

**LIC of India, Central Office – Marketing Department**

**BOARD POLICY ON AGENCY MATTERS**

**Objective:**

To frame a Board Approved Policy encompassing the below mentioned agency matters whereby all the agents of the Corporation will be governed by it along with –

- a) Life Insurance Corporation of India (Agents) Rules, 1972 in exercise of the powers vested in it under Section 49 of the Life Insurance Corporation Act, 1956 (31 of 1956) and such amendments as may be made thereto from time to time; and
- b) Insurance Regulatory and Development Authority of India (Appointment of Insurance Agents) Regulation, 2015. [Until such time the said Regulations are issued, the IRDA “Guidelines on Appointment of Insurance Agents, 2015” (hereinafter referred to as “guidelines”) Ref: IRDA/AGTS/CIR/GLD/046/03/2015 dated 16.03.2015 will be applicable, issued in view of the promulgation of the Insurance Laws (Amendment) Ordinance, 2014 inter alia amending Section 42 of the Insurance Act, 1938 relating to appointment of Insurance Agents.

**Definitions in the Policy, unless the context otherwise requires:**

1. “**Act**” means the Insurance Act, 1938 (4 of 1938) as amended from time to time.
2. “**Appointment Letter**” means a letter of appointment issued by the Corporation to any person to act as an insurance agent.
3. “**Appellate Officer**” means an officer authorized by the Corporation to consider and dispose representations and appeals received from an Insurance Agent.
4. “**Insurance Agent**” means an individual appointed by the Corporation for the purpose of soliciting or procuring insurance business included business relating to the continuance, renewal or revival of policies of insurance pertaining to the Corporation.
5. “**Authority**” means the Insurance Regulatory and Development Authority of India established under the provisions of Section 3 of the Insurance Regulatory and Development Authority Act, 1999 (41 of 1999).
6. “**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 (LIC of India), one general insurer, one health insurer and one of each of the mono-line insurers.
7. “**Centralised list of Agents**” means a list of agents maintained by the authority, which contains all details of agents appointed by all insurers.
8. “**Centralised list of black listed agents**” means list of agents maintained by the Authority whose appointment is cancelled/suspended by a designated official of insurer on grounds of violation of code of conduct and/or fraud.
9. “**Designated Official**” means an officer authorized by the Corporation to make appointment of an individual as an Insurance Agent.
10. “**Examination Body**” means an Institution, which conducts pre-recruitment tests for insurance agents and which is duly recognized by the Authority.

All words and expressions used herein and not defined but defined in the Insurance Act, 1938, or in the Insurance Regulatory and Development Authority Act, 1999 (41 of 1999), or the Life Insurance Corporation of India (Agents) Rules, 1972 or any other rules and regulations made thereunder shall have the meanings respectively assigned to them in those Acts, Rules and Regulations.

The Board Approved Policy encompasses the following :

**1. ELIGIBILITY CONDITIONS FOR APPOINTMENT OF INSURANCE AGENTS :**

**(i) Eligible Age :**

An applicant must be at least 18 years of age on the date of the application.

**(ii) Eligible Educational Qualifications :**

Passed minimum Class X (matriculation examination), or equivalent examination from a recognized Board or Institution.

**(iii) Interview Procedure :**

Branch Manager to interview all applicants.

**2. PRE-RECRUITMENT TRAINING ON INSURANCE TO APPLICANTS :**

Pre-recruitment Insurance Training (online or offline) to equip the prospective agents with the insurance knowledge to appear for insurance agency examination –

• **for life insurance agent –**

✓ 25 hours of classroom training; and

✓ 25 hours of practical training in accordance with the syllabus prescribed by the authority in life

[in Branch Office – the respective Development Officer to impart training and certificate of successful practical training to be issued either by Development Officer or ABM(S)]or BM (S) ;

✓ 25 hours of classroom training at the time of renewal of agency (as appointment will have to be renewed after every 3 years);

• **for composite agent with respect to the Life aspect –**

✓ 25 hours of classroom training; and

✓ 25 hours of practical training in accordance with the syllabus prescribed by the authority in life

As regards Non-Life part, training needs will depend upon the respective Insurers.

The Training will be valid for a period of 6 months.

**3. SKILL DEVELOPMENT TRAINING :**

Agents shall be exposed to various trainings for the purpose of Skill Development including those conducted by National Skill Development Council (NSDC), Government of India, BFSI SSC Financial Sector Skill Council in a phased manner.

**4. AGENCY PERFORMANCE REVIEW POLICY :**

**a. The Minimum Business Guarantee norms to be achieved by agents during the agency year :**

An agent has to procure –

**EITHER** 6 lives AND ₹.50,000/- FYPI

**OR** 12 lives

**OR** ₹. 1 Lac FYPI.

Notwithstanding the above, an agent shall be exempt from bringing in the business required of him, if he has continually worked for the Corporation as an agent for a period of:

- (a) not less than 21 years ; or
- (b) at least fifteen years and he is at least 55 years of age; or
- (c) fifteen years and at any time subsequent thereto there is business

in force in the books of the Corporation under his agency yielding a renewal premium income of not less than Rs. **2,00,000** per annum.

**b. The criteria for termination of agency for failure to achieve the Minimum Business Guarantee:**

If an agent fails to bring in the business required of him **as specified in 4(a) above** in an agency year, his appointment shall stand terminated at the end of such agency year under the provisions of Agents Rules, 1972.

**c. The criteria for re-appointment / re-instatement of agents terminated for failure to achieve the Minimum Business Guarantee:**

As per Agents Rules, 1972 and amended from time to time.

**5. AGENCY REMUNERATION AND BENEFITS :**

**a. Criteria for payment of bonus commission (incentive), if any to agents over and above the standard commission as prescribed in the product :**

As per Agents Rules, 1972 and amended from time to time.

**b. Criteria for considering eligibility of payment of Renewal Commission (ERC status) if any, to agents after termination of agency :**

As per Agents Rules, 1972 and amended from time to time.

**c. Criteria for payment of Hereditary Commission, if any, to the heirs of agent in the event of unfortunate death of agent :**

As per Agents Rules, 1972 and amended from time to time.

**d. Criteria to offer Group Life Insurance cover, Group Personal Accident cover, Group Health Insurance cover and any other such benefits, if any, to the Agents:**

**Prevailing Schemes for Agents:**

**(1) Group Insurance Scheme-**

- Introduced w.e.f. 01.09.2007 vide Circulars Ref: P&GS/1015 dated 16.08.2007 and Ref: Mktg/ZD/16/2007-08 dated 16.08.2007.
- Premium amended vide Circular Ref: Mktg/ZD/37/2011 dated 15.09.2011.

**(2) Pension Schemes -**

- ◆ **Swavalamban** - Introduced w.e.f. 03.12.2010 vide Circular Ref: Mktg/ZD/54/2010 dated 03.12.2010.
- ◆ **Samvardhan** -
  - Introduced w.e.f. 01.02.2011 vide Circular Ref: Mktg/A/ZD/5/2011 dated 01.02.2011 (Group Superannuation Cash Accumulation Scheme) for agents not eligible under Swavalamban Scheme.
  - Refer Circular Ref: CO/Mktg/A/P&GS Schemes dated 16.06.2014 - the Scheme is not available for new members as per revised IRDA norms, but continues for existing members.

**Club Rules for Agents :-**

The Clubs have been formulated to recognize the achievements of the agents and reward them with additional benefits and privileges, thereby motivating and enhancing their performance.

- ✓ The Agents Clubs, viz. Chairman, Zonal Manager, Divisional Manager and Branch Manager, came into effect from 01.04.1971.

With the changing market scenario, the below mentioned Clubs have been introduced subsequently with enhanced remunerations for high producers:

- ✓ The Corporate Club has been introduced vide circular dated 25.02.2004 with the first Membership Year being 01.09.2004 to 31.08.2005.
- ✓ The Club Galaxy for Agents has been introduced vide circular dated 19.05.2014 with the first Membership Year being 01.09.2015 to 31.08.2016.

**Prevailing Schemes for Club Agents:**

(1) Group Insurance Scheme –

- Introduced w.e.f. 01.09.1991 vide Circulars Ref: P&GS/ADG/483 dated 10.05.1991 and Ref: Mktg/ZD/17/91 dated 01.10.1991.
- Refer Circular Ref: Mktg/ZD/46/2004 dated 10.09.2004 (ARD 01.09.2004) – Revision in Sum Assured and Age (60 to 65 years).
- Refer Circular Ref: Mktg/ZD/49/2011 dated 14.12.2011 (ARD 01.09.2011) – Revision in Sum Assured.
- Refer Circular Ref: Mktg/A/ZD/29/2013 dated 03.10.2013 (ARD 01.09.2013) – Revision in age (upto age 69 years nbd).

(2) Group Mediclaim Insurance Scheme –

- Introduced vide Circulars Ref: Mktg/A/2000 dated 14.02.2000 and Ref: Mktg/A/GMIS dated 27.12.2001.
- Circular issued every year subsequent to the renewal of Policy under the scheme.
- Refer Circular Ref: Mktg/A/ZD/30/2013 dated 12.10.2013 for latest amendments.

***To continue with the existing benefits for the Club Members and other Agents, with suitable amendments made from time to time.***

**e. Schedule of payments of commission and various other benefits to the agents:**

**(1) Payments of Commission :**

To continue as per Agents Rules, 1972 and IRDA Notifications 2013 for Non-linked and Linked Insurance Products Regulations and amended from time to time.

**(2) Benefits to Agents :**

(A) Gratuity & Term Insurance-

As per Agents Rules, 1972 and amended from time to time.

(B) Advances –

To continue as per the approved Scheme of Advances, including additional benefits, if any as per amendments made from time to time.

**f. OTHER SCHEMES**

**For induction of Agents eligible for Stipend :**

- (i) **RCA – Rural Career Agent** – The Rural Career Agent Scheme 1979 has been re-introduced on 24.07.2008 as stipulated in the IRDA Regulations 2000, to tap the talent from rural sector.

- (ii) **UCA – Urban Career Agent** - The Urban Career Agent Scheme 1972 has been revised on 12.04.1990 with the objective of creating a cadre of professional life insurance agents to serve as role model to catalyze shift towards professionalism in the other agents of the Corporation.
- (iii) **CCA – City Career Agent** - The City Career Agent Scheme has been introduced on 21.10.2010 as stipulated in the IRDA Regulations 2000, with the objective to tap the resources available from areas other than the Rural.

***The above schemes will continue till further amendments from time to time.***

**Note: Chairman is the Competent Authority to revise any of the above during the financial year.**

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