

LIC OF INDIA (AGENTS) REGULATIONS, 2017

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Life Insurance Corporation of India (Agents) Regulations, 2017

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LIC OF INDIA (AGENTS) REGULATIONS, 2017

G.S.R. 86(E)

[w.e.f. 2nd February, 2017 rescinding the earlier existing LIC of India (Agents) Rules, 1972]

In exercise of the powers conferred under section 49 of the Life Insurance Corporation Act, 1956 (31 of 1956), the Life Insurance Corporation of India, with the previous approval of the Central Government, hereby makes the following regulations regulating the method of recruitment of agents and the terms and conditions thereof, namely:

1. Short title and commencement.—(1) These regulations may be called the Life Insurance Corporation of India (Agents) Regulations, 2017.

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

2. Application.—These regulations shall apply to all agents appointed in India by the Corporation in respect of life insurance business.

3. Definitions.—(1) In these regulations, unless the context otherwise requires,

- (a) “Act” means the Life Insurance Corporation Act 1956 (31 of 1956);
- (b) “absorbed agent” means an agent who is deemed to have been appointed under sub-regulation (4) of regulation 4;
- (c) “agent” means a person who has been appointed under regulation 4 of these regulations and includes an absorbed agent;
- (d) “agency year”,-
 - (i) in relation to an agent, other than an absorbed agent, means-
 - (A) in the first year of his appointment, the period from the date of his appointment to the end of the month in which he completes twelve months as an agent (hereinafter referred to as the first agency year of such agent); and
 - (B) in the subsequent years of his appointment, every successive period of twelve months following the completion of the first agency year; and
 - (ii) in relation to an absorbed agent, means-
 - (A) the period of twelve months from the date following the date on which he had completed the last year of his agency before the published day (hereinafter referred to as the first agency year of such agent); and
 - (B) in the subsequent years of his appointment, every successive period of twelve months following the completion of the first agency year:

Provided that in the case of an agent on whom a notice has been served under sub-regulation (6) of regulation 4, subsequent agency years shall be taken to mean every successive period of twelve months computed from the date mentioned in the notice;

- (e) “appointment letter” means a letter of appointment issued by the competent authority to an individual to act as an agent;
- (f) “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);
- (g) “competent authority” means the authority prescribed in column (3) of the First Schedule to discharge the functions mentioned in the corresponding entries in column (2) thereof;

- (h) “designated officer” means an officer authorised by the Corporation to make appointment or reinstatement of agents and to discharge other functions as entrusted to him in column (2) of the First Schedule;
- (i) “Insurance Act” means the Insurance Act, 1938 (4 of 1938);
- (j) “IRDA Act” means Insurance Regulatory and Development Authority of India Act, 1999;
- (k) “published day” means the date on which these regulations are published in the Official Gazette;
- (l) “Schedule” means a Schedule appended to these regulations.

(2) All words and expressions used herein and not defined herein but defined in the Act, or the Insurance Act or the IRDA Act, or in the Life Insurance Corporation Regulations, 1959, shall have the meanings respectively assigned to them in the relevant Acts or regulations.

4. Appointment of Agents.—(1) Agents may be appointed in any place within India for the purpose of soliciting or procuring life insurance business including business relating to the continuance, renewal or revival of policies of insurance for the Corporation.

(2) All appointments referred to in the sub-regulation (1), shall be made by the competent authority after conducting interview of the candidates and satisfying itself about their suitability.

(3) In making such appointments the competent authority shall be guided by such rules of procedure as are laid down in the Insurance Regulatory and Development Authority of India (Appointment of Insurance Agents) Regulations, 2016 made under the IRDA Act, as amended from time to time.

(4) On and from the commencement of these regulations, every agent appointed under the provisions of the Life Insurance Corporation of India (Agents) Rules, 1972 and who was immediately before that day acting on behalf of the Corporation as such agent, shall be deemed to be an agent appointed and confirmed under these regulations from such day.

Provided that for the purpose of computing the period of his work as an agent and any benefit under these regulations, the period during which he was continually acting on behalf of the Corporation as an agent immediately before the commencement of these regulations (excluding any period prior to the 1st September, 1956) shall be taken into account and for the purpose of ascertaining his business in force or the renewal premium income in respect of such business on any date, the business completed by him in the period during which he was continually acting as an agent immediately before such commencement shall be taken into account.

(5) An applicant seeking appointment as a composite insurance agent shall provide details of the Insurer with whom his Agency exists in the Application Form for Composite Agents.

(6) Notwithstanding anything in sub-regulations (1) to (5), the competent authority may, by notice in writing to an agent, direct that his agency year shall be every successive period of twelve months from the date mentioned in the notice:

Provided that the date so mentioned in the notice shall be the first date of a calendar month.

(7) Notwithstanding anything contained in this regulation, the designated officer may refuse or reject, for reasons to be recorded in writing, an application if he feels that the grant of appointment may be against public interest.

5. Eligibility conditions for appointment of agents.—No person shall be eligible to be appointed as an agent unless he fulfils the eligibility conditions as laid down in the Insurance Regulatory and Development Authority of India (Appointment of Insurance Agents) Regulations, 2016 made under the IRDA Act, as amended from time to time.

6. Training and examination.—(1) An individual desiring to obtain an appointment as an agent shall pass Insurance Agency Examination in Life Insurance, conducted by an examination body approved by the Authority.

(2) The Corporation shall provide pre-recruitment and skill development training to the applicant in such manner, as may be approved by the Board¹.

7. Reappointment of Agents.—(1) The reappointment of terminated agents shall be as per the eligibility conditions approved by the Corporation from time to time:

Provided that an agent who has been terminated on account of a vigilance inquiry, disciplinary action, early claim or fraud shall not be considered for reappointment.

(2)deleted.¹⁰

8. Functions of agents.—(1) Every agent shall-

- (a) solicit and procure new insurance business and endeavour to prevent the lapsing of a policy or its conversion into a paid-up policy, and while procuring life insurance business, an agent shall take into consideration the needs of proposers for life insurance and their capacity to pay premium;
- (b) take all reasonable steps to ensure that the age of the life assured is admitted at the commencement of the policy;
- (c) make all reasonable enquiries in regard to the lives to be insured before recommending proposals for acceptance, and bring to the notice of the Corporation any circumstances which may adversely affect the risk to be underwritten;
- (d) strictly adhere to the guidelines of the Corporation and the Authority regarding issuance of any circular, pamphlet or presentations;
- (e) strictly adhere to the Know Your Customer and Anti Money Laundering guidelines in accordance with the Prevention of Money Laundering Act, 1999 and the rules made thereunder;
- (f) strictly adhere to the provisions of the IRDAI Act and the rules and regulations made thereunder; and
- (g) to provide necessary support to the policyholders under the orphan policies allotted to him by the competent authority.

(2) Nothing contained in these regulations shall be deemed to confer any authority on an agent to collect any moneys or to accept any risk for or on behalf of the Corporation or to bind the Corporation in any manner whatsoever:

Provided that an agent may be authorised by the Corporation to collect and remit renewal premium under the policies or proposal deposits from proponents on such conditions as may be determined by the Corporation.

(3) Every agent shall adhere to the code of conduct as set out in the Second Schedule and as prescribed by the Authority and the Corporation, from time to time.

9. Minimum amount of business to be secured by agents.—(1) An agent shall bring in such minimum amount of business in his first and subsequent agency years as may be determined by the Board² from time to time.

(2) Notwithstanding anything contained in sub-regulation (1), an agent shall be exempt from bringing in the business required of him, if he fulfils such other conditions as may be laid down by the Board³ from time to time.

10. Payment of commission to agents.—(1) An agent shall be paid as compensation and remuneration for the discharge of all his functions under these regulations, commission at the rates fixed for each product of assurance as approved by the competent authority on the first year premiums and renewal premiums received during the continuance of his agency in respect of the completed business under his agency.

(2) An agent shall, in addition to the commission payable under sub-regulation (1), be entitled to bonus commission on the first year eligible commission as provided in the Third Schedule.

¹ Subs as in 2 of (Agents) (Amendment) Reg, 2021 for Reg.6(2) (w.e.f. 22.07.2021)

² Subs as in 3(i) of (Agents) (Amendment) Reg, 2021 for Reg.9(1) (w.e.f. 22.07.2021)

³ Subs as in 3(ii) of (Agents) (Amendment) Reg, 2021 for Reg.9(2) (w.e.f. 22.07.2021)

¹⁰ Omitted as in 2 of (Agents)(Amendment) Reg.2023 for Reg.7(2) (w.e.f.13.12.2023)

(3) The commission or remuneration payable to an agent in any form is subject to regulations made by the Authority under the IRDAI Act, in force.

(4) Save as provided by regulation 19, no commission shall be payable to an agent after he ceases to be an agent.

11. Gratuity and term insurance benefits.—The gratuity and term insurance benefits shall be payable to an agent as set out in the Fourth Schedule subject to regulations made by the Authority under the IRDAI Act.

12. Corporation's lien on agent's dues.—(1) Any act of omission or violation of regulation 8 and the code of conduct as set out under the Second Schedule, resulting in loss to the Corporation, shall make the agent liable for penalty, inclusive of recovery of the said losses.

(2) The Corporation shall have a first lien and charge on all moneys payable to an agent or his heirs for recovery of all debts due from him to the Corporation and may appropriate any such moneys directly towards realisation of such debts.

13. Termination of agency.—(1) If an agent fails to bring in the business required of him under regulation 9 in an agency year, his appointment shall stand terminated at the end of such agency year:

Provided that nothing contained in this sub-regulation shall apply to an agent who has been exempted under sub-regulation (2) of regulation 9.

(2) An agency which stands terminated under sub-regulation (1) may be reinstated by the competent authority, if it is satisfied that the failure of the agent to bring in the business required of him was due to reasons beyond his control.

(3) Where an agency is reinstated under sub-regulation (2), it shall be treated as continuous for all purposes.

14. Resignation or surrender of appointment by an agent.—(1) In case an agent appointed by the competent authority wishes to surrender his agency, he shall surrender his appointment letter and identity card to the competent authority.

(2) The competent authority shall issue the cessation certificate within a period of fifteen days from the date of receipt of resignation or surrender application.

(3) An agent of any other insurer who has surrendered his appointment to that insurer and seeks appointment from the Corporation shall furnish to the competent authority all the details of his previous agency and produce the cessation certificate issued by the previous insurer along with his agency application form.

(4) The competent authority shall consider the agency application as per the provisions of appointment after a period of ninety days from the date of issue of cessation certificate by the previous insurer.

15. Termination of agency on account of certain disqualifications.—(1) If an agent-

- (a) is found to be a minor;
- (b) is found to be of unsound mind by a court of competent jurisdiction;
- (c) if he is found to be guilty of criminal misappropriation or criminal breach of trust or cheating or forgery or an abetment to commit any such offence by a court of competent jurisdiction;
- (d) if in any judicial proceeding, has been found to have knowingly participated in or connived at any fraud, dishonesty or misrepresentation against the Corporation or any of its subsidiaries or against any person having official dealings with the Corporation or any of its subsidiaries,

his appointment shall be liable to be terminated by the competent authority.

(2) Every order of termination under sub-regulation (1) shall be issued after affording a reasonable opportunity to the agent to show cause against such termination in an enquiry to be conducted in accordance with the procedure set out in the Fifth Schedule.

(3) Where the competent authority proposes to take action under sub-regulation (1), it may direct the agent not to solicit or procure new-insurance business until he is permitted by the competent authority to do so and the order of suspension so issued may be published as provided for in the Fifth Schedule.

16. Termination or suspension of agent for certain lapses.— (1) The competent authority may, by order, in writing, terminate the appointment of an agent, after due notice and after giving him a reasonable opportunity of being heard in accordance with the procedure laid down in the Fifth Schedule, if he-

- (a) has violated the provisions of the Insurance Act, 1938 (4 of 1938), Insurance Regulatory and Development Authority of India Act, 1999 (41 of 1999) or rules or regulations, made thereunder as amended from time to time;
- (b) acts in a manner prejudicial to the interests of the Corporation or to the interests of its policyholders;
- (c) has failed to discharge his functions and failed to comply with the code of conduct as set out in regulation 8 and regulation 14, and directions issued by the Authority from time to time, to the satisfaction of the competent authority;
- (d) fails to furnish any information on relating to his activities as an agent as required by the Corporation or the Authority;
- (e) furnishes wrong or false information or conceals or fails to disclose material facts in the application submitted for appointment of Agent or during the period of its validity;
- (f) does not co-operate with any inspection or enquiry conducted by the Authority;
- (g) fails to resolve the complaints of the policyholders or fails to give a satisfactory reply to the Corporation or the Authority;
- (h) if the competent authority is satisfied that either directly or indirectly the agent is involved in embezzlement of premiums or cash collected from policyholders or prospects or on behalf of Insurer, and he has been knowingly involved in or connived at any fraud, dishonesty, misrepresentation, misappropriation, cheating and forgery against the Corporation or its policyholders or any of its subsidiaries or against any person having official dealings with the Corporation or any of its subsidiaries;
- (i) violates the terms of appointment;
- (j) does not submit periodical returns as required by the Corporation or the Authority;
- (k) if evidence comes to its knowledge to show that he has been allowing or offering to allow rebate of the whole or any part of the commission payable to him;
- (l) if it is found that any averment contained in his agency application or in any report furnished by him as an agent in respect of any proposal is not true;
- (m) becomes physically or mentally incapacitated for carrying out his functions as an agent;
- (n) if he being an absorbed agent, on being called upon to do so, fails to undergo the required training or to pass the tests, within the time fixed by the Board⁴;
- (o) if it is found that he is misusing any facility provided to him by the Corporation.

(2) Where the competent authority proposes to take action under sub-regulation (1), it may direct the agent not to solicit or procure new insurance business until he is permitted by the Competent Authority to do so and the order of suspension so issued may be published as provided for in the Fifth Schedule.

17. Termination or suspension of agency by notice.—(1) The appointment of an agent may be terminated by the competent authority at any time giving him one month's notice thereof in writing.

(2) Nothing contained in this regulation shall effect the right of the competent authority to take action against the agent in terms of regulations 16 and 19.

⁴Subs as in 4 of (Agents) (Amendment) Reg, 2021 for Reg.16(1)(n) (w.e.f. 22.07.2021)

18. Procedure in insolvency cases.—(1) If an agent applies to a court of competent authority for being adjudged insolvent or is adjudged insolvent by such court, the competent authority may direct him to forthwith discontinue soliciting or procuring new life insurance business and the agent shall not thereupon solicit or procure new life insurance business until the court grants an absolute order of discharge and the competent authority revokes its earlier direction.

(2) Where an agent ceases to solicit or procure new life insurance business in accordance with sub-regulation (1), the requirements of regulation 9 shall not apply.

(3) If an agent fails to obtain an absolute order of discharge up to the end of two agency years following the agency year in which the order adjudging him insolvent was passed, his appointment shall liable to be terminated by the competent authority by giving him three month's notice in writing.

19. Payment of commission on discontinuance of agency.—(1) In the event of termination of the appointment of an agent, the commission on the premiums received in respect of the business secured by him shall be paid to him, if such agent-

- (a) has fulfilled the minimum business required under regulation 9 for at least five years since his appointment and twenty five policies on different lives effected through him were in full force on a date one year before his ceasing to act as such agent; or
- (b) has fulfilled the minimum business required under regulation 9 for at least ten years since his appointment; or
- (c) being an agent whose appointment has been terminated under clause (m) of sub-regulation (1) of regulation 16 has fulfilled the minimum business required under regulation 9 for at least two years since his appointment and policies on twelve different lives effected through him were in full force on a date immediately prior to such termination:

Provided that after his ceasing to act as such agent he does not directly or indirectly solicit or procure or promote life insurance business in any capacity for any other person or company or organisation, which includes broker or intermediary or a life insurance company or a health insurance company for two years thereafter.

(2) Notwithstanding anything contained in clause (a) or (b) of sub-regulation (1), an agent terminated by an order passed under regulation 15 or under clause (b) or (h) of sub-regulation (1) of regulation 16 shall entail forfeiture of his entire commission in respect of all the policies effected under his agency.

(3) Any commission payable under the sub-regulation (1) shall not be paid if the agent commits breach of the proviso thereunder.

(4) Subject to other provisions of this regulation, any commission payable to an agent under sub-regulation (1) shall, notwithstanding his death, be payable to his nominee or nominees or, if no nomination is made or is subsisting to his heirs, so long as such commission would have been payable had the agent been alive.

(5) In the event of the death of the agent while his agency subsists, any commission payable to him had he been alive, shall be paid to his nominee or, if no nomination is made or if subsisting to his heirs, so long as such commission would have been payable had the agent been alive, provided he had continually worked as an agent for not less than two years from the date of his appointment and policies on twelve different lives effected through him were in full force on a date immediately prior to his death.

(6) If the renewal commission payable under sub-regulation (1) or sub-regulation (4) or sub-regulation (5) is less than ten thousand rupees in any financial year (hereinafter referred to as the said financial year), the competent authority may, notwithstanding anything contained in the said sub-regulation, commute all commission payable in subsequent financial years for a lump sum which shall be three times the amount of renewal commission paid in the said financial year, and on the payment of such lump sum to the agent or his nominees or heirs, as the case may be, no commission on the business effected through the agent shall be payable in the financial years subsequent to the said financial year.

(7) Notwithstanding anything contained above, the payment of renewal commission or hereditary commission shall be as decided by the Board⁵ from time to time subject to any regulations made by the Authority in this regard.

⁵Subs as in 5 of (Agents) (Amendment) Reg, 2021 for Reg.19(7) (w.e.f. 22.07.2021)

20. Appeals.—(1) Every agent shall have a right of appeal to the Zonal Manager concerned of the Corporation against an order terminating the appointment and or forfeiture of renewal commission or suspending him from procurement of new business under regulation 15 or regulation 16 or regulation 18 or sub-regulation (2) of regulation 19.

- (2) Every person submitting an appeal shall file the appeal in his own name.
- (3) The appeal shall be addressed to the authority to whom the appeal lies and shall not contain any disrespectful or improper language and shall be complete in itself.
- (4) The appeal shall be submitted through the authority which made the order appealed against.
- (5) No appeal under this regulation shall be entertained unless it is submitted within a period of three months from the date on which the appellant receives a copy of the order appealed against:

Provided that the Zonal Manager may entertain the appeal after the expiry of the said period, within a further period of three months, if it is satisfied that the appellant had sufficient cause for not submitting the appeal in time.

21. Withholding of appeals.—An appeal may be withheld by the competent authority as defined in First Schedule through whom it is sent -

- (i) if it does not comply with the provisions of sub-regulation (2) or sub-regulation (3) of regulation 20; or
- (ii) if it is not submitted within the period specified in sub-regulation (5) of regulation 20 and it does not set out any cause for delay; or
- (iii) if it is a repetition of an appeal already decided:

Provided that where an appeal is withheld, the appellant shall be informed of the fact and the reasons therefore, and except in a case covered by clause (iii) the appeal shall be returned to the appellant and if it is resubmitted within one month thereof with suitable amendments or showing cause of delay, as the case may be, it shall not be withheld.

22. Transmission of appeal.—(1) The authority which made the order appealed against shall, within a period of three months from the date of receipt of the appeal, transmit to the Zonal Manager every appeal which is not withheld under regulation 21 together with its comments thereon and the relevant records.

(2) The Zonal Manager may direct transmission to it of any appeal withheld under regulation 21 and thereupon such appeal shall be so transmitted with the comments of the authority withholding the appeal and the relevant records.

23. Consideration of appeals.—(1) Where an appeal is received under these regulations, the Zonal Manager shall consider all the circumstances of the case and pass such orders as it deems fit:

Provided that the appellant shall be given a reasonable opportunity of representing his case.

(2) All appeals shall be disposed of as expeditiously as possible, but not later than three months from the date of the receipt of the appeal by the Zonal Manager.

24. Memorial.—(1) An agent whose appeal under these regulations, not being an order of suspension under regulations 15 or 16, and not being an appeal against an order under regulation 17, has been rejected by the Zonal Manager may address a memorial to the Chief Executive⁶ of the Corporation in respect of that matter within a period of three months from the date of receipt by the agent of a copy of the order of the appellate authority and the Chief Executive⁷ shall, after making or causing to be made such inquiry as he deems necessary, pass such order thereon as the circumstances of the case justify.

(2) No further representation on the same cause of action shall be entertained.

25. Power to issue instructions or directions.—The Managing Director may, from time to time, issue such instructions or directions as may be necessary to give effect to the provisions of these regulations.

⁶ Subs as in 6 of (Agents) (Amendment) Reg.2021 for Reg.24(1) (w.e.f22.07.2021)

⁷ Subs as in 6 of (Agents) (Amendment) Reg.2021 for Reg.24(1) (w.e.f22.07.2021)

26. Power to frame schemes.—The Managing Director may, with the previous approval of the Board⁸ frame schemes not inconsistent with these regulations to provide for:

- (a) payment of stipends;
- (b) grant of loans to agents.

27. Power to relax.—The Executive Committee referred in sub-section (1) of section 19 of the Act may in the interests of the Corporation, for reasons to be recorded in its resolution, relax any of the provisions of these regulations in individual cases.

⁸ Subs as in 7 of (Agents) (Amendment) Reg.2021 for Reg.24(1) (w.e.f22.07.2021)

FIRST SCHEDULE**[See regulation 3(1)(g),(h)]**

Regulation No.	Nature of functions	Competent authority
(1)	(2)	(3)
3(e) and 4	Appointment of agents	Officer in-charge of the Branch
4(6)	Change of agency year	Officer in-charge of the Division
8(1)(g)	Allotment of orphan policies to agents	Allotment Committee of the Branch
10(1)	Commission to agents	Chief Executive ⁹
13(2)	Reinstatement of agency when failure to bring the business required of the agent was due to reasons beyond control	Designated official of the Corporation designated as such by the Executive Director
14	Resignation or surrender of appointment by an agent	Officer in-charge of the Branch
15(1) and 15(3)	Termination of agency on account of certain disqualification	Officer in-charge of the Division
16	Action against agent for certain lapses and issue of direction not to solicit or procure new life insurance business	Officer in-charge of the Division
17	Termination of agency by notice	Zonal Managers in charge of the Zone
18	Direction not to solicit or procure new life insurance business or termination of agency in insolvency cases	Officer in-charge of the Division
19(1)	Payment of commission on discontinuance of agency	Officer in-charge of the Division
19(6)	Commutation of renewal commission	Officer in-charge of the Division
Schedule I Reg.21	Withholding of appeals- Nature of functions-to issue show cause notice and final order	Officer in-charge of the Division

⁹ Subs as in last para of (Agents) (Amendment) Reg.2021 for CA under Reg.10(1) (w.e.f.22.07.2021)

SECOND SCHEDULE

[See regulation 8(3),12(1)]

Code of Conduct

(1) Every insurance agent shall-

- (a) identify himself as an insurance agent of the Corporation;
- (b) show the agency identity card to the prospect, and also disclose the agency appointment letter to the prospect on demand; disseminate the requisite information in respect of insurance products offered for sale by the Corporation and take into account the needs of the prospect while recommending a specific insurance plan;
- (c) disclose the scales of commission in respect of the insurance product offered for sale, if asked by the prospect;
- (d) indicate the premium to be charged by the Corporation for the insurance product offered for sale;
- (e) explain to the prospect the nature of information required in the proposal form by the Corporation, and also the importance of disclosure of material information in an insurance contract;
- (f) bring to the notice of the Corporation every fact about the prospect relevant to the insurance underwriting, including any adverse habits or income inconsistency of the prospect, within the knowledge of the agent, in the form of a report called "Insurance Agent's Confidential Report" along with every proposal submitted to the Corporation, and any material fact that may adversely affect the underwriting decision of the Corporation as regards acceptance of the proposal, by making all reasonable enquiries about the prospect;
- (g) obtain the requisite documents at the time of submitting the proposal papers to the Corporation, and other documents subsequently called for by the Corporation for completion of the proposal.
- (h) advise every prospect to effect nomination under the policy;
- (i) inform promptly the prospect about the acceptance or rejection of the proposal by the Corporation;
- (j) render necessary assistance and advice to every policyholders on all policy servicing matters including assignment of policy, change of address or exercise of options under the policy or any other policy service, wherever necessary;
- (k) render necessary assistance to the policyholders or claimants or beneficiaries in complying with the requirements for settlement of claims by the Corporation.

(2) The Insurance Agent shall not-

- (a) solicit or procure insurance business without being appointed to act as such by the Corporation;
- (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 Corporation for acceptance of the proposal;
- (d) resort to multilevel marketing for soliciting and procuring insurance policies and/or induct any prospect or policyholder to join a multilevel marketing scheme;
- (e) behave in a discourteous manner with the prospect;
- (f) interfere with any proposal introduced by any other insurance agent of the Corporation;
- (g) offer different rates, advantages, terms and conditions other than those offered by the Corporation;
- (h) demand or receive a share of proceeds from the beneficiary under an insurance contract;
- (i) force a policyholder to terminate the existing policy and to effect a new policy from him within three years from the date of such termination of the earlier policy;

- (j) apply for fresh agency appointment to act as an insurance agent, if his agency appointment was earlier cancelled by the designated official, and a period of five years has not elapsed from the date of such cancellation;
 - (k) become or remain a director of any insurer.
- (3)** Every agent shall, with a view to conserving 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.
- (4)** Any person who acts as an insurance agent in contravention of the provisions of the IRDAI Act shall be liable to penalty and disciplinary action by the Corporation.

THE THIRD SCHEDULE

[See regulation 10(2)]

Bonus commission payable to agents

1. In this Schedule, “eligible first year commission” means the first year commission earned by an agent in any agency year excluding the commission earned under single premium policies, deferred annuity policies and pure endowment policies secured by him.
2. An agent including an absorbed agent shall be entitled to bonus commission at the rate of forty percent of the eligible first year commission if he has secured not less than six proposals on different lives resulting in a completed business and a first year premium income of at least fifty thousand rupees in the respective agency year.
3. Where an agent has earned bonus commission for five successive years in accordance with the foregoing provision of this Schedule, he shall be entitled to bonus commission for the agency year immediately following such five years even if he has not fulfilled in respect of that year the conditions set out in the said provision.
4. Notwithstanding anything contained in the paragraphs 2 and 3, an agent who has been exempted under sub-regulation (2) of regulation 9, shall be entitled to bonus commission, if he has to his credit at the time of such exemption fifteen qualifying years as defined in the Fourth Schedule

THE FOURTH SCHEDULE

[See regulation 11] Gratuity and Term Insurance

1. In this Schedule unless the context otherwise requires,-
 - (a) “Agency year” in the case of an absorbed agent, includes every period of twelve months prior to the first agency year, but in the case of only agent does not include an agency year during which the agent has worked for less than twelve complete months;
 - (b) “eligible rate” means:
 - (i) in the case of an agent who has worked on the relevant date for fifteen agency years or more as an agent, 180th part of the aggregate of the qualifying yearly renewal commission earned by him in the qualifying years out of the fifteen agency years immediately preceding the relevant date ; and
 - (ii) in the case of an agent who has worked on the relevant date for less than fifteen agency years as an agent, one twelfth of the amount arrived at by dividing the aggregate of the qualifying yearly renewal commission earned by him in the qualifying years by the total number of agency years he has worked as an agent on the relevant date .
 - (c) “qualifying year” means :
 - (i) the agency year in which an agent , acting on behalf of the corporation between the 1st September,1956, and the published day, had completed a business of not less than the previous guarantee; or
 - (ii) the agency year in which an agent, functioning or continuing to function after the published day, had completed the business required of him under the regulation 9, but in respect of an absorbed agent the first agency year shall not be a qualifying year unless he had completed a business of not less than the modified previous guarantee;
 - (d) “qualifying yearly renewal commission” means.-
 - (i) in respect of agency years ending on or after the 1st april,1968, the renewal commission earned by an agent in a qualifying year included in such agency years; and
 - (ii) in respect of agency years ending on or before the 31st March, 1968 one third of the aggregate of the renewal commission earned in the three agency years immediately preceding the 1st April, 1971;
 - (e) “relevant date” means the date on which the eligibility for payment of gratuity is determined under paragraph 2.
2. (1) An agent shall be eligible for gratuity :
 - (i) if he has worked continually and for fifteen or more qualifying years, and
 - (a) he is not below sixty years of age; or
 - (b) his agency ceases or stands terminated under any of the provisions of these regulations for any reason other than an excepted reason¹¹; or
 - (ii) if he has been confirmed in his appointment, and¹²-
 - (a) he dies while his agency is subsisting; or
 - (b) his appointment as agent is terminated under clause (m) of sub-regulation (1) of regulation 16.

¹¹ Subs as in 3(a) (A) (I) of (Agents) (Amendment) Reg.2023 for Fourth Schedule

¹² Subs as in 3(a) (A) (II) of (Agents) (Amendment) Reg.2023 for Fourth Schedule

Explanation : In this sub-paragraph, “excepted reason”¹³ means any of the reasons mentioned in.-⁸

- (i) clause (c) or clause (d) of regulation 15;⁹
 - (ii) clause (b) or clause (c) or clause (h) or clause (k) of sub-regulation (1) of regulation 16; or
 - (iii) clause (l) of sub-regulation (1) of regulation 16, if it is established that the agent had acted with a view to defrauding the Corporation.
- (2) An agent may, before he has attained the age fifty-nine years, by notice in writing to the designated official, request that his eligibility for gratuity may be determined on completion of sixty-five years of age, and in that case sub-clause (a) of clause (2) of sub-paragraph(1) shall have effect as if for the word “sixty” the word “sixty-five” had been substituted, and the relevant date shall be computed accordingly.
 - (3) Gratuity admissible to an agent shall be at the eligible rate for each qualifying year for the first fifteen qualifying years and at half the eligible rate for the subsequent ten qualifying years, provided the maximum amount of gratuity payable shall not exceed five lakh¹⁴ rupees.
 - (4) Subject to any lien the Corporation may have on the amount of gratuity admissible to an agent, it shall pay the agent or his nominee or, if no nomination is made or is subsisting, his heirs, the amount of gratuity admissible under the paragraph.
 - (5) Notwithstanding anything contained in the foregoing sub-paragraph, no gratuity shall be admissible to an agent who is also an employee of the Corporation for the period he remains such employee and his agency work in such period shall not count for any purpose under this clause even after the cessation of his service as an employee.
 - (6) Where an agent has received any gratuity under this paragraph, no further gratuity shall be admissible to him for any period during which he works thereafter as an agent.
3. (1) In the event of the death of an agent while his agency subsists, the Corporation shall make payment of an amount in accordance with the provisions hereinafter contained if the following conditions are satisfied in respect of such agent.-
 - (a) he had not completed fifty years of age on the date of his appointment as an agent.

Explanation.—For determining the date of appointment of an absorbed agent, the actual date of his appointment before the published day as an insurance agent shall be taken into account;

 - (b) his death takes place before he has completed sixty years of age;
 - (c) he had an insurance policy (other than a temporary insurance policy) on his own life assuring a sum of not less than five thousand rupees which was in force at the time of his death:

Provided that in the case of an absorbed agent, this condition shall be deemed to have been satisfied if he has held a policy which matured for payment at any time after he has completed fifty-five years of age; and

 - (d) he, not an being absorbed agent, has been confirmed as an agent and has to his credit three or more qualifying years at the date of his death, or he, being an absorbed agent, has to his credit three qualifying years and has either-
 - (i) completed five agency years at the date of his death; or
 - (ii) undergone such training and passed such tests, as prescribed under regulation 6.
 - (2) ¹⁵The amount payable under sub-paragraph (1) (hereinafter referred to as the amount of term insurance) shall be based on the average annual renewal commission earned by the agent in the three agency years immediately preceding his death (hereinafter referred to as the average commission) and shall be according to the following Table, namely:-

TABLE

¹³ Subs as in 3(a) (A) (III) of (Agents) (Amendment) Reg.2023 for Fourth Schedule

¹⁴ Subs as in 3(a) (B) of (Agents) (Amendment) Reg.2023 for Fourth Schedule

¹⁵ Subs as in 3(b) of (Agents) (Amendment) Reg.2023 for Fourth Schedule

	Average Commission	Amount of Term Insurance
(a)	If the average commission was upto Rs.5,000	Rs.25,000
(b)	If the average commission was Rs.5,001 or more, but less than or equal to Rs.10,000	Rs. 50,000
(c)	If the average commission was Rs.10,001 or more, but less than or equal to Rs.50,000	Rs.1,00,000
(d)	If the average commission was Rs.50,001 or more	Rs. 1,50,000

- (3) Subject to any lien the Corporation may have on the amount of term insurance admissible in the case of an agent, it shall pay his nominee or nominees, or if no nomination is made or is subsisting, his heirs the amount of term insurance admissible under this paragraph.
- (4) Notwithstanding anything contained in the foregoing sub-paragraph, the amount of term insurance shall not be admissible in respect of an agent who was also an employee of the Corporation if his death had taken place during the period he remained such employee and his work as agent during such period shall not count for any purpose even after the cessation of his service as an employee.

THE FIFTH SCHEDULE

[See regulations 15(2) and (3),16(1) and(2)]

Disciplinary Action

1. Manner of holding enquiry before or after suspension of appointment of agent.-

- (1) The appointment of an agent shall not be cancelled unless an enquiry has been conducted in accordance with the procedure laid down in this Schedule.
- (2) For the purpose of holding an enquiry or investigation, the competent authority may appoint an officer as an Enquiry Officer for the irregularities enumerated under regulation 16 within fifteen days of issuance of suspension order, wherever issued, to conduct the enquiry or investigation.
- (3) The Enquiry Officer may direct the agent concerned to furnish all information/data as deemed necessary to conduct the enquiry and grant the agent a time of twenty-one days from the receipt of letter or date of receipt of the suspension order, for submission of his reply and such information or data called for.
- (4) The agent may, within twenty-one days from the date of receipt of such notice, furnish to the Enquiry Officer a reply together with copies of documentary or other evidence relied on by him or sought by the Enquiry Officer.
- (5) The Enquiry Officer shall give a reasonable opportunity of hearing to the agent to enable him to make submissions in support of his reply.
- (6) The agent may either appear in person or through any person duly authorized by him to present his case, provided however that the prior approval of the competent authority is obtained for the appearance of the authorised person.
- (7) The Enquiry Officer may advise the competent authority to present its case through one of its officials.
- (8) If it is considered necessary, the Enquiry Officer may call for feedback or information from any other related entity during the course of enquiry.
- (9) If it is considered necessary, the Enquiry Officer may call for additional papers from the agent.
- (10) The Enquiry Officer shall make all necessary efforts to complete the enquiry or investigation within forty- five days of the commencement of the enquiry.
- (11) In case the enquiry cannot be completed within the period of forty-five days, the Enquiry Officer may seek additional time from the competent authority stating the reason thereof.
- (12) The Enquiry Officer shall, after taking into account all relevant facts and submissions made by the agent, furnish a report making his/her recommendations to the competent authority.
- (13) The competent authority shall issue a show cause notice directing the agent to submit his say within fifteen days from the date of receipt of the show cause notice proposing termination, and shall pass a final order in writing with such decision as he deems fit and communicate to the concerned agent.
- (14) On issuance of the final order for termination of agency of the agent, he shall cease to act as an agent from the date of the final order.

2. Publication of order of suspension or termination.—(1) The order of suspension or termination of appointment of the insurance agent under regulation 15 or regulation 16 shall be displayed on website of the Corporation and updated in centralised list of agents maintained by the authority, so that registration of new business by the suspended or terminated agent is stopped forthwith by the Corporation.

(2). On and from the date of suspension or termination of agency appointment, the agent, shall cease to function as an agent of the Corporation.

3. Effect of suspension or termination of agency appointment.—(1) On and from the date of suspension or termination of the agency, the agent shall cease to act as an agent.

(2) The competent authority shall recover the appointment letter and identity card from the agent whose appointment has been terminated within seven days of issuance of final order effecting termination of appointment.

(3) The competent authority shall black-list the agent and enter the details of the agent whose appointment is suspended or cancelled into the blacklisted agent's database maintained by the authority and the centralised list of agents' database maintained by the competent authority in online mode, immediately after issuance of the order effecting suspension or termination.

(4) In case a suspension is revoked in respect of any agent on conclusion of disciplinary action by way of issuance of a speaking order by the competent authority, the details of such agent shall be removed from list of blacklisted agents as soon as the speaking order revoking his suspension is issued.

(5).The competent authority, may inform other insurers, with whom he is acting as an agent, of the action taken against the agent for their records and necessary action.

Note: The Principal regulations were published in the Gazette of India, Extraordinary, vide G.S.R.No.86(E) dated 02.02.2017 and subsequently amended vide F.NO.I-13011/03/2021-Ins.I dated 22.07.2021 and F.No.S-11015/01/2019-Ins.I published on 13.12.2023.