



भारतीय बीमा विनियामक और विकास प्राधिकरण
INSURANCE REGULATORY AND
DEVELOPMENT AUTHORITY OF INDIA

IRDA/ INT/ CIR/ COMM/ 069/ 03/ 2017

30th March, 2017

Circular

To
CEO's of all Insurers
Principal Officers of all Insurance Intermediaries
All Individual Agents

Re: Clarification on Regulation 6(d)(ii), 6(e)(ii) and 5(f) of the IRDAI's (Payment of commission, remuneration or reward to insurance agent or insurance intermediaries) Regulations, 2016

Attention is drawn to Reg 6(d)(ii) and 6(e)(ii) of IRDAI's (Payment of commission, remuneration or reward to insurance agent or insurance intermediaries) Regulations, 2016.

The Authority has received representation from the industry seeking clarification whether the reward is linked to every policy sold by an agent or an insurance intermediary. The Chairman, IRDAI under the powers vested under Regulation 9 of the aforesaid regulations issues the following clarification:

1. It is hereby clarified that under Regulation 6(d)(ii) the reward not being more than 20% of the first year commission or remuneration paid to insurance agents and insurance intermediaries is not linked to each and every life insurance policy solicited or total first year commission earned by an insurance agent or an insurance intermediary.
2. Like-wise under Regulation 6(e)(ii) the reward not being more than 30% is to be calculated separately for health insurance and other than health insurance for insurance agents and insurance intermediaries. Also, the reward is not linked to each and every policy solicited or total commission earned by an insurance agent or an insurance intermediary.
3. Further it is clarified that the insurance intermediaries (*whose revenues from insurance intermediation is equal to or more than fifty percent of their total revenue from all the activities*) are:
 - i) entitled to rewards which is calculated only on the remuneration paid to all such insurance intermediaries (*whose revenues from insurance*

intermediation is equal to or more than fifty percent of their total revenue from all the activities) by an insurer in a financial year and

- ii) not entitled to any other reward
4. Regulation 5(f) of the IRDAI's (Payment of commission, remuneration or reward to insurance agent or insurance intermediaries) Regulations, 2016 - It is also clarified that the maximum rate of commission or remuneration payable by an insurer shall not exceed either:-
- i) The maximum specified by these regulations; or
 - ii) Any other rate of commission or remuneration approved by the Authority under any other Regulations or guidelines
whichever is lower.



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