INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY OF INDIA

MASTER CIRCULAR

ON

INSURANCE ADVERTISEMENTS

(Updated upto 31.08.2019)

IRDAI/LIFE/CIR/MISC/189/10/2019

16th October, 2019

VER-02

1. Background:

1.1 The success of insurance sales communication depends on public confidence and the faith they repose in the insurers, when they receive a communication from Insurers promoting their products. As such, the Insurers are expected to adopt fair, honest and transparent practices in the market-place and avoid practices that tend to impair the confidence of the public. As it may be difficult for the public to understand and evaluate the inherent details in the various insurance products, it is of paramount importance that the publicity material is relevant, fair and in simple language enabling informed decision making about whether or not to buy a specific insurance product. The verbal communication that the prospects receive from the agents/intermediaries can be supplemented by the written material that is made available to them and also serve as authentic reference material.

1.2 With the above background, this Master Circular is issued under Section 34 (1) of the Insurance Act, 1938 read with Section 14 (1), 14 (2) (e) of the IRDA Act, 1999, to protect the interests of the insuring public, enhance their level of confidence on the nature of sales material used and ultimately encourage fair business practices. They are to be considered as the minimum standards to be adhered to, in addition to compliance with the IRDA (Insurance Advertisements and Disclosure) Regulations, 2000 (hereinafter referred to as 'Advertisement Regulations') and the code of conduct prescribed by the Advertisement Standards Council of India (ASCI) and any other laws, regulations as applicable. These provisions reinforce the extant regulations on all promotional communications with policyholders/prospective policyholders or targeted market segment with the objective of soliciting insurance business or otherwise.

2. Categories of Advertisements:

For the purpose of these provisions an advertisement may be classified into two types:

2.1 Institutional Advertisements
2.2 Insurance Advertisements

2.1. ***Institutional Advertisement***: This is the advertisement of any nature which is not, either directly or indirectly, intended to solicit the insurance business, but only promotes the brand image of the insurers and/or its intermediaries and may contain the registered name, address, toll-free number, logo or

trademark thereof. Advertisements issued in any mode including those that highlight sponsorships fall under this category.

Any inclusion of product names or information about the products, performance of the companies or their funds, or the information about the product launches constitutes insurance advertisements as defined in para 2.2 below.

2.2. ***Insurance Advertisement:*** Insurance Advertisement, for this purpose, means Insurance Advertisement as defined in 'Advertisement Regulations' and is further classified as under:

2.2.1 ***"Invitation to Inquire":*** This is an advertisement which highlights the basic features of insurance/insurance products issued in any mode to generate interest or create a desire to inquire further about them.

2.2.2 ***"Invitation to Contract":*** This is an advertisement containing the detailed information regarding the insurance/insurance products mainly to induce the public to purchase, increase, modify, reinstate or retain a policy.

3. Guidelines on Advertisements:

3.1. These provisions are to be complied with by:

- All the Insurers (Life Insurers, Non-Life Insurers and Health Insurers) and
- The Agents, Point of sales persons, Motor Insurance service providers and Insurance Intermediaries

3.2. **Coverage**: These provisions apply to advertisements, issued through any mode.

3.3. General Requirements:

All insurance advertisements (as indicated in para 2.2 above) should ensure that the following Do's and Don'ts are complied with:

3.3.1 **Do's**

3.3.1.1 Communications are clear, fair and not misleading whatever be the mode of communication. They should use material and design (including paper size, colour, font type and font size, tone and volume) to present the information legibly and in an accessible manner.

3.3.1.2 Sales material and advertisements are comprehensible in the light of the complexity of the product being sold.

3.3.1.3. The names of the product and benefits as proposed in the File and Use application are adhered to.

3.3.1.4. The mandatory disclosures shall also be in the same language as that of the whole advertisement.

3.3.1.5. All Life Insurance Advertisements must prominently state the availability of underlying element of 'Life Insurance Coverage' to clearly identify the product as an Insurance product.

3.3.1.6. Where any insurance advertisement highlights the benefit of Guarantees, a clear disclosure of the underlying conditions under which the guarantee operates must be made, wherever applicable. In all such cases, all the conditions (including cost of guarantee, charges) under which the guarantee operates need a prominent mention. If the underlying conditions are very elaborate, the text/wording on Guarantee must be accompanied by the phrase "Conditions Apply" in a font that is at least 50% of the font used to highlight the guarantee. These conditions must be distinctly mentioned in a legible font beneath, not making it part of other applicable disclosures.

3.3.1.7 In respect of Unit Linked Life Insurance Products the actual asset mix of various underlying funds vis-à-vis the asset composition of approved asset pattern shall be placed on the web portal of respective life insurance companies at least on a half yearly basis. This information on investment updates is to ensure that clear, actual and timely information is made available to prospects to make an informed financial decision.

3.3.2. <u>Don'ts</u>:

3.3.2.1. The design, content or format shall not disguise, obscure or diminish the significance of any statement, warning or other matter which an advertisement should contain as required by these provisions.

3.3.2.2. Use or denigrate names, logos, brand names, distinguishing marks, symbols etc., which may be similar to those already used by others in the market that may lead to confusion in the market place.

3.3.2.3. The Names of insurance products or benefits must not use terms or phrases that convey a fabricated sense of security.

3.3.2.4 The features / benefits prominently displayed in the Insurance Advertisements shall not be the features / benefits that are applicable under extreme / exceptional scenarios.

3.3.2.5 Life Insurance Advertisements should not offer, as inducement, any award / reward points, discounts and rebates, except those approved by the Authority as part of product features, either from Insurer directly or through arrangement with any third party involving any expenses / costs / outgo to the Insurer.

3.4. <u>Specific Requirements for an "Invitation to Contract" (Refer para 2.2.2):</u>

3.4.1. **<u>Dos'</u>: Advertisements should ensure that:**

3.4.1.1. Any expression of opinion of the insurer is a fair and honest representation.

3.4.1.2. Any statement of fact, promise or projection discloses all the relevant assumptions; and indicates in a clear and prominent way significant limitations / criteria on which any special offers are available.

3.4.1.3. Where attention is drawn to insurer's past financial performance it should indicate that the past performance is not necessarily an indication of future performance.

3.4.1.4. The contents should necessarily include:

a. The nature of the insurance contract (i.e., whether traditional/unit linked) and the type of the product (i.e., its uniqueness or otherwise, whether annuity, pension, health or whole life, home owners', shop keepers' policies and any combination thereof, etc.,).
b. The risks involved; what is covered as well as what is not i.e. the limitations and exclusions of the contract;
c. Illustrations which indicate the exact costs and charges; reasonable projections of benefits in compliance with regulatory provisions; and full disclosures of the basis and sources of information (e.g., disclose date of NAV);

d. The commitment of the insurer and the policy holder under the contract (e.g. the minimum amount to be invested; minimum and/or maximum sum assured; lock-in period; the reasonable safety norms to be adopted in case of non-life insurance products etc.,)

3.4.1.5. Where illustrations are provided, they should adhere to the guidelines/circulars issued, if any, by the Authority. The illustration must be with both the scenarios with investment returns of 4% p.a. and 8% p.a. or as stipulated by the Authority from time to time, with equal prominence in font size, at the same place and in the same page.

3.4.2. **Don'ts: The advertisements should not:**

3.4.2.1 Highlight the potential benefits of an insurance contract without giving a fair indication of the risks.

3.4.2.2 Draw attention to favourable tax treatment without stating that they are subject to changes in the tax laws.

3.4.2.3 Highlight the positive financial condition of the parent (or promoting partner) company without mentioning the financial condition of the insurer and/or indicate that the assets of parent company can be banked upon when desired.

3.4.2.4 Disclose benefits partially without disclosing the corresponding limitations/ conditions/ implications.

3.4.2.5 Indicate that acceptance of risk and/or settlement of claims are liberal and generous without an intent to do so.

3.4.2.6 Use ambiguous words or phrases which are likely to exaggerate the underlying benefits of the policies or plans and/or capable of limiting the actual exclusions or the limitations of the underlying benefits of the plan.

3.4.2.7 Attempt to Denigrate or Damage the reputation of the competitor or the industry.

3.5. **Mandatory disclosure in 'Invitation to Inquire':** Every advertisement in the nature of 'invitation to inquire' should disclose the following statement "For more details on risk factors, terms and conditions please read sales brochure carefully before concluding a sale".

3.6. **Advertising through the Internet and other Electronic Media:** Provisions applicable to published advertisements apply equally to advertising through electronic media i.e., advertisements through a telephonic interactive mode or on the internet.

3.6.1. Internet:

3.6.1.1. In case of communications on/through internet an insurer should ensure that the recipients/viewers have the opportunity to view the full text of the relevant key features; terms and conditions; any other applicable risk information required by these guidelines and they shall not be hidden away in the body of the text. It shall be easily obtained, before any application form is offered. In case of e-mail communications there should be a provision to unsubscribe from the mailing list.

3.6.1.2. Text, graphics, hyperlinks and sound should be entirely consistent with all the requirements specified herein.

3.6.1.3. Insurers should take an undertaking from the prospective policyholders that they have read the entire text, features, disclosures, terms and conditions, etc., while applying for insurance online.

3.6.1.4. Mandatory provision of a helpline or help number to further provide all information that a policyholder would reasonably expect.

3.6.1.5. Insurers should provide hard copy of the necessary information on request.

3.6.2. Telephonic Interactive Mode:

3.6.2.1. Promotional activities through Cold-calls shall be preferably by a licensed intermediary. In case it is done by other than licensed intermediary, responsibility of compliance with advertisement regulations and the related circulars/guidelines vests with the insurer/intermediary that has outsourced this activity.

3.6.2.2. The telephone caller shall take necessary steps to ensure that they do not intrude into the privacy of the receiver. They should disclose their identity and proceed to converse only after permission.

3.6.2.3. A reference on the access to full information about the available products and the importance of financial need analysis along with the contact phone numbers which can provide such information shall be placed before closing the call.

3.6.2.4. Every insurer shall facilitate an access to 'do not call registry' with the contact numbers of the persons who wish not to be contacted, which should be referred to, before every call.

3.7. **Joint Sale Advertisements (JS):** Any insurance advertisement brought out jointly by an insurer either with its corporate agent or with a micro-insurance agent would fall under this category. These could relate to promotional activities where the logo/trademark/trade names of the participating parties are displayed jointly.

3.7.1. Joint sale advertisements in the nature of Insurance advertisements (as defined in para 2.2 above) can be released without prior approval of the Authority in accordance to the applicable regulations / circular provisions in vogue and file the same along with a certificate from the Appointed Actuary that it presents the same features of the product as cleared under File and Use.

3.7.2 All the joint Sale Advertisements released shall be filed separately specifically mentioning therein that the Advertisements filed are *'Joint Sale Advertisements'*.

3.7.3. The contents of this Master Circular will apply mutatis mutandis to all the Joint Sale advertisements.

4. **Branding with Third parties:** (Third parties for this purpose shall mean any individual/association/entity other than insurance intermediary)

4.1 Can be used on any advertisement of insurer/ intermediary only when it does not urge the prospect or a policyholder to purchase, renew, increase, retain or modify a policy of insurance.

4.2 An exemption is however, given to insurance schemes sponsored/subsidized by Central/State government (s) in which case branding is permissible in any category of advertisements.

4.3 The onus vests with the insurer as to the compliance requirements of 'Advertisement Regulations' and the related circulars/provisions issued from time to time, in such cases.

5. Rating/Ranking/Awards:

5.1. Any claim of rating/award should be based only on those declared by entities which are independent of the insurers and its affiliates. Insurers and its affiliates should not procure services from such independent entities so as to get a rating/award.

5.2. Source of such rating/award is to be disclosed conspicuously and legibly in such advertisements.

5.3. No claim of ranking by Insurer, as regards its position in the insurance market, based on any criteria (like premium income or number of policies or branches or claims settlements etc.,) is permissible in any of the advertisements.

5.3.1 Life insurers shall use/publish only "Annual Figures" of Death Claims paid ratios, based on the number of policies alone. These figures shall reflect the entire financial year and shall be based upon:

- Latest IRDAI Annual Report (or)
- Latest Annual Audited final figures submitted to the Authority

5.3.1.1 If an Insurance Advertisement contains Death Claims paid ratio, then the data for individual and group polices shall not be clubbed together. The Insurance Advertisements for group products shall reflect only group Death Claims paid ratio and individual products shall reflect only individual Death Claims paid ratio. In case of advertisements' promoting the Company's brand without reference to products, only individual death claims paid ratio be used.

5.3.1.2 The method of calculation for arrival of Death Claims paid ratios for a financial year shall be as followed for reporting in statements 6 & 7 of IRDAI Annual Report of 2015-16.

5.3.1.3 No other information related to death claim payments than what is specified above shall be used as part of any Insurance Advertisement/s.

6. Mandatory disclosure as specified by 'Advertisement Regulations' and applicable guidelines/Circulars as may be specified from time to time should be clear, conspicuous and legible and should find at least 10% of the total space utilized for the advertisement in print/visual mode with a minimum print equivalent to font 'Times New Roman' No. 7. In case of audio mode, these disclosures should be spelt for at least 10% of the total time slot of the advertisement.

7. All the advertisements should carry a unique identifiable reference number as maintained in the advertising register in accordance with regulation 3 (v) (a) of the regulations.

8. <u>Use of taglines by registered insurers/licensed entities:</u>

8.1 All licensed entities soliciting insurance business should mention their identity and contact details. Any person who is found to be guilty of misleading the prospect on any insurance product shall be liable for regulatory actions.

8.2 All the registered insurers and licensed intermediaries shall print the following text (font size should not be less than 9) at the bottom of all their advertisements (both institutional and insurance advertisements) and other publicity material including policy documents, premium receipts, renewal notice, bill boards/display boards and logos released through print or electronic media:

For Insurers & Intermediaries IRDAI Regn. No. _____

9. Where material is filed with the Authority in accordance with the 'Advertisement Regulations', in other than English/Hindi language, true translation of the same in English/Hindi duly certified by an Authorised officer of the insurer, is to be enclosed.

10. Advertisements filed in accordance with Regulation 3(v) of the 'Advertisement Regulations' including Joint Sale Advertisements should be filed within 7 days of their release or launch into the market place.

10.1 Insurers shall file only English and/or Hindi base versions of advertisements on BAP.

10.2 The advertisements which are issued in other languages and other formats, where there is no change in the content, design, image to that of base versions of English and/or Hindi will bear the same URN of base version. The Authority will not treat them as new advertisements and hence they need not be filed. However, a certificate (Annexure- A) needs to be filed to the effect that the advertisements released in other languages are true translation of the base versions of English and/or Hindi and there are no changes in the content, design, image etc., of the base version.

11. All Insurance Advertisements approved by Insurers for their Insurance Agents (Individual Agents and Corporate Agents) in accordance with the provisions of

Regulation (6) IRDA (Insurance Advertisements) Regulations, 2000 and Clause 12 of Guidelines on Licensing of Corporate Agents No. 017I/IRDA/Circular/CA Guidelines/2005 dated 14th July, 2005 shall also comply with all provisions of Advertisement Regulations and the provisions of this Master Circular and shall form part of Advertisement register referred at Regulation 3 (iii) of Insurance Advertisement Regulations. These Advertisements shall also be filed within 7 days as referred at clause 10 above.

12. In case of Unit linked products, the advertisements issued by Life Insurers should also adhere to the other norms prescribed in IRDAI (Unit Linked Insurance Products) Regulations, 2019.

13. ULIP Products with **0% charges and 100% allocation**

13.1.1 In the case of100% (or more) allocation

a. The Company must not issue specific advertisements or sales literature or any other marketing material (print or electronic or any other form) positioning the product as offering 100% (or more) allocation of premium in first policy year.

b. The benefit illustration should carry a declaration in capital and bold letters. This declaration is "I ALSO UNDERSTAND THAT WHILST ___% OF MY FIRST YEAR PREMIUM WILL BE INVESTED IN UNIT LINKED INVESTMENT FUNDS THERE ARE CHARGES DURING THE FIRST POLICY YEAR AS GIVEN IN THE BENEFIT ILLUSTRATION".

14. **Norms while promoting the Product Combinations**

14.1 Where more than one product and combination of their benefits are promoted in a single advertisement, *there shall be a complete disclosure of all the related particulars of Individual Products, inter alia, a reference to the* respective product names and UIN, a caveat advising the prospect to refer the *detailed sales literature of the respective individual products, segregated premium particulars of each product.*

14.2 Such advertisements as described in (14.1) above should contain a specific declaration as "Advertisement Disclaimer" on Top in BOLD [not less than Font size 7].

This advertisement is designed for combination of Benefits of two or more individual and separate products named (1) ____ (2) ____ (3) ____ (as

applicable) etc. These products are also available for sale individually without the combination offered / suggested. This benefit illustration is the arithmetic combination and chronological listing of combined benefits of individual products. The customer is advised to refer to the detailed sales brochure of respective individual products mentioned herein before concluding the sale."

14.3 A certificate by the Appointed Actuary must be enclosed at the time of filing of advertisements as described in (14.1) with the Authority which will state –

i) The benefit illustration shown by combining the benefits of more than one products is nothing but the arithmetical Combination of all the individual product benefit illustrations (state product names and UIN) as approved by the Authority and is a proper chronological and combined listing of the benefits of two or more individual products.

ii) The benefit illustration shown in the advertisements truly and fairly represents the combined benefits of individual products and does not in any way exaggerate the same.

14.4 IRDAI (Unit Linked Insurance Products) Regulations, 2019 & IRDAI (Non-Linked Insurance Products) Regulations 2019, as applicable to Linked/Non-Linked Products being part of the Combination, need to be complied with.

15. Spurious Phone Calls and Fictitious/Fraudulent Offers

15.1 All Life Insurers shall flash on their Home Page of their websites, the following Public Notice issued by IRDAI cautioning general public about spurious calls and fictitious offers. This may also be inserted in a box item prominently at the end of all their product advertisements in print media including pamphlets, publicity material, etc. with a view to educate the customers on the role of Regulator and also caution the public on spurious calls.

BEWARE OF SPURIOUS PHONE CALLS AND FICTIOUS/FRADULENT OFFERS

•IRDAI is not involved in activities like selling insurance policies, announcing bonus or investment of premiums. Public receiving such phone calls are requested to lodge a police complaint.

16. This Updated Master Circular supersedes all the circulars listed in the Annexure-B.

K. Ganesh
Member (Life)

Annexure A

Name of the Insurer

Compliance Certificate

(to be filed in BAP with original English / Hindi Advertisement when the same is being released in different Formats and /or Languages)

In compliance with Regulation 3(v), 4(1) and 4(3) of IRDA (Insurance Advertisement and Disclosure) Regulations, 2000 read with Clause10 and of Updated Master Circular on Advertisements dated __.08.2019amended from time to time.

This is to certify that the following advertisement/s are exact copies/true translations of the English and /or Hindi base advertisement/s released in the form of _____ (Insurer to state original format of base advertisement)

URN Number of the Base Advertisement_____

Date of filing of Base advertisement with the Authority _____ (date/month/year).

There are no changes in the content, design, image, translation etc., of these advertisement/s and no deviations to that of filed version/s of the base advertisement in English and/or Hindi language.

S.No.	Format of the Advertisement	Language of the Advertisement	Date of release of the advertisement

Date:

Place:

Signature

_____

(Compliance Officer)

Seal of the Company

Annexure – B

List of Circulars

Sr. No	Circular No.	Circular Date	Subject of the Circular/Advisory	Related Clauses in the Master Circular
1	IRDAI/LIFE/CIR/MISC/147/08/2015	13th August, 2015	Master Circular On Insurance Advertisements	Base document
2	IRDAI/Life/Cir/ADV/209/11/2015	23rdNovember, 2015	Benefit Illustration/s in Advertisements of Life Insurance products	Clause 3.4.1.5 (Gist of the Circular Included)
3	IRDAI/Life/Misc/Cir/221/11/2016	4thNovember, 2016	Spurious Phone Calls and Fictitious / Fraudulent Offers – Modification in circular provisions.	Clause 15
4	IRDAI/Life/Cir/Misc/215/09/2017	15th September, 2017	Publishing of Death Claims data/Death claims paid ratios in "Life Advertisements"	Clauses 5.3.1; 5.3.1.1; 5.3.1.2 and 5.3.1.3.
5	IRDAI/LIFE/CIR/ADVT/ 094 /06/2018	18th June, 2018	Simplification of filing process of Advertisements in BAP Portal & partial modification of IRDA Master Circular on Insurance Advertisements, IRDAI/LIFE/CIR/MISC/147/08/2015, dated 13.08.2015	Clauses 10.1; 10.2; 14.3 and 15.