

## **Bancassurance Agreement**

**Between**

**Mega Bank Nepal Limited.**

**And**

**Rastriya Beema Company Limited.**

This Agreement is made on 15<sup>th</sup> August, 2018 by and between:

**Mega Bank Nepal Limited**, 'A' Financial Institution registered under the "Banks and Financial Institutions Act" of Nepal, having registered office address at ward no. 28, Kamaladi, Kathmandu, Nepal and authorized to carry out financial service activities in Nepal by Nepal Rastra Bank (hereinafter referred to as "**The Bank**"),

*AND*

**Rastriya Beema Company Limited**, a government owned public limited company (RBCL) formed under decision of Government of Nepal, separate general insurance business of Rastriya Beema Sansthan and obtained license under the laws of Nepal, having registered office at RBCL Building, Ramshah Path, Kathmandu (hereinafter referred to as "**The Insurance Company**").

Upon signing of this agreement, the Bank shall empanel Insurance Company as its preferred insurer for insurance of various current and fixed assets mortgaged/hypothecated/pledged to the Bank as security by borrowing customer. Insurance Company on their part shall provide insurance cover on these assets as per the requirement of the Bank by providing the best services to the customers so referred by the Bank.

Terms and conditions of this agreement are stipulated as under:

### **1. Objective of Agreement**

- 1.1. The main objective of the agreement is to support each other's business and shake hands for mutual benefits. The primary focus of both organizations being integrated customer service.
- 1.2. Deliver the prompt and effective banking and insurance services to ultimate clients through **Banc-assurance**.

### **2. Date and Period**

- 2.1. The agreement shall be effective from the date of signing.
- 2.2. The validity of the agreement shall be one year from the date of signing. It shall be renewed automatically every year unless otherwise modified or terminated by either party.





### 3. Roles and Responsibilities of Mega Bank Nepal Limited. (MBNL)

- 3.1. **Bank** shall forward requests along with necessary documents to **Insurance Company** via e-mail or any possible means of communication about the proposal for insurance, unless the proposal is rejected immediately with proper justification by **Insurance Company**. **Bank** will remit collected premiums to **Insurance Company**.
- 3.2. **Bank** shall allow a space within its premises for placement of **Insurance Company** staffs in case if deemed necessary, to provide insurances services to customers of the Bank. **Insurance Company** shall arrange necessary logistics accordingly.
- 3.3. **Bank** shall not incur any liability or responsibility as a result of non-payment of premium by customers.
- 3.4. **Bank** may forward all inquiries to **Insurance Company** that it may receive from any source which **Bank** believes is more appropriately intended for **Insurance Company**.

### 4. Role and Responsibilities of Bank

- 4.1. The Bank may provide a counter space as "*Bancassurance Counter*" (in case of need) so as to operate *Bancassurance* service at the premise of the Bank.
- 4.2. The operating cost of the counter such as water and electricity charges, repair and maintenance costs, printing and stationeries costs pertaining to Bank related forms, depreciation etc. shall be borne by the bank.
- 4.3. Bank shall provide related data as deemed necessary for **Insurance Company** to carry out effective marketing of *Bancassurance* product. Bank may not share particular data if that construes a breach of contract that bank has entered with other parties. The bank shall reserve the right to choose as to which set of data it can share with **Insurance Company**.
- 4.4. The Bank will instruct each staff to refer all customers/visitors to *Bancassurance Counter* for all insurance related jobs. Similarly, a circular should be issued to the branches to convince and forward insurance business to *Bancassurance Counter*.

### 5. Role and Responsibilities of Insurance Companies

The **Company** shall assign one designated Marketing Officer to look after the Bank business who will facilitate for prompt service to customers in overall aspect like timely issuance of policy, claim handling, policy cancellation, pending commission and TDS etc. Said staff will be in regular contact with the Bank for service review meeting to identify the shortcomings and for speedy solution.

- 5.1. The **Insurance Company** shall further appoint/assign one full time dedicated manpower to look after Bank Business who will station either at Bank (if approved by Bank or at own office of Company). His/her job will be as follows:

✓ To co-ordinate with **Bank** Banc assurance unit/branches on day to day basis.





- ✓ Facilitating for timely issuance of the new/renewed policy and delivering it to **Bank** branches.
  - ✓ Processing new request received from **Bank** for issuing Insurance policy upon checking necessary documents and proper site inspection verification.
  - ✓ Providing other insurance services like facilitating for speedy settlement of **Bank** customers claim, providing commission, and TDS certificates on timely manner upon request from **Bank** etc.
- 5.2. Upon receipt of Insurance request from the Bank, **Insurance Company** shall visit the proposed site for inspection and accordingly advice **Bank** and its customers for correction/ amendment in case of any mismatch in request forwarded from bank. It is to be understood that the Debit Note provided to bank is after necessary site inspection/ verification and also after fulfillment of all required information/ documentation. Maximum turnaround time for processing a new insurance request of bank will be 24 hour.
- 5.3. The **Insurance Company** shall provide at its own expense, trainings/seminar program to employees of the Bank and its customers at times and locations mutually agreed upon between parties on sales techniques in relation to insurance products and other relevant aspects related to insurance risk and its mitigation.
- 5.4. The **Insurance Company** shall clearly in advance inform the **Bank** and its customers regarding document that are required to be submitted for lodging a claim under different types of policies. Once the **Bank** or its customer files a claim, **Company** shall give priority and settle the claim with priority. **Insurance Company** on weekly basis shall send a report of pending claim cases of the **Bank** customers along with their latest status.
- 5.5. **Insurance Company** shall fulfill the responsibilities of all insurance related jobs. It shall discharge its responsibilities via *Bancassurance* Official.
- 5.6. The **Company** shall accept e-mail request sent from Bank and shall coordinate with the **Bank** for issuing the policies/doing the business centrally from single branch /unit.
- 5.7. Both parties will take initiation in designing/developing software compatible to Banc assurance business by providing their expertise if required.
- 5.8. **Bank's** commission shall be paid on the 7<sup>th</sup> Day of each Nepali month for the amounts due in the bygone month. **Company** shall provide TDS certificate to **Bank** on quarterly basis within a month of beginning of new quarter.
- 5.9. **Company** will assist/help to identify the risk exposed by purposed insured property. **Company** will carry out pre inspection survey of purposed insured property if required.
- 5.10. **Insurance Company** will be fixable towards the **Bank** in case of bidding of fixed deposit in some extent and it will determine by volume of gross annual premium.





**6. Duties of Bancassurance Official:**

- 6.1. The Official will perform jobs like issuance of new policies, verification of details in issued policies in line with application and documents, tracking of expiries of policies issued by **Insurance Company**, renewal of policies, endorsement of policies for any change, lodging of claim documents, attending to the referred visitors and customers, dealing with other insurance companies, keeping record of all policies, calculating fees and commission of the Bank, presenting data to the Bank and so on.
- 6.2. After issuing the policy, the Official will prepare vouchers and submit to the authorized staff of Loan/Credit administration Department of the Bank for settlement of premium by debiting client's account maintained at the Bank.
- 6.3. A monthly report reflecting total premium & commission shall be prepared and presented to Bank by the Official.
- 6.4. In case of branches, the policy shall be issued and sent through mail to the concerned branches on the same day. For delivery of the original policy, following shall be the procedure:
  - 6.4.1. For delivery to outside valley branches, wherever there is presence of **Insurance Company's** branch as well, **Insurance Company's** branch will deliver original policy and receipt to Bank's branch. The business such made to be notified at the head office by the respective branches.
  - 6.4.2. For Kathmandu valley branches and outside valley branches where there is no presence of **Insurance Company** original policies/receipts shall be sent through courier services of the Bank at the cost of Insurance Company.

**7. Claim Settlement**

- 7.1. In case of claim incident, the Bank just needs to intimate the same to *Bancassurance* Official. Further, processing shall be completed by the Official after submitting the necessary document by client of Bank.
- 7.2. **Insurance Company** shall attempt to settle the claims on first priority basis within 21 days from the date of submission of documents. However, the claim settlement period may vary according to the nature of claim and documents submission period by the client.
- 7.3. **Insurance Company** shall take every measure to effect the claim settlement timely in line with the best insurance practices and protect Bank from any dispute and defamation arising out of deficiencies on the part of **Insurance Company** in the process of claim handling.
- 7.4. In case of any claim made on the policies issued by other insurance companies, the Official will act as a representative of the Bank to process the claim. However, **Insurance Company** will not be liable to settle the claim amount.
- 7.5. The right of investigation remains to Insurance Company in case of fake and synthetic claims.





## 8. Commission & Incentives

- 8.1. Owing to the agreement, **Insurance Company** agrees to provide 5% (or as per directed by Beema Samiti) of commissionable insurance amount to the bank as commission of insurance premium.
- 8.2. No discount shall be provided to the client directly.
- 8.3. **Insurance Company** will provide the cheque for fees/commission of the Bank on monthly basis, within 14 days from the end of the Nepali calendar month.
- 8.4. Above commission and discounts shall be subject to changes in regulatory policies of Insurance Board.
- 8.5. Related tax shall be deducted as per the prevailing rules and laws.

## 9. Restriction and barriers

- 9.1. **Insurance Company** shall maintain the confidentiality of the Bank data and shall not share the data received from the Bank with any third party. **Insurance Company** shall not use the data for any purpose other than marketing of the Bancassurance products. Upon termination of the agreement, **Insurance Company** shall return the data to the Bank and not withhold such data for future use and vice versa.
- 9.2. *Bancassurance* official is not allowed to enter in any restricted premises of the bank.

## 10. Renewal and Termination

- 10.1. If the parties feel the need to modify their arrangement in more elaborate contract, they shall so finalize and enter in a new agreement. In absence of such a contract, they agree to be bound by the terms and conditions of this agreement.
- 10.2. The agreement may be terminated by either party giving 21 days notice to another party, if any issue related to the goodwill of the organization is found in stake due to the continuation of the agreement.

## 11. Amendment

Unless otherwise provided under this agreement, no amendment can be made without both parties written consent.

## 12. Non-Exclusivity

Both the parties agree that this Agreement shall be on a non-exclusive basis only. This Agreement shall not restrict both the parties to enter into similar type of Agreement with other entities.

## 13. Service Charge

For the services provided by the **Bank** under this agreement, **Insurance Company** will pay commission to the **Bank**. This commission shall be within the limit of commission of insurance





regulations in relation to each Insurance product marketed by the **Bank** in accordance with the terms of this Agreement or as may be amended from time to time.

#### 14. Business Relation

14.1. **Insurance Company** shall maintain a current/call account with the Bank for the deposit of insurance premium. Further, **Insurance Company** will place deposits to the various branches of Bank upon mutual understanding and help at the time of Fixed Deposit bidding on the basis of volume of gross premium.

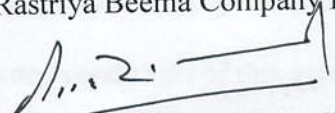
14.2. Insurance Company shall at all times maintain a current/call account with the Bank by depositing the all premium collected by Bank minimum 3 months.

#### 15. Business Details

Insurance Company shall submit a monthly report with details of total insurance business commenced with the Bank, within 7 days of the Nepali month end for business reconciliation purpose.

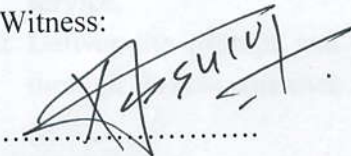
The Bank shall be nominated as "agent" bank's code to be depicted in all the policies procured by the Bank (new and renewed) issued by the Insurance Company in which the beneficiary of the insurance policy is maintained as "Mega Bank Nepal Ltd" unless otherwise instructed by the Bank in writing.

For & on behalf of  
Rastriya Beema Company Ltd.

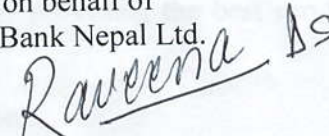


Mr. Bir Bikram Rayamajhi  
Chief Executive Officer  
Date:

Witness:



For & on behalf of  
Mega Bank Nepal Ltd.



Ms. Raveena Desraj Shrestha  
Assistant Deputy Chief Executive Officer  
Date:

Witness:

