

**SUPPLEMENT**

**PROFESSIONAL  
PROGRAMME – OLD  
SYLLABUS**

**INSURANCE LAW and  
PRACTICE**  
(PAPER – 9.3)

**(Relevant for students appearing in December  
2020 Examination)**

This supplement is for the subject – **Insurance Law and Practice, Professional Programme**. The students are advised to read their Study Material along with these updates. These academic updates are to facilitate the students to acquaint themselves with the amendments in the relevant law upto **30<sup>th</sup> June 2020, applicable for December 2020 Examination**. The students are advised to read all the relevant regulatory amendments made and applicable upto 30<sup>th</sup> June 2020 along with the study material. In the event of any doubt, students may write to the Institute for clarifications at ***academics@icsi.edu***.

The students are also advised to refer the websites of respective regulators for updated legislative provisions.

***Disclaimer***

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## IMPORTANT UPDATES and ANNOUNCEMENTS

### Lesson 4 – Regulatory Environment – Specific Legislations

**The Insurance Act, 1938 as amended dated 01.04.2020**

In part -II related to Provisions applicable to insurers sections 2E, 6AA, 6C, 7, 8, 9, 16, 17, 17A, 24, 32, 40A, 44, 47A, 48, 48C, 52H to 52N, 59 are omitted. In part-IIA related to Life Insurance Council and General Insurance Council and Committees thereof sections 64A, 64B, 64I, 64O, 64P, 64Q, 64S, 64T are omitted. In part-IIB related to Tariff advisory committee and control of tariff rates sections 64U to 64UL are omitted. Part-III related to related to Provident Societies, Part IIIA related to Insurance Co-Operative Societies and Part-IV relating to Mutual insurance Companies and cooperative life insurance societies are omitted. In Part-V related to miscellaneous sections 107, 110E, 110G and 110H are omitted. Sections 121 to 123 are repealed. The first schedule to sixth schedule and eight schedule are omitted.

Section 64A related to Incorporation of the Insurance Association of India is omitted.

Section 105B empowers IRDA to impose a penalty not exceeding Rupees twenty five crores for failure to comply with Section 32B,32C and 32D.

[https://www.irdai.gov.in/ADMINCMS/cms/frmGeneral\\_Layout.aspx?page=PageNo4119&flag=1](https://www.irdai.gov.in/ADMINCMS/cms/frmGeneral_Layout.aspx?page=PageNo4119&flag=1)

IRDA (Non-Linked Insurance Products) Regulations, 2019

[https://www.irdai.gov.in/ADMINCMS/cms/frmGeneral\\_Layout.aspx?page=PageNo3850](https://www.irdai.gov.in/ADMINCMS/cms/frmGeneral_Layout.aspx?page=PageNo3850)

IRDA (Unit Linked Insurance Products), Regulations, 2019

[https://www.irdai.gov.in/ADMINCMS/cms/frmGeneral\\_Layout.aspx?page=PageNo3849&flag=1](https://www.irdai.gov.in/ADMINCMS/cms/frmGeneral_Layout.aspx?page=PageNo3849&flag=1)

### Lesson 5 – Regulatory Environment-General Insurance

**The Consumer Protection Act, 2019**

"complainant" means—

- (i) a consumer; or
- (ii) any voluntary consumer association registered under any law for the time being in force; or
- (iii) the Central Government or any State Government; or
- (iv) the Central Authority; or
- (v) one or more consumers, where there are numerous consumers having the same interest; or
- (vi) in case of death of a consumer, his legal heir or legal representative; or
- (vii) in case of a consumer being a minor, his parent or legal guardian;

"consumer" means any person who—

- (i) buys any goods for a consideration which has been paid or promised or partly paid and partly promised, or under any system of deferred payment and includes any user of such goods other than the person who buys such goods for consideration paid or promised or partly paid or partly promised, or under any system of deferred payment, when such use is made with the approval of such person, but does not include a person who obtains such goods for resale or for any commercial purpose; or
- (ii) hires or avails of any service for a consideration which has been paid or promised or partly paid and partly promised, or under any system of deferred payment and includes any beneficiary of such service other than the person who hires or avails of the services for consideration paid or promised, or partly paid and partly promised, or under any system of deferred payment, when such services are availed of with the approval of the first mentioned person, but does not include a person who avails of such service for any commercial purpose.

Explanation.—For the purposes of this clause,—

(a) the expression "commercial purpose" does not include use by a person of goods bought and used by him exclusively for the purpose of earning his livelihood, by means of self-employment;

(b) the expressions "buys any goods" and "hires or avails any services" includes offline or online transactions through electronic means or by teleshopping or direct selling or multi-level marketing;

"complaint" means any allegation in writing, made by a complainant for obtaining any relief provided by or under this Act, that—

(i) an unfair contract or unfair trade practice or a restrictive trade practice has been adopted by any trader or service provider;

(ii) the goods bought by him or agreed to be bought by him suffer from one or more defects;

(iii) the services hired or availed of or agreed to be hired or availed of by him suffer from any deficiency;

(iv) a trader or a service provider, as the case may be, has charged for the goods or for the services mentioned in the complaint, a price in excess of the price—

(a) fixed by or under any law for the time being in force; or

(b) displayed on the goods or any package containing such goods; or

(c) displayed on the price list exhibited by him by or under any law for the time being in force; or

(d) agreed between the parties;

(v) the goods, which are hazardous to life and safety when used, are being offered for sale to the public—

(a) in contravention of standards relating to safety of such goods as required to be complied with, by or under any law for the time being in force;

(b) where the trader knows that the goods so offered are unsafe to the public;

(vi) the services which are hazardous or likely to be hazardous to life and safety of the public when used, are being offered by a person who provides any service and who knows it to be injurious to life and safety;

(vii) a claim for product liability action lies against the product manufacturer, product seller or product service provider, as the case may be;

"defect" means any fault, imperfection or shortcoming in the quality, quantity, potency, purity or standard which is required to be maintained by or under any law for the time being in force or under any contract, express or implied or as is claimed by the trader in any manner whatsoever in relation to any goods or product and the expression "defective" shall be construed accordingly;

<http://egazette.nic.in/WriteReadData/2019/210422.pdf>

**Lesson 7 – Life Insurance – Practices, Procedures**

**THE INSURANCE ACT, 1938 as amended**

Section 47A. [Claims on small life insurance policies] is omitted

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<p><b>dated</b> <b>01.04.2020</b></p>	<p>Deduction u/s section 80C/80CCC/80CCD of Income Tax Act, 1961 <a href="https://www.incometaxindia.gov.in/pages/acts/income-tax-act.aspx">https://www.incometaxindia.gov.in/pages/acts/income-tax-act.aspx</a></p>
<p><b>Lesson 8 – Life Insurance and Pension Products</b></p>	
<p><b>IRDA (Protection of Policyholder s’ Interests) Regulations, 2017</b></p>	<p><b>6. POINT OF SALE:</b></p> <p>1. A prospectus of any insurance product shall clearly state</p> <p>(i) (a) the Unique Identification Number (UIN) allotted by the Authority for the concerned insurance product</p> <p>(b) the scope of benefits;</p> <p>(c) the extent of insurance cover;</p> <p>(d) warranties, exclusions/exceptions and conditions of the insurance cover along with explanations.</p> <p>(ii) (a) a description of the contingency or contingencies to be covered by insurance;</p> <p>(b) the class or classes of lives or property eligible for insurance under the terms of such prospectus;</p> <p>(c) a full statement of the circumstances, if any, in which rebates of the premiums quoted in the prospectus or table shall be allowed on the effecting or renewal of a policy, together with the rates of rebate applicable to each case; and</p> <p>(d) a copy of Sec. 41 of the Act but not including the proviso to sub-section (1) thereof.</p> <p>(iii) the allowable riders or add-on covers on the insurance products shall be clearly spelt out with regard to their scope of benefits,</p> <p>(iv) the premium pertaining to health related or critical illness riders shall not exceed 100% of premium under the basic product, the premiums under all other life insurance riders put together shall not exceed 30% of premiums under the basic product and any benefit arising under each of the above mentioned riders shall not exceed the sum assured under the basic product.</p> <p>(v) in case of life insurance, whether the product is participating (with-profits) or nonparticipating (without-profits).</p> <p>Provided that the benefit amount under riders in a life insurance policy shall be subject to section 2(11) of the Insurance Act, 1938.</p> <p>Explanation: The rider or riders attached to a life insurance policy shall bear the nature and character of the main policy, viz. participating or non-participating and accordingly the life insurer shall make provisions, etc., in its books.</p> <p>2. An insurer or its agent or other intermediary shall provide all material information in respect of a proposed cover to the prospect to enable the prospect to decide on the best cover that would be in his or her interest.</p> <p>3. Where the prospect depends upon the advice of the insurer or his agent or an insurance intermediary, such a person must advise the prospect dispassionately.</p> <p>4. Where for any reason, the proposal and other connected papers are not filled in by the prospect, the insurer or the distribution channel shall explain the contents of the form, and a certificate shall be incorporated at the end of the proposal form from the</p>

prospect that the contents of the proposal form and connected documents have been fully explained to him and he has fully understood the significance of the proposed contract.

5. The Insurers shall ensure, that a sale executed over distance-marketing modes such as Internet, SMS, Tele Marketing, interactive electronic medium etc., shall be undertaken by authorized and qualified sales persons who are specified in this behalf by the Authority. It is mandatory that the consent of the prospect be obtained before canvassing. Care should be exercised to ensure that the prospect contacted has clarity as to the identity of the insurer, the distribution channel, the product, benefits and conditions of offer etc. The canvassing so made shall not involve compulsion, inconvenience or nuisance of any kind to the prospect.

[https://www.irdai.gov.in/ADMINCMS/cms/frmGeneral\\_Layout.aspx?page=PageNo3191&flag=1](https://www.irdai.gov.in/ADMINCMS/cms/frmGeneral_Layout.aspx?page=PageNo3191&flag=1)