

**Circular**

**Bima Vahak (BV) Guidelines**

In exercise of the powers conferred by Section 14 (2) (e) of the Insurance Regulatory and Development Authority Act, 1999, the Authority, hereby prescribes the following Guidelines:

**1. Short Title and Commencement**

- a) These Guidelines are known as 'Bima Vahaks (BV) Guidelines'
- b) These shall come into force [Date will be specified at the time of issuance].....

**2. Objectives**

- a) To establish a dedicated distribution channel that is focused on enhancing insurance inclusion and creating awareness in every Gram Panchayat, thereby improving accessibility and availability of insurance in every nook and corner of the country.
- b) Identify and develop resources locally who understand and appreciate local needs within every Gram Panchayat and village, especially encouraging, onboarding of women who can gain trust of locals as Bima Vahaks for distribution and servicing of insurance products.

**3. Definitions:** In these Guidelines, unless the context requires otherwise,

- a) Corporate Bima Vahak means any legal person registered in accordance with the respective laws of India and engaged by an Insurer under these Guidelines.
- b) Individual Bima Vahak means any Individual either appointed by an Insurer or appointed by a Corporate Bima Vahak.

**4. Engagement/Appointment of Bima Vahak:**

- a) Insurers may for the purpose of solicitation of insurance business and to facilitate policy and claims servicing:

- i) engage the services of a Corporate Bima Vahak and/or
  - ii) directly appoint Individual Bima Vahaks.
- b) The appointing Insurer shall be responsible for all actions and conduct of Individual Bima Vahaks and Corporate Bima Vahaks appointed or engaged by them
- c) Corporate Bima Vahaks shall:
  - i) solicit insurance product(s) and facilitate policy and claims servicing only through its appointed Individual Bima Vahaks.
  - ii) appoint Individual Bima Vahaks, as per the terms and conditions of the agreement with the Insurer and shall be fully responsible for all actions and conduct of its Individual Bima Vahaks.
- d) Insurers and Corporate Bima Vahaks shall not engage:
  - i) Individual Bima Vahaks appointed by another Corporate Bima Vahak or by another Insurer.
  - ii) insurance Agents, Point of Sale Persons (POSPs) or any other insurance intermediary as Bima Vahaks.
  - iii) Individual Bima Vahaks and Corporate Bima Vahaks, as applicable, with the intent or for the purposes of outsourcing of any activity.
- e) A Bima Vahak shall:
  - i) sell and service the Bima Vistaar product approved by the Authority and such other insurance products specifically approved by the Authority.
  - ii) work with only one life insurer, one general insurer and one health insurer and additionally where permitted by the Authority, with the Agriculture Insurance Company of India Ltd.
- f) Every Insurer shall implement a Board approved policy in respect of matters related to Individual Bima Vahaks and Corporate Bima Vahaks. Such policy, which must be periodically reviewed by the Board, must *inter alia* include at a minimum:
  - i) Terms of appointment/ engagement of Individual Bima Vahaks / Corporate Bima Vahaks.
  - ii) Norms applying to allocation of territory to Individual Bima Vahaks and Corporate Bima Vahaks including specifying mandatory residency in the Gram Panchayat
  - iii) Educational qualifications and training standards\* of Individual Bima Vahaks

and their continuing professional development

- iv) Scope of permitted activities and duties and responsibilities
- v) Code of Conduct
- vi) Operational workflows and standards including the manner, mode and remittance timelines for receipt of insurance premiums, to ensure seamless services and the requirement to mandatorily use 'electronic handheld devices'
- vii) Norms applying to the setting up and operation of retail outlets by Corporate Bima Vahaks
- viii) Norms relating to deployment of technology including use of electronic handheld devices and the necessary training inputs for Bima Vahaks.
- ix) Confidentiality of policyholder data
- x) Norms for payment of Commission
- xi) Scope of operational and compliance requirement
- xii) Database of all policies solicited through Bima Vahaks.
- xiii) Grievance redressal

Note: common education qualifications and training standards for Individual Bima Vahaks be made by the councils

- g) Every insurer shall endeavor to engage Individual Bima Vahaks and Corporate Bima Vahaks with the focus to progressively achieve coverage of every Gram Panchayat.

Lead Insurers of each State / Union Territory shall coordinate deployment of resources to ensure maximum coverage of Gram Panchayats per the following structure:

| S.No | Insurer                     | Deployment of Bima Vahaks at each Gram Panchayat |
|------|-----------------------------|--|
| 1    | Lead Life Insurer           | 40%  |
| 2    | Lead Non-Life Insurer       | 40%  |
| 3    | Lead Health Insurer,        | 5%   |
| 4    | All other Insurers together | minimum 15%                                      |

## 5. Scope of activities

The scope of activities that may be assigned to the Individual Bima Vahaks and

Corporate Bima Vahaks may include:

- i) Collection of proposal information.
- ii) KYC documents and related submissions.
- iii) Coordination and support in policy and claims related servicing, as applicable.

## **6. KYC Compliance**

Every Insurer shall remain responsible for ensuring KYC and AML compliance with respect to the policies sourced through Individual Bima Vahaks and Corporate Bima Vahaks.

## **7. Collection of premium and remittance to Insurer**

- a) Every Insurer shall make available optional modes for payment of premium by prospects or policyholders.
- b) Bima Vahaks shall be encouraged to adopt electronic payment processes facilitated by the insurers to enable direct remittance of premiums.
- c) Every insurer shall establish appropriate systems that support:
  - i) premium to be directly paid into their bank accounts by prospects or policyholders.
  - ii) immediate issuance of electronic message acknowledgements in the local/regional language besides in Hindi and English, directly to the registered mobile number and registered email-id of the prospects or policyholders.

## **8. Internal controls and Infrastructure**

Every insurer shall put in place appropriate systems processes, internal controls and infrastructure to enable seamless interface with all Bima Vahaks for providing necessary support services for their scope of activities

## **9. Termination of the Bima Vahaks**

In the event of the termination of an Individual Bima Vahak:

- a) all the insurance policies serviced by the Bima Vahak shall be allotted, to another Bima Vahak preferably within the same territory.
- b) every Insurer shall make necessary arrangements to ensure uninterrupted service

to the policyholders, including in situations where the termination is of a Corporate Bima Vahak.

#### **10. Complaints Handling Officer**

Every insurer shall identify a nearest local office to every Gram Panchayat and designate a Complaints Handling Officer in such office, to specifically attend to the complaints, if any, against Bima Vahak(s). The Insurer shall establish the necessary complaints handling process to ensure speedy resolution.

#### **11. Consumer Protection Measures**

a) Insurers and the Corporate Bima Vahaks shall:

- i) issue physical identification cards to the Individual Bima Vahaks. The physical identification card may be supplemented by online 'electronic ID's'. Every identification shall bear an 'expiry date' and shall be revalidated by a freshly issued identification.
- ii) lay down suitable monitoring framework to ensure that solicitation and sales are of only products as allowed by the Authority.

b) Every Corporate Bima Vahak at each of its retail outlets shall display:

- i) the name(s) of the Bima Vahak(s), name of the appointing insurer and telephone number(s) of the Branch or other controlling office of the insurer.
- ii) a signage indicating the services offered by the Bima Vahak(s).
- iii) prominently the contact details of designated Grievance Redressal Officer of the insurer.
- iv) prominently the name and contact details of the Complaints Handling Officer designated to specifically address complaints against Bima Vahaks.
- v) the contact details of the Insurance Ombudsman.

#### **12. Power of the Authority to issue clarifications**

In order to remove any difficulties in respect of the application or interpretation of any of the provisions of these Guidelines, the Chairperson of the Authority may issue appropriate clarifications from time to time.

Chairperson