



बीमा विनियामक और विकास प्राधिकरण  
**INSURANCE REGULATORY AND  
DEVELOPMENT AUTHORITY**

Ref:31/IRDA/CA/CIR/SEP-09

September 2, 2009

**CIRCULAR**

**Re: Transfer of Agency / Corporate Agency Agreement from one Insurer to another**

There have been instances where agents / corporate agents are opting for transfer of agency / corporate agency agreement from one insurer to another. In all such cases the policy holders are experiencing difficulties with regard to service aspects of their policies. Most often the policyholders are left to fend for themselves or forced to switch the insurer, thereby losing the benefits of the existing policy. The IRDA has examined various aspects of policyholder protection policy arising in this context and decided to issue the following instructions under Section 14(1) of the IRDA Act, 1999.

All the insurers and their agents / corporate agents shall take the following steps to ensure the policy holders' interests are protected before issuing 'No Objection Certificate' to the agent / corporate agent who is leaving their organisation :

1. Every Insurer shall enter into the agreement with their agent(s)/corporate agent(s) for a term not less than three years. (The insurer may terminate the agreement in case of non performance of agency or fraud by the agent/corporate agent.)
2. Every Insurer shall make adequate arrangements for servicing of the policies earlier serviced/being serviced by the agent/corporate agent(s) who wishes to leave the insurer, which shall include:
  - a)Ensuring that the list of all the serviced policy holders along with the policy details, contact details and other details available with the agent are verified by the insurer and confirmed in writing by the outgoing agent/ corporate agent and the changes, if any, recorded with the insurer.
  - b)Identifying the officials for future servicing of the 'policies of such policy holders' which were earlier serviced by the outgoing agent/corporate agent.
3. It is essential that all such policies are serviced by insurer as per the service levels prescribed for agent/corporate agent. Mere provisions of call centre facilities will not be sufficient for fulfilling services at levels prescribed by IRDA.
4. Insurers and their agent(s)/corporate agent(s) shall inform in writing, all such policy holders about the arrangements made to service their policies which shall include contact details of the officials of the insurance company who would be providing the services in all such matters pursuant to such a transfer/change of agency.

5. No insurer shall issue NOC to their agent(s)/corporate agent(s) leaving their organization to tie up with another insurer unless the policyholders have been informed in writing about the change as specified at instruction no. 4.
6. The communication to policyholders by the insurer as described under instruction no.4 shall inform that the policyholder is entitled to continue with his policy irrespective of the change of agents/corporate agents and service levels will be maintained as agreed originally.
7. The insurer shall maintain a distinct cell/helpline to provide services to the policy holders of the agents/corporate agents leaving the insurer for a period of 6 months from the date of granting NOC.

This is in addition to entrusting servicing of all such policies to an official of the insurer.

8. Insurers shall submit to the authority a list of all such agents/corporate agents for whom such arrangements have been made every quarter.
9. The insurer shall not release renewal commission of agents who have left them before completing 5 years of service.

  
(J Hari Narayan)  
Chairman