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11th January 2018.

Clarification on MISP Guidelines

- I. **Creation of panel of insurers by insurance intermediary or MISP**
- II. **Role and responsibilities of MISP vis-à-vis Original Equipment Manufacturers (OEM's)**

It may be recalled that the Authority issued:-

- a) Guidelines on Motor Insurance Service Provider vide Circular No. IRDA/ INT/ GDL/ MISP/ 202/ 08/ 2017 dt. 31st August 2017
- b) Circular on MISP – IRDA/INT/CIR/MISP/246/11/2017 dt.01st Nov 17

I. Creation of panel of insurers by MISP

The Authority is in receipt of representations, from insurance companies that they are not included in the panel of Insurance brokers/ MISP's as it is not compulsory for Insurance broker/ MISP to empanel all insurance companies for selling motor insurance policies through MISP even if they are willing to enter into Service Level Agreements (SLA).

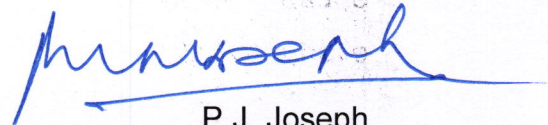
Hereto attention to guidelines 5 (f) of Guidelines on MISP issued on 31.08.17 and point no.4, of IRDA circular dt.01.11.2017, stating that an insurance intermediary based on an objective and transparent criteria can enter into service level agreement with general insurers for selling motor insurance policies. The Authority is of the view that with the commission / remuneration levels for the insurance intermediaries and MISP being stipulated, the creation of a panel of insurers is restrictive, which can lead to undesirable market practices. Therefore, to remove misgivings in the minds of the stakeholders it is clarified that neither the insurance broker nor the MISP can create such a panel of insurer for selling motor insurance policies. However, the insurance

companies should enter into service level agreements with insurance brokers/ MISPs based on transparent and objective criteria.

II. Role and responsibilities of MISP vis-à-vis Original Equipment Manufacturers (OEM's)

It is reported that the Original Equipment Manufacturers (OEM's) are exercising undue influence both on the insurance intermediary and the automobiles dealer who have become MISP without having corresponding accountability for their actions.

In order to ensure that MISP guidelines work in the interest of the customers, it is advised that no MISP or the insurance intermediary can enter into an agreement with the OEM which has an influence or bearing on the sale of motor insurance policies.



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