

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1956
ANSWERED ON:17.07.2009
COMMISSION STRUCTURE OF INSURANCE INDUSTRY
Satpathy Shri Tathagata

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government proposes to revise the commission structure of insurance products in the insurance industry;
- (b) if so, the details thereof and the reasons therefor;and
- (c) the likely impact on the Unit Linked Insurance Plans (ULIPs) in the event of revision of commission structure by the insurance industry?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a) to (c): The commission structure in the life insurance sector is presently governed by Section 40A of Insurance Act, 1938, which prescribes the commission rate ceilings. The Insurance Law (Amendment) Bill, 2008 introduced by the Government of India in the Rajya Sabha proposes to omit these provisions and empower the Insurance Regulatory and Development Authority (IRDA) to regulate expenditure on commission payments.