

To

All the Insurers

Guidelines on Advertisement, Promotion & Publicity of Insurance Companies, and insurance intermediaries

The success of sales communication depends on public confidence and the faith they repose in the insurance companies, when they receive a communication from them promoting their products. As such the insurers are expected to adopt honest and fair practices in the market-place and avoid practices that tend to impair the confidence of the public. As it is very difficult for the public to understand and evaluate the latent intricacies involved in the various insurance products, it is of paramount importance that the publicity material is relevant, fair and transparent enabling informed decision making about whether or not to buy a specific insurance product. The verbal communication that the prospects receive from their advisors can be supplemented by the written material that is made available to them.

These guidelines issued with the above background are intended 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 regulations as applicable. These guidelines 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 guidelines 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 insurance companies 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 constitute insurance advertisements as defined in para 2.2 below.

2.2. ***Insurance advertisement***: Any advertisement issued with the specific purpose of soliciting insurance business, and / or to influence the choice, opinion or behavior of the prospective policyholders will fall under this category. Advertisement, for this purpose, means Insurance Advertisement as defined in 'advertisement regulations' and is classified as under:

2.2.1 ***"Invitation to Inquire"***: This is an advertisement which highlights the basic features of insurance/insurance products issued through recognised marketing media in any mode to 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 Guidelines are to be complied with by:

- ◆ All the insurers (life insurers, non-life insurers and health insurers)
- ◆ The insurance intermediaries

3.2. **Coverage**: These guidelines apply to advertisements, issued through all recognised marketing media, in any mode including printed material, radio, television, e-mails, hosting on the Internet and any other audio/visual electronic media.

3.3. General Requirements:

3.3.1. **Dos'**: All insurance advertisements (as indicated in para 2.2 above) should ensure that:

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. Brand names of the product as proposed in the File and Use application are adhered to.
- 3.3.1.4. When issued in vernacular languages, the mandatory disclosures are also in the same vernacular language.

3.3.2. Don'ts

- 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 guidelines.
- 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.

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

3.4.1. Dos': 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 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; the limitations and exclusions of the contract;
 - c. Illustrations which indicate the exact costs and charges; reasonable projections of benefits; 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 issued, if any, by the Authority or the Council.

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 favorable 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 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 in these guidelines.
- 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 on-line.
- 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 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 only after obtaining prior approval from the Authority. Every application for approval shall carry a certificate from the Appointed Actuary that it presents the same features of the product as cleared under File and Use.

3.7.2. The contents of these guidelines will apply in mutatis mutandis to all the JS advertisements, as applicable. These guidelines supercede the circular IRDA/ADVT/2004 dated 6th December 2004 regarding "Products Co-branded with Corporate Agents/Brokers".

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 insurance company/ 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 guidelines 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 insurance company and its affiliates. Insurance company and its affiliates should not however, 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 an insurance company, 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.

6. Mandatory disclosure as specified by 'advertisement regulations' and applicable guidelines 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. 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.
9. Advertisements filed in accordance with Regulation 3(v) of the 'advertisement regulations' should be filed within 30 days of its release.
10. In Unit linked business, advertisements should also adhere to the advertisement norms prescribed in circular no: 032/IRDA/Act1/Dec-2005 dated 21st December, 2005.
11. These guidelines come into force from 1st July 2007. Those advertisements inconsistent with the provisions of these guidelines should be withdrawn within 2 months of the guidelines coming into force.

(C.S. Rao)
Chairman