



IRDA / INT/ CIR / MISP / 246 / 11 / 2017

1st November, 2017

Circular on Motor Insurance Service Provider (MISP)

Attention is drawn to circular no. IRDAI/ INT/ GDL/ MISP/ 202/ 08/ 2017 dated 31st August, 2017 on MISP. The Authority has received communication from various stakeholders seeking clarifications on some of the provisions of the MISP guidelines. In light of the queries raised the Authority issues the following clarifications on the provisions of the MISP:

1. Guideline 4(b) - Eligibility conditions for appointment of MISP – Main Objects:

IRDAI's response: It is clarified that the Motor dealerships that are run as proprietorships or HUFs or other unincorporated entities and do not have any deed or document to prove the objects, may furnish a declaration to that effect.

2. Guideline 5(a) & 5(g) – Appointment of MISP – Sponsoring Entity(ies)

IRDAI's response: It is clarified that the MISP can be sponsored by one or more insurer or one insurance intermediary and not both.

3. Guideline 5(e) – Appointment of MISP – MISP to maintain records for a period of at least 7 years from the date of Insurance Policy etc

IRDAI's response: It is clarified that the MISP can maintain records either in physical or in electronic form.

4. Guideline 5 (f) – If an insurance intermediary appoints MISP, then it shall work for the number of insurers as allowed under the respective regulations governing the insurance intermediary. Can an insurance intermediary create a panel of insurance companies for selling motor insurance policies?

IRDAI's response: An insurance intermediary based on an objective and transparent criteria can enter into service level agreements with general insurers for selling motor insurance policies.

5. Guidelines 7(c) – Aadhaar based Identification

IRDAI's response: The persons of MISP involved in distributing motor insurance policies, living in North Eastern States and Jammu & Kashmir can be enrolled based on other KYC recognized documents and upload the same on the IIB portal.

6. Guidelines 9(a) & (b) – sponsoring entity is obligated to carry out a periodic review of controls, systems, procedures, and safeguards employed by the MISP - As MISP is allowed to work for one or more insurers/sponsoring entities hence do all insurers/ sponsoring entities need to perform the periodic review of operations of MISP?

IRDAI's response: Every insurer shall undertake review of operations of its part as well as common generic business aspects with the MISP in order to ensure that the MISP guidelines are followed in letter and spirit.

7. Guideline 10(c) - MISP to issue Motor Insurance Policy on obtaining the express consent of the prospect.

IRDAI's response: Consent can be considered based on OTP sent to customers mobile. However declaration from MISP as customer consent is not acceptable.

8. Guideline 11(i) – Code of conduct of MISP – MISP shall not solicit motor insurance business from those persons who did not buy the automobile from it.

IRDAI's response: It is clarified that the MISP shall not canvass for/solicit insurance policies by calling up the customer who did not buy the vehicle from it. However if the customer chooses to go to a particular MISP for renewal of his motor insurance policy either on account of transfer from one city to another or due to sale of the automobile or due to closing of the motor dealership, the same is permitted.

9. Guideline 11(j) – Code of conduct of MISP – MISP shall not issue a motor insurance policy or motor insurance cover note that carries name or logo or any other symbol, except that of the insurer

IRDAI's response: It is clarified that the name and contact details of the insurance broker can appear on the motor insurance policy as per the size format decided by the general insurers through the General Insurance Council.

10. Guideline 15(16) – Existing arrangements

IRDAI's response: It is clarified that MISP guideline is applicable for motor insurance only. The insurance intermediaries that are granted certificate of registration by the Authority can sell other insurance products.

11. Guideline 15(2)(a) – Disclosures

IRDAI's response: It is clarified that while the primary responsibility of ensuring policy wordings and features is of the insurer(s), the insurance intermediary and MISP are also responsible for compliance of the same.

Other clarifications

1. If dealer would need to identify unique designated person for each insurer if in case he decides to go with multiple insurers.

IRDAI's response: The same designated person can work for multiple insurers.





2. If one insurer appoints MISP then does that MISP (Designated Person) has to undergo training & examination again for other insurer.

IRDAI's response: One training for the MISP person is sufficient.

3. Are OEM's and financiers covered under these guidelines

IRDAI's response: No, OEM's and financiers are not covered under these guidelines. The MISP guidelines cover insurers, insurance intermediaries and automobile dealers.

4. Can ISP distribute Motor Extended Warranty Product

IRDAI's response: So long as the product is categorised as a motor insurance product, the MISP can sell that product.

5. What is the procedure for making Designated person of MISP.
IRDAI's response: the designated person of MISP will be identified by the MISP. He will undergo training and pass POS exam that will be conducted by the insurer or the insurance intermediary as per guideline 7. He will then be nominated as the designated person by the MISP and recognised as DP by the insurer or the insurance intermediary. The details of his Aadhaar number will be uploaded in the IIB portal by the insurer or the insurance intermediary in terms of guideline 15(13).

6. Whether the process of appointment of POSP will have to be completed by MISP?

IRDAI's response: the process of appointment will be completed by the insurer or the insurance intermediary as the case may be as they are the sponsoring agency of the MISP.

7. We understand that appointment letter to POSP will be issued by designated person of MISP. Please confirm.

IRDAI's response: Being a sponsoring entity the appointment letter to POS will be issued by the insurer or the insurance intermediary.

8. Whether data of POSP under MISP will have to be uploaded in POS database on IIB site and whether it will be uploaded by DP of MISP. Please confirm.

IRDAI's response: Yes, the POS details under MISP will be uploaded in the IIB portal. As per guideline 15(13) the same have to be uploaded by the insurer or the insurance intermediary.

9. What will be procedure for switching over of POSP from one MISP/intermediary to the other?

IRDAI's response: the switching over of the POS from one MISP/intermediary to the other will follow the same procedure as laid down for POS / insurance agents.

10. The Distribution Fee payable to Motor Insurance Service Provider (MISP) should be treated as 'Commission' or as 'Expense'.



IRDAI's response: The distribution fees is the amount paid to the MISP for procuring motor insurance business. Therefore it may be treated as commission.

11. Can the periodic review be performed by sending a comprehensive checklist to MISP over e-mail and asking them to confirm compliance thereon along with relevant documentary evidence? Else this exercise may have huge cost implication going by the number and spread of the dealers (MISP), even if it is outsourced.

IRDAI's response: This is an operational issue. The insurer should ensure compliance of the guidelines in letter and spirit.

12. Is it possible for an MISP to act for more than One Intermediary (Broker)?

IRDAI's response: No. The guidelines do not allow this.

13. If the same Auto Dealership Company is having two different Manufacturer Dealerships is it possible for them (same MISP) to act for multiple Intermediaries?

IRDAI's response: yes as the dealer is linked to the OEM.

14. Is it Possible for the same individual Designated person or same individual POS can act for and on behalf of multiple intermediaries?

IRDAI's response: No. The MISP person soliciting and procuring insurance business will be attached to one intermediary.

15. Is it possible for the Dealership to maintain one same dedicated Bank account for receiving Distribution Fees from Multiple Intermediaries?

IRDAI's response: No. A Dealer can be an MISP for only one Insurance Intermediary.



P.J. Joseph

Member (Non-Life)

