

## **Insurance Regulatory and Development Authority (Licensing of Corporate Agents) Regulations, 2002**

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## **Insurance Regulatory and Development Authority (Licensing of Corporate Agents) Regulations, 2002**

In exercise of the powers conferred by Sec. 42 and Sec. 42-D and clauses (k), (l), (m), (n), (o) and (p) of sub-sec. (2) of Sec. 114-A of the Insurance Act, 1938 (4 of 1938), the Authority, in consultation with the Insurance Advisory Committee, hereby makes the following regulations namely:

### **1. Short title and commencement :-**

(1) These regulations may be called the Insurance Regulatory and Development Authority (Licensing of Corporate Agents) Regulations, 2002.

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

### **2. Definitions :-**

In these regulations, unless the context otherwise requires,

(a) "Act" means the Insurance Act, 1938 (4 of 1938);

(b) "Approved institution" means an Institution engaged in

education and/or training particularly in the area of insurance sales, service and marketing, approved by the Authority;

(c) "Authority" means the Insurance Regulatory and Development Authority established under the provisions of Sec. 3 of the Insurance Regulatory and Development Authority Act, 1999 (41 of 1999);

(d) "Certification" means the process by which a Specified Person of the Corporate Agent, who has successfully undergone practical training and passed the required examination, is issued a Certificate entitling him to solicit and procure insurance business on behalf of the Corporate Agent;

(e) "Composite Corporate Agent" means a Corporate Agent who holds a licence to act as an insurance agent for a life insurer and a general insurer;

(f) "Corporate Agent" means any person specified in clause (k) and licensed to act as such;

(g) "Corporate Insurance Executive" in the case of a company or firm means, a director or a partner or one or more of its officers or employees so designated by it, and in the case of any other person, the chief executive, by whatever name called, or one or more of his employees designated by him, who possesses the requisite qualifications and practical training and who have passed such an examination as required under clauses (e) and (f) of Sec. 42 of the Act.

(h) "Designated person" means an officer normally in charge of marketing operations, as specified by an insurer, and authorised by the Authority to issue or renew licences under these regulations;

(i) "Examination Body" means an Institution, which conducts pre-recruitment tests for insurance agents and which is duly recognised by the Authority;

(j) "Licence" means a certificate of licence to act as an insurance agent issued under these regulations;

(k) "Person" means

i. a firm; or

ii. a company formed under the Companies Act, 1956 (1 of 1956);  
or

iii. a banking company as defined in clause (4A) of Sec. 2 of the Act; or iv. a corresponding new bank as defined under clause (d)(a) of sub-sec. (1) of Sec. 5 of the Banking Companies Act, 1949 (10 of 1949); or v. a regional rural bank established under Sec. 3 of the Regional Rural Banks Act, 1976 (21 of 1976); or

vi. a co-operative society including a co-operative bank, registered under the Co-operative Societies Act, 1912 or under any law for the registration of co-operative societies; or

vii. a panchayat or a local authority; or

viii. a Non-Governmental organisation or a micro lending finance organisation covered under the Co-operative Societies Act, 1912 or a Non Banking Financial Company registered with the Reserve Bank of India; or

ix. any other institution or organisation which on an application to the Authority is specifically approved by the Authority.

(l) "Practical training" includes orientation, particularly in the area of insurance sales, service and marketing, through training modules as approved by the Authority;

(m) "Recognised Board or Institution" means such board or institution as may be recognised by any State Government or the Central Government;

(n) "Specified Person" means a director or a partner or one or more of its officers or other employees so designated by the corporate agent and, in the case of any other person, the chief executive, by whatever name called, or one or more of the employees designated by him, who has undergone the practical training, examination, certification and who is responsible for soliciting and procuring insurance business on behalf of the Corporate Agent;

(2) All words and expressions used herein and not defined but defined in the Act, or in the Insurance Regulatory and Development Authority Act, 1999 (41 of 1999), or in any of the regulations made by the Authority shall have the meanings respectively assigned to them in those Acts or regulations.

### **3. Issue or renewal of licence :-**

(1) A person desiring to obtain or renew a licence (hereinafter referred to as "the applicant") to act as a corporate agent or a

composite corporate agent shall proceed as follows:

(a) the applicant shall make an application to a designated person in Form IRDA-Corporate Agents-A-1:

Provided that the applicant, who desired to be a composite corporate agent, shall make two such separate applications.

(b) The fees payable by the applicant to the Authority shall be as specified in Regulation 7.

(2) The designated person may, on receipt of the application along with the evidence of payment of fees to Authority, and on being satisfied that the corporate insurance executive of the applicant:

(i) possesses the qualifications as specified under Regulation 4;

(ii) possesses the practical training as specified under Regulation 5;

(iii) has passed the examination as specified under Regulation 6;

(iv) has furnished an application complete in all respects; (v) has the requisite knowledge to solicit and procure insurance business;

and (v) is capable of providing the necessary service to the policy holders; grant or renew, as the case may be, a licence in Form IRDA- Corporate Agents-L-1: Provided that the identitycard shall be in Form IRDA-Corporate Agents-ID-1.

Provided that a licence issued in accordance with this regulation shall entitle the applicant to act as corporate insurance agent for one life insurer or one general insurer or both, as the case may be. Notwithstanding anything contained in the above, the Authority may refuse or reject, for reasons being recorded, an application if it feels that the grant of licence may be against public interest or when the application is from such a person or group of persons who is or are already engaged as insurance agents, brokers, etc.

(3) The designated person shall grant or renew the licence within a period of 3 months from the date of application.

(4) The designated person shall, if the consideration of the application is likely to get delayed, within 60 days of the receipt of the application inform the applicant the reasons for such a delay, and the likely time it would take to do so.

(5) If the designated person refuses to grant or renew a licence under this regulation, he shall give the reasons thereof to the applicant.

(6) An individual desiring to become a Specified Person of a corporate agent/composite corporate agent shall apply through the corporate agent/composite corporate agent in Form IRDA-Corporate Agent-A-2 to the insurer.

(7) The designated person of the insurer may, on receipt of such an application along with the evidence of payment of fees to the Authority, grant or renew, as the case may be, a certificate in Form IRDA-Corporate Agents-L-2:

(8) The fees payable by the applicant to the Authority shall be as specified in Regulation 7.

#### **4. Qualifications :-**

(1) The applicant being a corporate agent shall ensure that depending upon the nature of the entity, the Partnership deed, Memorandum of Association or any other document evidencing the constitution of the entity shall contain as one of its main objects soliciting or procuring insurance business as a Corporate Agent.

(2) The corporate insurance executive shall possess the minimum qualification of a pass in 12th Standard or equivalent examination conducted by any recognised Board/Institution, where the applicant resides in a place with a population of five thousand or more as per the last census, and a pass in 10th Standard of equivalent examination from a recognised Board/Institution if the applicant resides in any other place.

(3) A specified person shall possess the minimum qualifications stipulated in sub-regulation (2) above.

(4) Every corporate insurance executive and each of the specified persons shall also not suffer from any of the disqualifications specified under Sec. 42-D of the Act.

#### **5. Practical Training :-**

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1) Where an applicant is seeking licence for the first time to act as a corporate agent, a corporate insurance executive of such an applicant shall have completed from an approved institution, at least, one hundred hours' practical training which may be spread over three to four weeks, in either life or general insurance business, as the case may be. Provided that the corporate insurance executive of the applicant shall have completed from an

approved institution, at least, one hundred fifty hours' practical training which may be spread over six to eight weeks both in life and general insurance business, where such an applicant is seeking licence for the first time to act as a composite corporate agent.

(2) Where the corporate insurance executive of the applicant, referred to under sub-regulation (1), is

(a) an Associate/Fellow of the Insurance Institute of India, Mumbai;

(b) an Associate/Fellow of the Institute of Chartered Accountants of India, New Delhi;

(c) an Associate/Fellow of the Institute of Costs and Works Accountants of India, Calcutta;

(d) an Associate/Fellow of the Institute of Company Secretaries of India, New Delhi;

(e) an Associate/Fellow of the Actuarial Society of India, Mumbai;

(f) a Master of Business Administration of any Institution/University recognised by any State Government or the Central Government; or

(g) possessing Certified Associateship of Indian Institute of Bankers (CAIIB); or

(h) possessing any professional qualification in marketing from any Institution/University recognised by any State Government or the Central Government he shall have completed, at least, fifty hours' practical training from an approved institution.

Provided that such corporate insurance executive of the applicant shall have completed from an approved institution, at least, seventy hours' practical training in life and general insurance business, where such an applicant is seeking licence for the first time to act as a composite corporate agent.

(3) A Specified Person shall undergo a practical training of not less than 100 hours in life or general insurance business, as the case may be, from an approved institution. In case of training in both life and general insurance, the duration of practical training shall be not less than 150 hours. However, if he falls within one of the categories as given in sub-regulation (2) above, he shall have completed fifty hours from an approved institution : Provided that

such a specified person of the corporate agent shall have completed from an approved institution, at least, seventy hours' practical training in life and general insurance business, where such specified person of the corporate agent is seeking certificate for the first time which will enable him to procure both life and general insurance business.

#### **6. Examination :-**

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1) The corporate insurance executive of the applicant or a specified person shall have passed the pre-recruitment examination in life or general insurance business, or both, as the case may be, conducted by the Insurance Institute of India, Mumbai, or any other examination body duly recognised by the Authority.

(2) The examining body shall issue a certificate to every successful specified person, which shall enable him to procure insurance because on behalf of the corporate agent he is working for.

#### **7. Fees payable :-**

(1) The fees payable to the Authority for issue or renewal of licence to act as a corporate agent shall be rupees two hundred and fifty.

(2) Every specified person of the corporate agent shall, apply through the corporate agent to the designated person of the insurer to obtain the certificate, accompanied by a fees of rupees five hundred remitted to the Authority.

#### **8. Remuneration :-**

(1) Every Corporate Agent shall be paid a commission as per provisions of Sec. 40-A of the Act.

(2) every specified person shall be an employee of the corporate agent.

#### **9. Code of Conduct :-**

(1) Every Licensed Corporate Agent shall abide by the code of conduct specified below: Every corporate agent shall:

(a) be responsible for all acts of omission and commission of its corporate insurance executive and every specified person;

(b) ensure that the corporate insurance executive and all specified persons are properly trained, skilled and knowledgeable in the

insurance products they market;

(c) ensure that the corporate insurance executive and the specified person do not make to the prospect any misrepresentation on policy benefits and returns available under the policy;

(d) ensure that no prospect is forced to buy an insurance product;

(e) give adequate pre-sales and post-sales advice to the insured in respect of the insurance product;

(f) extend all possible help and cooperation to an insured in completion of all formalities and documentation in the event of a claim;

(g) give due publicity to the fact that the corporate agent does not underwrite the risk or act as an insurer;

(h) enter into service level agreements with the insurer in which the duties and responsibilities of both are defined.

(2) Every corporate agent or a corporate insurance executive or a specified person shall also follow the code of conduct specified below:

(i) every corporate agent/corporate insurance executive/specified person shall,

(a) identify himself and the insurance company of whom he is a representative;

(b) disclose his licence/certificate 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) disclose the scales of commission in respect of the insurance product offered for sale, if asked by the prospect;

(e) indicate the premium to be charged by the insurer for the insurance product offered for sale;

(f) 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;

(g) 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;

(h) inform promptly the prospect about the acceptance or rejection of the proposal by the insurer;

(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;

(j) render necessary assistance to the policyholders or claimants or beneficiaries in complying with the requirements for settlement of claims by the insurer;

(k) advise every individual policyholder to effect nomination or assignment or change of address or exercise of options, as the case may be, and offer necessary assistance in this behalf, wherever necessary;

(ii) No corporate agent/corporate insurance executive/specified person shall,

(a) solicit or procure insurance business without holding a valid licence/certificate;

(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) behave in a discourteous manner with the prospect;

(e) interfere with any proposal introduced by any other specified person or any insurance intermediary;

(f) offer different rates, advantages, terms and conditions other than those offered by his insurer;

(g) demand or receive a share of proceeds from the beneficiary under an insurance contract;

(h) force a policyholder to terminate the existing policy and to

effect a new proposal from him within three years from the date of such termination;

(i) No corporate agent shall have a portfolio of insurance business from one person or one organization or one group of organizations under which the premium is in excess of fifty percent of total premium procured in any year;

(j) apply for fresh licence to act as an insurance agent, if his licence was earlier cancelled by the designated person, 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 corporate 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) No director of a company or a partner of a firm or the chief executive or a corporate insurance executive or a specified person shall hold similar position with another corporate agent of any other insurance company.

#### **10. Renewal of Licence :-**

(1) Every licence granted by the Authority to a corporate agent or any renewal thereof, in terms of these regulations, shall remain in force for three years.

(2) A licence granted to a corporate agent may be renewed for a further period of three years on submission of the application form along with a renewal fee of rupees two hundred and fifty, at least thirty days prior to the date of expiry of the licence.

(3) The additional fees payable to the Authority, under the circumstances mentioned in sub-sec. (3) of Sec. 42 of the Act, shall be rupees one hundred.

(4) The Authority may, if it is satisfied that undue hardship would be caused otherwise, accept any application after the licence ceased to remain in force, on the payment by the applicant of a payment of rupees seven hundred and fifty as additional fee.

(5) Every certificate granted to the specified person shall remain in force for a period of three years which can be renewed for a further

period of three years on submission of an application form accompanied by fees of rupees one hundred, provided that the licence of the corporate agent continues to be valid. The application form along with the fees shall be submitted at least thirty day prior to the date of expiry.

(6) The specified person on his ceasing to be an employee of the corporate agent shall surrender his certificates to the designated person. If he desired to become an individual insurance agent then he shall follow the procedure as laid down in Insurance Regulatory and Development Authority's (Licensing of Insurance Agents) Regulations, 2000. Such a person need not go through a further process of training and pass at the examination within the period of licence granted to them.

(7) A specified person will also be governed by the provisions of sub-regulations (3) and (4) stated above.

(8) Every corporate insurance executive or the specified person of the corporate agent, shall have completed at least twenty-five hours' practical training in life or general insurance business, as the case may be, from an approved institution, for the purposes of renewal of licence to the corporate agent and/or renewal of certificate to the specified person :

Provided that such applicant before seeking renewal of licence or certificate to act as a composite insurance agent shall have completed from an approved institution, at least, fifty hours' practical training in life and general insurance business.

**11. Cancellation of licence/certificate :-**

The designated person may cancel a licence or a certificate of a corporate agent or a specified person, if such a corporate agent or the corporate insurance executive or the specified person suffers, at any time during the currency of the licence, from any of the disqualifications mentioned in sub-sec. (4) of Sec. 42-D of the Act and recover from him the licence or certificate granted to him.

**12. Issue of duplicate licence :-**

The Authority may on payment of a fee of rupees fifty issue a duplicate licence to replace a licence, which is lost, destroyed, or mutilated.

**13. Non-application to existing insurance agents :-**

(1) A corporate agent who has been issued a corporate agent licence prior to the commencement of these regulations shall exercise the option of either continuing with the existing licence till the expiry of the licence so granted or surrender the existing licence and apply for a new licence in terms of regulation 3.

(2) A person holding an individual insurance agent's licence who wishes to become a corporate agent shall surrender the individual licence and apply afresh as per regulation 3.

**14. Miscellaneous :-**

Every corporate agent shall maintain a register which shall contain the name, address, telephone no., photograph, date of commencement of employment, date of leaving the service, if any, salary paid to the specified person.