

INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY (LICENSING OF INSURANCE AGENTS) REGULATIONS, 2000

CONTENTS

1. Short title and commencement
2. Definitions
3. Issue or renewal of licence
4. Qualifications of the applicant
5. Practical Training
6. Examination
7. Fees payable
8. Code of Conduct
9. Cancellation of licence
10. Issue of duplicate licence
11. Non-application to existing insurance agents
12. 12

INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY (LICENSING OF INSURANCE AGENTS) REGULATIONS, 2000

F. No. IRDA/Reg/7/2000, dated 14th July, 2000.-In exercise of the powers conferred by sub-section (6) of Sec. 42 and CIs. (k), (l), (m), (n), (o) and (p) of sub-section (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 Insurance Regulatory and Development Authority (Licensing of Insurance Agents) Regulations, 2000.

(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 and notified by the Authority;

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

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

(e) "Corporate Agent" means a person other than an individual as specified in Cl. (i);

(f) "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;

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

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

(i) "Person" means-

(i) an individual;

(ii) a firm; or

(iii) a company formed under the Companies Act, 1956 (I of 1956), and includes a banking company as defined in Cl. (4-A) of Sec. 2 of the Act;

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

(k) "Proposal form" means an application for purchase of an insurance product which shall be the basis of insurance contract;

(l) "Prospect" means a potential purchaser of an insurance product;

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

(2) All words and expressions used herein and not defined but

defined in, the Insurance Act, 1938 (4 of 1938), or in the Insurance Regulatory and Development Authority Act, 1999 (41 of 1999), shall have the meanings respectively assigned to them in those Acts.

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 an insurance agent or a composite insurance agent shall proceed as follows:-

(a) the applicant shall make an application to a designated person-

(i) in Form IRDA-Agents-VA, if the applicant is an individual;

(ii) in Form IRDA-Agents-VC, if the applicant is a firm or a company:

regulation 7.

(2) The designated person may, on receipt of the application along with the evidence of payment of fees to the Authority, and on being satisfied that 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 the application complete in all respects;

(v) has the requisite knowledge to solicit and procure insurance business; and

(vi) is capable of providing the necessary service to the policy-holders: grant or renew, as the case may be, a licence in Form IRDA- Agents-VB, along with identity card in Form IRDA-Agents-VZ:

Provided that in the case of a corporate agent, the identity card shall be in Form IRDA-Agent-VY:

Provided further that such identity card from one life insurer and such identity card from one general insurer shall be provided to the applicant seeking licence to act as a composite insurance agent.

Provided further that in the case of a firm or a company, all of its partners or directors, as the case may be, shall fulfil the

requirements of sub-clauses (i) to (iii).

Provided further a licence issued in accordance with this regulation shall entitle the applicant to act as insurance agent for one life insurer or one general insurer or both, as the case may be.

¹ (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."

1. In the Insurance Regulatory and Development Authority (Licensing of Insurance Agents) Regulations, 2000, after sub-regulation 3(2), the following sub-regulations 3(3) and 3(4) shall be added by the "Insurance Regulatory and Development Authority (Licensing of Insurance Agents) (Amendment) Regulations, 2002. " w.e.f 17th october, 2002

4. Qualifications of the applicant :-

The applicant 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 or equivalent examination from a recognised Board/ Institution if the applicant resides in any other place.

5. Practical Training :-

(1) The applicant shall have completed from an approved institution, at least, one hundred hours' practical training in life or general insurance business, as the case may be, which may be spread over three to four weeks, where such applicant is seeking licence for the first time to act as insurance agent :

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

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

(3) An applicant, who has been granted a licence after the commencement of these regulations, before seeking renewal of licence to act as an insurance 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:

Provided that such applicant before seeking renewal of licence 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.

6. Examination :-

The Applicant 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.

7. Fees payable :-

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

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

8. Code of Conduct :-

(1) Every person holding a licence, shall adhere to the code of conduct specified below:-

(i) Every insurance agent shall,-

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

(b) disclose his licence 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 other documents. subsequently asked for by the insurer for completion of the proposal;

(j) render necessary assistance to the policy- holders or claimants or beneficiaries in complying with the requirements for settlement

of claims by the insurer;

(k) advise every individual policy-holder 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 insurance agent shall,-

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

(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 insurance agent;

(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 policy-holder to terminate the existing policy and to effect a new proposal from him within three years from the date of such termination;

(i) have, in case of a corporate agent, a portfolio of insurance business under which the premium is in excess of fifty per cent of total premium procured, in any year, from one person (who is not an individual) or one organisation or one group of organisations;

(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 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 policy-

holders within the stipulated time, by giving notice to the policy-holder orally and in writing;

9. Cancellation of licence :-

The designated person may cancel a licence of an insurance agent, if the insurance agent suffers, at any time during the currency of the licence, from any of the disqualifications mentioned in sub-section (4) of Sec. 42 of the Act, and recover from him the licence and the identity card issued earlier.

10. Issue of duplicate licence :-

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

11. Non-application to existing insurance agents :-

Nothing contained in regulations 4 to regulation 6 of these regulations shall apply to the existing agents before the commencement of these regulations.

12. 12 :-

From the date of coming into force of the Insurance Regulatory and Development Authority (Licensing of Corporate Agents) Regulations, 2002, the Insurance Regulatory and Development Authority (Licensing of Insurance Agents) Regulations, 2000 or any part thereof applying to corporate agents shall cease to have any effect, except as respects things done or omitted to be done thereunder."