

Insurance Regulatory and Development Authority (Micro-insurance) Regulations, 2005

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Insurance Regulatory and Development Authority (Micro-insurance) Regulations, 2005

In exercise of the powers conferred by Section 114-A of the Insurance Act, 1938 (4 of 1938) read with Section 26 of the Insurance Regulatory and Development Authority Act, 1999 (41 of 1999), 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 (Micro-insurance) Regulations, 2005.

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

Definitions. Short title and commencement :-

3. Tie-up between life insurer and non-life insurer :-

(1) An insurer carrying on life insurance business may offer life

micro-insurance products as also general micro-insurance products, as provided herein:

Provided that where an insurer carrying on life insurance business offers any general micro-insurance product, he shall have a tie-up with an insurer carrying on general insurance business for this purpose, and subject to the provisions of Section 64-VB of the Act, the premium attributable to the general micro insurance product may be collected from the prospect (proposer) by the insurer carrying on life insurance business, either directly or through any of the distributing entities of micro-insurance products as specified in Regulation 4, and made over to the insurer carrying on life insurance business;

(2) An insurer carrying on general insurance business may offer general micro-insurance products as also life micro-insurance products, as provided herein;

Provided that where an insurer carrying on general insurance business offers any life micro-insurance product, he shall have a tie-up with an insurer carrying on life insurance business for this purpose, and subject to the provisions of Section 64VB of the Act, the premium attributable to the life micro insurance product may be collected from the prospect (proposer) by the insurer carrying on general insurance business, either directly or through any of the distributing entities of micro-insurance products as specified in Regulation 4, and made over to the insurer carrying on life insurance business;

4. Distribution of micro-insurance products :-

In addition to an insurance agent or corporate agent or broker licensed under the Act, read with regulations concerned made by the Authority for licensing of individual or corporate agents, or insurance brokers, as the case may be, micro-insurance products may be distributed through the micro-insurance agents Provided that a micro-insurance agent shall not distribute any product other than a micro-insurance product.

5. Appointment of micro-insurance Agents :-

(1) A micro-insurance agent shall be appointed by an insurer by entering into a deed of agreement, which shall clearly specify the terms and conditions of such appointment, including the duties and responsibilities of both the micro-insurance agent and the insurer.

Provided that before entering into every such agreement, the same shall be got approved by the head office of the insurer.

(2) A micro-insurance agent shall not work for more than one insurer carrying on life insurance business and one insurer carrying on general insurance business.

(3) The deed of agreement referred to in sub-regulation (1) shall specifically authorise the micro-insurance agent to perform one or more of the following additional functions, namely:

(a) collection of proposal forms;

(b) collection of self declaration from the proposer that he/ she is in good health;

(c) collection and remittance of premium;

(d) distribution of policy documents;

(e) maintenance of register of all those insured and their dependants covered under the micro- insurance scheme, together with details of name, sex, age, address, nominees and thumb impression/ signature of the policyholder;

(f) assistance in the settlement of claims;

(g) ensuring nomination to be made by the insured;

(h) any policy administration service.

(4) The micro-insurance agent or the insurer shall have the option to terminate the agreement referred to in sub-regulation (1), after giving a notice of three months by the party intending to terminate the agreement;

Provided that no such notice shall be necessary, where the termination is on account of any misconduct or indiscipline or fraud committed by the micro-insurance agent.

7. Code of Conduct of Micro Insurance Agents :-

(1) Every micro-insurance agent and specified person employed by him shall abide by the code of conduct as laid down in Regulation 8 of the Insurance Regulatory and Development Authority (Licensing of Insurance Agents) Regulations, 2000, and the relevant provisions of Insurance Regulatory and Development Authority (Insurance Advertisements and Disclosure) Regulations,

2000; Provided that the insurer shall ensure compliance of the code of conduct, advertisements and disclosure norms by every micro-insurance agent.

(2) Any violation by a micro-insurance agent of the code of conduct and/ or advertisement or disclosure norms as aforesaid shall lead to termination of his appointment, in addition to penal consequences for breach of code of conduct and/ or advertisement or disclosure norms pursuant to the provisions of sub-regulation (1).

8. Filing of micro-insurance product design :-

(1) Every insurer shall be subject to the "file and use" procedure with respect to filing of micro-insurance products with the Authority.

(2) Every micro-insurance product which is cleared by the Authority for the purpose of micro-insurance shall prominently carry the caption "Micro Insurance Product".

9. Issuance of micro-insurance policy contracts :-

(1) Every insurer shall issue insurance contracts to the individual micro-insurance policyholders in the vernacular language which is simple and easily understood by the policyholders; Provided that where issuance of policy contracts in the vernacular language is not possible, the insurer shall as far as possible issue a detailed write-up about the policy details in the vernacular language.

(2) Every insurer shall issue insurance contracts to the group micro-insurance policyholder in an unalterable form along with a schedule showing the details of individual covered under the group, and also issue a separate certificate, to each such individual evidencing proof of insurance, containing details of validity period of cover, name of the nominee, and addresses of the underwriting office and the servicing office, where both offices are not the same.

10. Underwriting :-

No insurer shall authorize any micro-insurance agent or any other outsider to underwrite any insurance proposal for the purpose of granting insurance cover.

11. Capacity Building :-

Every insurer shall impart at least twenty-five hours of training at its expense and through its designated officer (s) in the local vernacular language to all micro-insurance agents and their

specified persons in the areas of insurance selling, policyholder servicing and claims administration.

12. Remuneration/ commission :-

(1) A micro-insurance agent may be paid, remuneration for all the functions rendered as outlines in Regulation 5 and including commission, by an insurer, and that the same shall not exceed the limits as stated below:

(a) \For Life Insurance Business : Single premium policies \- Ten percent of the single premium Non single premium policies - Twenty percent of the premium for all the years of the premium paying term

(b) \For Non-Life Insurance \Fifteen percent of the premium Business:

(2) \Where the agreement between the micro-insurance agent and insurer is terminated for any reason whatsoever, no future commission/ remuneration shall be payable.

(3) \For group insurance products the insurer may decide the commission subject to the overall limit as specified in sub-regulation (1)

13. Overall compliance :-

Every insurer shall ensure that all transactions in connection with micro-insurance business are in accordance with the provisions of the Act, the Insurance Regulatory and Development Act, (41 of 1999), and the rules and regulations made thereunder.

14. Submission of information :-

Every insurer shall furnish information in respect of micro-insurance business in such form and manner and containing such particulars, as may be required by the Authority from time to time.

15. Obligations to Rural and Social Sectors :-

(1) All micro-insurance policies may be reckoned for the purposes of fulfillment of social obligations by an insurer pursuant to thg provisions of the Act and the regulations made thereunder.

(2) Where a micro-insurance policy is issued in a rural area and falls under the definition of social sector, such policy may be reckoned for both under rural and social obligations separately.

16. Handling of complaints grievances :-

(1) It shall be the responsibility of the insurer to handle and dispose of complaints against a micro-insurance agent with speed and promptitude.

(2) Every insurer shall send a quarterly report to the Authority regarding the handling of complaints grievances against the micro-insurance agents and where in a particular quarter, there are no complaints/ grievances, A "NIL" report shall be sent.

17. Inspection by Authority :-

The Authority may cause inspection of the office and records of any micro-insurance agent, at any time, if it is deemed necessary.

18. Removal of difficulties :-

Where any doubt or difficulty arises in giving effect to the provisions of any of these regulations, the same may be referred to the Authority, whose decision thereon shall be binding on the parties concerned.