

All Regional Incharges	Our Ref: HO/ MKTG/ Rewards/ Intermediaries/ 2018 Dated: 01.10.2018
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Subject- Revised Scheme for payment of Reward To Intermediaries (Brokers, Insurance Marketing Firms, Web Aggregators and Corporate Agents other than Banks) for 3RD & 4TH Quarters of FY 2018-19

This is to inform you that Revised Scheme for Rewards to Intermediaries (Brokers, Web Aggregators and Corporate agents other than banks) has been approved by the CMD for 3rd & 4th Quarters of FY 2018-19. The scheme for Rewards announced earlier for FY 2018-19 vide circulars dated 11th June, 2018 and 18th July, 2018 is applicable for 1st & 2nd Quarters, 2018-19 only. So for 1st and 2nd Quarters, 2018-19, for all LOBs except Group Mediclaim Insurance, HO shall be advising to you payments to be made to Intermediaries. In respect of Insurance Marketing Firms, for 1st & 2nd Quarters, 2018-19 respective office has to make payments of Rewards as per scheme already sent to you.

Revised scheme applicable w.e.f. 1st October, 2018 for 3rd & 4th Quarters of FY 2018-19 is in respect of following intermediaries:

Brokers,

Insurance Marketing Firms,

Web Aggregators and

Corporate Agents other than Banks

Revised Reward Scheme is as under:

1. Reward shall be payable on quarterly basis. Payment of Reward shall be made to the Intermediaries against the bills raised.
2. Before making payment of reward, Regional offices must obtain confirmation from the intermediary that their Income from Insurance intermediation is more than 50% of their total revenues.
3. Calculation for Rewards will be made at each operating office for Intermediaries working with them and they shall send these calculations to the respective Regional office for approval. Regional Offices should normally make payment of Rewards to Brokers from RO on behalf of all the operating offices under them booking the entire expenses of Rewards in RO. However in some cases, where rewards are payable in respect of offices under RO falling in a state different than that of Regional office, if so required for ease of compliance of GST rules, the RO can nominate one operating office in that state for making payment of all operating offices under that RO in that state. ROs shall ensure input credit of GST as per rules.
4. Since the revised scheme is applicable for 3rd & 4th Quarters of current financial year only, Policies with inception dates after 31.03.2019 shall not qualify for rewards.
5. In Co-Insurance policies (both outgoing and incoming) only NIC's share of Remuneration payable will be considered for calculation of Rewards. Where NIC is not leader, rate of

Remuneration applicable to the policy shall be the rate negotiated by the leader with the Intermediary.

6. Rewards shall have to be calculated under 4 sections-

Section A - Motor Department,

Section B - Retail Health (i.e. Various Mediclaim policies excluding Group Mediclaim and Overseas Mediclaim Policies),

Section C - Group Mediclaim Policies and

Section D - All other departments other than Motor and Health.

Section A - MOTOR DEPARTMENT:

- 1) **Motor Package Policies-** Motor Package policies procured under any MISP arrangement shall not qualify for Rewards. Policies for vehicles with age up to 7 years shall only qualify for rewards.
- 2) **Motor Act only Policies-** All policies underwritten during the quarter shall qualify for the rewards.
- 3) **Long Term Motor Act policies / TP Package / Bundled Cover – The Remuneration payable on the premium actually accounted in particular quarter for these policies shall only qualify for Rewards.**

Rate for payment of rewards on qualifying policies will be 30% of Remuneration payable to the said intermediary on qualifying policies underwritten during the Quarter.

Section B - RETAIL HEALTH DEPARTMENT: Health policies in which all insured person / persons are aged up to 50 years, shall only qualify for rewards. Rate for payment of rewards will be 30% of Remuneration payable to the said intermediary on qualifying policies underwritten during the Quarter.

Section C - GROUP MEDICLAIM POLICIES- APPLICABLE ONLY TO BROKERS AND CORPORATE AGENTS OTHER THAN BANKS-

Group Mediclaim Policy must have approval of H O Health Department and policy must be issued according to the rates, terms and conditions as per Head office approval. Remuneration must not have been paid at rate higher than the rate approved by HO Health department.

Renewal of Group Mediclaim Policies (whether expiring policy issued by NIC or any other insurer) shall qualify for rewards only if ICR in the expiring completed year is below 85%. For such policies, reward shall be paid @25% of Remuneration of the policy.

Fresh Group Mediclaim policy underwritten by NIC during 01.10. 2018 to 31.03.2019 (i.e., Policy is purchased by the insured for the first time and is not renewal of any insurer including NIC) - For Rewards on such policies, the procedure to be adopted shall be as follows:

After expiry of 1 month of the policy, data of all paid and all pending claims shall be obtained from TPAs concerned and the ICR shall be calculated. **If ICR for the policy is up to 85%, Rewards in such policies shall be payable @25% of Remuneration of the policy.**

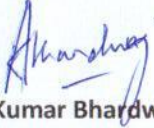
Note:- The Reward Scheme for Fresh Group Policies circulated earlier for FY 2017-18 shall remain valid for the policies underwritten during the period 01.04.2018 to 30.09.2018 albeit subject to all conditions mentioned in earlier circular.

Section D - ALL OTHER DEPARTMENTS OTHER THAN MOTOR AND HEALTH:

An intermediary other than an IMF whose premium per quarter under this section underwritten in an operating office is **Rupees Five Lakhs and above** shall be eligible for Rewards.

An IMF whose premium per quarter under this section underwritten in an operating office is **Rupees Fifty Thousand and above** shall be eligible for Rewards.

If any Intermediary is found eligible for Rewards under this section, Rate for payment of rewards will be 30% of Remuneration payable to the intermediary on policies underwritten during the Quarter under this section.



(Arun Kumar Bhardwaj)
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