

**INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY OF INDIA
(REGULATORY SANDBOX) REGULATIONS, 2019**

Notification F. No. IRDA/Reg/11/162/2019, dated 26.07.2019- *In exercise of the powers conferred by clause (zd) of sub-section 2 of Section [114A](#) of the Insurance Act, 1938 (4 of 1938) read with Section [14\(2\)\(e\)](#) and [26](#) of the Insurance Regulatory and Development Authority Act, 1999 (41 of 1999), the Authority, in consultation with the Insurance Advisory Committee, hereby makes the following Regulations, namely: -*

CHAPTER I

1. Short Title and commencement.--

(1) These Regulations may be called the Insurance Regulatory and Development Authority of India (Regulatory Sandbox) Regulations, 2019.

(2) These Regulations shall come into force on the date of their publication in the Official Gazette.

¹[(3) These Regulations shall be reviewed once every three years from the date of publication of the IRDAI (Regulatory Sandbox) (Amendment) Regulations, 2022, unless a review, repeal or amendment is warranted earlier.]

2. Objectives.--

The objectives of these Regulations are:

(1) To strike a balance between orderly development of insurance sector on one hand and protection of interests of policyholders on the other, while at the same time facilitating innovation;

(2) To facilitate creation of regulatory sandbox environment and to relax such provisions of any existing Regulations framed by the Authority for a limited scope and limited duration, if such a relaxation is needed.

3. Definitions.--

¹ Substituted by Insurance Regulatory and Development Authority of India (Regulatory Sandbox) (Amendment) Regulations, 2022 vide [Notification No. IRDAI/Reg/3/182/2022 dated 05.12.2022](#), for the following:-

"(3) These Regulations shall remain in force for a period of [4 years] from the date of publication in the Official Gazette."

(1) In these Regulations, unless the context otherwise requires: -

- a. "Act" means the Insurance Act, 1938;
- b. "Applicant" includes
 - i. an insurer or
 - ii. an intermediary or insurance intermediary or
 - iii. any person other than an individual having a minimum net-worth of ten lakhs rupees for previous financial year or
 - iv. any other person recognized by the Authority

seeking singly or jointly permission for promoting innovation in insurance in India;

c. "Authority" means the Insurance Regulatory and Development Authority of India established under sub-section (1) of Section [3](#) of the Insurance Regulatory and Development Authority Act, 1999 (41 of 1999);

d. "Regulations" means the Regulations framed by the Authority as defined under Section [2 \(16A\)](#) of the Act;

e. "Regulatory Sandbox" means an environment used in the financial services sector, which provides testing ground for new business models, processes and applications that may not necessarily be covered fully by or are not fully compliant with existing Regulations;

f. "Sandbox environment" means a testing environment designed for experimentation for a specific period of time.

(2) Words and expressions used and not defined in these Regulations but defined in the Insurance Act, 1938 (4 of 1938) or the Insurance Regulatory and Development Authority Act, 1999 (41 of 1999) or the Rules or the Regulations notified there under, shall have the meanings respectively assigned to them in those Acts or the Rules or the Regulations as the case may be.

CHAPTER II

PROCEDURE FOR SEEKING PERMISSION FOR PROMOTING INNOVATION IN INSURANCE IN INDIA

4. Categories of application.--

(1) An applicant may apply to the Authority seeking permission for promoting or implementing innovation in insurance in India in any one or more of the following categories:

- (a) Insurance Solicitation or Distribution
- (b) Insurance Products
- (c) Underwriting
- (d) Policy and Claims Servicing
- (e) Any other category recognised by the Authority.

5. Application for grant of permission for promoting innovation in insurance in India.--

(1) An applicant desiring to promote or implement innovation in insurance in India shall make an application to the Authority electronically in the specified form.

(2) The application shall be accompanied by a non-refundable processing fee of ten thousand rupees.

² [****]

6. Conditions for Grant of permission.--

(1) The Chairperson of the Authority, on being satisfied that the application:

² Omitted by Insurance Regulatory and Development Authority of India (Regulatory Sandbox) (Amendment) Regulations, 2022 vide [Notification No. IRDAI/Reg/3/182/2022 dated 05.12.2022](#), for the following:-

"(3) The Authority shall follow the cohort approach in inviting applications for promoting innovation in insurance sector under the Regulatory Sandbox approach.

Explanation: For the purpose of these Regulations "cohort" means applications received from applicants during a specified period of time to be announced."

- (a) promotes innovation beneficial to insurance in India;
- (b) is in the interest of the policyholders;
- (c) is conducive for the orderly growth of the industry;
- (d) would promote increase in insurance penetration in the country;
- (e) meets any other requirements as specified by the Authority,

may grant permission subject to the applicant complying with the relevant provisions of the Insurance Act, 1938 and the Insurance Regulatory and Development Authority Act, 1999.

(2) The permission granted shall be valid for ³[an experiment period of up to 36 months].

⁴[(3) If the application is not considered, the applicant may file the review application to the committee as specified by the Authority.]

7. Revocation of permission.--

(1) The Chairperson of the Authority may revoke the permission so granted at any time, if it is of the view that the activities carried out are:

- (a) not meeting the conditions given in Regulation 6 above or
- (b) in violation of the provisions of the Insurance Act, 1938, the Insurance Regulatory and Development Authority Act, 1999 and other applicable laws.

Provided that before revoking the permission, the applicant shall be given an opportunity of being heard.

8. Extension of first permission.--

³ Substituted by Insurance Regulatory and Development Authority of India (Regulatory Sandbox) (Amendment) Regulations, 2022 vide [Notification No. IRDAI/Reg/3/182/2022 dated 05.12.2022](#), for the following:-

"a period of 6 months"

⁴ Inserted by Insurance Regulatory and Development Authority of India (Regulatory Sandbox) (Amendment) Regulations, 2022 vide [Notification No. IRDAI/Reg/3/182/2022 dated 05.12.2022](#)

(1) If, at the end of ⁵[experimental period], the applicant seeks extension of time, a request may be made to the Authority citing the reasons for seeking the extension along with a performance analysis of the proposal so far.

(2) The Chairperson of the Authority may consider the request of the applicant on merits.

(3) Under no circumstances will the applicant be granted extension of time beyond ⁶[12] months to complete the task.

(4) The clause relating to revocation of permission as mentioned in Regulation 7 shall apply mutatis mutandis for the extension period.

9. Internal monitoring, review and evaluation of systems and controls.--

(1) After grant of permission, the applicant shall ensure:

(a) that the integrity of the systems is maintained at all times.

(b) confidentiality of policyholder data is maintained.

(c) adequate internal mechanisms are put in place for reviewing, monitoring and evaluating its controls, systems, procedures and safeguards.

(2) Where any deviation is noticed in executing the proposal, the applicant shall notify the same immediately to the Authority.

10. Review of proposal approved by the Authority.--

(1) The Authority, through the single point of contact (SPOC), shall review the progress of the proposal at regular intervals.

(2) The Authority may also guide the applicant in the form of suggestions and in any other way as it may deem fit. However, the applicant shall be solely responsible for

⁵ Substituted by Insurance Regulatory and Development Authority of India (Regulatory Sandbox) (Amendment) Regulations, 2022 vide [Notification No. IRDAI/Reg/3/182/2022 dated 05.12.2022](#), for the following:-

"6 months"

⁶ Substituted by Insurance Regulatory and Development Authority of India (Regulatory Sandbox) (Amendment) Regulations, 2022 vide [Notification No. IRDAI/Reg/3/182/2022 dated 05.12.2022](#), for the following:-

"6"

every action taken in respect of the proposal and shall be liable to discharge all the obligations thereunder including any legal obligations.

11. Conclusion of the proposal.--

(1) On completion of the allocated time period or size of the proposal specified, the applicant shall submit a report to the Authority within 15 days on how the proposal met the objectives along with feedback from the policyholders and such other information or details as specified by the Authority. The applicant shall also submit a plan of action as to how the proposal be brought under the extant regulatory framework.

(2) On examining the report of the applicant, if the Authority is satisfied that the objectives of the proposal have been met, it may accord permission to the applicant to adopt the proposal under the extant regulatory framework wherein in addition to provisions of the Insurance Act, 1938, the Insurance Regulatory and Development Authority Act, 1999, all Regulations, guidelines, circulars, etc. will be applicable from the date of moving to the extant regulatory framework.

(3) On examining the report submitted by the applicant, if the Chairperson of the Authority is of the view that the objectives of the proposal are not met, the applicant may be directed to discontinue the proposal.

(4) An applicant may also file for early termination of the proposal in case it is felt that the proposal shall not be able to meet the desired objective. The Chairperson of the Authority shall consider the request on merits and advise the applicant accordingly subject to such conditions as it deems fit.

(5) It shall be the duty of the applicant to erase all personal data of the participants and give a confirmation to that effect to the Authority.

(6) The decision of the Chairperson of the Authority on whether or not to allow continuation of the proposal is final.

CHAPTER III

12. Power of the Authority to grant relaxation from the provisions of any Regulations to an applicant in the Regulatory Sandbox.--

(1) The Chairperson of the Authority may relax for the applicant the applicability of one or more provisions of any Regulation(s) notified by the Authority or any guidelines or circulars issued by the Authority, subject to the conditions mentioned in Regulation 6 and any other conditions as deemed necessary.

However, no relaxation shall be offered in respect of compliance with the Insurance Act, 1938 or IRDA Act, 1999 or any other applicable statutes.

⁷[****]

13. Further powers of the Authority.--

(1) The Authority shall have the right to call for, inspect or look into any document, record or communication from the applicant.

(2) Notwithstanding the above, where the Authority is of the opinion that the operations of the applicant are not in the interest of the Indian market or the insurance policyholders, the Authority reserves the right to take appropriate actions including suspension or cancellation of permission granted.

(3) The Chairperson of the Authority may issue Guidelines on matters relating to operational issues pertaining to the Regulatory Sandbox, [guidelines based on the outcome of Sandbox proposals]⁸ and such other relevant matters as deemed appropriate.

⁷ Omitted by Insurance Regulatory and Development Authority of India (Regulatory Sandbox) (Amendment) Regulations, 2022 vide [Notification No. IRDAI/Reg/3/182/2022 dated 05.12.2022](#), for the following:-

"(2) The maximum period for which the relaxation shall be granted is one year."

⁸ Inserted by Insurance Regulatory and Development Authority of India (Regulatory Sandbox) (Amendment) Regulations, 2022 vide [Notification No. IRDAI/Reg/3/182/2022 dated 05.12.2022](#).