

INSURANCE LAW AND ACCOUNTS

B.COM. PART-III

UNIT –IV

TOPIC: INSURANCE INTERMEDIARIES

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Insurance intermediary

An Insurance Intermediary means individual agents, corporate agents including banks and brokers, they intermediate between the customer and the insurance company.

Who is an agent?

An agent is a person who is licensed by the Authority to solicit and procure insurance business including business relating to continuance, renewal or revival of policies of insurance. An agent could be;

1. Individual
2. Corporate agent

Procedure for becoming an agent

1. **Registration:** Complete a simple registration form available on the website.
2. **Online/Offline Training:** Once registered, will have to go for online/offline Training of insurance business of 25 hours duration.
3. **Examination:** Pre-Licensing Online exam conducted by IRDA.
4. **License:** Upon passing the exam, you will be given a license by IRDA to work as an insurance agent. Then you will be appointed as an agent.

Pre-requisite for obtaining a license

- ❖ **Age:** Person must not be below 18 yrs of age.
- ❖ **Qualification:** Urban area- 12th pass
Rural area- 10th pass
- ❖ **Ability to contract:** Person should have ability to make valid contract.
- ❖ **Sound mind:** Person should be of sound mind.

Duration & grounds of cancellation of license

Duration of license: 03 years.

Grounds of cancellation of license:

- ❖ License stands cancelled if qualifying business is not done by the agent during one year.
- ❖ Agent fails to discharge duties to satisfaction of competent authority.
- ❖ Agent acts in a manner prejudicial to the interest of corporation or to the interest of policyholder.
- ❖ Agent becomes physically or mentally incompetent.

Contd....

- ❖ Agent offers or allows rebate of the commission payable to him/her.
- ❖ Agent found guilty of supplying wrong information in his/her application.
- ❖ Agent fails to renew his/her license after every 03 years.

Revocation of suspension/ termination of agent appointment

If suspension/termination of agent is made due to non-procurement of minimum qualifying business, then it can be revoked by competent authority provided the authority is satisfied that the failure of the agent to bring minimum business required was due to reasons beyond his/her control.

Code of conduct of an insurance agent

Insurance agent must :

- ❖ An insurance agent must represent his/her insurance company. Also, introduce himself/herself.
- ❖ Display the license whenever ask for.

Insurance agent must not:

- ❖ Never trade insurance without holding a legitimate license.
- ❖ Do not misguide/manipulate the candidate's overall insurance services.

Unfair practices

- ❖ Misrepresents the benefits, advantages, conditions or terms of any policy.
- ❖ Misrepresents the dividends or share of the surplus to be received on any policy.
- ❖ Makes a false or misleading statement as to the dividends or share of surplus previously paid on any policy.
- ❖ Misleading or misrepresentation as to the financial condition of any insurer.

Contd...

- ❖ Uses any name or title of any policy or class of policies misrepresenting the true nature thereof.
- ❖ Any intentional misquote of premium rate, for the purpose of inducing or tending to induce the purchase, lapse, forfeiture, exchange, conversion or surrender of any policy.



THANK YOU