

# Irda to explore new distribution channels

By Bureau

Hyderabad, Jan 23: Insurance regulator Irda has decided to constitute a working group — having five members each from life and non-life companies — to study the report of the Govardhan Committee on distribution channels and explore the possibility of introducing a new distribution channel on the lines of insurance marketing firm (IMF).

The regulator had constituted a committee under the chairmanship of NM Govardhan, former chairman of LIC during September, 2007, to look into distribution channels - agency, corporate agency, bancassurance, referrals, direct sales, etc. The committee was asked to study and ascertain the manner in which these channels have been functioning - their efficacy, cost effectiveness, weaknesses and make recommendations on the changes to be made to make them effective, professional, accountable and serve the interests of the insured and facilitate provision of services all over the country in a cost-effective manner, even for the low priced insurances.



The committee had since submitted its report to the authority. One of the issues considered by the committee was to allow distribution companies to have multiple tie-ups with insurers, a model akin to independent financial advisors (IFA). "The authority has conducted meetings with representatives of life and non-life insurance companies and the issue of IMF was discussed at length. During the meetings, it was decided to constitute a working group having five members each from life and non-life companies to study the report of the Govardhan Committee and explore the possibility of introducing a new distribution

## Birla Sun Life told to tighten laundering norms

Insurance regulator Irda has asked Birla Sun Life Insurance Company to strengthen procedures for complying with the anti-money laundering norms. "Authority advises Birla Sun Life Insurance Company to lay adequate emphasis on effective procedures for strengthening the compliance norms of the AML master

circular and all subsequent regulatory instructions issued on this matter from time to time," Irda said in a recent order. The order assumes significance as a news portal last year had accused 23 leading banks and insurance companies, including Birla Sun Life, of "running a nationwide money-laundering racket". PTI

channel on the lines of IMF," an Irda order said.

The group will submit its recommendation by February 28, 2014, to the authority, the Irda order added. The group will study on the issue and recommend to the authority on the few issues of the proposed model of IMF. This includes: Requirement of capital, geographical spread within which the IMF can operate, distribution costs/remuneration/incentives to be paid to the IMF, fit and proper criteria, quality standards; training and recruitment of sales persons; and process of sales.

Further, the working group will have the following members, which

include: Rajesh Sud, CEO, Max Life Insurance; P Nandagopal, CEO, IndiaFirst Life Insurance; Kshitij Jain, CEO, ING Vysya Life Insurance; John David Holden, CEO, Canara HSBC Life Insurance; Yogesh Lohiya, CEO, Iffco-Tokio General Insurance; TR Ramachandran, CEO, Aviva Life Insurance; AK Saxena, CMD, Oriental Insurance; Bhargav Dasgupta, CEO, ICICI Lombard General Insurance; SS Gopalarathnam, CEO, Cholamandalam MS General Insurance and Anuj Gulati, CEO, Religare Health Insurance. Randeep Singh, senior joint director, Irda, will be the member convenor.