

IRDAI approved 8 principle based regulations

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Context

The **Insurance Regulatory and Development Authority of India (IRDAI)** has recently approved **eight principle based regulations** including the Bima Sugam marketplace.

Approvals made by IRDAI

- **The IRDAI (Bima Sugam - Insurance Electronic Marketplace) Regulations, 2024**
 - It aims to set up a digital public infrastructure named Bima Sugam.
 - It will empower and protect policyholders' interests and achieve the vision of Insurance for all by 2047.
- **The IRDAI (Corporate Governance for Insurers) Regulations, 2024**
 - It aims to set up a strong governance framework for insurers, defining the roles and responsibilities of the board and management.
 - This is for the first time that the governance aspects under the prevailing hints are notified in the form of regulations.
- **IRDAI (Insurance Products) Regulations, 2024**
 - It merges six regulations into a unified framework.
 - It is aimed at allowing insurers to respond to evolving marketplace demands, improving the convenience of business and boosting insurance penetration.
- **IRDAI (Registration and Operations of Foreign Reinsurers Branches & Lloyd's India)**

Regulations, 2024

- It consolidates two regulations and aims to foster the systematic development of the reinsurance sector in India by promoting orderly growth and harmonizing the prevailing legal and regulatory framework.
- **Other decisions**
 - IRDAI cleared the regulatory changes under rural, social sector and motor Third-Party (TP) motor insurance.
 - For rural obligations, the unit of measurement will now be the gram panchayat.
 - The scope of the social sector has been extended to cover cardholders and beneficiaries under numerous schemes.
 - Under Motor TP, the unit of size might be the renewal of insurance for goods and passenger-carrying vehicles, as well as tractors.

Insurance Regulatory and Development Authority of India (IRDAI)

- IRDAI is a statutory body formed under an Act of Parliament, i.e., **Insurance Regulatory and Development Authority Act, 1999**.
- IRDAI's duties include:
 - Regulating the insurance sector
 - Promoting the orderly growth of the insurance sector
 - Protecting the pursuits of policyholders

Bima Sugam

- It is an online platform where customers can pick out a suitable scheme from a couple of options given by various organizations.
- All insurance requirements, including life, health, and general insurance (along with motor and travel) will be met by Bima Sugam.
- This platform will assist in the settlement of claims, whether it is health coverage or death claims, in a paperless manner on the basis of policy numbers.

Benefits of Bima Sugam

- **Single window for the policyholder to manage his/her insurance policy.**
 - It will provide end-to-end solutions for customers' insurance needs i.e., purchase, service, and settlement in a seamless manner.
- **Empowerment of customers**
 - Currently, there are hundreds of insurance schemes in the life and non-life sectors.
 - Customers have no idea who is offering the best deal and the pros and cons of different schemes.
 - Bima Sugam will enable them to identify an appropriate scheme for the clients in a single platform.
- **Benefits for insurance corporations and intermediaries**

- It will facilitate insurance companies to access the validated and authentic facts from diverse touch points on a real-time basis.
 - The platform will provide an interface for the intermediaries and agents to sell policies and provide services to policyholders, among others, and reduce paperwork.
- **Universalise and democratise insurance**
 - IRDAI says Bima Sugam is an electronic marketplace protocol.
 - This protocol will be linked with India Stack which is a set of APIs (application programming interface) that allows governments, businesses, startups, etc. to utilise the unique digital infrastructure to enable seamless delivery of services.

Source: The Indian Express

UPSC Prelims Practice Question

Q. Discuss the significance of the insurance sector in Indian economy and its underlying issues.