Part II: Policy for Remuneration and Commission
('Part II of the Framework' or the 'Remuneration Policy')

In compliance with the prescriptions under the Regulation, the Board hereby adopts the present policy as the "Commission Policy". This Commission Policy shall come into effect from the Effective Date.

1. Object and Purpose:

1.1 To achieve higher penetration and density of insurance in India, along with profitable growth, this Policy should strive to achieve the following objectives:

a. Opening scope for sufficient income generation, and thereby attracting the unemployed and under-employed segments of the population to adopt insurance distribution as an attractive career option, while ensuring that the interest of the policyholders' interests is protected and overall insurance penetration is achieved.

b. Promoting fair and transparent competition among Intermediaries, aligning incentives with customer needs and encouraging efficient and cost-effective distribution to ensure

c. Ensure the commission structure is commensurate with the efforts required to acquire and sustain the business and to establish that the Intermediaries are compensated fairly for their work, regardless of their size and bargaining power.

d. Establish good distribution practices for Intermediaries, resulting in enhanced customer satisfaction, building stronger relationships with the customers, increase the market share of the Company, and ensure compliance with the regulatory requirements.

e. Put in place a standard review process for the commission structure, which includes assessment of its effectiveness, efficiency, impact on premium rates, benefit pay-outs, penetration, alignment with customer needs and interests etc.

f. Outline the governance and oversight mechanism for market conduct to ensure that intermediaries adhere to high standards of behavior and ethical practices.

g. Recognize and address potential conflicts of interest due to the commission structure.

h. Facilitate innovation in development, and distribution of the products and services of the Company including development of new business models, products, strategies and internal processes.

i. Facilitate popularizing the product offerings, and services of the Company. 1.2 To

govern and administer the overall cost of acquisition of business of the Company.

2. Applicability:

The Remuneration Policy shall be applicable for all products allowed to be sold and all services allowed to be extended through Insurance Distributors.

3. Limit of Commission and rewards:

3.1 The Company shall monitor Commission, Remuneration or Reward in line with the Board approved Business Plan in the financial year under consideration. In no event, the Company shall breach the Expenses of Management limit as prescribed by the IRDAI.

3.2 Furthermore, the Company shall monitor amount towards Expenses of management in line with the limit approved by the Board in Business plan for the financial year under consideration.

3.3 Below matrix shall be followed for releasing advance commission to an intermediary basis the business potential and recommendation of the EoM Committee. The advance commission matrix shall be followed basis cumulative advance outstanding for each intermediary.

Advance amount	Authority
Up to INR 5 crores	EoM Committee
INR 5 crores to INR 10 crores	MD & CEO
INR 10 crores and above	Audit Committee

4. Payment of Commission:

4.1 While making Payment of any Commission or Remuneration, the Company shall take into consideration the parameters as set out by the EMC from time to time. However, the broad philosophy of determining Commission entitlement for Insurance Distributors shall be based on the following:

a. Increasing insurance penetration across the country and enhance insurance density;

b. Promoting fair and transparent competition among intermediaries;

c. Bringing cost efficiencies in the overall conduct of business and simplification of the administration of insurance business;

d. Aligning commission levels with customer needs, encouraging efficient and cost effective distribution;

e. Ensuring fairness in that commission is commensurate with the efforts of procuring and sustaining, reasonable in the context of policyholders;

f. Considering the benefit to the Company by way of lower operating expenses that a channel with larger volume provides;

g. Encouraging good distribution practices of intermediaries and enhance customer satisfaction while bringing stronger relationship with the customers.

4.2 Apart from the above, the Company shall ensure that "Good Distribution Practices" is established by way of continuous interaction of the responsible officers of the Company with the distribution channels to enable:

a. The Insurance Distributor possess reasonable understanding about the market and align themselves with the needs of the customers in the Company;

b. Effective communication of the Insurance Distributors to the prospects and customers on the products and processes of the Company;

c. Timely and periodic execution of the strategies, schemes, and plans deployed by the Company from time to time;

d. Timely communication and implementation of the regulatory changes relating to products and distribution.

4.3 Structure of Commission Payable:

In adherence to the philosophy stated above and within the overall limits of Expenses of Management (EOM), the following maximum and average commission limits are established at the Line of Business (LOB) level:

Sr No.	Line of Business	Maximum Commission Limit (% of GWP)	Average Commission Limit (% of GWP)
1	Motor	35.00%	30.00%
2	Health (inc. PA and Travel)	45.00%	10.00%
3	Commercial & Others	30.00%	17.50%
4	Crop	As specified per respective Govt. Scheme	As specified per respective Govt. Scheme

Note: Any commissions above the Maximum Threshold mentioned above shall be approved by the **Expenses of Management Committee (EMC)** considering the profitability criteria, increased penetration, efforts involved, market dynamics etc., and within the overall EOM approved for the Year.

4.4 The EMC, from time to time may enhance or limit the scope and parameters as set out by the EMC from time to time. Further the EMC may set limits on expenses against different parameters, keeping in view the business strategy, business performance and business priority of the Company from time to time.

5. Payment of Reward:

5.1 The Company shall determine Reward entitlement of the Insurance Distributors on the basis of the parameters including but not limited to those set out by the EMC from time to time.

5.2 Other than the monetary incentives paid as rewards on the basis of pre-defined parameters and scales as set out by the EMC at the beginning of any financial year and monitored from time to time,

a. the Company may declare and pay non-cash rewards to promote constructive competition and motivation amongst Insurance Distributors in the form of rewards and recognition programs, gifts, events, sponsoring and co-sponsoring of events, tours, presents, and accolades etc.,

b. the Company may spend on the welfare of the Insurance Distributors by undertaking their cost towards personal and family benefits such as gratuity, term insurance cover, group insurance covers etc. The Company can also extend assistance by bearing their cost towards telephone charges, office allowance, sales promotion activities and such other items and activities.

c. Over and above the responsibility of the Insurance Distributors, the Company may encourage them to equip themselves with the knowledge to and undertake activities such as risk analysis, gap analysis, plan design, predictive modeling, data management, Infrastructure, advertisement and such other items. The Company may bear the cost of such activities and reward the deserving appropriately, if the Insurance Distributors plan is to create significant volume of insurance distribution or substantial reach to uninsured communities and assets of the country.

5.3 The EMC, from time to time may enhance or limit the scope and parameters as set out by the EMC from time to time. Further the EMC may set limits on expenses against different parameters including but not limited to those set out by the EMC from time to time, keeping in view the business strategy, business performance and business priority of the Company from time to time.

6. Ceiling on business:

The Company shall equip the Insurance Distributors with every possible wherewithal and extend all possible support to enable the Insurance Distributors to distribute, solicit, procure or transact insurance business and services for and on behalf of the Company in accordance with the conditions set out under the prevailing laws, guidelines set out by the Company, the EMC or under this Framework from time to time. However, the Company may decide upon limiting distribution of certain products, certain geographies or limiting certain class/ individual Insurance Distributors commensurate to its prevailing business strategy and business priority. Under such circumstances, the Company shall make sufficient communication to the Insurance Distributors.

7. **Renewal Commission:**

The EMC shall from time to time lay down and monitor the guidelines for commission entitlement of Insurance Distributors, upon renewal of such insurance policies or services with or without active intervention of the concerned Insurance Distributors.

8. **Hereditary Commission:**

8.1 Any commission to be paid to the legal heirs of any Insurance Distributors in the event of his/her unfortunate demise.

8.2 The guidelines to this effect shall be laid down by the EMC from time to time, which shall include methods for calculation of the commission accruing in favor of the Insurance Distributors (arising out of the policies sourced or renewed by the Insurance Agent during his/her lifetime).

8.3 The Committee shall also set out necessary process and procedure for transferring the benefits to the legal heirs of the deceased Insurance Distributor.

8.4 The EMC shall ensure that any process or procedure set out by the EMC for this purpose is smooth and hassle free and the benefits and entitlements of the deceased Insurance Distributor passes on to the successors or legal heirs of the Insurance Distributor smoothly.

9. **Manner and conditions regarding transfer of orphan policies:**

The Company shall put up appropriate process and procedures for transfer and servicing of orphan policies in case of death of or cancellation/ termination/ suspension of appointment of an Insurance Distributor. The procedure set out by the EMC for this purpose has to be in conformity with prevalent law and/or Regulatory prescriptions to that effect.

10. **Suspension/ Termination/ Cancellation of appointment of Insurance Distributors:**

The Company shall put up appropriate process and procedures to carry out disciplinary proceedings against Insurance Distributors for reasons including but not limited to misconduct, resulting in suspension and/or termination and/or Cancellation of their appointment and/or engagement for and on behalf of the Company. However, before making such decision, the Company shall offer such Insurance Distributors appropriate opportunity of being heard.

11. **Other guidance:**

The EMC and the Company shall at all times ensure and adhere to the following:

11.1 The Commission structure meant for the Insurance Distributors are fair, transparent, compliant, efficient and holds high the reputation of the Company as well as the industry in the insurance distribution process.

11.2 Insurance Distributors are compensated fairly for their work, regardless of their size or bargaining power, 11.3 The Commission and Reward structure meant for the Insurance Distributors encourage good distribution practice of Insurance Distributors,

11.4 The review process for Commission structure is standard, which includes assessment of its effectiveness, efficiency, impact on premium rates, benefit pay-outs, penetration, alignment with customer needs and interest etc.

11.5 The Commission and Reward structure instituted by the EMC outlines the governance and oversight mechanism for market conduct issues to ensure that Insurance Distributors adhere to high standards of behaviour and ethical practices which avoids any potential conflicts of interest.

11.6 No Commission or Reward be given to any Insurance Distributor for and on account of the business sourced by the employees of the Company.

11.7 The Company shall not procure any insurance business through any Insurance Distributor, whose license or capacity to solicit insurance business has been cancelled, terminated or under suspension either by the Company owing to a disciplinary action or by way of an external enforcement Authority, such as IRDAI, Court etc.

11.8 For cases where fraudulent activity of the Insurance Distributor has been determined, the Company may not pay any Commission to such Insurance Distributor or may recover the loss amount from the Commission payable to such Insurance Distributor.