



बीमा विनियामक और विकास प्राधिकरण

INSURANCE REGULATORY AND
DEVELOPMENT AUTHORITY

IRDA/AGENTS/ORD/02/APR 2009

May 4, 2009

ORDER

At present insurance companies have a choice of distribution channels viz., corporate agents, agents & brokers. Banks are engaged in the different distribution activities on their own and/or through separate legal entities subject to the general conditions specified by the Authority for the concerned channel. The agency distribution arrangement through banks is generally understood as "Bancassurance" model.

The Authority has been receiving requests from various Life and General Insurance Companies to relax the requirement that the banks cannot have agency tie-ups with more than one insurer. Indian Banks' Association in their representation to IRDA stated that the banks have wide network throughout the country and are well suited to market insurance products in the areas of low insurance penetration.

A Committee constituted by IRDA in September 2007 (Chairman, Shri N. M. Govardhan) to study the functioning of various distribution channels, their effectiveness and weaknesses and make recommendations to make them more professional, had also looked into various aspects relating to Bancassurance. The recommendations of the Committee are being examined separately.

Currently, the commercial and other banks regulated by RBI have enormous outreach via branches across length and breadth of the country. The extensive bank branch network could be significantly leveraged for extending insurance penetration in India. The extant regulatory structure on intermediaries does not facilitate multiple tie-ups and also require specified approval processes for multiple agencies within a group and other related structures. The banks are also required by RBI to address certain regulatory issues before setting-up broking entities. In the above background, it has

been decided to have a relook at the existing regulatory architecture on Bancassurance Intermediation Model and the attendant implications of modifications thereof.

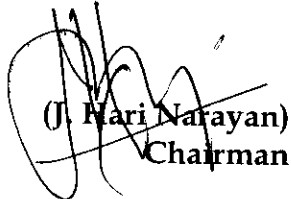
Accordingly, a Committee has been constituted with the following terms of reference:-

- i) To examine the desirability for a differential treatment of insurance intermediation by banks under the Bancassurance model consistent with international best practices and modified suitably to meet domestic regulatory requirements.
- ii) To examine the scope, content and objective of a separate set of Regulation for Bancassurance model to meet the issue at (i) above.
- iii) To examine changes, if any, needed on the role played by banks in the discharge of Bancassurance function keeping in view the market conduct requirements and focus on the protection of interests of policyholders.
- iv) To examine recommendations made by the IRDA Committee on Intermediaries of Bancassurance scheme (Chairman, Shri N. M. Govardhan).
- v) Any other matter issues of relevance to Bancassurance model of intermediation.

The following Members are nominated to the Committee:-

- i) Shri Deepak Satwalekar, Retd. CEO of HDFC Standard Life Ins. Co.
- ii) Shri G. V. Rao, Former CMD, Oriental Insurance Co. Ltd.
- iii) Shri S. V. Mony, Non Ex-Chairman, Cholamandalam General Insurance Co. Ltd.
- iv) Shri Sandeep Bakshi, CEO, ICICI Lombard.
- v) Shri R. Krishnamurthy, Managing Director, Watson Wyatt
- vi) Shri NM Govardhan, Ex Chairman, LIC.
- vii) Shri A. Giridhar, Executive Director, IRDA (Convenor)

The Committee may submit the report in a period of two months for the consideration of the Authority.


(J. Hari Narayan)
Chairman