

# Appointment of Insurance Agent Policy

**Version 1.9**

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## **1. Background**

In an insurance industry, the insurance agent possesses an important and multi-faceted roles to play. IRDA vide its Insurance Agent Regulation issued a framework to be followed for appointment of Insurance Agent by the Insurance Company.

The insurance agent helps in promoting and selling of insurance products and services to its customers and main objectives includes:

- Giving sound financial advisory services and customer support to the clients
- Needs to deal with not only individuals but their families and corporate businesses too.
- Needs to have good relationship including good rapport with his/her existing and prospective clients
- General awareness about the markets
- Promotion of insurance brands needs to have a carefully drawn roadmap.
- Marketing strategies needs to be drawn and re-drawn from time to time, keeping in mind the customer preferences.
- Well-planned strategies and plans needs to be chalked out.
- Public-relation (PR) building exercise should be given significant importance
- Business Development tactics needs to be pursued aggressively.

## **2. Definitions**

- 2.1 *“Appointment Letter” means a letter of appointment issued by an insurer to act as its insurance agent*
- 2.2 *“Insurance agent” means an individual appointed by an insurer for the purpose of soliciting or procuring insurance business including business relating to the continuance, renewal or revival of policies of insurance;*
- 2.3 *“Composite Insurance Agent” means an individual who is appointed as an insurance agent by two or more insurers subject to the condition that he/she shall not act as insurance agent for more than one life insurer, one general insurer, one health insurer and one of each of the mono-line insurers.*
- 2.4 *“Centralised list of Agents” means a list of agents maintained by the Authority, which contains all details of agents appointed by all insurers.*
- 2.5 *“Centralised list of black listed agents” means list of agents maintained by the Authority whose appointment is cancelled/suspended on grounds of violation of code of conduct or fraud by a designated official of insurer.*
- 2.6 *“Designated Official” means an officer authorised by the Insurer to make Appointment of an individual as Insurance Agent.*
- 2.7 *“Examination Body” means an Institution, which conducts pre-recruitment tests for insurance agents and which is duly recognised by the Authority;*
- 2.8 *“Multilevel Marketing Scheme” means any scheme or programme or arrangement or plan (by whatever name called) for the purpose of soliciting and procuring insurance business through persons not authorised for the said purpose with or without consideration of whole or part of commissions or remuneration earned through such solicitation and procurement and includes enrolment of persons into a multilevel chain for the said purpose either directly or indirectly.*

### **3. Eligibility Condition for Appointment of Insurance Agent**

- 3.1 An applicant who is age of majority, 18 years seeking appointment as an Insurance Agent of INLIC shall submit an application in Form I-A to the Designated Official (DO) of the Insurance Company for appointment as an Insurance Agent.
- 3.2 The Designated Official of INLIC on receipt of the application shall satisfy himself that the applicant has submitted the PAN details, has passed the insurance examination, does not suffer from any of the disqualifications and has the requisite knowledge to solicit and procure insurance business; and capable of providing the necessary service to the policyholders.
- 3.3 The Designated Official shall exercise due diligence in verifying the agency application form and ascertaining from the applicant that he/she does not hold agency appointment with more than one life insurer, one general insurer, one health insurer and one of each of the mono-line insurers.
- 3.4 The Designated Official shall also verify the centralised list of agents maintained by the IRDAI with the PAN Number of the applicant to ascertain the above. Designated Official shall also verify the list of blacklisted agents maintained by the Authority to ascertain that the applicant is not a blacklisted agent.
- 3.5 Process the agency application and grant appointment within 15 days of receipt of all documents from the applicant. The designated official shall allot an agency code number to the appointed agent.
- 3.6 Interview procedures to be followed as prescribed by INLIC from time to time.
- 3.7 Issue the agency appointment letter, which shall lay down the terms of appointment within 7 days after the appointment. The insurance agent shall be provided an identity card, by the insurer which shall identify the agent with the insurance company.
- 3.8 The Designated Official may refuse to grant Agency Appointment and shall communicate the reasons for refusal for appointment in writing in all such cases, within 21 days of receipt of the application to the applicant.

### **4. Qualifications of the applicant**

The minimum qualification for Insurance Agent is 10th standard from a recognised Board/Institution for Rural and Urban both

### **5. Skill Development & Practical Training**

INLIC shall provide the skill development and practical training in accordance with the requirements, if any, prescribed by the IRDAI and as per industry standards.

The applicant shall have to complete at least 25 hours practical/online training (or more as prescribed from time to time).

## **6. Insurance Agency Examination**

- 6.1 An applicant shall have to pass in the Insurance Agency Examination conducted by the Insurance Institute of India, Mumbai, or any other examination body approved by the Authority in the Life, General, Health Insurance as the case may be, in the syllabus notified by the Authority from time to time. INLIC shall provide the necessary assistance and guidance to the candidates so that they are equipped with adequate insurance knowledge required to qualify in the agency examination.
- 6.2 The pass certificate issued by the Examining body shall be valid for a period of twelve months only and the candidates who have qualified in the Insurance Agency Examination shall be eligible to be considered for appointment as Agent.

## **7. Disqualification to act as an Insurance Agent**

The conditions for disqualification shall be the following:

- 7.1 that the applicant for insurance agency is a minor
- 7.2 that he is found to be of unsound mind by a Court of competent jurisdiction;
- 7.3 that he has been found guilty of criminal misappropriation or criminal breach of trust or cheating or forgery or an abetment of or attempt to commit any such offence by a Court of competent jurisdiction:
- 7.4 Provided that where at least five years have elapsed since the completion of the sentence imposed on any person in respect of any such offence, the conviction shall cease to operate as a disqualification under this clause;
- 7.5 that in the course of any judicial proceeding relating to any policy of insurance of the winding up of an insurance company or in the course of an investigation of the affairs of all insurer it has then found that he has been guilty off or has knowingly participated in or connived at any fraud, dishonestly or misrepresentation against an insurer or an insured.
- 7.6 that he has not passed the examination as specified in the Policy.
- 7.7 that he violated the code of conduct as specified in the Policy.

## **8. Code of Conduct**

Every Insurance Agent shall adhere to the Code of Conduct specified in the annexure in the Policy.

## **9. Minimum Business Performance/Guarantee**

- 9.1 In relation to the Insurance Advisors, means the minimum performance required by INLIC from such insurance advisor to retain his agency.
- 9.2 Insurance Agent shall achieve a minimum business of Rs. 25,000/- (Rupees Twenty Five Thousand only) aggregated from the amounts collected as Premiums from the Proposer(s) in the First 12 month with the Company as Insurance Advisor starting from the date of Licensing as given above. These criteria shall be applicable all insurance agent post completion of 12 months and measured on rolling 12 month basis.

And

- 9.3 Insurance Agent shall source at least one (1) policy within six (6) months from the date of last issued policy on rolling basis, which shall be calculated from the date of issue of License.
- 9.4 In the event, Insurance Agent is unable to achieve the MPR for the first year agency (12 months), due to the reasons beyond their control, INLIC shall, at its discretion, review their performance and if found fit & necessary may grant extension for time period as deemed fit.
- 9.5 Notwithstanding anything contained above, INLIC shall review the performance on real time basis. Insurance Agent undertake to comply with any requirement(s) that may be called upon by INLIC towards reviewing the performance from time to time.
- 9.6 Nothing contained herein or anywhere else, shall prejudice the right(s) of INLIC in terminating Insurance Agent from the status as Insurance Advisor, upon failure to perform as mentioned above and also upon failure to comply with the clauses mentioned herein above and herein below.
- 9.7 The Insurance Advisor would take all reasonable steps to ensure that the policyholders for whom he is acting as the insurance advisor pay their premiums regularly and timely. INLIC will be entitled to fix minimum service standards / service measures (collectively 'Minimum Service Measure') in respect of the Insurance Advisor.

## **10. Remunerations and Benefits**

In consideration of Insurance Products sold by the Insurance Advisor, INLIC shall pay to the Insurance Advisor commission as per the prevailing rates of INLIC, as decided from time to time, subject to IRDAI Regulations, if any, on the first year's premium and the renewal premium for each Policy issued on a Proposal procured by the Insurance Advisor and accepted by INLIC

## **11. Suspension of Appointment of Agency**

- 11.1 INLIC suspend the appointment of an insurance agent, if the insurance agent suffers, at any time during the currency of the agency appointment, from any of the following: -
- 11.1.1 Any of the disqualifications mentioned in the policy and any violation of the code of conduct.
  - 11.2 Fails to comply with any of the conditions subject to which he/she is appointed
  - 11.3 Contravenes of any of the provisions of Act, the Insurance Regulatory and Development Act, 1999, the regulations framed there under and such other guidelines or directions issued by the Authority from time to time.
  - 11.4 Fails to furnish any information relating to his activities to designated official or to the Authority when sought by the Authority in terms of this Regulations
  - 11.5 Furnishes wrong or false information, or conceals or fails to disclose material facts in the application submitted for appointment.
  - 11.6 Acts in a manner against the interest of the policyholder or against public interest;
- 11.2 INLIC shall issue a show cause notice containing the details of the charges to the suspended agent immediately on placing the agent under suspension.

11.3 The agent who has been issued the show cause notice shall be required to show cause in writing within 21 days from the date of receipt of the show cause notice, the reasons as to why the agency appointment granted to him/her as the case may be, should not be cancelled and any further action and seek an opportunity of personal hearing while submitting his/her reply to the show cause, if he so desires.

11.4 The show cause notice to the suspended agent shall be served by the insurer and a proof of delivery be obtained and preserved by the insurer.

## **12. Action to be taken by insurer on the Show Cause Notice issued to a suspended agent :**

12.1 In case the suspended agent does not submit a reply in writing to the show cause notice within stipulated time, the insurer shall pass a final order after considering the charges, evidences and material information available on record within 15 days of the expiry of the stipulated time for submission of the reply to the show cause notice.

12.2 In case suspended agent submits a reply in writing to the show cause notice but does not seek opportunity of personal hearing in his/her reply, the insurer shall pass a final order after considering the charges, evidences and material information available on record, within 15 days of the receipt of the reply to the show cause notice from the suspended agent.

12.3 In case, the suspended agent desires opportunity of personal hearing, the insurer shall give him/her the opportunity of being heard and the enquiry proceedings shall be concluded within 45 days of receipt of reply of the suspended agent. The insurer shall pass the final order within 15 days of the expiry of the enquiry proceedings.

## **13. Cancellation of agency appointment:**

13.1 The appointment of an insurance agent shall be cancelled if the final order issued by the INLIC so directs.

13.2 An agent who is aggrieved by the order can appeal to INLIC for review of the decision within 45 days of the order. INLIC shall appoint an Appellate Officer who shall examine the appeal and give his/her decision in the matter in writing within 30 days of the receipt of the appeal.

13.3 INLIC shall recover the appointment letter and identity card from the agent whose appointment has been cancelled under these regulations within 7 days of issuance of the final order effecting cancellation of the appointment.

13.4 INLIC shall black list the agent and enter the details of the agent whose appointment is suspended/cancelled into the black listed agents database maintained by the Authority and the centralised list of agents database maintained by the Authority, in online mode, immediately after issuance of the order effecting suspension/cancellation.

13.5 INLIC shall also inform other insurers be it, Life or General or Health Insurer or mono line insurer of the action taken against the Agent for their records and necessary action.

#### **14. General conditions for appointment of Agents:**

- 14.1 No person shall allow or offer to allow, either directly or indirectly or an inducement to any person to take out or renew or continue an insurance policy through multilevel marketing scheme.
- 14.2 The Authority may through an officer authorized in this behalf, make a complaint to the appropriate police authorities relating to the entity or persons involved in the Multi Level Marketing schemes
- 14.3 INLIC shall maintain a register showing the name and address of every insurance agent appointed by him and the date on which his appointment began and the date, if any, on which his appointment ceased.
- 14.4 The records as mentioned above shall be maintained as long as the insurance agent is in service and for a period of five years from the cessation of the appointment.

#### **15. Adherence**

Adherence to this policy and all resulting standards, procedures and guidelines is the responsibility of the INLIC.

Enforcement of this policy is the responsibility of Management with the support of the Compliance team.

#### **16. Ownership and Review of the Policy**

This policy is owned by the IndusInd Nippon Life Insurance Licensing team. Ownership in this instance entails the responsibility to maintain the currency of this document.

The CEO is authorized to make any amendments to this Policy at any time, where it is considered appropriate to do so and ratify the same in the Board Meeting.

The policy will be reviewed annually by the Board.



## CODE OF CONDUCT

## ANNEXURE

### **(i) Every insurance agent shall,---**

- (a) identify himself and the insurance company of whom he is an insurance agent;
- (b) show the agency identity card to the prospect, and also disclose his agency appointment letter to the prospect on demand;
- (c) disseminate the requisite information in respect of insurance products offered for sale by his insurer and take into account the needs of the prospect while recommending a specific insurance plan;
- (d) where the Insurance agent represents more than one insurance company offering same line of products, he should dispassionately advice the policyholder on the products of all Insurers whom he is representing and the product best suited to the specific needs of the prospect.
- (e) disclose the scales of commission in respect of the insurance product offered for sale, if asked by the prospect;
- (f) indicate the premium to be charged by the insurer for the insurance product offered for sale;
- (g) explain to the prospect the nature of information required in the proposal form by the insurer, and also the importance of disclosure of material information in the purchase of an insurance contract;
- (h) bring to the notice of the insurer any adverse habits or income inconsistency of the prospect, in the form of a report called "Insurance Agent's Confidential Report" along with every proposal submitted to the insurer, and any material fact that may adversely affect the underwriting decision of the insurer as regards acceptance of the proposal, by making all reasonable enquiries about the prospect;
- (i) obtain the requisite documents at the time of filing the proposal form with the insurer; and other documents subsequently asked for by the insurer for completion of the proposal;
- (j) advise every prospect to effect nomination under the policy
- (k) inform promptly the prospect about the acceptance or rejection of the proposal by the insurer;
- (l) render necessary assistance and advice to every policyholder on all policy servicing matters including assignment of policy, change of address or exercise of options under the policy or any other policy service, wherever necessary;
- (m) render necessary assistance to the policyholders or claimants or beneficiaries in complying with the requirements for settlement of claims by the insurer;

### **(ii) No insurance agent shall,---**

- (a) solicit or procure insurance business without being appointed to act as such by the insurer
- (b) induce the prospect to omit any material information in the proposal form;
- (c) induce the prospect to submit wrong information in the proposal form or documents submitted to the insurer for acceptance of the proposal;
- (d) resort to multilevel marketing for soliciting and procuring insurance policies and/or induct any prospect/policyholder to join a multilevel level marketing scheme.
- (e) behave in a discourteous manner with the prospect;

- (f) interfere with any proposal introduced by any other insurance agent;
  - (g) offer different rates, advantages, terms and conditions other than those offered by his insurer;
  - (h) demand or receive a share of proceeds from the beneficiary under an insurance contract;
  - (i) force a policyholder to terminate the existing policy and to effect a new policy from him within three years from the date of such termination of the earlier policy;
  - (j) apply for fresh agency appointment to act as an insurance agent, if his agency appointment was earlier cancelled by the designated official, and a period of five years has not elapsed from the date of such cancellation;
  - (k) become or remain a director of any insurance company;
- (iii) Every insurance agent shall, with a view to conserve the insurance business already procured through him, make every attempt to ensure remittance of the premiums by the policyholders within the stipulated time, by giving notice to the policyholder orally and in writing;
- (iv) The insurer shall be responsible for all acts and omissions of its agents including violation of code of conduct specified under these Regulations, and shall be liable to a penalty which may extend to one crore rupees.