

Life Insurance Corporation of India



(A GENTS) REGULATIONS, 1972

(Published in the Gazette of India Extraordinary
dated 1st May 1972)

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**LIFE INSURANCE CORPORATION OF INDIA
(AGENTS) REGULATIONS, 1972**

Whereas it is necessary to frame regulations defining the method of recruitment of agents of the Life Insurance Corporation of India and the terms and conditions of their appointment and work, the Corporation, in exercise of the powers vested in it under section 49 of the Life Insurance Corporation Act, 1956 (31 of 1956), and with the previous approval of the Central Government, hereby makes the following regulations, namely:—

1. Short title and commencement :

(1) These regulations may be called the Life Insurance Corporation of India (Agents) Regulations, 1972.

(2) They shall come into force on the date of their publication in the Gazette of India.

2. Application :

These regulations shall apply to all agents appointed in India by the Corporation in respect of life insurance business.

3. Definitions :

(1) In these regulations, unless the context otherwise requires,

(a) "absorbed agent" means an agent who is deemed to have been appointed under sub-regulation (4) of regulation 4 ;

(b) "agent" means a person who has been appointed under regulation 4 of these regulations and includes an absorbed agent ;

(c) "agency year":

(i) in relation to an agent other than an absorbed agent means:

(A) in the first year of his appointment, the period from the date of his appointment to the end of the month in which he completes twelve months as an agent (hereinafter referred to as the first agency year of such agent), and

(B) in the subsequent years of his appointment, every successive period of twelve months following the completion of the first agency year ; and

(ii) in relation to an absorbed agent, means :

(A) the period of twelve months from the date following the date on which he had completed the last year of his agency before the published day (hereinafter referred to as the first agency year of such agent) and

(B) in the subsequent years of his appointment every successive period of twelve months following the completion of the first agency year :

Provided that in the case of an agent on whom a notice has been served under sub-regulation (5) of regulation 4, subsequent agency years shall be taken to mean every successive period of twelve months computed from the date mentioned in the notice.

(d) "ascertained", with reference to population, means ascertained from the latest Census Report of the Government of India ;

(e) "competent authority" means the authority specified in column (3) of Schedule I to discharge the functions mentioned in the corresponding entries in column (2) thereof ;

(f) "Insurance Act" means the Insurance Act, 1938 (4 of 1938) ;

(g) "modified previous guarantee", in relation to an absorbed agent, means the following completed business in an agency year :

- | | |
|--|--|
| (i) if he was working in a city or town group with an ascertained population of one lakh or above. | Rs. 40,000 sum assured under life insurance policies on six different lives. |
| (ii) if he was working in any other place. | Rs. 20,000 sum assured under life insurance policies on six different lives. |

(h) "previous guarantee", in relation to an absorbed agent, means the following completed business in an agency year:

- | | |
|--|--|
| (i) if he was working in a city or town group with an ascertained population of one lakh or above. | Rs. 40,000 sum assured under life insurance policies on six different lives, or general insurance premium income of Rs. 4,800, or combination of life insurance business and general insurance business deemed equivalent under the letter of appointment issued before the published day. |
| (ii) if he was working in any other place. | Rs. 20,000 sum assured under life insurance policies on six different lives or general insurance premium income of Rs. 2,400, or combination of life insurance business and general insurance business deemed equivalent under the letter of appointment issued before the published day. |

(i) "published day" means the date on which these regulations are published in the Gazette of India.

(j) "Schedule" means a Schedule appended to these regulations.

(k) "specified" means specified by the Managing Director by instructions or directions issued under regulation 25.

(2) All words and expressions used herein and not defined herein but defined either in the Insurance Act or in the Life Insurance Corporation Act, 1956 (31 of 1956) or in the Life Insurance Corporation Regulations, 1959, shall have the meanings respectively assigned to them in the relevant Act or Regulations.

4. Appointment of agents :

(1) Agents may be appointed in any place for the purpose of soliciting or procuring life insurance business for the Corporation.

(2) All appointments shall be made by the competent authority after interviewing the candidates and satisfying itself about their suitability.

(3) In making the appointments, the competent Authority shall be guided by such rules of procedure as may be specified from time to time.

(4) On and from the published day, every person, who was immediately before that day acting on behalf of the Corporation as an insurance agent as defined in the Insurance Act in respect of its life insurance business, shall be deemed to be an agent appointed and confirmed under these regulations from such day :

Provided that for the purpose of computing the period of his work as an agent and any benefit under these regulations, the period during which he was continually acting on behalf of the Corporation as an insurance agent immediately before the published day (excluding any

period prior to the 1st September, 1956) shall be taken into account and for the purpose of ascertaining his business in force or the renewal premium income in respect of such business on any date, the business completed by him in the period during which he was continually acting as an insurance agent immediately before the published day shall be taken into account :

Provided further that if any such person within ninety days from the published day, by notice in writing to the Divisional Manager, intimates his intention to discontinue his agency, he shall not be deemed to be an agent under these regulations, but his agency shall stand terminated at the expiry of a period of thirty days from the date of receipt of such notice by the Divisional Manager, and the provisions of the letter of appointment by which he was governed immediately before the published day shall apply as regards the settlement of his account and the benefits admissible to him on such termination.

(5) Notwithstanding anything contained in the foregoing sub-regulations, the competent authority may, by notice in writing to an agent, direct that his agency year shall be every successive period of twelve months from the date mentioned in the notice :

Provided that the date so mentioned in the notice shall be the first of a calendar month.

5. Qualification of agents :

(1) No person shall be appointed as an agent :

(a) if he has not completed 18 years of age ; or

(b) if he does not possess a valid licence issued under section 42 of the Insurance Act ; or
(c) if he has not passed the matriculation examination, or an examination recognised as equivalent thereto by the Corporation, in case he is to be appointed in a town or a city with an ascertained population of one lakh or above, and at least 8th standard in case he is to be appointed at any other place :

Provided that the competent authority may, for reasons to be recorded in writing, relax the requirement specified in the clause.

(2) Subject to such conditions as may be specified, any society, association, panchayat or other body may be appointed as an agent if it is licensed to act as an insurance agent under section 42 of the Insurance Act and the provisions of these regulations shall, as far as may be, apply to such agent as they apply to an agent who is an individual.

(3) Subject to the provisions of these regulations and regulation 29 of the Life Insurance Corporation of India (Staff) Regulations, 1960, an employee of the Corporation may be appointed as an agent.

6. Training and tests :

Every agent appointed under these regulations shall, unless exempted under sub-regulation (3) of regulation 7, undergo such training and pass such tests as may be specified and every absorbed agent shall, if called upon to do so, undergo the aforesaid training and tests.

7. Probation :

(1) Subject to the provisions of sub-regulation (3) and sub-regulation (4), an agent appointed on or after the published day shall be on probation initially for a period of 6 months from the date of his appointment and thereafter until he is confirmed in accordance with the provisions hereinafter contained.

(2) The competent authority may confirm the agent in his appointment if it is satisfied that he has successfully undergone the specified training and passed the specified tests and if his work, record and conduct have been satisfactory.

(3) The competent authority may :

(a) reduce the period of probation of an agent and confirm him in his appointment if he has successfully undergone the specified training and passed the specified tests ;

(b) if it is satisfied that such training or tests need not be insisted upon for confirming him in his appointment, waive the period of probation and in that case it shall record in writing the reasons for such waiver.

(4) The period of probation of an agent shall, in no case, exceed ^{one}~~three~~ agency years, and unless he is confirmed within the aforesaid period his appointment shall be terminated.

(5) So long as an agent is on probation, the competent authority may terminate his appointment without any notice and without assigning any reason therefor.

(6) Nothing contained in this regulation shall be deemed to affect the provisions of regulation 13.

8. Functions of agents :

(1) Every agent shall solicit and procure new life insurance business which shall not be less than the minimum prescribed in these regulations and shall endeavour to conserve the business already secured.

(2) In procuring new life insurance business, an agent shall :

- (a) take into consideration the needs of the proposers for life insurance and their capacity to pay premiums ;
- (b) make all reasonable inquiries in regard to the lives to be insured before recommending proposals for acceptance, and bring to the notice of the Corporation any circumstances which may adversely affect the risk to be underwritten ;
- (c) take all reasonable steps to ensure that the age of the life assured is admitted at the commencement of the policy ; and
- (d) not interfere with any proposal introduced by any other agent.

(3) Every agent shall, with a view to conserving the business already secured, maintain contact with all persons who have become policy-holders of the Corporation through him and shall :

- (a) advise every policy-holder to effect nomination or assignment in respect of his policy and offer necessary assistance in this behalf ;
- (b) endeavour to ensure that every instalment of premium is remitted by the policy-holder to the Corporation within the period of grace ;
- (c) endeavour to prevent the lapsing of a policy or its conversion into a paid-up policy ; and
- (d) render all reasonable assistance to the claimants in filling claim forms and generally in complying with the requirements laid down in relation to settlement of claims.

(4) Nothing contained in these regulations shall be deemed to confer any authority on an agent to collect any moneys or to accept any risk for or on behalf of the Corporation or to bind the Corporation in any manner whatsoever :

Provided that an agent may be authorised by the Corporation to collect and remit renewal premiums under policies on such conditions as may be specified.

9. Minimum amount of business to be secured by agents :

(1) An agent, other than an absorbed agent, shall bring in the following business in his first agency year :

- (a) if he is working in a City, Urban agglomeration or Town with an ascertained population of five lakhs or above—proposals resulting in policies for not less than Rs. 75,000 sum assured on at least twelve different lives ; or
- (b) if he is working in a City, Urban agglomeration or Town with an ascertained population of ^{one}lakh or above, but less than five lakhs—proposals resulting in policies for not less than Rs. 60,000 sum assured on at least twelve different lives ; or
- (c) if he is working in any other place with an ascertained population of less than one lakh—proposals resulting in policies for not less than Rs. 40,000 sum assured on at least twelve different lives.

(2) In the second or subsequent agency year, the agent shall bring in the following business for each year :

- (a) if he is working in a City, Urban agglomeration or Town with an ascertained population of five lakhs or above—proposals resulting in policies for not less than Rs. 1,00,000 sum assured on at least twelve different lives ; or

- (b) if he is working in a City, Urban agglomeration or Town with an ascertained population of one lakh or above, but less than five lakhs—proposals resulting in policies for not less than Rs. 75,000 sum assured on at least twelve different lives ; or
- (c) if he is working in any other place with an ascertained population of less than one lakh—proposals resulting in policies for not less than Rs. 60,000 sum assured on at least twelve different lives.

(3) An absorbed agent shall bring in the following business :

- (a) in the first agency year—proposals resulting in a completed business of not less than what was required of him in accordance with the provisions of the letter of appointment by which he was governed immediately before the published day ;
- (b) in the second agency year—not less than the modified previous guarantee ;
- (c) in the third or fourth agency year—proposals resulting in a completed business of not less than the modified previous guarantee, or a completed business amounting to one half of the sum assured which would be required if sub-regulation (2) were applicable to him but on at least six different lives, whichever is higher ; and
- (d) in the fifth or subsequent agency year—business in accordance with the provisions contained in sub-regulation (2).

(4) Notwithstanding anything contained in sub-regulation (2) or sub-regulation (3), an agent shall be exempt from bringing in the business required of him under the said sub-regulation if he has continually worked for the Corporation as an agent for a period of :

- (a) not less than 21 years ; or
- (b) at least fifteen years and he is at least 55 years of age ; or
- (c) fifteen years and at any time subsequent thereto there is business in force in the books of the Corporation under his agency yielding a renewal premium income of not less than Rs. 40,000 per annum.

10. Payment of commission to agents :

(1) As compensation and remuneration for the discharge of all his functions under these regulations, an agent shall be paid commission at the rates set out in Schedule II on the first year premiums and renewal premiums received during the continuance of his agency in respect of the completed business under his agency.

(2) An agent shall, in addition to the commission payable under sub-regulation (1), be entitled to bonus commission on first year premiums as provided in Schedule III.

(3) (a) Notwithstanding anything contained in sub-regulation (1) and sub-regulation (2), an agent who has been confirmed may, at any time during the continuance of his agency, opt to receive commission as provided in Schedule IV.

(b) Where an option under clause (a) is exercised, the commission and bonus commission payable to the agent shall be at the rates set out in Schedule IV and Schedule V respectively in respect of the business which may be completed in his agency from the commencement of the agency year following the date on which he exercises the option, but in respect of the business completed in his agency up to the end of the agency year in which he exercises the option, the commission or bonus commission payable to him shall be as provided in Schedule II and Schedule III respectively.

(c) The option once exercised under clause (a) shall be final and irrevocable.

(4) Save as hereinafter provided, no agent shall be paid any commission or remuneration in respect of any policy not effected through him :

Provided that where a policy of life insurance has lapsed and it cannot under the terms and conditions applicable to it be revived without further medical examination of the person whose life was insured thereby and where notice has been given in writing to the agent through whom the policy was effected (if such agent continues to be an agent of the Corporation), to effect the revival of the policy within a specified period of not less than one month from the date of receipt

by him of the notice and the policy is not so revived, the Corporation may pay to another agent who effects the revival of the policy an amount calculated at a rate not exceeding half the rate of commission at which the agent through whom the policy was effected would have been paid had the policy not lapsed, on the sum payable on revival of the policy on account of arrear premiums (excluding any interest on such arrear premiums) and also on the subsequent renewal premiums payable on the policy.

(5) Notwithstanding anything contained in sub-regulation (i), sub-regulation (2) and sub-regulation (3), an agent who is on probation shall be entitled only to the commission payable on the first year premiums received in respect of the business completed during the continuance of his agency and not to the bonus commission or commission on renewal premiums in respect of such business :

Provided that the agent shall, on his confirmation, be entitled to the bonus commission or commission on renewal premiums in respect of such business.

(6) Save as provided by regulation 19, no commission shall be payable to an agent after he has ceased to be such agent.

11. Gratuity and term insurance benefits :

The Gratuity and term insurance benefits admissible in the case of an agent shall be as set out in Schedule VI :

Provided that where the appointment of any person who was acting on behalf of the Corporation as an insurance agent as defined in the Insurance Act has been terminated on or after the 1st September, 1971, but before the published day, except for fraud, or where any person who was so acting as an insurance agent on behalf of the Corporation has died on or after the 1st September, 1971, but before the published day, he or his heirs, as the case may be, shall be paid an amount which shall be equal to the gratuity payable in his case had these regulations been in force on the date of termination of his appointment or his death :

Provided further that where any person who was so acting as an insurance agent on behalf of the Corporation has died on or after the 1st September, 1971, but before the published day, while his agency was subsisting, his heirs shall also be paid an amount which shall be equal to the amount of term insurance payable in his case had these regulations been in force on the date of his death.

12. Corporation's lien on agent's dues :

The Corporation shall have a first lien and charge on all moneys payable to an agent or his heirs for recovery of all debts due from him to the Corporation and may apply any such moneys directly towards realisation of such debts.

13. Termination of agency :

(1) If an agent fails to bring in the business required of him under regulation 9 in an agency year, his appointment shall stand terminated at the end of such agency year :

Provided that nothing contained herein shall apply to an agent who has been exempted under sub-regulation (4) of regulation 9 from bringing in the minimum business required under the said regulation.

(2) An agency which stands terminated under sub-regulation (1) may be reinstated by the competent authority if it is satisfied that the failure of the agent to bring in the business required of him was due to reasons beyond his control.

(3) Where an agency is reinstated under sub-regulation (2), it shall be treated as continuous for all purposes.

14. Termination of agency on cancellation of, or failure to renew, licence :

If the licence of an agent is cancelled or is not renewed in accordance with the provisions of

section 42 of the Insurance Act, his appointment as agent shall stand terminated from the date the licence is cancelled or, as the case may be, from the date the licence ceases to be valid :

Provided that if the licence of the agent is restored or renewed, the competent authority shall, without prejudice to the provisions of regulation 16, reinstate the agency.

15. Termination of agency on account of certain disqualifications :

If an agent :

- (a) is found to be of unsound mind by a court of competent jurisdiction ;
- (b) is found to be guilty of criminal misappropriation or criminal breach of trust or cheating or forgery or an abetment of or attempt to commit any such offence by a court of competent jurisdiction ;
- (c) in any judicial proceeding, has been found to have knowingly participated in or connived at any fraud, dishonesty or misrepresentation against the Corporation or any of its subsidiaries or against any person having official dealings with the Corporation or any of its subsidiaries,

his appointment shall be liable to be terminated without notice and the competent authority shall forthwith terminate his appointment.

16. Termination of agency for certain lapses :

- (1) The competent authority may, by order, determine the appointment of an agent,
 - (a) if he has failed to discharge his functions, as set out in regulation 8, to the satisfaction of the competent authority ;
 - (b) if he acts in a manner prejudicial to the interests of the Corporation or to the interests of its policyholders ;
 - (c) if evidence comes to its knowledge to show that he has been allowing or offering to allow rebate of the whole or any part of the commission payable to him ;
 - (d) if it is found that any averment contained in his agency application or in any report furnished by him as an agent in respect of any proposal is not true ;
 - (e) if he becomes physically or mentally incapacitated for carrying out his functions as an agent ;
 - (f) if he being an absorbed agent, on being called upon to do so, fails to undergo the specified training or to pass the specified tests, within three years from the date on which he is so called upon :

Provided that the agent shall be given a reasonable opportunity to show cause against such termination.

(2) Every order of termination made under sub-regulation (1) shall be in writing and communicated to the agent concerned.

(3) Where the competent authority proposes to take action under Sub-regulation (1) it may direct the agent not to solicit or procure new life insurance business until he is permitted by the competent authority to do so.

17. Termination of agency by notice :

(1) The appointment of an agent may be terminated by the competent authority at any time by giving him one month's notice thereof in writing.

(2) An agent may, by giving one month's notice in writing to the competent authority, discontinue his agency and after the expiry of the period of one month his agency shall stand terminated.

18. Procedure in insolvency cases :

(1) If an agent applies to a court of competent jurisdiction for being adjudged insolvent or is adjudged insolvent by such court, the competent authority may direct him to forthwith discontinue soliciting or procuring new life insurance business and the agent shall not thereupon solicit or procure new life insurance business until the court grants an absolute order of discharge and the competent authority revokes its earlier direction.

(2) Where an agent ceases to solicit or procure new life insurance business in accordance with sub-regulation (1), the requirements of regulation 9 shall not apply.

(3) If an agent fails to obtain an absolute order of discharge up to the end of two agency years following the agency year in which the order adjudging him insolvent was passed, his appointment shall be liable to be terminated by the competent authority by giving him three months' notice in writing.

19. Payment of commission on discontinuance of agency :

(1) In the event of termination of the appointment of an agent, except for fraud, the commission on the premiums received in respect of the business secured by him shall be paid to him if such agent :

(a) has continually worked for at least 5 years since his appointment and policies assuring a total sum of not less than Rs. 2 lakhs effected through him were in full force on a date one year before his ceasing to act as such agent ; or

(b) has continually worked as an agent for at least 10 years since his appointment ; or

(c) being an agent whose appointment has been terminated under clause (e) of sub-regulation (1) of regulation 16 has continually worked as an agent for at least two years from the date of his appointment and policies assuring a total sum of not less than Rs. 1 lakh effected through him were in full force on the date immediately prior to such termination :

Provided that in respect of an absorbed agent the provisions of clause (a) shall apply as if for the letters, figures and word "Rs. 2 lakhs", the letters and figures "Rs. 50,000" had been substituted.

(2) Any commission payable to an agent under sub-regulation (1) shall, notwithstanding his death, be payable to his nominee or nominees or, if no nomination is made or is subsisting, to his heirs, so long as such commission would have been payable had the agent been alive.

(3) In the event of the death of the agent while his agency subsists, any commission payable to him had he been alive shall be paid to his nominee, or, if no nomination is made or is subsisting, to his heirs, so long such commission would have been payable had the agent been alive, provided he had continually worked as an agent for not less than 2 years from the date of his appointment and policies assuring a total sum of not less than Rs. 1 lakh effected through him were in full force on the date immediately prior to his death.

(4) If the renewal commission payable under sub-regulation (1) or sub-regulation (2) or sub-regulation (3) falls below Rs. 100/- in any financial year (hereinafter referred to as the said financial year), the competent authority may, notwithstanding anything contained in the said sub-regulation, commute all commission payable in subsequent financial years for a lump sum which shall be three times the amount of renewal commission paid in the said financial year, and on the payment of such lump sum to the agent or his nominees or heirs, as the case may be, no commission on the business effected through the agent shall be payable in the financial years subsequent to the said financial year.

20. Appeals :

(1) Every agent shall have a right of appeal to the relevant appellate authority set out in Schedule VII against an order terminating the appointment which has been passed under regulation 15 or regulation 16 or sub-regulation (1) of regulation 17 or regulation 18.

(2) Every person submitting an appeal shall do so separately and in his own name.

(3) The appeal shall be addressed to the authority to whom the appeal lies, shall not contain any disrespectful or improper language and shall be complete in itself.

(4) The appeal shall be submitted through the authority which made the order appealed against.

(5) No appeal under this regulation shall be entertained unless it is submitted within a period of three months from the date on which the applicant receives a copy of the order appealed against :

Provided that the appellate authority may entertain the appeal after the expiry of the said period if it is satisfied that the appellant had sufficient cause for not submitting the appeal in-time.

21. Withholding of appeals :

An appeal may be withheld by the authority through whom it is sent :

(i) if it does not comply with the provisions of sub-regulation (2) or sub-regulation (3) of regulation 20 ; or

(ii) if it is not submitted within the period specified in sub-regulation (5) of regulation 20 and it does not set out any cause for delay ; or

(iii) if it is a repetition of an appeal already decided :

Provided that where an appeal is withheld the appellant shall be informed of the fact and the reasons therefor, and except in a case covered by clause (iii) the appeal shall be returned to the appellant and if it is resubmitted within one month thereof with suitable amendments or showing cause for delay, as the case may be, it shall not be withheld.

22. Transmission of appeal :

(1) The authority which made the order appealed against shall, within a period of three months from the date of receipt of the appeal, transmit to the appellate authority every appeal which is not withheld under regulation 21 together with its comments thereon and the relevant records.

(2) The appellate authority may direct transmission to it of any appeal withheld under regulation 21 and thereupon such appeal shall be so transmitted with the comments of the authority withholding the appeal and the relevant records.

23. Consideration of appeals :

(1) Where an appeal is received under these regulations, the appellate authority shall consider all the circumstances of the case and pass such orders as it deems fit :

Provided that the appellant shall be given a reasonable opportunity of representing his case.

(2) All appeals shall be disposed of as expeditiously as possible but not later than six months from the date of the receipt of the appeal by the appellate authority.

24. Memorial :

An agent whose appeal under these regulations, not being an appeal against an order under sub-regulation (1) of regulation 17, has been rejected by the appellate authority may address a memorial to the Chairman of the Corporation in respect of that matter within a period of three months from the date of receipt by the agent of a copy of the order of the appellate authority and the Chairman shall, after making or causing to be made such inquiry as he deems necessary, pass such order thereon as the circumstances of the case justify.

25. Power to issue instructions or directions :

The Managing Director may, from time to time, issue such instructions or directions as may be necessary to give effect to the provisions of these regulations.

26. Power to frame schemes :

The Managing Director may, with the previous approval of the Corporation frame schemes not inconsistent with these regulations to provide for :

- (a) selection and training of persons for appointment as agents ;
- (b) payment of stipends ;
- (c) grant of loans to agents. /

27. Relaxation :

The Executive Committee referred in sub-section (1) of section 19 of the Life Insurance Corporation Act, 1956, (31 of 1956), may in the interests of the Corporation, for reasons to be recorded in its resolution, relax any of the provisions of these regulations in individual cases.

SCHEDULES

SCHEDULE I

(See regulation 3 (1) (e))

Regulation Number (1)	Nature of functions (2)	Competent authority (3)
4	Appointment of agents	Officer in charge of the Branch.
4(5)	Change of agency year	Zonal Manager.
5(1) proviso	Relaxation of educational qualifications of agents.	Divisional Manager.
7(2)	Confirmation of an agent in his appointment.	Officer in charge of the Branch.
7(3)	Reducing or dispensing with the initial period of probation of an agent.	Divisional Manager.
7(5)	Terminating the appointment of an agent on probation.	Officer in charge of the Branch.
13(2)	Reinstatement of agency when failure to bring the business required of the agent was due to reasons beyond control.	Divisional Manager.
14 proviso	Reinstatement of agency when licence is restored or renewed.	Officer in charge of the Branch.
15	Termination of agency on account of certain disqualification.	Officer in charge of the Branch.
16	Termination of agency for certain lapses and issue of direction not to solicit or procure new life insurance business.	Divisional Manager.
17(1)	Termination of agency by notice.	Managing Director.
17(2)	Acceptance of notice by an agent to discontinue agency.	Officer in charge of the Branch.
18	Direction not to solicit or procure new life insurance business/termination of agency in insolvency cases.	Divisional Manager.
19(4)	Commutation of renewal commission.	Divisional Manager.

SCHEDULE II
Rates of Commission payable to agents during the continuance of the agency.
(See regulation 10(1) and (3))

Where the premium paying period under the policy secured by the agent is :												
Where the policy secured by the agent is under Assurance Tables Nos. :	15 years or more			10 to 14 years			5 to 9 years			2 to 4 years		
	Commn. on 1st year's premium	Commn. on 2nd & 3rd years' premiums	Commn. on sub-sequent years' premiums	Commn. on 1st year's premium	Commn. on 2nd & 3rd years' premiums	Commn. on sub-sequent years' premiums	Commn. on 1st year's premium	Commn. on 2nd & 3rd years' premiums	Commn. on sub-sequent years' premiums	Commn. on 1st year's premium	Commn. on 2nd & 3rd years' premiums	Commn. on sub-sequent years' premiums
	%	%	%	%	%	%	%	%	%	%	%	%
1, 2, 3, 5, 11, 14, 16 to 20, 22 to 28, 33, 34, 46 to 48.	25	7.5	5	20	7.5	5	10	5	5	5	2.25	2.25
21 & 45	7.5	2	2	7.5	2	2	7.5	2	2	5	2	2
41 & 50	10	5	5	10	5	5	7.5	5	5	5	2	2
58	—	—	—	—	—	—	7.5	3	3	—	—	—

Where the agent has secured a policy whereunder a single premium is payable.

FOR ALL PLANS: COMMISSION 2%

- Note :
1. Policies under Assurance Tables 1 & 2 effected at the proposer's age 56 or above will be treated as policies whereunder premium ceases at age 70 for the purpose of fixing the premium paying period.
 2. "Premium" means premium received and adjusted in respect of a policy.
 3. 1st year's premium means the premium payable on a policy for the first year, 2nd year's premium means the premium payable on a policy for the second year and so on.
 4. The commission payable on 1st year's premium will be referred to as first year commission and the commission payable on 2nd and subsequent years' premiums will be referred to as renewal commission.

SCHEDULE III

Bonus commission payable to agents

(See regulation 10 (2) and (3))

1. In this Schedule, "eligible first year commission" means the first year commission earned by an agent in any agency year excluding the commission earned under Single Premium policies, Deferred Annuity policies and Pure Endowment policies secured by him.

2. In respect of the first and second agency years, an absorbed agent falling under an entry in column (1) of the Table below shall be entitled to bonus commission at the rate set out in the corresponding entry in column (2) thereof.

TABLE

Classification (1)	Rate of bonus commission (2)
(a) If the agent has earned an eligible first year commission of Rs. 400 or more but less than Rs. 700.	20% of the eligible first year commission.
(b) If the agent has earned an eligible first year commission of Rs. 700 or more but less than Rs. 1000.	30% of the eligible first year commission.
(c) If the agent has earned an eligible first year commission of Rs. 1,000 or more.	40% of the eligible first year commission.

3. An agent shall be entitled to bonus commission at the rate of 40 % of the eligible first year commission :

(i) if he being an agent falling under an entry in item A or item B of column (1) of the Table below has secured, either :

- (a) proposals resulting in a completed business which is on not less than the number of lives mentioned against the corresponding entry in column (2) and a first year premium income of at least the amount mentioned in the corresponding entry in column (3) thereof ; or
 - (b) proposals resulting in a completed business which is on not less than one-half of the number of lives mentioned against the corresponding entry in column (2) and a first year premium income of at least one and a half times the amount mentioned in the corresponding entry in column (3) ; or
- (ii) if he being an agent falling under an entry in item C of column (1) of the Table below has secured proposals resulting in a completed business which is on not less than the number of lives mentioned against the corresponding entry in column (2) and a first year premium income of at least the amount mentioned in the corresponding entry in column (3) thereof.

TABLE

Classification (1)	No. of Lives (2)	First Year Premium Income (3)
A. In respect of the first agency year of an agent other than an absorbed agent.		
		Rs.
(a) If he is working in a City, Urban agglomeration or Town with an ascertained population of five lakhs or above	12	3,000
(b) If he is working in a City, Urban agglomeration or Town with an ascertained population of one lakh or above but less than five lakhs	12	2,400
(c) If he is working in any other place with an ascertained population of less than one lakh.	12	1,600
B. In respect of the second and subsequent agency years of an agent other than an absorbed agent and the fifth and subsequent years of an absorbed agent :		
(a) If he is working in a City, Urban agglomeration or Town with an ascertained population of five lakhs or above	12	4,000
(b) If he is working in a City, Urban agglomeration or Town with an ascertained population of one lakh or above but less than five lakhs	12	3,000
(c) If he is working in any other place with an ascertained population of less than one lakh.	12	2,400
C. In respect of the third and fourth agency years of an absorbed agent :		
(a) If he is working in a City, Urban agglomeration or Town with an ascertained population of five lakhs or above	6	2,000
(b) If he is working in a City, Urban agglomeration or Town with an ascertained population of one lakh or above but less than five lakhs	6	1,500
(c) If he is working in any other place with an ascertained population of less than one lakh.	6	1,200

4. Where an agent has earned bonus commission for five successive years in accordance with the foregoing provisions of this Schedule, he shall be entitled to bonus commission for the agency year immediately following such five years even if he has not fulfilled in respect of that year the conditions set out in the said provisions.

5. Notwithstanding anything contained in clause 2, clause 3 and clause 4, an agent who has been exempted under sub-regulation (4) of regulation 9, shall be entitled to bonus commission, if he has to his credit at the time of such exemption 15 qualifying years as defined in Schedule VI.

SCHEDULE IV

Alternative rates of commission payable to an agent at his option during the continuance of the agency.

(See regulation 10 (3))

Where the premium paying period under the policy secured by the agent is :												
Where the policy secured by the agent is under Assurance Tables Nos :	15 years or more			10 to 14 years			5 to 9 years			2 to 4 years		
	Commn. on 1st year's premium	Commn. on 2nd & 3rd years' premiums	Commn. on 4th and 5th years' premiums	Commn. on 1st year's premium	Commn. on 2nd & 3rd years' premiums	Commn. on subsequent years' premiums	Commn. on 1st year's premium	Commn. on 2nd & 3rd years' premiums	Commn. on subsequent years' premiums	Commn. on 1st year's premium	Commn. on 2nd & 3rd years' premiums	Commn. on subsequent years' premiums
	%	%	%	%	%	%	%	%	%	%	%	%
1, 2, 3, 5, 11, 14, 16 to 20, 22 to 28, 33, 34, 46 to 48.	10	10	10	20	7.5	5	10	5	5	5	2.25	2.25
21 & 45	7.5	2	2	7.5	2	2	7.5	2	2	5	2	2
41 & 50	10	5	5	10	5	5	7.5	5	5	5	2	2
58	—	—	—	—	—	—	7.5	3	3	—	—	—

Where the agent has secured a policy whereunder a single premium is payable.

FOR ALL PLANS: COMMISSION 2%

- Note :
1. Policies under Assurance Tables 1 & 2 effected at the proposer's age 56 or above will be treated as policies whereunder premium ceases at age 70 for the purpose of fixing the premium paying period.
 2. "Premium" means premium received and adjusted in respect of a policy.
 3. 1st year's premium means the premium payable on a policy for the first year, 2nd year's premium means the premium payable on a policy for the second year and so on.
 4. The commission payable on 1st year's premium will be referred to as first year commission and the commission payable on 2nd and subsequent years' premiums will be referred to as renewal commission.

SCHEDULE V

Bonus commission payable to agents

(See regulation 10 (3))

1. In this schedule "eligible first year commission" means the first year commission earned by an agent in any agency year excluding the commission earned under Single Premium policies and Deferred Annuity policies and Pure Endowment policies effected through him.

2. An agent shall be entitled to bonus commission at the rate of 40% of eligible first year commission if he being an agent falling under an entry in column (1) of the Table below has secured either :

- (a) proposals resulting in a completed business which is on not less than the number of lives mentioned in the corresponding entry in column (2) and first year premium income of at least the amount mentioned in the corresponding entry in column (3) thereof ; or
- (b) proposals resulting in a completed business which is on not less than one-half of the number of lives mentioned in the corresponding entry in column (2) and a first year premium income of at least one and a half times the amount mentioned in the corresponding entry in column (3) thereof.

TABLE

Classification	Number of lives	First year premium income
(1)	(2)	(3)
		Rs.
(a) If the agent is working in a City, Urban agglomeration or Town with an ascertained population of five lakhs or above	12	4,000
(b) If the agent is working in a City, Urban agglomeration or Town with an ascertained population of one lakh or above but less than five lakhs	12	3,000
(c) If the agent is working in any other place with an ascertained population of less than 1 lakh	12	2,400

3. An agent to whom this Schedule is applicable shall be entitled, in addition to the bonus commission admissible to him under clause 2, to further bonus commission at the rate of 60% of the eligible first year commission earned by him on policies effected under Assurance Tables Nos. 1, 2, 3, 5, 11, 14, 16 to 20, 22 to 28, 33, 34 and 46 to 48, provided the premium paying period under such policies is not less than 15 years.

4. Where an agent has earned bonus commission for five successive years in accordance with the foregoing provisions of this Schedule, he shall be entitled to bonus commission for the agency year immediately following such five years even if he has not fulfilled in respect of that year the conditions set out in the said provisions.

5. Notwithstanding anything contained in clause 2, clause 3, and clause 4, an agent who has been exempted under sub-regulation (4) of regulation 9 shall be entitled to bonus commission, if he has to his credit at the time of such exemption 15 qualifying years as defined in Schedule VI.

SCHEDULE VI

Gratuity and Term Insurance (See regulation 11 and Clause 5 of Schedules III and V)

1. In this Schedule, unless the context otherwise requires,

(a) "eligible rate" means :

- (i) in the case of an agent who has worked on the relevant date for fifteen agency years or more as an agent, 180th part of the aggregate of the qualifying yearly renewal commission earned by him in the qualifying years out of the fifteen agency years immediately preceding the relevant date ; and
- (ii) in the case of an agent who has worked on the relevant date for less than fifteen agency years as an agent, one-twelfth of the amount arrived at by dividing the aggregate of the qualifying yearly renewal commission earned by him in the qualifying years by the total number of agency years he had worked as an agent on the relevant date ;

Explanation : For the purposes of this Schedule, agency year in the case of an absorbed agent includes every period of twelve months prior to the first agency year, but in the case of any agent does not include an agency year during which the agent has worked for less than twelve complete months.

(b) "qualifying year" means :

- (i) the agency year in which an agent, acting on behalf of the Corporation between the 1st September, 1956, and the published day, had completed a business of not less than the previous guarantee, or
- (ii) the agency year in which an agent, functioning or continuing to function after the published day, had completed the business required of him under regulation 9, but in respect of an absorbed agent the first agency year shall not be a qualifying year unless he had completed a business of not less than the modified previous guarantee.

(c) "qualifying yearly renewal commission" means :

- (i) in respect of agency years ending on or after the 1st April, 1968, the renewal commission earned by an agent in a qualifying year included in such agency years, and
- (ii) in respect of agency years ending on or before the 31st March, 1968 one third of the aggregate of the renewal commission earned in the three agency years immediately preceding the 1st April, 1971.

(d) "relevant date" means the date on which the eligibility for payment of gratuity is determined under clause 2.

2. (1) An agent shall be eligible for gratuity :

- (i) if he has worked continually and for fifteen or more qualifying years, and
 - (a) he is not below sixty years of age ; or
 - (b) his agency ceases or stands terminated under any of the provisions of these regulations for any reason other than an excepted reason ;
- or
- (ii) if he has been confirmed in his appointment, and:
 - (a) he dies while his agency is subsisting,
 - or
 - (b) his appointment as agent is terminated under clause (e) of sub-regulation (1) of regulation 16.

Note : In this sub-clause, "excepted reason" means any of the reasons mentioned in:

- (i) clause (b) or clause (c) of regulation 15 ;
- (ii) clause (a) or clause (b) or clause (c) of sub-regulation (1) of regulation 16, or
- (iii) clause (d) of sub-regulation (1) of regulation 16, if it is established that the agent had acted with a view to defrauding the Corporation.

- (2) An Agent may, before he has attained the age of 59 years, by notice in writing to the Divisional Manager, request that his eligibility for gratuity may be determined on completion of 65 years of age; and in that case sub-clause (1) (i) shall have effect as if in item (a) thereof, for the word "Sixty" the word "Sixty-five" had been substituted, and the relevant date shall be computed accordingly.
 - (3) Gratuity admissible to an agent shall be at the eligible rate for each qualifying year for the first fifteen qualifying years and at half the eligible rate for the subsequent ten qualifying years, provided the maximum amount of gratuity payable shall not exceed Rs. 1,00,000/-.
 - (4) Subject to any lien the Corporation may have on the amount of gratuity admissible to an agent, it shall pay the agent or his nominee or nominees or, if no nomination is made or is subsisting, his heirs, the amount of gratuity admissible under this clause.
 - (5) Notwithstanding anything contained in the foregoing sub-clauses, no gratuity shall be admissible to an agent who is also an employee of the Corporation for the period he remains such employee and his agency work in such period shall not count for any purpose under this clause even after the cessation of his service as an employee.
 - (6) Where an agent has received any gratuity under this clause, no further gratuity shall be admissible to him for any period during which he works thereafter as an agent.
3. (1) In the event of the death of an agent while his agency subsists, the Corporation shall make payment of an amount in accordance with the provisions hereinafter contained if the following conditions are satisfied in respect of such agent :
 - (a) he had not completed 50 years of age on the date of his appointment as an agent :

Explanation : For determining the date of appointment of an absorbed agent, the actual date of his appointment before the published day as an insurance agent shall be taken into account.

- (b) his death takes place before he has completed 60 years of age ;
- (c) he had an insurance policy (other than a temporary insurance policy) on his own life assuring a sum of not less than Rs. 5,000 which was in force at the time of his death :

Provided that in the case of an absorbed agent, this condition shall be deemed to have been satisfied if he has held a policy which matured for payment at any time after he has completed 55 years of age ; and

- (d) he, not being an absorbed agent, has been confirmed as an agent and has to his credit three or more qualifying years at the date of his death ; or he, being an absorbed agent, has to his credit three qualifying years and has either
 - (i) completed five agency years at the date of his death ; or
 - (ii) undergone such training and passed such tests, as may be specified for the purpose of regulation 6.

- (2) The amount payable under sub-clause (1) (hereinafter referred to as the amount of term insurance) shall be based on the average annual renewal commission earned by the agent in the three agency years immediately preceding his death (hereinafter referred to as the average commission) and shall be according to the following scale :

- | <i>Average Commission</i> | <i>Amount of term insurance</i> |
|---|---|
| (a) If the average commission was less than Rs. 1,001 | Rs. 3,000 |
| (b) If the average commission was Rs. 1,001 or more, but less than Rs. 15,000 | Rs. 3,000 plus one half of the excess of average commission over Rs. 1,000. |
| (c) If the average commission was Rs. 15,000 or more | Rs. 10,000 |
- (3) Subject to any lien the Corporation may have on the amount of term insurance admissible in the case of an agent, it shall pay his nominee or nominees, or if no nomination is made or is subsisting, his heirs, the amount of term insurance admissible under this clause.
- (4) Notwithstanding anything contained in the foregoing sub-clauses, the amount of term insurance shall not be admissible in respect of an agent who was also an employee of the Corporation if his death had taken place during the period he remained such employee and his work as agent during such period shall not count for any purpose even after the cessation of his service as an employee.

SCHEDULE VII

Appellate Authority

(See regulation 20 (1))

- | Authority passing order of
termination
(1) | Appellate Authority
(2) |
|--|----------------------------|
| (a) Officer in charge of the Branch. | Divisional Manager |
| (b) Divisional Manager. | Zonal Manager. |
| (c) Managing Director. | Corporation. |