Item No. 23

IRDAI (Registration of Insurance Marketing Firm) (First amendment) Regulations, 2016

IRDAI (Registration of Insurance Marketing Firm) Regulations, 2015 (IMF Regulations) were notified on 21st January, 2015. IMFs follow the concept of open architecture, wherein the entity can solicit business maximum on behalf of 2 Life Insurers, 2 General Insurers and 2 Health Insurers. The capital requirements as well as other compliance requirements are relatively less, when compared with Insurance Brokers and Corporate Agents. Accordingly, the area of operation is limited to one District, initially. IMFs can procure all types of Life Insurance Products, whereas, only retail lines of products are permitted in the case of general insurance. IMFs can also distribute other financial products as permitted by RBI, SEBI, PFRDA, Post Office etc. after obtaining due approvals from such authorities. The registration of IMF is through online portal viz. www.imf.irda.gov.in. As on date, 47 IMFs are registered with the Authority and 365 NOCs have been issued to the IMF aspirants to incorporate a company/Limited Liability Partnership Firm with the Registrar of Companies.

Pursuant to the feedback and suggestions received from the stakeholders a few clarifications were issued through circulars from time to time. To effect these changes in the regulations and based on the experience gained over period of time, Authority is proposing to amend the IMF regulations. The exposure draft for IRDAI (Registration of Insurance Marketing Firm) (First amendment) Regulations, 2016 was placed on the website seeking comments from the general public. Comments and suggestions were received from various stakeholders. After careful consideration of these suggestions/comments, the following significant amendments are proposed:

- Harmonization of training and examination requirements of the intermediaries as per the Cir. No. IRDA/INT/CIR/T&E/136/O7/2016 dated 13th July, 2016.
- Clarification about the area of operation of IMFs operating in state capitals.
- Changes in Form of registration/renewal/duplicate certificates.
- Clarification on distance marketing activities of IMF.

The Authority consulted Insurance Advisory Committee (IAC) on the proposed Amendments in the 32nd meeting of the IAC held on 17th October, 2016. The Committee recommended the proposed Amendments after due deliberations.

Accordingly, the draft amendments to the IMF Regulations namely, IRDAI **(Registration of Insurance Marketing Firm) (First amendment) Regulations, 2016** is placed for consideration and approval.

INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY OF INDIA

NOTIFICATION

Hyderabad, the day of 2016

Insurance Regulatory and Development Authority of India (Registration of Insurance Marketing Firm) (First Amendment) Regulations, 2016.

F.No. IRDAI/Reg/_____ - In exercise of the powers conferred by Section 114A of the Insurance Act, 1938 (4 of 1938), as amended from time to time, read with sections 14 and 26 of the Insurance Regulatory and Development Authority Act, 1999 (41 of 1999) and sections 42D and 42E of Insurance Act, 1938, as amended from time to time, the Authority in consultation with the Insurance Advisory Committee, hereby makes the following amendments to Insurance Regulatory and Development Authority of India (Registration of Insurance Marketing Firm), Regulations 2015, namely:

1. **Short title and commencement:**
   These regulations may be called **Insurance Regulatory and Development Authority of India (Registration of Insurance Marketing Firm) (First Amendment) Regulations, 2016**

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

2. In the Insurance Regulatory and Development Authority (Registration of Insurance Marketing Firm) Regulations, 2015

(A) Insert the words **"maximum of"** after the words "… Insurance Products of" in Reg. 3(a) and Reg.11.1

(B) Insert Regulation **3 (d)** as follows:

An IMF shall abide by the guidelines /regulations/circulars issued by the Authority from time to time on Distance Marketing of Insurance Products subject to the following: Distance Marketing shall be

i. **undertaken by the IMF without engaging tele-marketer(s).**
ii. **undertaken after obtaining prior approval from the Authority.**
iii. **carried out only through ISPs.**
iv. **on behalf of those Insurer(s) with whom agreements are entered by IMF for carrying out insurance business activity as specified in Part I of Schedule V.**

(C) Insert Regulation 4.1 (h) as under:

Submit an undertaking stating that a tele marketer(s) shall not be engaged for solicitation/lead generation of insurance business.

(D) Amend Regulation 5.2 (vi) as

"Whether the Applicant has in its name the **words "Insurance Marketing" or "IMF"**

(E) Insert Regulation 14.2 (a) as under:

Submit an undertaking stating that a tele marketer(s) shall not be engaged for solicitation/lead generation of insurance business.

(F) SCHEDULE-III (1) (General) is replaced as

"1. General:

The training for Principal Officer and ISP shall be conducted on-line by an approved institution, and in the manner, as decided by the Authority from time to time".

(G) Schedule IV Part III (2) is replaced as

The "Area" is defined as a district for which the registration of the Insurance Marketing Firm is valid. However, if requested by and applicant, in case of IMFs registered in capital city of any State, the area defined under Municipality/ Municipal Corporation of such city shall be considered as area of operation.

(H) Schedule V Part-II (e) is replaced as

"**display at their place of work/office, details of their registration issued by the Authority such as, date of issue of registration and its validity, and list of other financial products marketed along with the certificates issued by respective regulators, grievance handling process, list of ombudsman and such other relevant information as may be required under applicable statute(s)."**

(I) Insert the sentence ***"The ratio of AOA:AOY shall be 1:1."*** after the words *"…insurance marketing firm in the business."* in Schedule X (3).

(J) The following words in the table are deleted in Form B, C and D and the revised forms are placed as Annexure 1, 2 and 3 respectively.

Distribution of other Financial Products	***Yes/No***

Annexure - 1

Form B

INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY OF INDIA

(Registration of Insurance Marketing Firm) Regulations, 2015 FORM B [See regulations 10]

REGISTRATION

In exercise of the powers conferred by sub-section (1) of Section 42D Insurance Act, 1938 (4 of 1938) as amended from time to time, the Authority hereby grants a registration to

"_____"

to act as **Insurance Marketing Firm** (IMF) under that Act.

Registration Code for the Insurance Marketing Firm is _____

1. The IMF shall be allowed to operate in _____district/ Municipality/

Municipal Corporation area of _____state.

2. Scope of Activities:

Soliciting or Procuring Insurance Products	Yes/No
Insurance Service Activities	
a) Undertaking back office activities of insurers	Yes/No
b) Become approved person of IRs	Yes/No
c) Undertaking survey and loss assessment work	Yes/No

3. This Registration shall be valid from _____ to _____

4. This Registration is subject to the Act, as amended from time to time, Insurance Regulatory and Development Authority Act, 1999 (4 of 1999) and Insurance Regulatory and Development Authority of India (Registration of Insurance Marketing

Firm) Regulations, 2015 and shall not be construed to be in compliance with or in conformity to any other Act, rules or regulations.

By Order

Place:
Date:

For and on behalf of
Insurance Regulatory and Development Authority of India

Annexure – 2

INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY OF INDIA

(REGISTRATION OF INSURANCE MARKETING FIRM) REGULATIONS, 2015
Form C

[See regulations 17]

DUPLICATE CERTIFICATE OF REGISTRATION

In exercise of the powers conferred by sub-section (1) of Section 42D Insurance Act, 1938 (4 of 1938) as amended from time to time, the Authority hereby grants a registration to

"_____"
to act as **Insurance Marketing Firm** (IMF) under that Act.

1. The IMF shall be allowed to operate in _____district/ Municipality/ Municipal Corporation area of _____state.

2. Scope of Activities:

Soliciting or Procuring Insurance Products	Yes/No
Insurance Service Activities	
a) Undertaking back office activities of insurers	Yes/No
b) Become approved person of IRs	Yes/No
c) Undertaking survey and loss assessment work	Yes/No

3. Registration Code for the Insurance Marketing Firm is _____
4. This Registration shall be valid from _____ to _____

5.. This Registration is subject to the Act, as amended from time to time, Insurance Regulatory and Development Authority Act, 1999 (4 of 1999) and Insurance Regulatory and Development Authority of India (Registration of Insurance Marketing Firm) Regulations, 2015 and shall not be construed to be in compliance with or in conformity to any other Act, rules or regulations.

By Order

Place :
Date:

For and on behalf of
Insurance Regulatory and Development Authority of India

Annexure - 3
INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY OF INDIA

(Registration of Insurance Marketing Firm) Regulations, 2015 [See regulations 14]

Form D

CERTIFICATE OF RENEWAL OF REGISTRATION

1. In exercise of the powers conferred by sub-section (3) of Section 42D Insurance Act, 1938 (4 of 1938) as amended from time to time, the Authority hereby renews the registration of M/s

"_____"

under Reg.14 of the IRDA of India (Registration of Insurance Marketing Firm) Regulations, 2015 and the Insurance Regulatory and Development Authority Act, 1999 (4 of 1999) for the period from _____ to_____.

2. The IMF shall be allowed to operate in

District/Municipality/ Municipal Corporation	State

3. Scope of Activities:

Soliciting or Procuring Insurance Products	Yes/No
Insurance Service Activities	
a) Undertaking back office activities of insurers	Yes/No
b) Become approved person of IRs	Yes/No
c) Undertaking survey and loss assessment work	Yes/No

4. Issued at _____ on _____ day of _____ Two thousand_____

5. This Registration is subject to the Act, as amended from time to time, Insurance Regulatory and Development Authority Act, 1999 (4 of 1999) and Insurance

Regulatory and Development Authority of India (Registration of Insurance Marketing Firm) Regulations, 2015 and shall not be construed to be in compliance with or in conformity to any other Act, rules or regulations.

By Order

Place:
Date:

For and on behalf of
Insurance Regulatory and Development Authority of India