

**साँझा प्रयास,
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**SCHEME ON ENGAGEMENT OF POINT OF SALES
PERSON IN LIFE INSURANCE CORPORATION OF INDIA**

Appointment of Point of Sales Person - Life Insurance (POSP-LI)

- IRDAI Master Circular dated 02.12.2019 states “an insurer / insurance intermediary authorized to solicit and market life insurance business can engage a point of sales person”.
- Corporation through its Development Officers (Confirmed as well as Probationary) will sponsor candidates for being considered for appointment as POSPs-LI.
- A “Point of Sales Person – Life Insurance” is authorized to solicit and market all Point of Sales - Life products and Micro Insurance products

ELIGIBILITY CONDITIONS - POSP

Age 18+

10th Std
pass

15 hours Training
and Examination

Aadhar Card
or PAN Card as
Identity Proof

Written
Agreement
with the
Corporation



Development Officers shall conduct the training and examination.

The syllabus for training and examination shall be as per **Annexure III of the IRDAI Master Circular dated 02.12.2019**. A presentation on the course content and model question paper shall be provided.

Point of Sale –Life Products

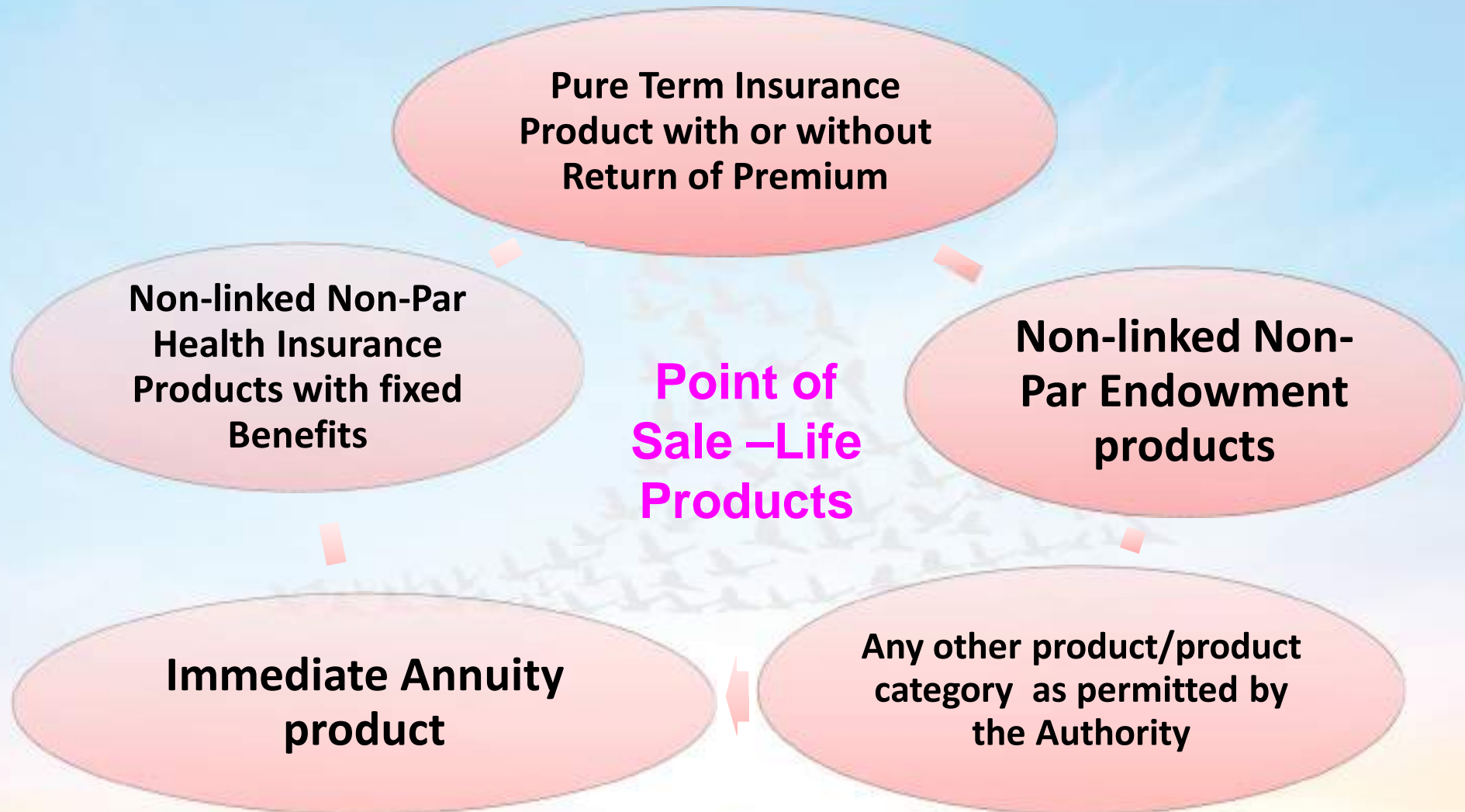
Point Of Sales Product –Life Insurance means –

- Plain vanilla type products
- **Simple and easy** to understand
- Predefined and **fixed benefits**
- Benefits disclosed upfront at the time of sale



POSP Products can be sold by other Agents & Intermediaries as well as POS Persons

Point of Sale –Life Products



Why POS ?

Ease of appointing Agents

Process for appointing POSP
is **Simple and easy**

Large number of POS
persons can be appointed

Successful POSP can be encouraged
to take up **regular agency**

POSP can be a **supply chain** for getting
good number of agents on regular basis.



AREA OF OPERATION OF POSP-LI

- The area of operation of the Point of Sales Person-LI shall be the Operational/ Branch area of the Development Officer / PDO sponsoring the POSP-LI.



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Role of DO / PDO sponsoring the POSP-LI

- Conduct training of fifteen (15) hours for the candidate
- Conduct an Examination after successful completion of the training
- Issue certificate to the candidate who pass the examination
- Maintain the record of all sponsored candidates in the **Format 5 of Annexure – II** and submit the same to Branch Office every month
- The DO / PDO shall be responsible for strict adherence of functions and Code of Conduct as stated in Clause 7 & 8 specified under the 'Scheme on Engagement of Point of Sales Person in Life Insurance Corporation of India' by POSP-LI attached to him

Functions of the Point of Sales Person

Every POSP – LI shall

Solicit and procure new business (Point of Sales- Life insurance products) and endeavour to prevent the lapsing of a policy or its conversion into a paid-up policy.

Take into consideration the needs of Proposers for Life Insurance (Point of Sales – Life Insurance products) and their capacity to pay premium.

Take all reasonable steps to ensure that the age of the life assured is admitted at the commencement of the policy

Make all reasonable inquiries in selecting and recommending lives for acceptance

Strictly adhere to the guidelines of the Corporation/IRDAI regarding issuance of any circular/ pamphlet / presentation

Strictly adhere to KYC/AML Guidelines, Regulations, Guidelines and Circulars issued by IRDAI and the Corporation from time to time



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Code of Conduct of the Point of Sales Person

Every POSP – LI shall

Identify himself/herself as a POSP-LI of the Corporation

Produce the Engagement letter provided by the Corporation to the prospect on demand

Disseminate the requisite information in respect of insurance products offered for sale by the Corporation and take into account the needs of the prospect while recommending a specific insurance plan

Disclose the scales of commission in respect of the insurance product offered for sale, if asked by the prospect

Indicate the premium to be charged by the Corporation for the insurance product offered for sale



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Code of Conduct of the Point of Sales Person

Every POSP – LI shall

Explain to the prospect the nature of information required in the proposal form by the Corporation, and also the importance of disclosure of material information in an insurance contract

Bring to the notice of the Corporation every fact about the prospect relevant to the insurance underwriting, including any adverse habits, health conditions or income inconsistency of the prospect, within the knowledge of the POSP-LI, in the form of a report called “POSP-LI’s Confidential Report” along with every proposal submitted to the Corporation, and any material fact that may adversely affect the underwriting decision of the Corporation as regards acceptance of the proposal, by making all reasonable enquiries about the prospect.



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Code of Conduct of the Point of Sales Person

Every POSP – LI shall

Obtain the requisite documents/papers at the time of submitting the proposal papers and other documents/ papers subsequently called for by the Corporation for completion of the proposal

Advise every prospect to effect nomination under the policy

Inform promptly the prospect about the acceptance or rejection of the proposal by the Corporation

Render necessary assistance and advice to every policyholder on all policy servicing matters including assignment of policy, change of address or exercise of options under the policy or any other policy service, wherever necessary



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Code of Conduct of the Point of Sales Person

Every POSP – LI shall

Render necessary assistance to the policyholders or claimants or beneficiaries in complying with the requirements for settlement of claims by the Corporation

Solicit and market only Point of Sales-Life Insurance Products as specified by the Authority



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Code of Conduct of the Point of Sales Person

POSP – LI shall not

Solicit or procure insurance business (Point of Sales- Life insurance products) without being engaged to act as such by the Corporation

Induce the prospect to omit any material information in the proposal form

Induce the prospect to submit wrong information in the proposal form or documents submitted to the Corporation for acceptance of the proposal

Resort to multilevel marketing for soliciting and procuring insurance policies and/or induct any prospect/policyholder to join a multilevel marketing scheme

Behave in a discourteous manner with the prospect



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Code of Conduct of the Point of Sales Person

POSP – LI shall not

Interfere with any proposal introduced by any other POSP-LI or insurance agent of the Corporation

Offer different rates, advantages, terms and conditions other than those offered by the Corporation

Demand or receive a share of proceeds from the beneficiary under an insurance contract

Force a policyholder to terminate the existing policy and to effect a new policy from him within three years from the date of such termination of the earlier policy

Become or remain a director of any insurer

Solicit or procure Insurance business of any other Life Insurer during the tenure of POSP-LI with the Corporation

Act against the business interest of the Corporation



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Code of Conduct of the Point of Sales Person

Every POSP-LI shall, with a view to conserving the insurance business (Point of Sales- Life insurance products) already procured through him, make every attempt to ensure remittance of the premiums by the policyholders within the stipulated time, by giving notice to the policyholder orally and in writing

Any person who acts as a POSP-LI in contravention of the provisions of the IRDAI Act shall be liable to penalty and disciplinary action including suspension and termination by the Corporation as specified under the 'Scheme'

MINIMUM BUSINESS TO BE PROCURED BY POSP-LI

**A POSP-LI may bring in a minimum business of –
Four policies on Four different lives every POSP-LI year**

Failure to adhere to the conditions of minimum amount of business (MAB) as decided by the Corporation from time to time will render the POSP-LI liable for termination.

COMMISSION

Commission to the POSP-LI appointed by the Corporation shall be paid as proposed in the product File & Use and approved by the Authority as applicable to individual agents.

The POSP-LI shall be eligible for renewal commission so long as his/her engagement is in-force.

If he/she surrenders his/her in-force engagement and takes LIC agency,

- **he/she will cease to be POSP-LI;**
- **however, he/ she will continue to get renewal commission for business completed as POSP-LI as long as he/ she remains LIC Agent.**



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CREDIT TO PERSONS SPONSORING THE POSP-LI

Development Officers / PDOs, who sponsor the POSP-LI and under whose supervision the POSP-LI shall work, will be entitled to Credit as specified in the Product File & Use and approved by the Authority

- No credit of Agency under GOIB will be available for the Development Officer / PDO as POSP-LI is not an agent.
- The Development Officer / PDO will not receive any credit in agency recruitment targets for sponsoring the POSP-LI for confirmation or any other purpose.
- Based on experience, the Development Officer / PDO can always motivate the POSP-LI to become a regular agent of the Corporation in accordance with the LIC of India (Agents) Regulations, 2017.



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Reinstatement and Reappointment of Engagement of POSP-LI

REINSTATEMENT :

- POSP-LI whose engagement has been terminated for failure to bring in minimum amount of business can be reinstated.
- Can be reinstated under the above provision any number of times, provided the reinstatement is done within 12 months from the date of termination.
- Competent Authority - Branch-In-Charge.

REAPPOINTMENT :

- POSP-LIs who cannot be considered for reinstatement either due to **exceeding 12 months** from the date of termination, or for any other reason, **or** POSP-LI who had **resigned / surrendered** his engagement will be considered for reappointment only.
- Reappointment for all practical purposes shall be considered as fresh appointment and the POSP-LI shall not be liable for commission under any business completed under the old engagement.
- Competent Authority - Senior/Divisional Manager In-charge

The POSP-LI who has been terminated on account of a vigilance enquiry, disciplinary action, early claim or fraud shall not be considered for reinstatement OR reappointment

Where an in-force POSP-LI surrenders & takes up agency with the Corporation

- Such agent shall continue to get **Renewal Commission** for business completed as POSP-LI as long as he/she remains LIC Agent.
 - Such business completed as POSP-LI will not be made applicable for consideration of benefits under the agency, viz. gratuity, club membership, etc.
- If, at any time **after his/her appointment as an agent of the Corporation** in terms of Regulation (4) of the LIC of India (Agents) Regulations, 2017,
 - ☐ he/she is found guilty of any misconduct or conduct against the business interests of the Corporation **during his/her tenure as POSP-LI** in violation to Clause (7) and (8) of the 'POS Scheme',
 - ☐ then Regulation (15) of the LIC of India (Agents) Regulations, 2017 shall be made applicable for termination of such agency, and
 - ☐ disciplinary action shall be taken against the agent as per the provisions enumerated under the said Regulation.

PENALTIES

- The POSP-LI shall be liable to strictly adhere to the provisions of the 'Scheme on Engagement of Point of Sales Person in Life Insurance Corporation of India'. Any violation shall attract penalty as per section 102 of the Insurance Act, 1938.

Cancellation or Suspension of Engagement of POSP for certain lapses

- For any misconduct or such conduct by the POSP-LI which is against the business interests of the Corporation, and in violation to Clause (7) and (8) of the 'POS Scheme', he/she will attract penalty and disciplinary action as per Clause (15) of the 'POS Scheme'.
 - The disciplinary action includes suspension and termination of the engagement of the POSP-LI by the Corporation.



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Cancellation or Suspension of Engagement of POSP for certain lapses

- Where the Competent Authority proposes to take action under Clause (15) of the 'POS Scheme', it may direct the POSP-LI in writing **not to solicit or procure new business** until he/she is permitted by the competent authority to do so.
- The Competent Authority shall ensure **proper examination** of the alleged violation by the concerned POSP-LI, consider his/her explanation and establish the charges against him/her.
- On corroboration of the alleged violation with supporting evidence, the Competent Authority shall issue a **letter of termination** to the concerned POSP-LI **within a period of 3 months** from the date of issuance of the letter directing him/her not to solicit or procure new business.
- **Competent Authority** - Sr./Divisional Manager in-charge of the Division under whose jurisdiction the POSP-LI works.
- The decision of the Competent Authority will be **final**. **No further representation on the same cause of action shall be entertained.**

Corporation's lien

- The Corporation shall have a **first lien** and charge on all moneys payable to a POSP-LI or his/her heirs for recovery of all debts due from him/her to the Corporation and may appropriate any such moneys directly towards realization of such debts.

Compliance

- Branch to maintain a proper record of Engagement of the POSP-LI along with training and examination record as submitted by DO / PDO for at least five (5) years from the end of the financial year in which these are conducted and shall be made available to the inspecting official of the Authority during on-site inspection.
- Branch to maintain the record of the particulars of POSP-LI and the business procured by them as per the formats given at **Annexure IV** and **Annexure V** respectively of the IRDAI Master circular dated 02.12.2019.
- **Annexure IV** of the IRDAI Master circular dated 02.12.2019 has to be maintained in electronic form which can be accessed by the Authority on a remote location basis.

Compliance

- **Annexure V** of the IRDAI Master circular dated 02.12.2019 - Half Yearly Return in respect of POS Life Product business has to be submitted to the Authority during the half yearly period / cumulative details during the year, within the following timelines –
 - For the first half yearly period (April to September), the information has to be submitted on or before 31st October.
 - For the second half yearly period (October to March), the information has to be submitted on or before 30th April along with the cumulative details of the year.
- Monthly review of complaints of Unfair Business Practices and mis-selling for business completed through this channel must be done and corrective action initiated.

EFFECTIVE DATE OF THE POS SCHEME :

The effective date of the 'POS Scheme' and the POSP-LI products which can be sold by the POSP-LIs will be intimated shortly.



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Thank you!