



## Changed Regulations for Insurance Marketing Firms

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The Insurance Regulatory and Development Authority of India (**IRDAI**) has recently notified the changes to regulations governing **Insurance Marketing Firms (IMFs)**.

- The amendments to the regulations have been introduced from the perspective of **increasing insurance penetration** by providing an enabling environment.
- IRDAI had also constituted a **committee under Suresh Mathur** that made many recommendations including a reduction in the net worth, expansion of the area of operation of IMFs, as well as the basket of products.

### New Regulations

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- For IMFs applying to launch operations in only one district, which is an **aspirational district** as defined by NITI Aayog or an economically backward district, a net worth limit of ₹5 lakh would suffice.
- The net worth would continue to be a minimum of ₹10 lakh for all other cases.
  - The Suresh Mathur committee had pointed out that the ₹10 lakh norm was high for tier-II and III cities.
  - An IMF is allowed to register for three districts in a State, with at least one of them being aspirational district.
- Another amendment permits the IMFs to **engage with Agriculture Insurance Company of India and Export Credit Guarantee Corporation**.

This would be in addition to existing norms allowing them to **solicit business** for two life, two general and two health insurers.
- IMFs can now solicit business for all kinds of products sold on individual and/or retail basis, including crop insurance for non-loanee farmers and combination products.

Property, group personal accident, group health and term insurance policies for Micro, Small and Medium Enterprises (**MSME**) form part of the products list.

### Insurance Marketing Firm

- Insurance Marketing Firm is a **new distribution channel** to solicit or procure insurance products, to distribute other financial products by employing individuals licensed to market, distribute and service such other financial products.
- The firm can also sell **other financial products** such as mutual funds, National Pension System (NPS), banking and financial products of banks and non-banking financial companies that are regulated by the Reserve Bank of India, post office savings schemes and other products distributed by investment advisers who are licenced by the Securities and Exchange Board of India.

**Source: TH**