

Draft framework of separate treatment for Department of Posts to grant license to act as Corporate Agents:

Introduction: Of the Government Departments, Department of Posts (hereafter referred as India Posts) is playing a vital role in extending the financial services with an established network of over 155,000 branches spread over the length and breadth of the country. The Post Office Savings Bank operations, one of the services of *India Posts*, have significantly contributed in garnering the savings of Crores of Indian Public. As on March 31st 2007 the department could mobilise ₹ 323781 Crores from nearly 16 Crores of Indian Public. The income earned by India Posts from various financial services stood at 45% of total revenues earned by India Post. The India Post is poised to widen and deepen the extent of financial services by increasing the number of accounts as also the volume of savings.

The Insurance Regulatory and Development Authority acknowledges the role of India Post in inculcating the habit of savings thrift particularly amongst the numerous semi-urban and rural households. It is also noted that India Posts offers various financial services in locations where the formal financial infrastructure is not available. The Authority, entrusted with the mandate of developing the insurance sector scouts opportunities to spread the penetration of insurance services into various hitherto neglected areas by identifying appropriate channels of Insurance Intermediation.

In order to enhance the reach of insurance services, the Authority proposes to leverage the inherent potential of India Post by treating India Post of each State as a separate unit (referred as *Statewide unit of India Post hereafter*) in order to grant independent Corporate Agent's license with various insurers within the following framework.

Except to the extent of relaxations permitted hereunder, all the provisions of the Act, Regulations and Guidelines as applicable to Corporate Agents shall apply to the '*Statewide Unit of India Post*' upon its obtaining the Corporate Agent's License.

Proposed Provisions:

1. All the '*Statewide Unit of India Post*' would be treated as individual units and qualify to obtain independent license to act as Corporate Agent of Insurance Companies. Where the infrastructure network of a particular State is relatively low, the Head / Corporate Office of India Posts may take the prior approval of IRDA for clubbing two or more states into a single unit and obtain the license to act as Corporate Agent.
 - a. It is clarified at any point of time no state shall have two Corporate Agency licenses with more than one '*Statewide Unit of India Post*'.
 - b. The '*Statewide Unit of India Post*' is to be regarded as a '**person**' for the purpose of Regulation 2 (k) of IRDA (Licensing of Corporate Agents) Regulations, 2002.
2. The '*Statewide Unit of India Post*' is barred from being appointed as '*Referral Company*' by any Insurance company as per provisions of IRDA (Sharing of Database for distribution insurance products) Regulations 2010.
3. In its individual capacity the Head /Corporate Office of India Posts shall not obtain license to act as Corporate Agent of any insurance company. The Head /Corporate Office India Post shall also not be appointed as '*Referral Company*' by any Insurance company as per provisions of IRDA

(Sharing of Database for distribution insurance products) Regulations 2010. The Head /Corporate Office of India Posts shall not engage in the distribution of insurance products in any other capacity.

4. The officer in charge of '*Post Office Savings Bank*' operations of a State shall be '*ipso facto ex officio*' Corporate Insurance Executive for complying with provisions of IRDA (Licensing of Corporate Agents) Regulations, 2002.
5. The CIE and Specified Persons of '*Statewide Units of India Post*' shall comply with all other regulations / guidelines applicable to Corporate Agents.
6. Each '*Statewide Unit of India Post*' that has obtained a license to act as a Corporate Agent of Insurance Companies is allowed to tie up with 2 Non Life insurance companies, 2 Life Insurance companies, one Agricultural Insurance Company and one stand alone Health Insurance Company registered with IRDA.
7. The Authority may stipulate such other terms and conditions from time to time for licensing / monitoring activities '*Statewide Units of India Posts*' to grant license as Corporate Agents.