

Scrapping of insurance agents

†480. SHRI KAPTAN SINGH SOLANKI: Will the Minister of FINANCE be pleased to state:

(a) whether Government is considering any proposal to discontinue commission of insurance agents;

(b) if so, the details thereof;

(c) whether this proposal will make a direct impact on the employment of insurance agents of Government and non-Government companies of the country; and

(d) if so, the steps to be taken by Government in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA):

(a) No, Sir.

(b) to (d) Do not arise.

Commission structure of insurance agents

481. SHRI RAJEEV CHANDRASEKHAR: Will the Minister of FINANCE be pleased to state:

(a) the details of the commission structure of intermediaries or commission agents handling insurance policies alongwith estimates of commissions paid to such agents for the last three years, year-wise by Life Insurance Corporation (LIC) and private companies separately;

(b) whether Government is considering scrapping agents commission in cases where insurance policies are directly purchased from companies, either online or by walking into an insurance company;

(c) if so, by when this provision is likely to come into effect; and

(d) the manner in which Government propose to reduce risk in premium lapses?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA):

(a) The Insurance Regulatory and Development Authority (IRDA) has informed that the commission structure of intermediaries/insurance agents handling insurance policies is as follows: **Agents and Corporate Agents:** Section 40A of the Insurance Act, 1938 prescribes the limitation of expenditure on 'commission applicable both to individual and corporate agents. For life policies, other than annuity policies, in general, the commission permissible is thirty five percent of the first year's premium (an insurer, during the first ten years of his business, may pay forty percent), seven and a half percent of the second and the third year's renewal premium, and there after five percent of each renewal premium, payable on the policy. For annuity policies where single premium is payable, two percent of that premium is payable towards commission. In case of deferred annuity with more than one premium, seven and a half percent of the first year's premium and two percent of each renewal premium is payable towards commission.

†Original notice of the question was received in Hindi.