CANARA HSBC LIFE INSURANCE COMPANY LIMITED
CIN : U66010DL2007PLC248825

Product Management & Pricing Policy (PMPP)

Owned by: Products

Version: 1.3

Release Date: 26th March 2025

Version History

Release Date	Version	Revision Description	Approved By
14.07.2022	1.0	Initial Version	PMC
18.07.2022	1.0	Initial Version	RMC
19.07.2022	1.0	Initial Version	Board
16.08.2023	1.1	Updated Version	RMC
28.08.2023	1.1	Updated Version	Board
22.07.2024	1.2	Updated Version	RMC/Board
04.03.2025	1.3	No change	RMC
26.03.2025	1.3	No change	Board

1. Policy

The Product Management Committee (PMC) of Canara HSBC Life Insurance Company Limited (henceforth referred to as "the Company") shall refer to this Policy to give its concurrence on the product submitted to it, under the 'Use & File' procedure and on customer facing and other relevant documents for products to be filed with IRDAI under 'File & Use' procedure.

2. Purpose

The purpose of this Policy is to enable the Company to objectively design and price new products/ riders or make modifications to existing products/ riders before filing with the PMC under the 'Use & File' procedure; and to review the relevant documentation for products to be approved under the 'File & Use' procedure or to recommend product withdrawals.

The approval of the PMC for any new product/ rider or modification/ withdrawal of an existing product/ rider shall be in accordance with this Policy.

3. Scope

This Policy is applicable to new products/ riders or modification/ withdrawal of existing product/ riders as mentioned in the Insurance Regulatory and Development Authority of India (Insurance Products) Regulations, 2024 and Master Circular on Life Insurance Products, as may be amended from time to time.

The actual decision around base commission/ remuneration/ rewards for intermediaries will be out of scope of this Policy and shall be as per the Board Approved Commission Policy. The underwriting philosophy of the Company including risk assessment, insurer's risk appetite and risk tolerance limit shall be as per the Board Approved Underwriting Policy.

4. Application

The Company should evaluate the various aspects of a product i.e. design, pricing, risk, market best practices and ensure an overall fairness to the customers, in light of local market competitiveness and customer need fulfilment. This Policy shall enable the Company to take decision regarding fairness to customer while balancing the value exchange to other stakeholders i.e. distributors and shareholders.

4.1. Product Design and Benefits

The Company will ensure that the proposed product/ rider is well defined and well articulated in terms of needs of the customer segment the product targets to fulfil. There should be overall visibility given to the PMC around competitiveness in features, benefits, base commission/ remuneration (used for pricing), etc. The product design should also take into account the channel dynamics and other best practices of similar products in the industry, if any. The Company shall ensure that the product structure and benefits are objectively evaluated against parameters as mentioned below but not limited to the following:

- The number of options/ variants offered under the product are reasonable

- All options are easily explainable to policyholders
- The benefits amongst the options/ variants are not overlapping in nature
- The product structure is in complete compliance with regulatory requirements
- Base Commission/ remuneration used for pricing under the product are reasonable and broadly in line with industry practice
- The underwriting guidelines are prudent yet customer friendly and ensuring fair risk assessment

4.2. Risks

The Company shall assess all potential risks associated with any new or modification of product(s)/ rider(s) to ensure a proper design, appropriate pricing and filing with the Authority with complete compliance of regulatory requirements.

The Company's overall approach to risk management is based on the principle that all types of risks must be identified, assessed, managed, monitored and reported adequately in order to generate value for each of the stakeholders, including customers.

The PMC shall carry out a due diligence process and record its concurrence on various product related risks such as risks related to capital requirements, profitability, underwriting, reinsurance, etc.

4.3. Pricing

The Company will ensure the reasonableness and fairness of premium rates and benefits along with the various demographic/non-demographic assumptions used in the pricing of the products/ riders, including but not limited to the following:

- The premium rates/ charges, benefits structure are sound and have been derived using generally accepted actuarial principles. For example:
  - ✓ Premium rates/charges/benefits under the products vary by age
  - ✓ Consistency between investment return assumptions and assumptions for inflation of expenses while deriving premium rates
- All the underlying assumptions (such as mortality/ morbidity, expenses, base commission/ remuneration, lapse/ surrender and paid-up/ investment etc.) are reasonable and fair and appropriately reflect benefits and terms and conditions applicable to the product
- The applicability of assumptions/ loadings/ discounts to various sub-groups/ groups to be objective, justifiable and in accordance to defined criteria
- The similar risks in the products/ riders are not discriminated in terms of premium being charged
- Premium basis to be in line with Company's own experience, to the extent possible and the basis shall be supported by comparison of actual experience with the assumption over a period of 3-5 years under that product/rider, wherever possible
- Pricing assumptions to be consistent with the valuation assumptions used for the purpose of profit testing
- Premium rates/ benefits are equitable between the policies sourced through various channels

- The products/ riders shall be financially viable at the portfolio level
- The profit margin shall be reasonable

4.4. Compliance and Monitoring

The Company shall ensure that a robust due diligence process is in place in order to comply with the applicable regulations, including but not limited to the following:

- Compliance with the Insurance Act, 1938, all regulations and directions of the Authority, and all other extant norms as applicable
- Compliance with additional guidance including any checklist issued/communicated by the Authority from time to time
- Information submitted shall be consistent across all the filed documents
- The Company shall build up, maintain and monitor the experience under all the distinct covers (including base and rider covers) separately
- Product/ rider offered in the market shall be in line with the documents submitted with the PMC
- Proposal form contains particulars which are in conformity with the provisions of Section 41 & 45 of the Insurance Act, 1938

5. Ownership

The Policy is owned by the Products function and is to be approved by the PMC, Risk Management Committee (RMC) and the Board.

6. Review and Authorization

The future changes in this policy shall be approved by the PMC, RMC and the Board. In addition, the Appointed Actuary shall also submit the summary of products/ riders launched/ modified during the year under Use & File procedure including experience under such product/ rider along with the Appointed Actuary's Annual Report (AAAR) as annexure and a quarterly report with respect to the products launched for the first four quarters from the date of launch of the product.

Any applicable regulatory changes will be considered as part of the Policy. Necessary changes to the Policy will be incorporated and presented in the next meeting of the Committee/ Board.

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