

CHAPTER 4

REGULATORY ASPECTS OF INSURANCE AGENTS

- Appointment of Insurance Agent regulations came into force with effect from 1st April 2016
- “Act” means the Insurance Act, 1938 (4 of 1938) as amended from time to time
- "Insurance Agent" means an individual appointed by an insurer for the purpose of soliciting or procuring insurance business including business relating to the continuance, renewal or revival of policies of insurance
- “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, one general insurer, one health insurer and one each of the mono-line insurers.
- The letter of appointment shall be dispatched not later than 7 days after the appointment of the agent as mentioned above.
- Disqualification to act as an Insurance Agent: The conditions for disqualification shall be as stipulated under Section 42 (3) of the Act.
- General conditions for appointment of Agents by the insurer:
- The Insurer shall frame a „Board Approved Policy” covering Agency Matters and file the same with the Authority before 31st March every year. The guidelines for the „Board Approved Policy” to be framed by the Insurer
- No individual shall act as an insurance agent for more than one life insurer, one general insurer, one health insurer and one each of mono-line insurers
- Any individual, who acts as an insurance agent in contravention of the provisions of this Act, shall be liable to a penalty which may extend to ten thousand rupees.

- Any insurer or any representative of the insurer acting on behalf of the insurer, who appoints an individual as an insurance agent not permitted to act as such or transact any insurance business in India shall be liable to penalty which may extend to one crore rupees.
- No insurer shall, on or after the commencement of the Insurance Laws (Amendment) Act, 2015 appoint any Principal Agent, Chief Agent, and Special Agent and transact any insurance business in India through them.
- No person shall allow or offer to allow, either directly or indirectly or as an inducement, to any person to take out or renew or continue an insurance policy through multilevel marketing scheme.
- The Authority may through an officer authorized in this behalf, make a complaint to the appropriate police authorities relating to the entity or persons involved in the Multi-Level Marketing schemes.
- Every insurer and every Designated Official who is acting on behalf of an insurer in appointing insurance agents shall maintain a register showing the name and address of every insurance agent appointed by him and the date on which his appointment began and the date, if any, on which his appointment ceased.
- The records as mentioned above shall be maintained by the insurer as long as the insurance agent is in service and for a period of five years from the cessation of the appointment.