

DATE 30-10-2009

## REVISED CHECKLIST FOR EXAMINATION OF RENEWAL APPLICATIONS FOR INSURANCE BROKERS

S. No.	Provision and the issues which the applicant company has to furnish and the IRDA processing officer has to examine in addition to other information deemed necessary.	Remarks giving factual information and the documents.
1.	<b>Regulation 13 and Form A</b>	
1.	<p>1.1 Check whether the application is in the form A and that the information is complete as per the columns of the form.</p> <p>1.2 Point out whether there is any adverse information furnished in the form which requires further information or greater scrutiny.</p> <p>1.3 The renewal application is required to be received by the Authority 30 days before the expiry of license. Check that it complies with this, if not, point out actual number of day's delay.</p> <p>1.4 Delay upto a period of 30 days as per clause 1 of Regulation 13 requires to be condoned on payment of Rs.100 and delay beyond 30 days requires sufficient reasons to be furnished by applicant for acceptance of application and condonation of delay. If the delay is accepted, penalty of Rs.750/- is to be charged. So point out the reasons, whether they are justifiable or not.</p> <p>1.5 Put up your comments on each and every part of Form "A" itself if they are not very large enough. If your comments are large &amp; substantial, put up the same under this column.</p> <p>1.6 Number the file into page numbers and update the list of contents for ease of reference.</p> <p>1.7 Comment upon the changes that have taken place across the company as against preceding renewal and/or the grant of license. Please advise the effect of these changes on renewal, if any.</p> <p>1.8 Comment upon whether the information given in the form A has complied with the instructions, footnotes and declarations stated in the form.</p> <p>1.9 Comment that clause 2 of Regulation 13 requiring that 25 hours theoretical and practical training is completed by the principal officer of broking company.</p> <p>1.10 Whether Renewal fee of Rs.1000 was received along with renewal application and deposited with Authority.</p>	

	<p>1.11 Check any change in Board of directors and management team.</p> <p>1.12 The broking company to inform and the processing officer to check if there is any intervention by other regulatory authority/ies on the promoters and/or the broking company itself.</p>	
2.0	<p><b>Compliance with regard to Regulation 9 – by the applicant</b></p>	
	<p>To furnish examine and specifically comment on the following.</p> <p>2.1 That the applicant is not suffering from any of the disqualifications specified under sub-section (5) of section 42 D of the Insurance Act, 1938.- (Reg. 9 (2) (A) )- If there is a disqualification noted, elaborate the same and quote the relevant document of the file or the complaint, if any.</p> <p>2.2 Comment on the adequacy of the necessary infrastructure as required (Reg. 9(2)(B)).</p> <p>2.3 that the applicant has in his employment a minimum of two persons who have the necessary qualifications specified in clause 9 (F) and experience to conduct the business of insurance broker; (Reg. 9(2) (C)) if not, advise your comments and refer the relevant document and reply of the company.</p> <p>2.4 advise if any person, directly or indirectly connected with the applicant, has been refused in the past the grant of a license by the Authority. Applicant to declare this information.</p> <p>2.5 - (Reg. 9(2) (E) requires the applicant to maintain minimum capital requirement specified in Reg. 10. Check and comment if there is any inadequacy or erosion of the capital of the applicant company</p> <ul style="list-style-type: none"> <li>- Confirmation from the applicant that the net-worth is not below the minimum capital requirement.</li> <li>- This can be checked from the application filed for renewal, from general correspondence made by the applicant, from the undertaking duly certified by the CA required to be filed with renewal, from the audited accounts of the company etc.,</li> <li>- Check whether any part of paid up capital is held by a non-Indian interest? If so, advise percentage of the same. Also advise about their residential status/ details such as address etc.</li> <li>- Check the FDI limits and also advise changes if any, on examination of the changes in the shareholding pattern.</li> <li>- see that Shareholders Agreement is submitted by</li> </ul>	

the applicant in case of JV.

- Specify the dates- letters and page no's vide which the shareholding changes stands filed to the Authority and their clearances status etc.,
- The shareholding changes beyond 5% at any single point of time requires prior approval and in case of below this limit, intimation to the Authority is sufficient.
- Preferably, get the shareholding status and capital requirement information cross checked by another officer who has the background of CA, B.Com/ M.Com or MBA (Finance)

2.6 check that that the principal officer of the applicant possesses qualification as provided in 9(F) and

2.7 Check that Key management personnel (also refer to 3.3 of the Form A) be at least graduates or having equivalent qualifications.

- and all employees soliciting and procuring business to have passed the Insurance Brokers Examination in addition to be minimum graduate.
- List of Branches offices of the company from where it transacts its business. Check whether this information on opening/closing of branch offices was given earlier.

2.8 Check that the principal officer has not violated the code of conduct. If there is any complaint, bring it on record. Ensure that affidavit undertaking is filed with the Authority for Sec 42D (5) compliance.

2.9 That the applicant is not engaged in any other business other than the main objects of the applicant (Reg. 9(2) (H))

- Check that the affidavit and undertaking is filed in this regard and if there is any complaint received/ declared by the applicant, it is brought on record.

2.10 Comment if there is a change in the Principal Officer during license period. Also, advise that necessary information and requirements are submitted.

**These requirements are**

- The principal officer/chief executive officer appointed exclusively to carryout the functions of an Insurance Broker. (Reg. 2(1) (k) )
- Detailed CV highlighting his / her past and present activities / Educational testimonials (Graduation and above) as per qualifications specified in Regulation 9 (F) (i).
- Insurance Brokers Examination Certificate.
- An affidavit, duly notarized certifying that he Principal Officer designate, is not suffering from

	<p>any of the disqualifications specified under sub-section 42 D (5) of the Insurance Act, 1938.</p> <ul style="list-style-type: none"> <li>• Confirmation that the Principal Officer designate is not holding employment in or represents any other insurance related entity.</li> <li>• An undertaking that the Principal Officer designate is not holding any position or directorship in any other entity.</li> <li>• Certified copy of the resolution passed by the Board of Directors for the appointment of the Principal Officer.</li> </ul>	
3.0	<b>Payment of Annual Fee (submission by applicant)</b>	
	<p>3.1 Check whether the annual license fee was paid before the expiry of 15 days from the finalization of annual audited accounts or by 30<sup>th</sup> September whichever is earlier.</p> <p>3.2 If not, the period of delay involved. Give the due date of payment and the actual date of payment. Also furnish payment particulars.</p> <p>3.3 Check whether certificate from auditor is submitted certifying that the annual fee has been calculated as per Schedule II (2). (Reg. 18(1)).</p>	
4.0	<b>Deposit requirements (Reg.22) (to be complied by applicant)</b>	
	<p>4.1 Check the paid up capital amount.</p> <p>4.2 Whether F.D is 20% of initial paid up capital at the time of granting license. See that it is valid for a minimum period of 3 years and is continuously renewed.</p> <p>4.3 The F.D is required to have IRDA lien. Check that it is there and see that Bank has issued letter to the effect confirming lien.</p>	
5.0	<b>Ceiling on Business from single client (to be complied by applicant)</b>	
	<p>5.1 Regulation 20 requires that Broking Company should maintain a maximum limit of 30% business from single client with effect from third complete financial year.</p> <p>- See that it is checked from business figures submitted by the Broking Company and top 10 clients list of preceding three years</p> <p>-- also check this information from figures submitted in Form H of on line returns.</p> <p>- also relate this information with business information required in serial no 9 below.</p>	
6.0	<b>Professional Indemnity Insurance for the last 3 years (as applicable to the category of broker)</b>	
	<p>6.1 Check whether Sum Insured is three times remuneration received in the preceding financial year</p> <p>- Check that there is no gap in the policy period as it is a continuous requirement.</p>	

	<p>6.2 Check the limit of indemnity for any one claim and in the aggregate for the year is in the same ratio. (AOY : AOA 1: 1)</p> <p>6.3 Check that Excess in respect of each claim is not exceeding 5% of the capital employed.</p> <p>6.4 Check that insurance policy is from registered insurer in India</p>	
7.0	<b>Insurance Bank Account ( Reg. 23)</b>	
	<p>7.1 In case of Direct insurance Brokers, please check that they have assisted their clients in paying premium as per Sec 64VB of Ins. Act. 1938 and has not paid premium on their behalf for all the times. -- Written confirmation sought for performance of their functions for Reg. 3 to be cross checked.</p> <p>7.2 In case of reinsurance broker/composite broker check necessary confirmation is given to the effect that the amount kept with bank under regulation 23 has not been utilized for any other purpose except as stated in regulation 23. Certificate of CA is required.</p>	
8.0	<b>Undertakings:</b>	
	<p>See that the following undertakings signed by the Principal Officer are received and are in order while processing the application.</p> <p>8.1 None of the directors and employees are holding any directorships/employment in or represent any other insurance related entity</p> <p>8.2 To utilize the office premises for insurance broking activities only</p> <p>8.3 Whether the minimum capital requirement is not diluted by its use in buying shares and securities as also keeping Inter Corporate Deposits and giving loans etc.,</p> <p>8.4 Whether broker or its associate/sister concerns/ promoters/ directors/ key management/employees is holding agents/surveyors/ TPA license. If yes, specify details.</p> <p>8.5 Whether the broker is part a business group which also promotes an insurance company. Applicant must also declare this information.</p> <p>8.6 That broker has Confirmed that the functions applicable respectively are complied. These functions are in Regulations 3, 4 &amp; 5. - Comment on the functions and point out the complaints if any.</p> <p>8.7 Affidavit/ undertaking that provisions of Sec 41 of the Insurance Act are complied. This section prohibits rebates.</p>	
9.0	<b>Business Information:</b>	
	<p>9.1 Check that last 3 years total business figures have been furnished</p> <p>9.2 Check three years business plan document with projected volume of activities is submitted.</p>	

	<p>9.3 Check Business figures, Insurance company wise &amp; of top 10 clients is submitted.</p> <p>9.4 Check that claims reports of the company for last three years are submitted.</p> <p>9.5 Check that on-line filing of returns has been furnished</p>	
9.0	<b>Inspections:</b>	
	<p>9.1 Whether the inspection of the company was done. If yes, dates of inspections and the status of its findings and processing.</p> <p>9.2 The final action taken on inspection findings.</p>	
10.0	Check that the applicant's name contains the word Insurance Broker/ Brokers/ Broking to reflect its line of activity as required under circular	
11.	<b>Any grievances/complaints against the broker and action taken in the matter</b>	
12	<b>Books of Accounts( Reg. 25 &amp; 26 to be complied)</b>	
	<p>12.1 Comment on all clauses of regulation 25 in relation the information furnished for each financial year wise.</p> <p>12.2 Furnish the actual number of days delay in submission of returns.</p> <p>12.3 Point out which of the statement of Reg. 25(1) is not filed.</p> <p>12.4 That half-yearly results have been furnished as provided for in Reg.26</p>	