
LIC of India, Central Office – Marketing Department

BOARD POLICY ON AGENCY MATTERS (2021-22)

Objective:

To frame a Board Approved Policy for the Financial Year 2021-22, 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) Regulations, 2017 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) Regulations, 2016.
- c) Insurance Laws (Amendment) Act, 2015 inter alia amending Section 42 of the Insurance Act, 1938 relating to Appointment of Insurance Agents.
- d) The Board Approved Policy on Payment of Commission or Reward to Insurance Agents issued for the respective Financial Year in accordance with the IRDAI (Payment of Commission or Remuneration or Reward to Insurance Agents and Insurance Intermediaries) Regulations, 2016 and its amendments made from time to time.

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) Regulations, 2017 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. (A) 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 training in accordance with the syllabus prescribed by the Authority in life.
- **for composite agent with respect to the Life aspect** –
 - ✓ 25 hours of 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 completion certification should be **valid for one year**.

3. SKILL DEVELOPMENT TRAINING :

- 10 hours of mandatory training for agents every three years without linking it to renewal.

- 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.
- **Agents shall be exposed to training for ULIP products and on Market Conduct Aspects (suitability) and Benefit illustration.**

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 Rs.50,000/- First Year Premium Income

OR 12 lives

OR Rs. 1 Lac First Year Premium Income.

- b.** 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:
- not less than 21 years ; or
 - at least fifteen years and he is at least 55 years of age; or
 - 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.
- c. 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 LIC of India (Agents) Regulations, 2017.
- d. The criteria for re-appointment / re-instatement of agents terminated for failure to achieve the Minimum Business Guarantee:** As per LIC of India (Agents) Regulations, 2017 and as amended from time to time.
- e.** The Designated Official of the Corporation shall be responsible to ensure that the centralized list of agents maintained by the Authority and the centralized list of black listed agents' database maintained by the Authority in online mode is up-to-date and accurate.

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 LIC of India (Agents) Regulations, 2017 and as amended from time to time.
- b. Criteria for considering eligibility of payment of Renewal Commission (Eligibility for Renewal Commission Status) if any, to agents after termination of agency :** As per LIC of India (Agents) Regulations, 2017 and as 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 LIC of India (Agents) Regulations, 2017 and as 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 for Tied Agents of the Corporation –

- ◆ **Criteria** – All inforce agents of the Corporation upto age 69 are eligible for coverage under the Scheme as on ARD 1st September. The coverage criteria are based on agency tenure of the respective agents.
- ◆ Introduced w.e.f. 01.09.2007 – Circulars Ref: P&GS/1015 dated 16.08.2007 and Ref: Mktg/ZD/16/ 2007-08 dated 16.08.2007.
- ◆ All amendments in respect of coverage and premium made from time to time.

(2) Pension Schemes (under Pension and Group Schemes)-

- Swavalamban** – Introduced w.e.f. 03.12.2010 vide Circular Ref: Mktg/ZD/54/2010 dated 03.12.2010 and continues for existing agents who have not migrated to Atal Pension Yojana (APY).
- ✓ **The Scheme is not available for new members, but continues for existing members.**
 - ✓ Further to notification dated 17.08.2015 launching the Atal Pension Yojana and based on the option exercised by the eligible agents between the age group of 18 to 40 years, migration from Swavalamban to APY effected.
 - ◆ **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.
 - ✓ The Scheme is not available for new members as per revised IRDA norms, but continues for existing members.
 - ✓ All amendments to the Scheme made from time to time.

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.
- ✓ 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.

To continue with the existing Club Rules, with suitable amendments made to the Club Rules from time to time.

PREVAILING SCHEMES FOR CLUB AGENTS:

(1) Group Insurance Scheme for Club Member Agents –

- ◆ **Criteria** – Coverage for **members of different Clubs upto age 69**. The coverage criteria are based on the club membership of the respective agents.
- ◆ 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.
- ◆ All amendments in respect of coverage and premium made from time to time.

(2) Group Mediclaim Insurance Scheme for Club Member Agents –

- ◆ Criteria - Coverage for members of different Clubs upto age 85. The coverage criteria are based on the club membership of the respective agents.
- ◆ Introduced vide Circulars Ref: Mktg/A/2000 dated 14.02.2000 and Ref: Mktg/A/GMIS dated 27.12.2001.
- ◆ Yearly renewal of the Policy under the scheme.
- ◆ All amendments in respect of coverage and premium made from time to time.

To continue with the existing benefits for the Club Members, with suitable amendments made during the financial year.

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

(1) Payments of Commission :

As per the -

- ◆ LIC of India (Agents) Regulations, 2017 and amended from time to time
- ◆ Board Policy on Payment of Commission or Reward to Insurance Agents issued for the respective Financial Year in accordance with the IRDAI (Payment of Commission or Remuneration or Reward to Insurance Agents and Insurance Intermediaries) Regulations, 2016.

(2) Benefits to Agents :

- i. **Gratuity & Term Insurance**- As per LIC of India (Agents) Regulations, 2017 and as amended from time to time.
- ii. **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 : - The below mentioned Schemes continue with amendments, if any, towards stipend etc. made from time to time -

- ◆ RCA – Rural Career Agent
- ◆ UCA – Urban Career Agent
- ◆ CCA – City Career Agent

CHAIRMAN IS THE COMPETENT AUTHORITY TO REVISE ANY OF THE ABOVE PROVISIONS BY ISSUING CLARIFICATIONS, DIRECTIONS, AND GUIDELINES IN THE FORM OF CIRCULARS.

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