

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

LOK SABHA
UNSTARRED QUESTION NO. 1973
ANSWERED ON – 19.12.2022

COMMISSION TO INSURANCE AGENT

1973. SHRI HIBI EDEN:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Ministry is handing over the information from regulatory authorities such as IRDA directly to the Minister's office without cross-checking the information provided on it;
- (b) whether the Government admits that a factual mistake has happened in the answer file which contained information/facts submitted to answer an unstarred question number 3628 dated 08-08-2022;
- (c) whether the Government will initiate steps against the officials of IRDA, who wrongly informed that no complaints were received regarding the "cut and pay" system;
- (d) whether the Government has noticed that the insurance regulator in an order dated 10 June 2020, fined one of the companies for violation of third party premium norms and if so, the details thereof and if not, the reasons therefor; and
- (e) whether the Ministry is aware that misrepresentation of facts in favour of private insurance companies happened in the above-said answer and if so, the details thereof?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE
(DR. BHAGWAT KARAD)

(a) to (e): The response to Lok Sabha Unstarred Question No. 3628 dated 08.08.2022 regarding "Commission to Insurance Agents" was framed based on inputs received from Insurance Regulatory and Development Authority of India (IRDAI) as the matter relates to IRDAI and is governed as per para 17(b) and para 21 of "Guidelines on Product Filing Procedures for General Insurance Products" dated 18.02.2016, issued under the provisions of Section 14 (2) (i) of the IRDA Act, 1999.

In this regard, IRDAI has informed that they had received a complaint dated 08.06.2018 from individual agents of one of PSU General Insurers regarding allegations of offering cash back by a private general insurer to educational institution vehicles third party insurance in premium tariff, violating the guidelines fixed by IRDAI.

On examination of the complaint by IRDAI, it was found that discount was offered on 'Own Damage(OD)' component of the policy and not on 'Third Party Liability Premium', as alleged in the complaint.

On consideration of the complaint, IRDAI, in exercise of its powers under Section 102 of the Insurance Act, 1938, issued Order dated 10.06.2020, imposing penalty on the insurer on violation of Product Filing Guidelines on the 'Own Damage' portion of the premium which was outside the range of discount/rates filed by the insurer with the IRDAI and not for violation of 'Third Party' premium norms.
