

FORM IRDA/R2
APPLICATION FOR REGISTRATION

[Please see regulation 10 of Insurance Regulatory and Development Authority (Registration of Indian Insurance Companies) Regulations, 2000]

(This form is supplied free of cost to the applicants by the Insurance Regulatory and Development Authority. Please fill in the application carefully. Should you require any clarifications, please write to the Authority specifically mentioning your query or call on us personally subject to prior appointment).

1. Geographic spread

Give the addresses of the administrative offices in each State and Union Territory in India, overseas, and also in Rural Areas with the name of person in charge of the office. [If the applicant has not decided, he might give the proposed number and locations of administrative offices in each State and Union Territory in India, overseas, and also in Rural Areas]

2. Market research and analysis

The company may have undertaken some form of market analysis to ascertain the market potential, consumer needs, target market, product potential, etc. (in particular health insurance segment). Full description of the research, along with the conclusions reached.

3. Products to be sold

Based on the market research and analyses undertaken, the partners would have decided upon the products to be marketed -- individual or group insurance. The description should include the following:

- Description of the product features.
- The target markets where the products will be sold.
- Specification of the names of the products in life/general insurance, linked/non-linked, health insurance.

4. Distribution

This section should describe how the products will be or are proposed to be distributed. This should cover the following:

- The channels of distribution to be used, with an indication on the relative degrees of importance placed on each of the channels.
- The distribution network that will be set up in the market place.
- Any limitations on the products to be sold by any of the channels.
- Remuneration to be paid to each channel of distribution.

5. Sales promotion

The approach to be used for advertisement and sales promotion, e.g. the media to be used, frequency, etc. Copies of sales material, literature advertising the product, if any, should be provided.

6. Underwriting

This section should describe the approach used for underwriting of proposals; the arrangements made for medical and other reports, etc.

Please also state the nature of support to be provided in underwriting and in training of underwriters by the foreign promoters.

7. Investments

Each company will have established its investment philosophy that will be appropriate for the products it intends to market. This should be described. Other information should include the investment personnel, investment adviser (if outsourced), location of the investment operations, investment brokers to be used, etc. Regulations regarding Investment, Valuation, Exposure - Prudential - Provisioning Norms - Life & Non-Life issued by the Authority may be taken into account.

8. Information Technology

Insurance industry is very much dependent on computer technology. Full description should be provided for the following:

- The different areas where computer systems will be employed.
- Whether the systems will be bought off the shelf (with some customization), developed locally or imported into India by the foreign promoter (with some customization).
- The degree to which the systems will be used for policyholder servicing.
- The degree of inter-connectivity of the systems.
- A description of how the I/T systems will be used to develop the required Management Information Systems.
- Extent of procedures and operations which will remain manual.

9. Customer service

Customer service could be provided either centrally through the head office or decentralized to the branch offices/operational units. The degree to which customer service is planned to be decentralized to the branch offices should be described. The service standards planned to be introduced for the various aspects of customer service should be described. Any plan to introduce "call-centres" or customized grievance settlement machinery may be indicated.

Mention the time schedule for various types of services offered by the company.

10. Retention limits and reinsurance

The nature of reinsurance arrangements should be described fully, giving the following details:

- The name(s) of reinsurer(s).
- The basis of reinsurance.
- Terms of reinsurance.
- The manner in which the retention limit(s) have been established should be discussed.

11. Recruitment and training

Different areas of the company require personnel with different skill sets.

These personnel will include agents, sales supervisors, branch managers, administrative staff for various departments, etc. Some of the departments will require special technical skills (e.g. underwriting, actuarial, accounting, sales, information technology, etc.). This section should set out the following information for each of the categories:

- Desirable skill sets.
- Sources for recruitment.
- Approach to be used for training--in house/outsource.

12. Internal controls

The company will need to establish a set of procedures and norms for various activities. The manner in which these will be monitored should be described. These activities will relate to underwriting and policy issue, customer service, investments, accounting, new product pricing, computation of reserves and required solvency margins, regulatory compliance, claim processing and settlement procedures, etc.

13. Expenses of administration

Life

In arriving at the premium rates, the appointed actuary will need to build the estimated expense levels into the premium calculations. The manner in which the expenses of administration have been estimated and converted into average factors should be described. These expenses will have to be distinguished between first year and renewal, fixed and variable. All overhead expenses will also have to be covered.

General

The proposed expenses as a per cent of premium at levels of operational offices and each level of supervisory offices and head office.

14. New product pricing

Life

The financial projections will incorporate the sale of planned products. A description of these products to the extent possible should be provided. This should include the following:

- The product features, such as coverage periods, premium levels, non-forfeiture values, loan provisions, etc.
- Distribution channels to be used.
- Commission scales.
- Average policy size.
- Reserving method used.
- The levels of the various parameters built into the computations. These will relate to mortality, policy terminations, expenses, interest and any other parameters that may be relevant for the product. The values of these parameters will have to be specified at two levels - at the expected level and at a level inclusive of the margins for adverse deviations. The justifications for both levels should be provided.
- Profitability criteria used in product pricing.

General

In respect of products not governed by market tariffs, please indicate how the products will be priced, the data base which will be used to determine premium bases and the terms and conditions, the statistical system which will be established to review adequacy of rates.

15. Information policy

Mention the company's policy regarding insurance awareness in the public.

16. Premium rates

Enclose the company's premium tables for the products along with rebates, if any, offered.

CERTIFICATION

I, the undersigned, solemnly declare that the facts given in this application form on behalf of the applicant company, are true and that the projections and estimations are based on reasonable assumptions.

Place :

Date :

Signature of the Authorised Person (with Seal)