

### **Irda plans a new class of intermediary-Insurance Marketing Firm**

The Insurance Regulatory and Development Authority (Irda) today constituted a working group to explore the possibility of introducing a new class of intermediary, called Insurance Marketing Firm (IMF), in the sector. The Working group has been constituted with the chief executive officers of ten insurance companies.

The group will study the issue and recommend to the authority on requirement of capital, geographical spread within which the Insurance Marketing Firm can operate and distribution costs among other related aspects of the proposal.

The working group will also study the report of the Govardhan Committee on distribution channels, which was constituted in 2007, said Irda member (distribution) D D Singh in an order issued on Thursday. It will submit the recommendations by February 28.

"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 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 Gopalathnam, CEO, Cholamandalam MS General Insurance and Anuj Gulati, CEO, Religare Health Insurance. Randeep Singh, senior joint director, Irda, will be the member convenor.

The Govardhan committee was asked to look into the strengths and weaknesses of the existing distribution channels of insurance products, namely agency, corporate agency, bancassurance, referrals, direct sales, according to the regulator.