Policy for Payment of Commission or Remuneration or Reward to Insurance Agents and Insurance Intermediaries – May'26

Background – The Authority through its IRDAI (EOM including Commission) Regulations,2024, has issued norms on payment of Commission to Insurance agent or Insurance intermediary, by insurers. The Authority directed to put in place clear and transparent Board Policy on Commission structure to ensure fairness, transparency, compliance, efficiency, and industry reputation in the insurance distribution process.

The requirements laid out by IRDAI to be covered in the Board approved policy for compensation to Insurance Agents and Intermediaries are set out in the table below including the policy recommendation of the Company.

Subject to matters specifically referred to in this policy, **general authority to define the quantum of commission and remuneration or reward to be paid to an Individual Agent or Intermediary for managing business activities is delegated to the CRC**. For the avoidance of doubt, the Board directs that the said Officers to whom authority is delegated are required to comply with all statutory instruments relevant to the management of Insurance Agents and Intermediaries including guidance from the IRDAI.

The CRC, will be jointly responsible for supervision at Board level for the effective implementation of this policy and the associated administrative procedures. In addition, the Board notes that matters covered by this policy constitute an auditable area.

IRDA Requirements	Company's Policy (Principles and Operating Guidelines)
Definition	"Commission" means any compensation including remuneration, or incentive or reward, by whatever name called, paid by an insurer to Insurance agent, Intermediary or Insurance intermediary, as applicable, for soliciting or procuring or transacting insurance business
Objective and Principles of the Policy	The objective of this Policy is to define the standards that need to be followed by IndusInd Nippon Life Insurance Company Limited ('the Company' or 'INLIC') with regards to the payment of Commission in the manner prescribed by the Authority. The policy shall take into consideration the following: • Promoting fair and transparent competition among agents & intermediaries and protecting Policyholders' interests • encourage compensation for insurance penetration to be aligned with customers' needs & encouraging cost effective distribution. • Commission structure should be based on nature and tenure of Policy, performance of seller. • Commission shall be commensurate with the efforts required to acquire and sustain the insurance business. • Commission to be commensurate with business strategy, Cost efficiencies & simplification of administration of insurance. Commission structure shall be reasonable and shall not result in excessive compensation to intermediaries at the customers' expense

1.Manner and Conditions regarding Payment of Commission or Remuneration or Reward	**Frequency:** The cycle of payment of Commission or Remuneration or Reward as applicable shall be as decided jointly by the CRC as per the need of the specific channels Any unpaid commission lying under commission accrual/payable for the distributors (Agent, Broker, Corporate & Others) who are in terminated status for more than 1 year will be written back on yearly basis in the month of March (with cut off data as of Feb)
Applicability of new commission structure	New Commission Structure in line with the Board approved Policy to be applicable from date of approval by the Board of Directors and policy sold after this approval. Any new commission structure shall not apply to already sold policies. However, the policies sold would need to comply EOM norms and Use & File Limits fixed for various products. Existing products already sold will continue with the current commission structure approved under the erstwhile Commission regulations, F&U Limits. Effective date of transition shall be intimated to all Agents & Intermediaries post policy approval.
Commission to Insurance Agents	**First Year and Renewal Year Commission** • Maximum First Year and Renewal Year commission up to the limits defined under individual Product File-n-Use. • However the CRC may jointly decide to pay differential First year & renewal year commission (within maximum limits not exceeding the EOM limits and Product based File and Use, Use & File Limits specified under IRDAI guidelines) to Agents based on some predefined criteria which may include Business performance, Quality of Business, Quality of Services to Policy Holders, Longevity of association with the organization etc , and adherence to the code of conduct of the business which will encourage compensation for insurance penetration to be aligned with customers' needs & encouraging cost effective distribution, based on nature and tenure of Policy, performance of seller, Further, Commission would need to be commensurate with business strategy, Cost efficiencies & simplification of administration of insurance. Overall, Commission structure shall be reasonable and shall not result in excessive compensation to intermediaries at the customers' expense. • The criteria may change from time-to-time basis business requirement subject to approval of the CRC jointly, to whom authority has been delegated under this Policy
Remuneration to Insurance Intermediaries	**Intermediaries (Other than IMFs)** • **First Year and Renewal Year Commission**: Maximum First Year and Renewal Year remuneration upto the limits defined under individual Product File-n-Use. • However the CRC may jointly decide to pay differential commission (within maximum limits not exceeding the EOM limits and Product based File and Use, Use & File Limits specified under IRDAI guidelines) based on some predefined criteria which may include Business performance, Quality of Business, Quality of Services to Policy Holders and adherence to the code of conduct of the business. encourage compensation for insurance penetration to be aligned with customers' needs & encouraging cost effective distribution, based on nature and tenure of Policy, performance of seller, Further, Commission would need to be commensurate with business strategy, Cost efficiencies & simplification of

	administration of insurance. Overall, Commission structure shall be reasonable and shall not result in excessive compensation to intermediaries at the customers' expense. **Insurance Marketing Firms (IMFs)** • **First Year and Renewal Year Commission*:*** Maximum First Year and Renewal Year remuneration upto the limits defined under individual Product File-n-Use • However the CRC may jointly decide to pay differential commission (within maximum limits not exceeding the EOM limits and Product based File and Use, Use & File Limits specified under IRDAI guidelines) to IMFs based on some predefined criteria which may include Business performance, Quality of Business, Quality of Services to Policy Holders and adherence to the code of conduct of the business. • The criteria may change from time-to-time basis business requirement subject to approval of the CRC jointly. •

Reward over and above commission to Insurance Agents,	• Maximum Reward on New Business and Renewal Business upto the EOM limits computed as per IRDAI regulation. • Reward criteria may be added basis business requirement subject to approval of the CRC jointly
Reward over and above remuneration to Insurance Intermediaries	**Reward to Corporate Agents, Brokers & IMFs:** Maximum reward on New Business and Renewal Business up to the EOM limits computed as per IRDAI regulation. Reward criteria may be added basis business requirement subject to approval of the CRC jointly
Renewal Commission (ERC Status), if any, to Insurance Agents after Suspension or Termination of Agency	• The company shall not pay any renewal commission to Insurance agents who are **suspended** or terminated after 31st Mar'17. • However, the company may continue to pay renewal commission to Insurance agents who were terminated on or prior to 31st Mar'17 basis criteria defined jointly by the CRC
Hereditary commission to the heirs of an Insurance Agent in the event of death of the Insurance Agent	• In the event of death of an insurance agent, renewal commission will continue to be payable to the legal heirs of the deceased Insurance agent provided such commission would have been payable to the agent, had such agent been alive.
2. **Orphan Policies** 2.1 **Manner and Conditions regarding transfer of orphan policies**	• The manner and conditions regarding transfer of orphan policies will be as per the existing operating policy formulated by the Management or as amended from time to time within the overall approved business plan of the Company
3. **Ground and Manner of Termination, Suspension or Cancellation of appointment of Insurance Agents and Insurance intermediaries**	Objective: Retaining quality and performing Agents and Intermediaries who makes positive contribution to the company, meet their agreed minimum performance standards, and adhere to the code of conduct of the business. • The **minimum Business Guarantee Norms** to be achieved by the Insurance Agents, criteria for termination of Agency for failure to achieve the minimum business

	guarantee and the criteria for reappointment or reinstatement of Agency on termination shall be as per Board approved Appointment of Insurance Agent Policy. • The termination of insurance intermediary contract/arrangement will also be decided by the CRC on a case-to-case basis based on the business requirements as deemed fit.
4. **Regular Review by Audit Committee**	The review shall be conducted by the audit committee at least on an annual basis on the commission structure, which includes assessments of its effectiveness, efficiency, impact on premium rates, benefit pay-outs, penetration, alignment with customer needs and interests etc
5. **Reporting to Board and Senior Management**	The details on the performance and compliance of the commission structure shall be reported to Board of Directors and Senior Management from time to time.
6. **Review of the Policy**	The Policy will be reviewed annually or as and when required by the Board.
7. **Market Conduct**	The CRC ensure that having mechanism for market conduct to that intermediaries adhere to high standards of behaviour and ethical practices. and also recognize and address potential conflicts of interest due to the commission structure, such as intermediaries recommending products not in the customer's best interest to earn higher commissions.
8. Composition of Commission and Remuneration Committee (CRC)-	1 Constitution of CRC comprise of below members Chief Financial Officer — Non Sales Member Chief Risk Officer — Non Sales Member Principal Compliance Officer — Non Sales Member Chief Distribution Officer — Sales Member Head of Distribution Strategy — Sales Member Head of Distribution Planning — Sales Member 2) Quorum of the CRC- Minimum two Non-Sales Members and one Sales Member approval is mandatory 3) Frequency of the Meeting – As and when required 4) Terms of reference – as defined in this policy