



**COMPARISON
BETWEEN
DIFFERENT
INSURANCE
INTERMEDIARIES**



ABOUT THE INSURANCE SECTOR

- ❑ Insurance as an industry has secured a vital position in the development of the nation's economy. Current advances in information technology and the potential of e-business mark the beginning of a veritable efficiency revolution in the insurance industry. One of insurance's key roles is safeguarding the financial health of small and medium-sized enterprises
- ❑ India's life insurance market has grown rapidly over the past six years, with new business premiums growing at over 40 per cent per year.
- ❑ The life insurance industry is expected to increase at a CAGR of 5.3% between 2019 and 2023. India's insurance penetration was pegged at 4.2% in FY21, with life insurance penetration at 3.2% and non-life insurance penetration at 1.0%. In terms of insurance density, India's overall density stood at US\$ 78 in FY21.
- ❑ In the first half of FY22, the life insurance industry recorded growth rate of 5.8% compared with 0.8% in the same period last year.
- ❑ In September 2021, new premiums of life insurers registered 22.2% growth in September 2021, up from 2.9% in September 2020.

DIFFERENT INSURANCE INTERMEDIARIES

INSURANCE WEB AGGREGATOR



INSURANCE MARKETING FIRM



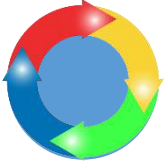
INSURANCE BROKER



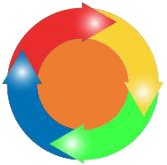
INSURANCE CORPORATE AGENT



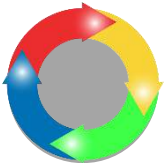
REGULATIONS RELATED TO INSURANCE INTERMEDIARIES



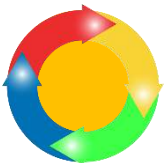
Insurance Regulatory and Development Authority of India (Insurance Web Aggregators) Regulations, 2017



Insurance Regulatory and Development Authority of India (Insurance Brokers) Regulations, 2018



Insurance regulatory and Development Authority of India (Registration of Corporate Agents) regulations, 2015



Insurance Regulatory and Development Authority of India (Registration of Insurance Marketing Firm) regulations, 2015



INSURANCE WEB AGGREGATOR



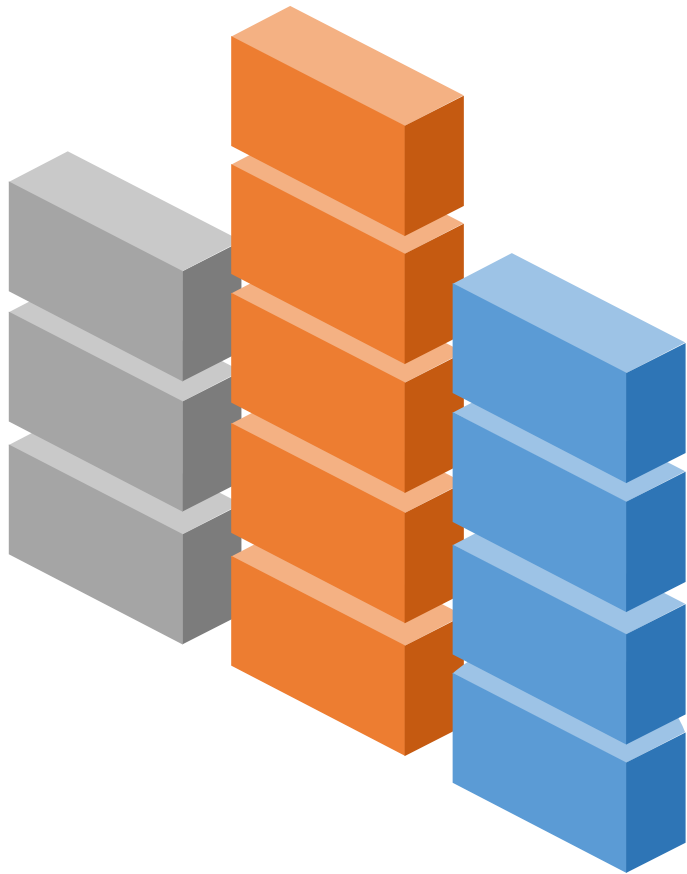
WHO ARE INSURANCE WEB AGGREGATORS?



- ❑ Insurance Web Aggregators collect, compile and extend information regarding various insurance policies of different companies on a website. They act as an intermediary between insurance company and people who seek insurance policies.
- ❑ They are a business entity that maintains a website providing information on various insurance policies provided by different insurance companies. They are primarily regulated by the IRDAI (Insurance Web Aggregators) Regulations 2017.
- ❑ The web aggregator concept is developed when end consumers get quotes on the prices of different financial products. The aggregator either maintains a website or owns a website to provide information on the insurance products. For regulating these companies, an Insurance Web Aggregator Licence is required.



REGISTRATION PROCESS, WEB AGGREGATOR



- ❑ An Applicant who wants to register as a web aggregator must make an application in Form- A (the application for grant of certificate of registration).
- ❑ Along with the application a fee of Rs. 10,000/- plus tax has to be paid through electronic transfer or demand draft payable in favour of the Insurance Regulatory and Development Authority of India payable at Hyderabad.
- ❑ The application would not be processed without the payment of the fee.
- ❑ If the aggregator is also going to provide outsourcing and telemarketing services, the same has to be mentioned in the same application form.
- ❑ The authority would deal with the application for registration as a web aggregator's licence.
- ❑ The authority can ask to furnish extra documentation for the web aggregator's licence.



COMPLIANCES RELATED TO THE IRDAI

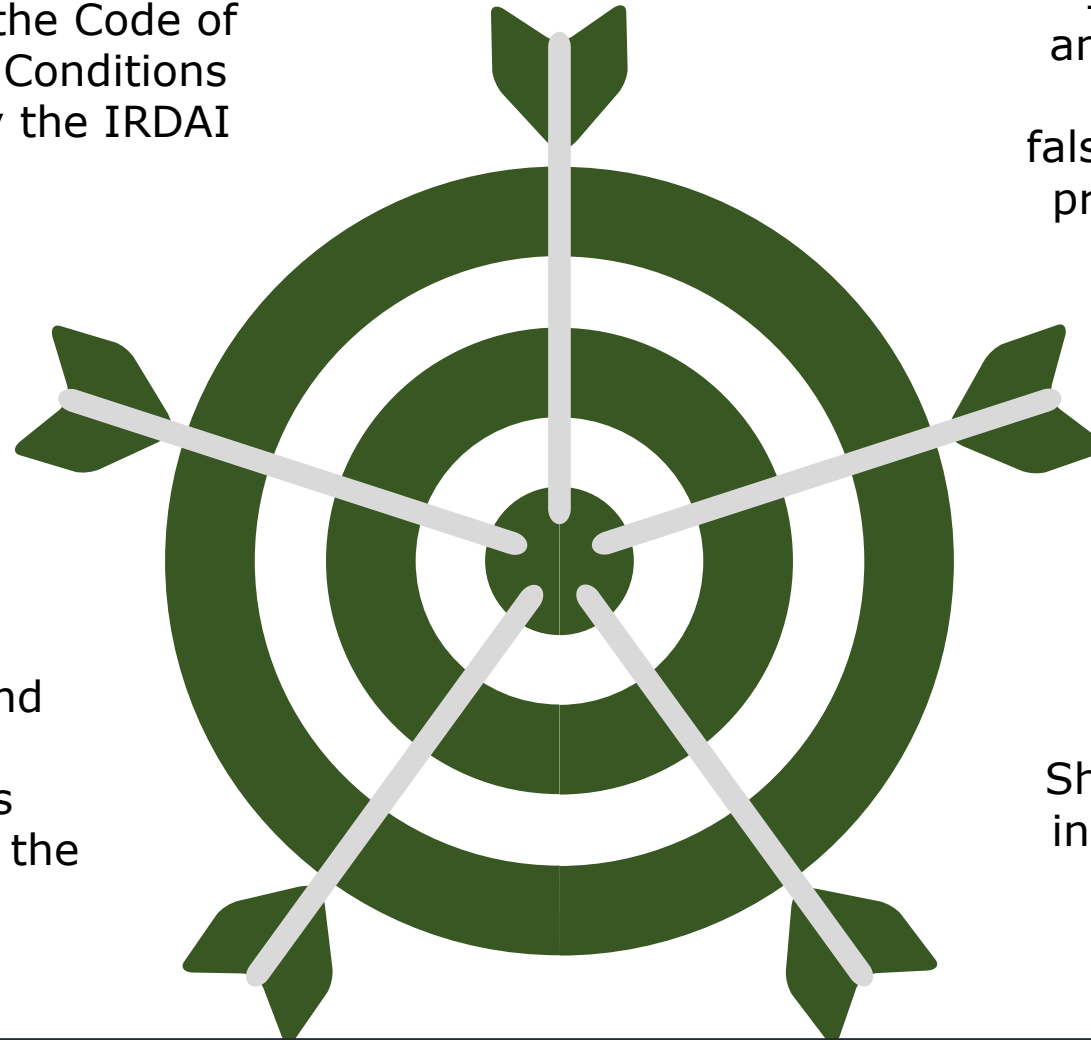
Comply with the Code of Conduct and Conditions prescribed by the IRDAI

Intimate IRDAI of any material change, misleading or false information in the previously submitted documents

Comply with provisions of the IRDAI Act, 1999

Solicit insurance and Procure many Insurance policies Commensurate with the resources

Shall maintain records in the specified format



DO'S FOR WEB AGGREGATORS



- ❖ Display information related to insurers who have signed the agreement with the web aggregators;
- ❖ Carry out and perform activities for the purpose of lead generation for insurers;
- ❖ Ensure that the information systems including the aggregation website/portals, lead management system and data centres hosting website/portals/lead management system complies with the generally accepted information security standards and procedures in force in India;
- ❖ Ensure that the leads and other data is sent to the insurers and others through secured layer data encryption technologies;
- ❖ Use only RBI licensed payment gateways for collection and transfer of premium to insurers when the web aggregator is authorized by the insurer to collect premium on behalf of the insurer;
- ❖ Ensure that the information systems, including the aggregation website/portals, lead management system and data centres hosting website/portals/lead management system, are audited by the CERT.



DONT'S FOR WEB AGGREGATOR



- ❖ Display any information related to products or services of other financial institutions/FMCG on the website;
- ❖ Display advertising of any sort, either related to any product or service including insurance product or service, other financial products or service in the website of the web aggregator;
- ❖ Operate multiple websites or tie-up with any other approved or unapproved, unlicensed entities/websites for lead generation etc. subject to few exceptions;
- ❖ Operate the websites of other financial or commercial entities or use other social media sites etc. for comparison of products;
- ❖ Function in any other manner for the purpose of transmitting leads to any entity that is engaged in the insurance business.



INSURANCE BROKER



WHO ARE INSURANCE BROKERS?

Insurance brokers are persons who sell insurance products of different companies to customers. They assist the customers in finding the best-suited insurance policy for them and earn a commission based on the number of insurance products sold.

Unlike insurance agents, insurance brokers have a huge volume of business as they deal with the products of various companies and not a particular company.



REGISTRATION PROCESS, INSURANCE BROKERS



- ❑ The applicant should make an application regarding the type of insurance broker business.
- ❑ The application for an Insurance Broker License must be made in FORM B- Schedule I of the regulations.
- ❑ The application must be submitted with documents mentioned in FORM-C Schedule I of the regulations.
- ❑ For granting the certificate of registration, an application must be submitted along with the fees specified in FORM D- Schedule I of the Insurance Regulations. The authority will grant the certificate if the applicant has complied with the laws and regulations.
- ❑ The certificate of registration as an Insurance Broker License would be given to the applicant when the applicant satisfies that the code of conduct would be adhered to.



PRE REGISTRATION COMPLIANCES

- ❖ The insurance broker is required to act exclusively to carry on its business.
- ❖ The insurance broker is required to comply with the provisions of the IRDA (Insurance Regulatory and Development Authority) Act, 1999, and any other guidelines issued by the authority.
- ❖ It is the responsibility of the insurance broker to inform the authority in case of any change in the information submitted or if any information submitted is false or misleading.



- ❖ The insurance broker must address the grievance of its customer within 14 days of receipt of such grievance and must also inform the authorities about it.
- ❖ The insurance broker is not allowed to undertake multi-level marketing for solicitation and procuring insurance products.
- ❖ The insurance broker must comply with the code of conduct and is required to maintain books of accounts as well.



BROKER COMPLIANCE FOR RISK MANAGEMENT

1. The insurance broker must keep all the details related to risk management services offered.

2. In case of lack of resources and skills from insurance brokers for risk management services then it may engage external experts for the same.



3. The insurance broker would be responsible for all acts on the part of external experts.

4. The insurance brokers are not permitted to receive remuneration and reward under IRDAI regulations 2016 and fees for the same risk management services.



BOOKS OF ACCOUNTS COMPLIANCES

A BROKER NEEDS TO FILE THESE EVERY ACCOUNTING YEAR



**BALANCE SHEET OR
STATEMENT OF AFFAIRS**

PROFIT & LOSS ACCOUNT

**A STATEMENT
OF CASH FLOW**

**ANY OTHER STATEMENT
AS THE REGULATION**



INSURANCE CORPORATE AGENT



WHO ARE INSURANCE CORPORATE AGENTS?

❑ A corporate agent is usually an organization or a company that represents the interest of an insurance company. Therefore, a corporate agent acts in the best interest of the insurance company. There are several guidelines required to be adhered to and followed by a corporate agent.

❑ The corporate agent not only represents the interest of the insurance company but also sells the policies of the insurance company. A corporate agency licence is required for an organization to act as a corporate agent. When a company sells vehicle insurance on behalf of an insurance organization, the company is a corporate agent for the insurance organization.

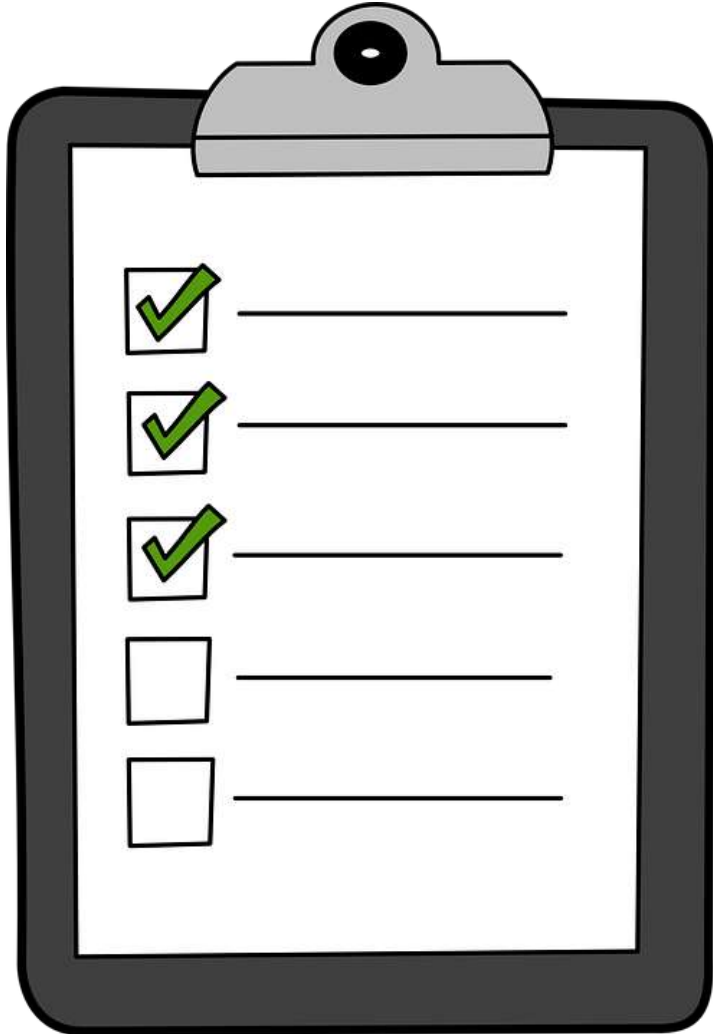


REGISTRATION PROCESS, CORPORATE AGENT

- ❖ The applicant should make an application for a Corporate Agency Licence.
- ❖ The corporate agent can act as an entity whose principal business does not deal with the distribution of insurance products, and insurance distribution is a subsidiary activity of the company.
- ❖ A business that wants to carry out insurance intermediation exclusively.
- ❖ The application for a Corporate Agency Licence must be made in Form A of Schedule -I.
- ❖ If the applicant is an institution in the financial sector, then a No Objection Certificate (NOC) must be obtained by the applicant regarding the same. The NOC is to conduct transactions in the corporate agency business. However, corporate agents who are licensed under the 2002 regulations would not be required to get a NOC.



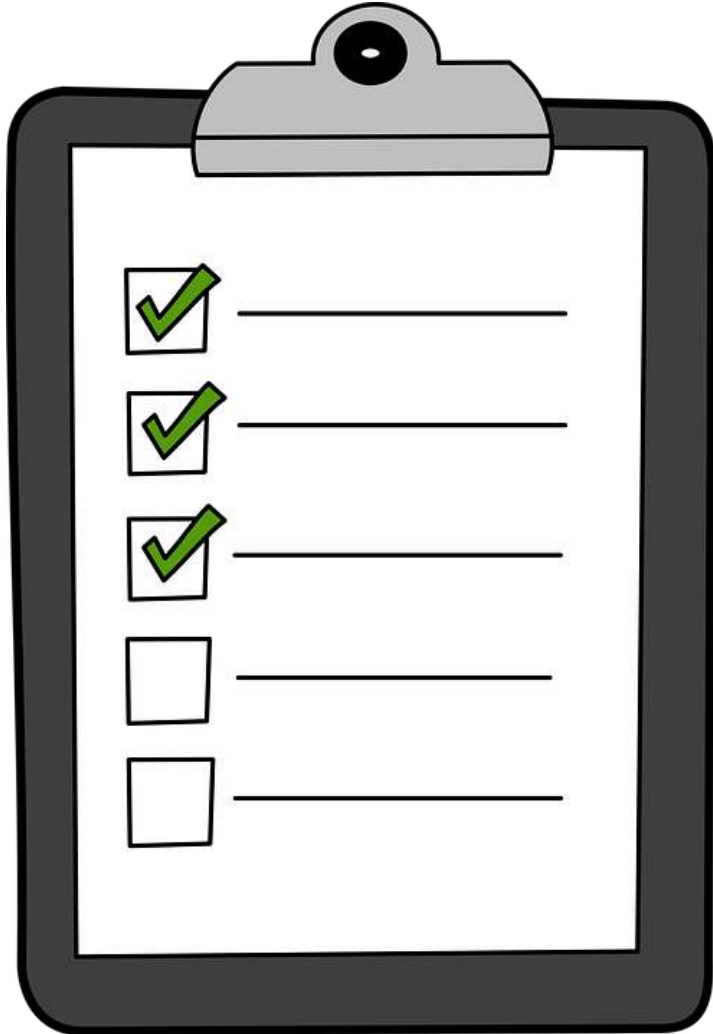
PRE REGISTRATION COMPLIANCES



- ❖ The corporate agent shall be allowed to solicit and service insurance business in the prescribed manner.
- ❖ The corporate agent must comply with the IRDA (Insurance Regulatory and Development Authority) Act, 1999 and other guidelines issued by the authority.
- ❖ It is the responsibility of the corporate agent to inform the authority regarding any change in the information submitted to the authority or if it contains anything misleading.
- ❖ The corporate agent must address the grievance of his client within 14 days from receipt of such grievance and the developments must be shared with the authority.



PRE REGISTRATION COMPLINACES CONTD..



- ❖ The corporate agent is required to solicit and procure a reasonable number of insurance policies commensurate with their resources and the number of persons they employ.
- ❖ The corporate agents must maintain records that contain the details of the policy and the specified persons and such records and details must be made accessible by the corporate agents to the authority.
- ❖ The corporate agent cannot undertake multilevel marketing for solicitation of insurance products.
- ❖ The corporate agent must ensure compliance of the code of conduct applicable to its directors, specified persons, etc.
- ❖ The corporate agent is required to maintain the books of accounts.



DISCLOSURES TO AUTHORITY



**SUBMISSION OF ALL
MATERIAL FACTS**



**NOTIFY IF ANY
CHANGES
IN MATERIAL FACTS**



**NOTIFY AUTHORITY IF
ANY CASE PROCEEDING
IS INITIATED**



**FURNISHING
APPROPRIATE RETURN**



**OPENING/ CLOSING
OF OFFICE**



INSURANCE MARKETING FIRM



WHAT IS AN INSURANCE MARKETING FIRM?

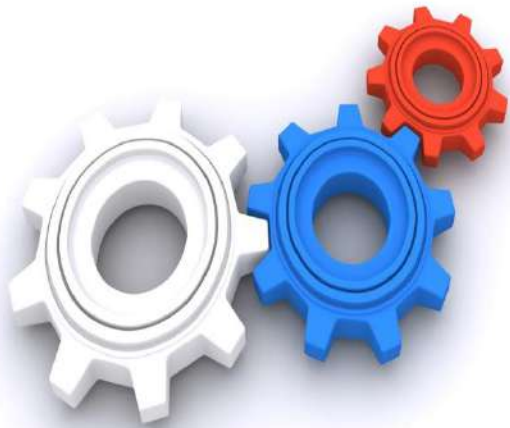


- ❑ Insurance marketing firm is a new form of business and distribution channel in the insurance sector. This was brought out by one of the insurance committee in 2007. A group of companies were set up to market the products related to insurance and mutual funds sales. Apart from this, the main plan was to sell stocks, pension plans, and financial services.
- ❑ Insurance Marketing Firms conduct similar services related to an insurance distribution firm. Insurance marketing firms have collaborations with insurance companies to market the products. To obtain an insurance marketing firm licence the applicant has to be a company. An individual cannot be an insurance marketing firm.



REGISTRATION PROCESS, MARKETING FIRM

- ❑ The applicant should make an application in Form-A regarding the Insurance Marketing Firm Licence.
- ❑ A non-refundable fee of Rs. 5000/- plus service tax (GST) has to be paid to the authority.
- ❑ The application must be submitted with documents mentioned in FORM-C Schedule I of the regulations and a form related to fit and proper criteria by directors and Principal officer
- ❑ Along with the Application, the exam pass certificate of the Insurance Marketing Firm must be submitted. The exam pass certificate will relate to the Principal Officers and the directors of the insurance marketing firm.
- ❑ Apart from this, a copy of the surveyor, loss assessor license of the individual who is employed by the Insurance marketing firm should be submitted to the authority.
- ❑ Approved Person Certificate Copy also has to be submitted to the authority.
- ❑ Licenses of all the registered individuals must be submitted to the authority by the insurance marketing firm. This would also include the licences under IRDAI, SEBI, RBI, PFRDA, and Post Office.



COMPLIANCE RELATED TO RECORDS



SUBMISSION BOOKS OF ACCOUNTS OF THE FIRM.

1

2

MAINTAIN ALL THE RECORDS, SUCH AS KYC AND BILLING INFORMATION



PAYMENT OF MINIMUM WAGES TO THE EMPLOYEES

3

4 DETAILS OF EACH ISPs



Setting up a IT system for smooth business operations

5



AUTHORITY SPECIFIC COMPLIANCES



ANY CHAGE IN STATUS OF REGISTRATION OF THE FIRM



ADDITION/ DELETION OF ISPs



ANYCHANGE IN CONSTITUTION OF THE FIRM



ANY DISCIPLINARY PROCEEDING



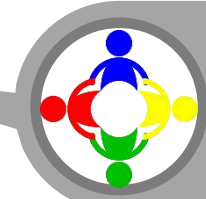
ELIGIBLE ENTITIES FOR REGISTRATION



LIMITED LIABILITY PARTENRSHIP



PRIVATE COMPANIES



CO OPERATIVE SOCIETIES



BANKING INSTITUTIONS

CAN SERVE AS A CORPORATE AGENCY

PAYMENT OF COMMISSION AND REMUNERATION



Insurance brokers and other intermediaries are remunerated according to Insurance Regulatory and Development Authority of India (Payment of Commission or Remuneration or Reward to Insurance Agents and Insurance Intermediaries) Regulations, 2016.



The commission or remuneration or any reward to be paid to an insurance agent or an insurance intermediary shall be decided by the insurer based on its Board approved policy. In the regulation upper limit of the commission/ remuneration is provided for different segments of insurance and intermediaries.



Brokers, Corporate Agents, Web aggregators and Marketing firms are obliged to follow the directions issues by the IRDAI from time to time for making policy regarding payment of commission and remuneration.



CAPITAL REQUIREMENT COMPARISON

BROKER

According to different types of insurance brokers the capital requirement ranges from 75 Lakhs to 5 Crores INR. The amount mentioned is the minimum capital for obtaining a insurance broker license.

WEB AGGREGATOR

The minimum capital required for starting an Insurance Web Aggregator business in Indian is 25 Lakhs, INR. The minimum capital should be 100% paid up for moving the application.

MARKETING AGENCY

The minimum capital required for starting a Insurance Marketing Agency is 5 lakhs and goes up to 10 lakhs in some cases.

CORPORATE AGENT

The minimum capital required for commencing a corporate agent business in India is 50 Lakhs. The individual, HUF , LLP or company should maintain the net worth of the business at 50 lakhs for continuity of operations

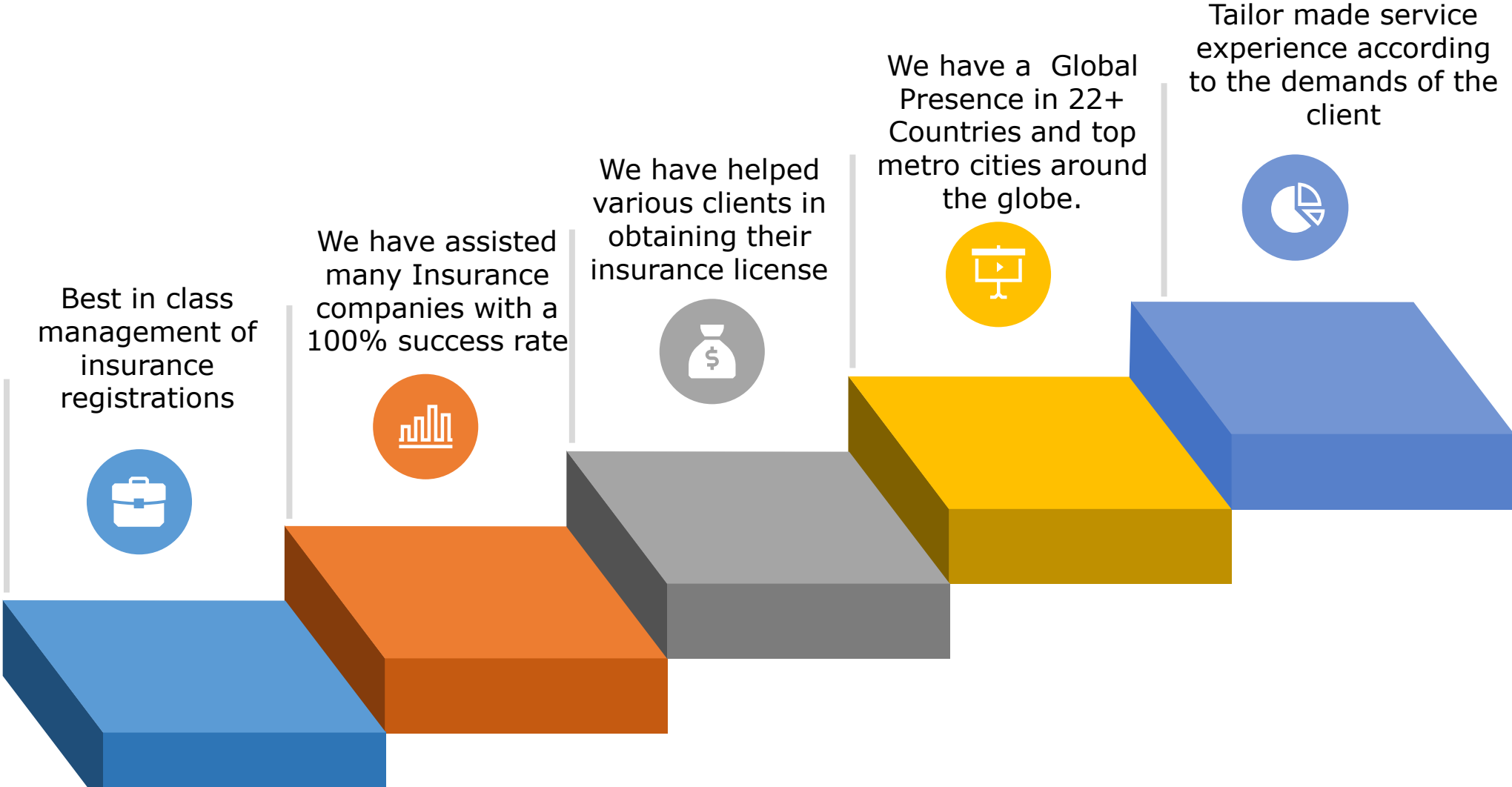


COMPARISON BETWEEN INTERMEDIARIES

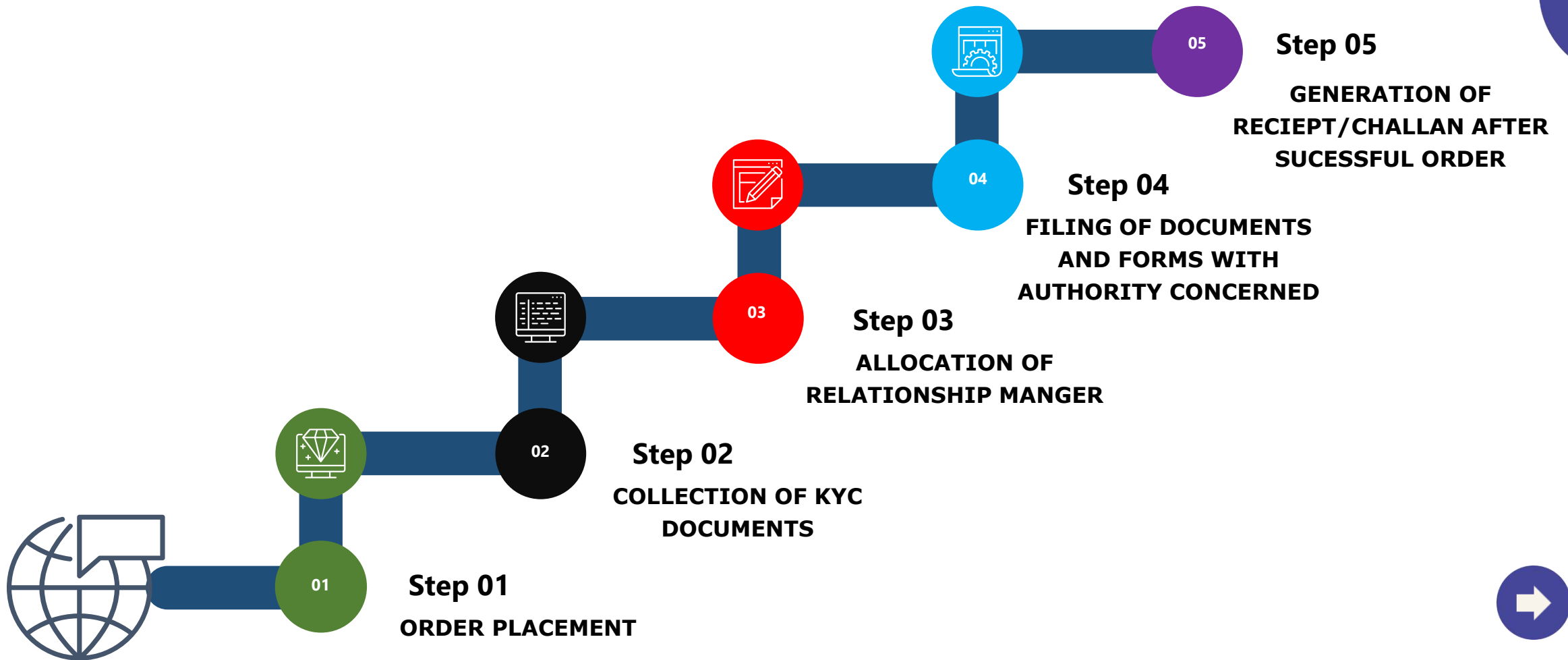
	BROKER	WEB AGGREGATOR	MARKETING FIRM	CORPORATE AGENT
RENEWAL PERIOD	3 YEARS	3 YEARS	3 YEARS	3 YEARS
PRINCIPAL OFFICER REQUIREMENT	YES	YES	YES	YES
FOREIGN HOLDING	100% ALLOWED	100% ALLOWED	100% ALLOWED	100% ALLOWED
MINIMUM NET WORTH REQUIREMENT	50 LAKHS	25 LAKHS.	5 LAKHS.	50 LAKHS
AREA OF OPEARTION	PAN INDIA	PAN INDIA	1-3 DISTRICTS	PAN INDIA



HOW ENTERSLICE CAN HELP?



OUR PROCESS TIMELINE



ABOUT ENTERSLICE

Enterslice is a leading consultancy firm that provides legal, business management and accounting solutions to enterprises worldwide. We are an award-winning company offering financial and legal solutions in India, USA, UAE, UK, and 30+ countries across the world. We are a one stop business solution e platform that will help in 360 degree success of your business.

Our dedicated team consisting of Chartered Accountants, Advocates and Company Secretaries provide end-to-end assistance to clients at every stage of incorporation as well as post-incorporation compliances.



WHY ENTERSLICE?



- Presence in 22+ Countries
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- 6 Offices in India – all Metro cities
- 300+ Team in India + 500 CA Firm under Umbrella of Enterslice – Total Strength 1500+
- 50,000+ Clients served globally
- 20+ Years of Experience Globally



OUR TOP CLIENTS



DEARN INSURANCE
BROKERS PRIVATE LTD.



*LF2 PEER FINANCIAL
PVT. LTD.*



WHITE HORSE
FINANCIAL BROKING



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