ICICI Prudential Life Insurance Company Limited

Policy on Product Management & Pricing

1. Objective

The Policy on Product Management & Pricing (“the Policy”) has been formulated by ICICI Prudential Life Insurance Company Limited (“the Company”) pursuant to the provisions prescribed under the circular issued by Insurance Regulatory and Development Authority of India (IRDAI) on Use & File (U&F) procedure for life insurance products & riders (Cir No. IRDAI/ACTL/CIR/MISC/115/06/2022) (“Use & File Circular”) and such other circulars and guidance as may be issued by IRDAI from time to time.

The objective of the Policy is to lay down the framework and guidelines for design, pricing, approval and launch of new products and riders as well as modification of existing products and riders as specified under Chapter III and IV of the aforementioned Use & File Circular and any regulations, circulars and guidance as may be prescribed by IRDAI from time to time. For products/riders other than those covered under the Use & File Circular, the Policy lays down the framework and guidelines for design, pricing, filing and launch of new products and riders as well as modification of existing products and riders.

The Policy covers the roles and responsibilities of the Board, and Committees on Product Management and Pricing and various teams involved in the pricing, designing and drafting of the products. The Policy additionally provides for monitoring and control norms related to products launched/modified under Use & File approach. The Policy does not detail the Company’s processes for the day-to-day management of products and pricing.

Product(s) sold through International Financial Services Centre (“IFSC”) Insurance Office (“IIO”) will be governed as per the requirements prescribed under International Financial Services Centre Authority (IFSCA) (Insurance Products and Pricing) Regulations, 2022 and such other circulars and guidance as may be issued by IFSCA from time to time. This Policy shall be considered in line with the requirements prescribed under International Financial Services Centre Authority (IFSCA) (Insurance Products and Pricing) Regulations, 2022.

2. Roles and Responsibility

The Policy is approved by the Board and may be changed only with its approval. The Board will review and approve the Policy as the need may arise, but at least annually.

The roles and responsibilities, as approved by Board of Directors, are defined below:

2.1 Board Risk Management Committee (BRMC)

- BRMC shall have an effective oversight of Product Management Committee.
- BRMC shall be responsible to review any deviations to the Policy and recommend changes to the Policy or the controls put in place to implement the Policy.

2.2 Executive Risk Committee (ERC)

- In accordance with Board approved Risk Policy of the Company, Risk emanating from the products/riders/ modification of existing products/ riders approved under this policy shall be presented to ERC for assessment of overall enterprise risk management.

2.3 Product Management Committee (PMC)

The constitution of the PMC will be in line with the Use & File Circular.

The PMC will consist of the Chief Risk and Compliance Officer, Appointed Actuary, Head of Marketing, Chief Distribution Officer, Chief Technology Officer, Head of Customer Service and Operations, and Chief Financial Officer as its members. The Company may nominate any other person/ persons to the PMC as members or as invitees, as it may deem necessary. The PMC will be chaired by the Chief Risk and Compliance Officer of the Company. In absence of the Chairman of the Committee, the Committee members may elect a chairman amongst themselves for the specific meeting.

The quorum for the PMC shall be three members in addition to Appointed Actuary.

Roles and Responsibilities of the PMC shall be as follows –

- Review and approval of new products/ riders and modifications of existing products/ riders of the Company in line with the Policy as prescribed by IRDAI under File & Use or Use & File procedure.
- For all products and riders launched, including those issued under the Use & File Circular, PMC will be the “delegated risk committee” of the Board for the purpose of Regulation 10 of IRDAI (Non-Linked Insurance Products) Regulations, 2019 and Regulation 36 of IRDAI (Unit-Linked Insurance Products) Regulations, 2019.
- Carry out due diligence process and sign off on various product related risks to ensure proper product design, appropriate pricing with complete compliance to regulatory requirements, as prescribed by IRDAI.
- Overseeing the controls and processes for effective implementation of the Policy and review the risk assessment of the products and pricing.
- Put in place an effective reporting system to ensure compliance with the Policy and all applicable regulations and laws.
- Recording the concurrence/sign off on various product related risks
- Ensure that the entire set of documents required under Use & File procedure is complete, correct, digitally signed and in compliance with the extant applicable legal and regulatory framework, and maintained by the PMC.
- To issue the System Readiness Certificate under both File & Use and Use & File procedure; and Certificate as per Annexure I of the Use & File Circular
- Carry out any other function, if any, as may be decided by the BRMC or by IRDAI

2.4 Responsibility of Chief Executive Officer (CEO)

The CEO will have an overall responsibility for ensuring that a robust due diligence process is in place to mitigate risks arising from the products, including submission of certificate in the format prescribed by IRDAI.

2.5 Product Team

- The Product team will be responsible for risk assessment and designing of new products/riders and modifying existing products/riders in line with the Insurance Act, 1938 and applicable regulations, circulars and guidelines as issued by IRDAI from time to time.
- The team will be responsible for drafting product filing documents included but not limited to Sales Literature, Policy Document, Benefit Illustration, Proposal Form, in line with the Use & File application.
- The Product team, alongside the Product Setup team and Technology Team, will be responsible for establishing processes, suitable infrastructure and system requirements as may be required for product set-up on an ongoing basis.

2.6 Actuarial Pricing Team

The team will be responsible for risk assessment including reinsurance arrangements, actuarial evaluations, pricing and drafting of the File and Use or Use and File application for new products/riders and modifications of existing products/riders in line with the Insurance Act, 1938, as amended from time to time and applicable regulations, circulars and guidelines as issued by IRDAI from time to time.

2.7 Legal Team

The team will be responsible for modifying and reviewing policy documents including terms and conditions & Sales Literature.

2.8 Enterprise risk management and operational risk management teams

The team will be responsible for risk assessment of new product/riders and modification of existing product/riders.

3. Strategy

The design and pricing of new products/riders and modifications of existing products/riders will be undertaken to broadly address one or more of the following – customer requirements, distribution needs, Company objectives and industry product interventions.

4. Norms

The launch and filing of new products/riders and modifications of existing products/riders shall be as per the following norms:

- New products/riders and modifications to existing products/riders under the File & Use or Use & File procedure will be approved by the PMC.
- Risks related to capital requirements, profitability, underwriting, reinsurance, asset liability management and sales conduct will be assessed and reviewed by the PMC to ensure suitable product design, appropriate pricing, with complete compliance of regulatory requirements, as prescribed by IRDAI.
- The benefits reflecting in sales literature and policy 'Terms and Conditions' will be consistent with the design approved.
- The new products/riders and modifications of the existing products/riders satisfy the conditions of Use & File Circular.
- Modification of existing products shall be carried out after a reasonable time period from the launch date of existing versions. Modifications will be made to address changing customer preferences by modifying features such as premium payment term, policy term etc. or to address change in market indicators such as interest rates etc. The justification for such modifications and reasonableness of the timeframe within which the product is being modified shall be approved by the PMC.
- The product and actuarial pricing team employees shall familiarise themselves with the contents of the Policy and shall exercise sound judgment to act within the framework and carry out risk assessment. The risk assessment note shall be circulated to Chief Risk Officer (CRO) and relevant risk teams. The risk assessment and other key metrics will be placed/ discussed in the PMC meeting and the risk assessment note will be circulated to the PMC. On case to case basis guidance may be sought from PMC, where the norms prescribed in the Policy needs clarity.
- 100% of the surplus generated from the Non-Participating products will be transferred to the shareholders.

5. Internal Controls and Audits

- The PMC will meet for approval and review of new or modification of product/ rider, to assess any risks arising out of the products offered by the Company.
- The heads of Products, Actuarial Pricing and Legal teams will provide assurance to the Committee on adherence to the responsibilities delegated to the respective teams under the policy.
- The Company's Internal Audit will verify on an annual basis, compliance with the Policy, procedures and controls relating to product management and pricing. The reports will specifically record the robustness of the internal processes and will make constructive suggestions, where necessary, to strengthen the implementation aspects. Any deviations identified will be reported to the Board.

6. Maintenance of records

The Company will preserve all records pertaining to new product/riders and modification of existing product/riders and the minutes of PMC meeting approving the products and riders.

7. Product approval process for Gift City

Methods and processes for designing, distribution, monitoring, approval, reviewing of Insurance product(s) sold through IIO will be governed as prescribed under sections 2 to 6 of this Policy.

Additionally, PMC will also be responsible for taking corrective actions for insurance products that are detrimental to the interest of prospects or policyholders.

8. Review of Policy

This Policy will be reviewed annually and if necessary, updated when there are significant changes in the applicable regulations, circular and guidelines issued by IRDAI from time to time.

Any amendment to this Policy shall be made only with the approval of the Board.