurance Act, 1938 (4 of 1938);
 - b) “Authority” means the Insurance Regulatory and Development Authority of India established under sub-section (1) of Section 3 of Insurance Regulatory and Development Authority of India Act, 1999;
 - c) “Consumer” for the purpose of these regulations shall mean prospect, policyholder, insured, nominee, beneficiary, claimant; by whatever name called related to an insurance policy
 - d) “Bima Sugam - Insurance Electronic Marketplace” (hereinafter referred to as “the Marketplace”) is a robust Digital Public Infrastructure or protocol with open standards and interoperable platforms, enabling seamless integration with various services to facilitate inter alia purchase, sale, settlement of insurance claims, grievance redressal and servicing of insurance policies and other related matters as allowed by the Authority;
 - e) “Data Provider” means any entity notified by the Central Government or State Government such as UIDAI, DigiLocker, Parivahan, CBDT, Government Databases or such other entity, which holds the data and makes it available to the entities and government authorities.
 - f) “Insurance Stakeholders” means consumers, insurers, intermediaries, insurance intermediaries, insurance agents and any other service providers as permitted by IRDAI.
2. Words and expressions used and not defined in these Regulations but defined in the Insurance Act, 1938 (4 of 1938) or the Insurance Regulatory and Development Authority Act, 1999 (41 of 1999) or the Rules or the Regulations notified there under. shall have the meanings respectively assigned to them in those Acts or the Rules or the Regulations as the case may be.

CHAPTER II

ESTABLISHMENT OF BIMA SUGAM - INSURANCE ELECTRONIC MARKETPLACE

4. Establishment and Shareholding of the Marketplace:

- a) Bima Sugam - Insurance Electronic Marketplace shall be a not for profit entity established through a Company formed under section 8 of the Companies Act, 2013.
- b) The main objective of the Company shall be to establish, facilitate, develop, operate and maintain the Marketplace for providing various services to the insurance stakeholders.

- c) The shareholding of the Company shall be widely held amongst Life insurers, General Insurers and health insurers with no single entity having controlling stake.
- d) The shareholders, as and when required, shall contribute to the capital requirement of the Company.

5. Governance:

- 1. The Company shall –
 - a) have well documented policies, procedures and governance arrangements, for its functioning which shall include operational, risk management and internal controls; and
 - b) have two nominees from Insurance Regulatory and Development Authority of India on its Board;
- 2. In addition to the regular functions, the Board shall ensure –
 - i) that the Marketplace functions within the objectives of these regulations;
 - ii) its decisions reflect genuine and legitimate interests of insurance stakeholders;
 - iii) systems designed shall have high degree of security, operational reliability, adequate and scalable capacity; and
 - iv) put in place appropriate business continuity plan considering external and internal disruptions.
- 3. A Risk Management Committee of the Board shall be constituted to ensure that there are operational and risk management policies, procedures, and systems that enable Company to identify, measure, monitor, manage and mitigate various risks and these shall be reviewed periodically.

6. Appointment of Chairperson and Key Managerial Persons (KMPs)

- a) The Company shall seek prior approval of Authority for appointment, re-appointment, termination and change in the terms and conditions of the appointment of Chairperson and Chief Executive Officer.
- b) The Company shall appoint Key Managerial Persons with appropriate experience, a mix of skills, and the integrity necessary to discharge their responsibilities for the operation and risk management of the Marketplace and clearly specify the roles and responsibilities of the management.

CHAPTER III
FUNCTIONS, DUTIES, AND RESPONSIBILITIES

7. Functions:

The functions of the Marketplace shall include the following:-

- a) Efficient and effective end-to-end digital solution in meeting the requirements of the insurance stakeholders and the market it serves.

- b) Implement consent based architecture to its services.
- c) Allow fair and open role-based access of its services.
- d) Operative and accessible at all times.
- e) Access to data providers with appropriate consent mechanism.
- f) Not store, hold or maintain any data.
- g) Delivery of its obligations
- h) Any other function as may be specified by the Authority.

8. Duties and Responsibilities:

Insurers may facilitate availability of their insurance products for sale and provide all services related to an insurance policy including settlement of insurance claims, grievance redressal in the Marketplace on an ongoing basis.

CHAPTER IV
SECURITY AND PRIVACY

9. Security, Privacy and Participation:

The design of the Marketplace shall include the following:-

- a) Appropriate security mechanism, up-to-date latest technology and privacy standards which will ensure open and fair access, confidentiality by adapting best practices to address current and future security requirements.
- b) Participation to the Marketplace shall be subject to complying with the requirements and security protocols.

CHAPTER V
SELF SUSTAINABLE

10. Revenue

- a) The Board of the Company shall have a policy on revenue model which is self-sustainable.
- b) Consumers shall not be charged for availing the services of the Marketplace.

CHAPTER VI
MISCELLANEOUS

11. Power of the Authority to call for information, carry out inspection and enquiry

The Authority may undertake inspection of the books of accounts, records, documents and infrastructure, systems and procedures, of the Company. The Company shall provide all necessary documents and information and access as required whenever such inspections are carried out.

12. Penalty for certain violations/breaches

Authority may initiate appropriate actions for violation of the provisions of these regulations and relevant provisions of Insurance Act, 1938, IRDA Act, 1999 and Rules and Regulations made thereunder, any circular/guidelines/order issued by the Authority from time to time.

13. Powers to issue Circular, Guidelines and directions

The Competent Authority may issue from time to time circulars, guidelines and directions, if necessary, relating to the operational aspects of the regulations.

14. General

Power to remove difficulties and issue clarifications – In order to remove any doubts or the difficulties that may arise in the application or interpretation of any of the provisions of these regulations, the Competent Authority may issue appropriate clarifications or guidelines or circular or direction as deemed necessary.

Chairman

Format for suggestions on Draft IRDAI (Bima Sugam - Insurance Electronic Marketplace) Regulations, 2024

Changes suggested by				
Date:				
Note:	This will enable us to group all the suggestions and take a decision on the changes suggested.			
Page No.	Regulations / Schedule	Regulation and Sub-Regulation No. / Para No.	Suggested Change	Reasons for change