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 regulations ("IRDAI Product Regulations 2024") and master circular ("Master Circular on Life Insurance Products") issued by Insurance Regulatory and Development Authority of India (IRDAI) and such other circulars and guidance as may be issued by Competent Authority 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 as well as modification of existing products as specified under various sections of the Product Regulations and associated Master Circular and any regulations, circulars and guidance as may be prescribed by Competent Authority from time to time. As per definition given in IRDAI Product Regulations 2024, "Products" include base products and riders or add-ons.

The Policy covers the roles and responsibilities of the Board, and the Committees on Product Management and Pricing, the Appointed Actuary, 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 already launched/modified. 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 the 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 the Product Management Committee.

BRMC shall be responsible for reviewing 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 the Board approved Risk Policy of the Company, new products as well as modification of existing products shall be approved by the ERC before being presented to the PMC for its approval. The ERC shall approve the products after giving due consideration to the financial or ALM risks identified, risk mitigation plans and business imperatives, and provide its recommendation to the PMC.

2.3 Product Management Committee (PMC)

The constitution of the PMC will be in line with the Master Circular and may be modified from time to time in line with future directions from the Competent Authority.

The PMC will consist of the Chief Risk Officer, Chief Compliance Officer, Appointed Actuary, Head of Marketing, Chief Investment Officer, 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 Appointed Actuary of the Company.

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

The PMC shall be responsible for implementation of the Board approved policies and ensuring:

- adherence to principles of design and pricing of insurance products as required under section 4 of the IRDAI Product Regulations 2024 and outlined within this policy, including but not limited to the fairness and reasonableness of surrender values
- 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
- the benefits reflecting in sales literature, terms and conditions reflecting in policy document shall be consistent with the design approved
- periodical review of product performance, market conduct issues including grievances and taking up corrective actions, as may be necessary
- modification or withdrawal of the product, if required
- overall management of the insurance products
- maintenance of all relevant records for each product
- maintenance of documentation of the decisions taken for each product for inspections of the Competent Authority
- approval of market-conduct related documents as specified under para 75.2 of the Master Circular by ensuring compliance with all applicable extant norms and consistency with the F&U application approved by the Competent Authority.
- that the entire set of filing documents is complete, correct, digitally signed and are in compliance with the extant applicable legal and regulatory framework, and maintain records
- that there is a process in place to ensure that no health insurance claims are repudiated without the approval of PMC, or a three-member sub-group of PMC called the Claims Review Committee (CRC) in line with requirements under clause 17 of the Master Circular on Health Insurance Business

In addition to above, the PMC shall carry out proper due diligence process and record its concurrence/sign off on various product related risks (such as risks related to capital requirements, profitability, underwriting, reinsurance etc.) and recommendation / approval of the product, as applicable.

PMC shall recommend the launch of approved insurance products, only after ensuring that all the processes, suitable infrastructure, system requirements and standard operating procedures are in place on an ongoing basis from policy issuance to claim settlement, including policyholder servicing, payments and determination of reserves & solvency margin and for seamless operations of the insurer including policyholders' servicing on a day-to-day basis.

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 and will countersign the relevant certifications.

2.5 Responsibility of Appointed Actuary (AA)

Reliance shall be placed on the Appointed Actuary, to ensure that all the applicable norms related to actuarial principles of product design and pricing, as outlined within clause 7 under Section III of the Master Circular, are adhered to.

The PMC shall put in place a process to be followed to ensure compliance with clause 7 under Section III of the Master Circular.

2.6 Product Team

The Product team will be responsible for risk assessment and designing of new products and modifying existing products in line with the Insurance Act, 1938 and applicable regulations, circulars and guidelines as issued by Competent Authority from time to time.

The team will be responsible for drafting market conduct documents as mentioned in para 75.2 of the Master Circular , in line with the File & Use / 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.

2.7 Actuarial Pricing Team

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

2.8 Group Pricing Team

The team will be responsible for scheme level pricing and arranging for appropriate reinsurance programme to support pricing and risk management in case of group insurance products.

2.9 Legal Team

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

2.10 Enterprise risk management (ERM) and operational risk management (ORM) teams

The teams will be responsible for overall risk assessment of new products and modification of existing products.

The actuarial pricing team shall share a risk assessment note outlining the product contours, underlying risks, expected financial outcome and the assumptions used to assess the same. This note shall be reviewed by the ERM and ORM team respectively. The ERM and ORM teams may respectively carry out any additional analysis as they deem appropriate and supplement the same in the risk assessment note.

3. Strategy

The design and pricing of new products and modifications of existing products 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 and modifications of existing products shall be as per the following norms:

- New products and modifications to existing products under the File & Use or Use & File procedure will be approved by the PMC.
- 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 the reasonableness of the timeframe within which the product is being modified shall be approved by the PMC.
- All relevant team members shall familiarize 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 the relevant risk teams and the ERC. 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 a case-to-case basis guidance may be sought from PMC, where the norms prescribed in the Policy need clarity.
- 100% of the surplus generated from the non-participating products will be transferred to the shareholders.

5. Review of products

All products, offered for sale, shall be reviewed by Appointed Actuary at least once a year considering:
- the reasonable expectation of all stakeholders, including policyholders.
- financial viability of the products.
- emerging risks and experience under the products.
- any other relevant factors.

The Appointed Actuary shall present the results of such review to the PMC and make suitable recommendations for any modifications or withdrawal of the product.

The PMC shall be responsible to ensure review of products based on various factors like complaints received on the products launched/mis-selling/distribution channel, news articles of aggressive selling of specific products, sales volumes of the products launched, rampant policy cancellations or free look cancellations, or any other matter concerning products/solicitation. The relevant teams tracking these factors will be responsible for providing an update to the PMC on the same.

6. Standard Operating Procedures

The PMC shall put in place a Standard Operating Procedure (SOP) detailing the process to be followed and specific responsibilities of various teams before launch of new products as well as modification of existing products.

7. Internal Controls and Audits

The PMC will meet for approval and review of new or modification of products, to assess any risks arising out of the products offered by the Company.

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.

8. Maintenance of records

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

9. 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 7 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.

10. Review of Policy

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

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