

Digital Insurance Policy Guideline, 2080

Preamble: Whereas it is expedient to use the digital medium to make the process of selling and distributing insurance products prompt, transparent, and systematic while maintaining uniformity in the work process of the insurance company, in exercise of the power conferred by Section 5(Gha) and 166 of the Insurance Act, 2079, Nepal Insurance Authority has formulated the following guidelines.

Chapter I Preliminary

1. Short Title and Commencement: (1) This guideline shall be cited as “Digital Insurance Policy Guidelines, 2080.”

1. This Guideline shall come into force from, 2080.

2. Definition: In this Guideline, unless the context otherwise requires:

1. “**Act**” means the Insurance Act, 2079 (2022 BS).

2. “**Regulation**” means the Insurance Regulation, 1993 (2049 BS).

3. “**Authority**” means the Nepal Insurance Authority constituted pursuant to Section 3 Insurance Act, 2079.

4. “**Insurer**” means a corporate body registered and licensed under insurance act 2079 and the word includes the micro life, Micro non-life and Re-insurer.

5. “**Insurance Business**” means Life Insurance Business or Nonlife Insurance Business and the word also includes the micro life, micro non-life and reinsurance.

6. “**Insurance agent**” herein after called agent means a licensed insurance intermediary person or organization other than an employee of the insurer acting on commission basis on behalf of an insurer.

7. “**Insured**” means a person insuring and the term also includes the person entitled to the benefit arising out of an insurance policy.

8. “**Personal information**” means any information that can be used on its own or with other information to identify, contact, or locate an individual or person.

9. “**Insurance premium**” means an amount that an insurer collects from an insured as a return for insurance in lump sum or in installments.

10. “**Digital Signature**” means a signature made in any digital form to be included in the transformation of digital record by a person having a non- transformed initial digital record and the public key of signatory

by using a type of asymmetric crypto system that may clearly ascertain the following matters:

- a. Whether or not transformation of digital record was created by using a type of private key keeping a logical consistency with the public key of signatory; and
 - b. Whether or not the initial digital record has been changed after the transformation of digital record.
11. **“Certificate”** means a Digital Signature Certificate issued under Section 30 of electronic transaction act, 2008.
 12. **“Digital Record”** means the data, image, visual, sound transmitted received or stored in a digital form by generating the same through any means.
 13. **“Digital Insurance Account (DIA)”** is a digital account opened by an individual/ institution with an insurer wherein the KYC, insurance policies and other information/document of an individual/ institution are held in a digital form.
 14. **“E-Signature”** means the signature captured in the device using hand motion or stylus pen.
 15. **“E-Proposal” or “Digital Proposal”** means a proposal form for an insurance policy filled digitally by an individual/ institution with a digital signature and validated by One Time Password (OTP).
 16. **“Digital Insurance policy”** means a policy document which is evidence of insurance contract digitally signed by an insurer and issued in a digital to the policyholder by the insurer.
 17. **“Computer Database”** means an organized collection of structured information or data (i.e., data, image, voice, or audio-visual form), typically stored digitally in a computer system.
 18. **“Multi factor authentication”** means an authentication method that requires the user to provide two or more verification factors to gain access to an insurance resource.

Chapter II

Digital Insurance Policy for Life Insurance and Micro Life Insurance

3. Creation and operation of Digital Insurance Account

1. Every insurer licensed by Authority soliciting insurance business shall create a Digital Insurance Account for every customer who wishes to purchase insurance policy through digital medium.

2. Upon creation of a Digital Insurance account, a username and password shall be provided to the customer and the account shall have multi-factor authentication to sign in.
3. After creation of Digital Insurance account, a KYC form in the format approved by Authority shall be filled and verified by an authorized representative of the insurer proceeding with policy purchase.
4. The Digital Insurance account number should be unique for each user with company code at the beginning restricting multiple accounts (de-duplication account) of users.
5. It shall be necessary for a customer to have either an email id or a registered mobile phone number while creating DIA.
6. The customer shall not be charged any amount and a single DIA number shall be issued for single user to restrict multiple accounts of same user.
7. The Digital Insurance Account (DIA) can be operated by a natural guardian or the legal guardian in case of minor in accordance with the provisions of Insurance Act.
8. The Digital Insurance Account (DIA) can be operated/created by certified insurance agent subject to approval of insured through OTP or Email authentication.
9. The insurer can make a necessary digital platform for insurance agents and can also link DIA account and E-proposal with agent platform as per need with proper security measure and subject to approval of insured through OTP or Email authentication.
10. In-case of operation of DIA account for visually challenged, a representative nominated by him/her shall take the responsibility of the DIA holder. The representative shall make a declaration confirming the maintenance of confidentiality and communication, the status, and updates of DIA to visually challenged DIA holder.
11. Due authentication shall be ensured each time by the insurer to ensure that services are accessed by only those authorized to access DIA accounts.

4. E-Proposal Form

1. Every insurer soliciting insurance business through digital medium shall create an e-proposal form as per the proposal form approved by the Authority. Such a form should enable to capture the information in digital form.

2. The e-Proposal form shall automatically capture the digital Insurance Account (DIA) number and its needed information. Information/data should not be asked repeatedly.
3. When an individual furnishes the details in e-proposal form, it shall carry his e- signature or biometric or digital signatures and if an institution files the e-proposal form, it shall carry e-signature of authorized staff and stamp of the institutions. The e-proposal form upon submission shall be validated by One Time Password and email verification.
4. E-Proposal form shall have the provision to capture details of agent if the DIA holders use the service of agents.
5. The insurer shall make necessary arrangements to capture the information related to KYC in the e-proposal form and a live photo capture of the customer or upload of photo.
6. The insurer can also make a necessary digital platform to capture medical information to underwrite as per need.
7. For the verification of whether the proposal form is filled in by the valid customer, the insurer can make use of different digital mechanisms as deemed necessary.

5. Issuance of Digital Insurance Policies

1. The insurer can issue the insurance policy through online medium, subject to the Acts, Regulations, Rules, Directives, Circulars issued by the Authority and Underwriting Manual of the Insurer.
2. An E-proposal form shall be examined and accepted/rejected/withhold with reason by the insurer within 24 hours and such status shall be notified to insured.
3. The insurer arranges e-banking or digital payment system to collect premiums. Insurers are not allowed to issue digital insurance policies without realizing premium in insurer bank accounts or valid bank guarantee as per the act and regulation.
4. Digital insurance policies shall include the DIA number of policy holders.
5. Insurer shall issue only those policies through digital medium that are listed in Annexure I. If the insurer wishes to issue additional line of business through digital medium, insurer shall file prior approval.

6. Physical version of the digital insurance policies need not be issued when digital insurance policies are issued through the digital platform.
7. The insurance policy, proposal form and other documents shall be provided with the option to print or download whenever necessary.
8. Digital Insurance Policies shall be deemed compliant only when issued with the digital signature of the insurer in accordance with the applicable law.
9. Insurers shall ensure confidentiality and security of insurance policies issued through digital medium.
10. The insurer shall collect the stamp duty due for issuance of insurance policy and premium receipt and deposit the amount in bank account of NRB or Nepal government or account prescribed by NRB to issue digital policy.
11. The insurer shall send a soft copy of the insurance policy via email with the phrase “This is a digitally generated and signed policy hence, bears no signature” at the end of the policy.
12. The duly company stamped on printed form of digital policy in physical form shall be issued, if necessary, upon the request of the policy holder.

6. Conversion of Existing Policies into Digital Form

1. The insurer can make the necessary arrangement to convert existing policies of DIA holder into digital form if requested by him/her; such request may be made either in digital or physical form indicating the details of policy number and DIA number.
2. The Insurer shall display on their website necessary arrangements for conversion of existing physical policies into digital form.

7. Digital Payments

1. Insurer shall make necessary arrangements for payment through digital medium, when issuing new insurance policies and renewal through DIA account.
2. Insurers must use licensed digital payment gateways or via mobile/e-banking while making or receiving payments.
3. Digital payments made by any individual / institution other than the insured himself or proposer or policyholder or person without insurable interest shall not be acceptable.

8. Payment of Policy Benefits

1. The Insurer shall make necessary arrangements for providing claim, survival benefit and loan/surrender benefit through digital medium. Payment shall be made through licensed digital payment gateway or mobile/e-banking.
2. The insurer can make a digital claim payment system for all policies, specifically policies which are issued digitally.
3. The Insurer shall pay a certain amount of claim through digital claim payment system in specific portfolio as per company claim manual.

Chapter III

Digital Insurance Policy for Non-Life insurance and Micro Non-Life Insurance

9. Creation and Operation of Digital Insurance Account

1. Every insurer licensed by Authority soliciting insurance business shall create a Digital Insurance Account for every customer who wishes to purchase policy through digital medium.
2. Upon creation of a Digital Insurance account, a username and password shall be provided to the customer and the account shall have multi-factor authentication to sign in.
3. After creation of Digital Insurance account, a KYC form in the format approved by Authority shall be filled and verified by an authorized representative of the insurer proceeding with policy purchase.
4. The Digital Insurance account number should be unique for each user with company code at the beginning restricting multiple accounts (de-duplication account) of users.
5. It shall be necessary for a customer to have either an email id or a registered mobile phone number while creating DIA.
6. The customer shall not be charged any amount and a single DIA number shall be issued for single user to restrict multiple accounts of same user.
7. The Digital Insurance Account (DIA) can be operated by a natural guardian or the legal guardian in case of minor in accordance with the provisions of Insurance Act.
8. The Digital Insurance Account (DIA) can be operated/created by certified life insurance agent subject to approval of insured through OPT or Email authentication.

9. In-case of operation of DIA account for visually challenged, a representative nominated by him/her shall take the responsibility of the DIA holder. The representative shall make a declaration confirming the maintenance of confidentiality and communication, the status, and updates of DIA to visually challenged DIA holder.
10. Due authentication shall be ensured each time by the insurer to ensure that services are accessed by only those authorized to access DIA accounts.

10. E-Proposal Form

1. Every insurer soliciting insurance business through digital medium shall create an e- proposal form as per the proposal form approved by the Authority. Such a form should enable capture of information in digital form.
2. The e-Proposal form shall automatically capture the digital Insurance Account (DIA) number and its needed information. Information/data should not be asked repeatedly.
3. When an individual/institution furnishes the details in e-proposal form, it shall carry his e- signature or biometric or digital signatures and if an institution files the e-proposal form, it shall carry e-signature of authorized staff and the stamp of the institutions. The e-proposal should have provision to capture picture/video of subject matter of insurance as well as e-proposal form upon submission shall be validated by One Time Password and email verification.
4. E-Proposal form shall have the provision to capture details of agent if the DIA holders use the service of agents.
5. The insurer shall make necessary arrangements to capture the information related to KYC in the e-proposal form and a live photo capture of the customer or upload of photo.
6. E-proposal form shall have the provision to upload photograph or video or both of subject matter of insurance.
7. For the verification of whether the proposal form is filled in by the valid customer, the insurer can make use of different digital mechanisms as deemed necessary.

11. Issuance of Digital Insurance Policies

1. The insurer can issue the insurance policy through online medium, subject to the Acts, Regulations, Rules, Circulars, Directives issued by the Authority and Underwriting Manual of the Insurer.
2. An E-proposal form shall be examined and accepted/rejected/withhold with reason by the insurer within 24 hours and such status shall be notified to insured.
3. The insurer arranges e-banking or digital payment system to collect premiums. Without realizing premium in insurer bank accounts or valid bank guarantee as per act insurer all not allowed to issue digital insurance policies.
4. Digital insurance policies shall include the DIA number of policyholders.
5. Insurer shall issue only those policies through digital medium that are listed in Annexure I. If the insurer wishes to issue additional line of business through digital medium, insurer shall file prior approval.
6. Physical version of the digital insurance policies need not be issued when digital insurance policies are issued through the digital platform.
7. The insurance policy, proposal form and other documents shall be provided with the option to print or download whenever necessary.
8. Digital Insurance Policies shall be deemed compliant only when issued with the digital signature of the insurer in accordance with the applicable provisions prescribed by law.
9. Insurers shall ensure confidentiality and security of insurance policies issued through digital medium.
10. The insurer shall collect the stamp duty due for issuance of insurance policy and premium receipt and deposit the amount in bank account of NRB or Nepal government or account prescribed by NRB to issue digital policy.
11. The insurer will send a soft copy of the insurance policy via email at the end of the policy with the phrase “This is a digitally generated and signed policy, hence, bears no signature”.
12. The duly company stamped on printed form of digital policy in physical form shall be issued, if necessary, upon the request of the policy holder.

12. Conversion of Existing Policies into Digital Form

1. The insurer shall make the necessary arrangement to convert existing policies of DIA holder into digital form if requested by him/her; such request may be made either in digital or physical form indicating the details of policy number and DIA number.
2. The Insurer shall display on their website necessary arrangements for conversion of existing physical policies into digital form.

13. Digital Payments

1. Insurer shall make necessary arrangements for payment through digital medium, when issuing new insurance policies, renewal through DIA account.
2. Insurers must use licensed digital payment gateways or via mobile/e-banking while making or receiving payments.
3. Digital payments made by any individual / institution other than the insured himself or proposer or policyholder or person with insurable interest shall not be acceptable.

14. Payment of Policy Benefits

1. The Insurer can make necessary arrangements for providing claim through digital medium. Payment shall be made through licensed digital payment gateway or mobile/e-banking.
2. The insurer shall make a digital claim payment system for all policies, specifically policies which are issued digitally.
3. The Insurer shall pay a certain amount of claim through digital claim payment system in specific portfolio as per company claim manual.

Chapter VI

Prerequisites of Information Technology, Infrastructure and Security

15. Operation and Use of Information Technology Systems

The insurer shall have in place the necessary IT infrastructure to issue digital insurance policies in central offices, regional offices, branch offices and sub-branches.

16. Digital Insurance Policy Issuance System

1. Insurers may create and use websites, mobile apps, or other types of digital medium convenient to operate and issue digital insurance policies.
2. The system of digital insurance policy through the website, app or other types of digital medium created and operated by the insurer pursuant to Guideline number 16 shall have to be updated from time to time.

17. Minimum Requirements

1. The insurer's website or app or other types of digital medium, developed to issue digital policy shall have at least the following requirements.
 - a. User sign in/ sign up button should be visible on the website or app or other types of digital medium.
 - b. The procedure to purchase an insurance policy through digital medium must be clearly mentioned on the website or app or other type of digital medium.
 - c. Classification of all the insurance policies offered by the insurer through digital medium and the portfolio in which it belongs along with the benefits, terms and conditions and exclusions and of the policies.
 - d. Claim procedure, documents required and time for claim settlement as prescribed by Authority for digital claim filing.
 - e. The sitemap must be clearly visible.
 - f. Inquiry section which enables customers to post queries and get a reply from the insurer via email, phone, SMS, or website.
 - g. FAQs must be clearly visible.
2. When a customer signs in into his/her DIA, user Dash Authority should be displayed with the following information at a minimum:
 - a. "Profile section" to fill information for the KYC form in the format prescribed by the Authority and the feature to preview the details filled.
 - b. "Purchased Policy" Section with the feature to fill the e-proposal form in the format approved by Authority, upload necessary documents and premium payment The different policy offered by the insurer through digital medium must be available in a drop-down menu.
 - c. The "Insurance Policy" section must include digital copies of policies purchased by the customer, information on previous premium payment and premium amount due along with the next

premium payment date and the status of the policies (including enforce status, Bonus status, Loan status, Nominee/Assignment Status, etc.). Also, a customer profile and other documents must be available.

- d. "Policy Renew section" providing information of issued policies on but not limited to policy renewal date, renewal premium amount, expiry/maturity date and an e-payment button must be available.
- e. "Claim section" containing file claim button, tracking of claim status and claim related support.
- f. "Premium calculator" for each insurance policy and for different premium payment mode along with the total premium payable under that policy.
- g. "Help section" with help desk support for individual police and the contact number and email address of the authorized staff.
- h. "Tracking section" to track the status of application form, payment, document upload policy status, claim application, claim status. Tracking shall be made possible via mobile number, application number or policy number with 2 factor authentications (e.g., DOB, Citizenship number etc.)
- i. A mini statement showing the basic details like name, contact details, nominee details, payment terms, sum assured, premium payable, etc. as provided in the policy schedule for each policy purchased by the customer shall be provided to the DIA holder. Full terms/conditions and exclusions may be excluded.
- j. A settings section must be provided for account password change and other privileges.
- k. The FAQs section must be present.
- l. Password reset option shall be available for user with authorization/identification process.

18. Authorized Personnel for DIA

1. An insurer shall appoint a staff as an Authorized Personnel who shall be entitled to verify the details filled in by DIA holder.
2. The Authorized Personnel shall be responsible for verification of the KYC form, e-proposal form, documents uploaded and ensure payment of premium.

3. The Authorized Personnel shall have an account which shall include Verify KYC section with approve/reject button, Email/ SMS button to ask for additional document, e-Proposal form verifying section, Policy issue section to approve and issue policies to customer, Claim section and Logout button.

19. KYC Details

1. A DIA holder must inform the Insurer about the change of KYC details, and the same shall be applicable to all policies issued to that DIA holder. The insurer shall ensure the change in the KYC through the DIA.
2. While effecting a change of details at the request of a DIA holder, the authorized personnel of the insurer may on their own verify the change in KYC.
3. Every change should be recorded and notified to DIA holder and provide a record of changes to the Authority when asked for.

20. Infrastructure and Security: The insurer, before commencing the sale of insurance policies through digital medium, shall put in place measures to safeguard the privacy of the data and adequate systems to prevent manipulation of records and transactions. The safeguards put in place shall be reviewed on a continuous basis.

1. Insurer shall create a subdomain of the insurer's website domain for the purpose of issuing digital policies.
2. The insurer shall ensure the protection of the automatic data processing systems against unauthorized access, alteration, destruction, disclosure or dissemination of records and data.
3. If the authorized persons or the servers are in multiple location, the network through which digital means of communications are established must be secure against unauthorized entry or access; for example: VPN connection or other private secure connection.
4. Every system firmware, software and operating system used to issue Digital Insurance policies shall be constantly upgraded and up to date.
5. A virtual isolated environment or dedicated server shall be used for issuing Digital insurance policy.
6. Authorized (Legitimate) SSL certificate and other latest security certificates must be used and a purchase agreement must be submitted to Authority along with the yearly IT Audit report.

7. The insurer has to establish standard transmission and encryption formats and non-repudiation safeguards for digital communications of data.
8. Insurer shall employ responsibility and access limitation (access privileges) of the staffs and authorized personnel as deemed necessary to protect confidential and private information and limit data breach.
9. Any physical or digital access to the premises, facilities, automatic data processing systems, data storage sites and facilities including back up sites and facilities and to the digital data communication network connecting the insurer, its approved persons and policyholders shall be controlled, monitored, and recorded.
10. The insurer shall maintain regular file backup and have an efficient restoration strategy to ensure that its records are protected against loss or destruction. Also, arrangements shall be made for maintaining back up facilities at provincial locations as well.
11. Firewall protection and other strong security measures must be ensured and configured in such a way that it refuses all access except those that are mandatory for the network and servers.
12. All the server operating system, database, network devices and other office automation software used by insurer for Digital insurance policy infrastructure must have legitimate license key.
13. Standard password policies should be employed for the server security, DIA and software security i.e.
 - a. Enforce minimum character length of password.
 - b. Set password complexity guidelines.
 - c. Enable session timeout for inactivity.
 - d. Use multi factor authentication strategy.
 - e. Set password expiration policy.
 - f. Minimum login attempt strategy
 - g. All login attempts should be monitored, and system logs should be recorded.
14. There must be provision of recording time stamp with other information of every account creation, e-proposal submission, file upload, policy upload and other transactions and such information should be made available if requested by Authority.
15. Data and records amongst multiple systems should be reconciled.

16. Cookies to record user's activity shall not be used in digital platform where Digital Insurance Policies are provided.
17. Notifications of KYC approval, account login, policy approval, claim status or any events related to the process of issuing digital policy shall be provided to the DIA holder.
18. Any personal data disclosure is prohibited on any medium or organization except asked by Authority.
19. The insurer shall submit yearly reports regarding steps taken by it to maintain the privacy of data.
20. The insurer shall have in place a detailed operations manual explaining all aspects of procedures and systems to issue digital policy, including the interface and method of transmission of information amongst the insurer, its authorized persons, and policyholders.
21. The insurer shall implement security information management system like SIEM (Security information and event management)
22. The server/computer should have a virus protection mechanism.

Chapter VI Miscellaneous

21. Insurers who wish to issue insurance policies through digital medium, shall file for approval at Authority along with the following documents:
 - a. Cover Letter
 - b. Board Minute
 - c. Procedure/Process map to issue policy digitally
 - d. VAPT (Vulnerability Assessment and Penetration Testing) report of system/platform/software used to issue digital policy
 - e. Digital Policy issuance Manual with Digital Claim Settlement
 - f. Digital Policy Issuance System Completion certificates.
22. Insurers can prepare digital platform of agent for digital insurance policy. Such platform can have link with DIA and E-proposal form with proper authentication with insured and without violating digital privacy of insured. While doing so the insurer is required to maintain profound IT security and make agent responsible as per act and regulations.
23. The Authority may inspect the system and arrangements for issuing policy through digital medium if deemed necessary.

24. The Authority shall reserve the right to reject the request pursuant to Guideline number 20 and may cancel the approval at any time if noncompliance of this guideline comes to notice of the Authority.
25. Insurers shall abide by the Insurance Act, Regulations, Directives, Guidelines and Circulars and relevant Acts of Government of Nepal in implementation of this guideline.
26. An insurer may offer a discount in the premium to the policyholders for policies issued through digital medium given that there is no involvement of agent in the purchase of such policy. Such a discount shall be as prescribed by the Authority.
27. If any obstacle is encountered while carrying out the work as per this guideline, the Authority shall have the right to remove the obstacle, interpret this guideline and issue clarification.