

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:3408  
ANSWERED ON:13.08.2010  
GUIDELINES BY INDUSTRY REGULATOR'S  
Gangaram Shri Awale Jaywant

**Will the Minister of FINANCE be pleased to state:**

- (a) whether the Insurance Companies have been roping in a host of intermediaries as commission agents to tip them off on prospective customers and thus violating Industry Regulator's Guidelines;
- (b) if so, the details thereof alongwith the reasons therefor;
- (c) whether the Insurance Companies have adopted Lead Generation Model to maximise their customer base;
- (d) if so, the details thereof and reasons therefor alongwith the names of the companies adopted such practices; and
- (e) the steps taken /being taken by the Government in this regard?

**Answer**

Minister of State in the Ministry of Finance (Shri S.S. Palanimanickam)

(a) to (d): The Insurance Regulatory and Development Authority (IRDA) has informed that the Advertisement Regulations issued by them had permitted 3rd parties, groups or associations to provide an insurance company information about its membership and collect compensation based upon sales from that information. This provision had created an opportunity to insurance companies to induct several referral agents into the insurance business. The names of insurance companies that have reported business through referral agreement in 2009-10 are as under:

S.No. Name of the Company    S.No. Name of the Company

1 Aegon Religare Life Insurance Company	9 Max New York Life Insurance Company
2 Aviva Life Insurance Company	10 Met Life Life Insurance Company
3 Bajaj Allianz Life Insurance Company	11 Reliance Life Insurance Company
4 Birla Sunlife Life Insurance Company	12 SBI Life Insurance Company
5 HDFC Standard Life Insurance Company	13 Shriram Life Insurance Company
6 ICICI Prudential Life Insurance Company	14 Star Union Daichi Life Insurance Company
7 ING Vysya Life Insurance Company	15 Life Insurance Corporation of India
8 Kotak Mahindra Life Insurance Company	

However, keeping in view some unhealthy practices in this regard, IRDA has amended the Advertisement Regulations to check mis-selling.

(e): The IRDA has notified on 06-07-2010, the Insurance Regulatory and Development Authority(Sharing of Database for Distribution of Insurance Products) Regulations, 2010 and directed all insurance companies to immediately terminate all arrangements which are not consistent with these regulations.

IRDA is also conducting on-site market-conduct inspection of the Insurers periodically and in case of any such instances of violations, suitable steps are initiated.