

**LIFE INSURANCE CORPORATION OF INDIA
CENTRAL OFFICE**

“Yogakshema” Jeevan Bima Marg, MUMBAI – 400 021

Ref: Mktg./ZD/ 17 /2008

12 .4.2008

**TO ALL ZONAL MANAGERS, OFFICERS IN-CHARGE
OF DIVISIONS, ZTCs, MDC, STCs AND AUDIT CENTRES.**

Re: Life Insurance Corporation Of India (Chief Life Insurance Advisor), Scheme 2008

It has been decided to introduce a new scheme called, “Life Insurance Corporation of India (Chief Life Insurance Advisor), Scheme, 2008 for the agents, Financial Services Executives (FSE’s) and Retired Employees of the Corporation. This scheme shall come into force with effect from 1st April, 2008.

A copy of the scheme is enclosed with this circular. Detailed Administrative instructions will be issued separately.

Encl: Scheme

Executive Director (Marketing)

**LIFE INSURANCE CORPORATION OF INDIA
CENTRAL OFFICE, MARKETING DEPARTMENT**

CHIEF LIFE INSURANCE ADVISOR SCHEME, 2008

A) SHORT TITLE AND COMMENCEMENT :

This Scheme shall be called the Life Insurance Corporation Of India (Chief Life Insurance Advisor), Scheme, 2008. The Scheme shall come into force from 1st April 2008.

B) DEFINITIONS:

1) In this scheme, unless the context otherwise requires,

- a) "Agent" means a person-
 - (i) who is deemed to have been issued a license under the 1st proviso to sub-section (1) of Section 42 of the Insurance Act, 1938 (4 of 1938) or who has been issued a license under sub-regulation 2 of Regulation 3 of the Insurance Regulatory and Development Authority (Licensing of Insurance Agents) Regulations, 2000 made under sub-section 6 of Section 42 and sub-section (2) of Section 114 A of the Insurance Act, 1938 and such license is valid; and
 - (ii) who has been appointed as an agent under rule 4 of the "Life Insurance Corporation of India (Agents) Rules, 1972"
- b) "Agents Rules" means the Life Insurance Corporation of India (Agents) Rules, 1972 as amended from time to time.
- c) "A Chief Life Insurance Advisor" (CLIA) means a person authorised under this scheme to recommend suitable candidates for appointment as Agents under such terms and conditions by way of an agreement to be executed between such Chief Life Insurance Advisor and Life Insurance Corporation of India.
- d) "Corporation" means the Life Insurance Corporation of India.
- e) "Competent Authority" means the Senior/Divisional Manager in-charge of the Divisional Office.
- f) "Development Officer" means a whole-time salaried employee of the Corporation belonging to Class II appointed as Development Officer.
- g) "Club Rules" shall be the rules as amended from time to time prescribing the various terms and conditions on which membership to the various clubs are granted to the agents.
- h) "Divisional Manager's Club Member Agent" means an agent of the Corporation who on fulfilling the conditions of the Club Rules as amended from time to time and has been granted the membership of "Divisional Manager's Club for Agents" and continues to be such member of the Divisional Manager's Club.
- i) "Zonal Manager's Club Member Agent" means an agent of the Corporation who on fulfilling the conditions of the Club Rules as amended from time to time and has been granted the membership of "Zonal Manager's Club for Agents" and continues to be such member of the Zonal Manager's Club.
- j) "Chairman's Club Member Agent" means an agent of the Corporation who on fulfilling the conditions of the Club Rules as amended from time to time and has been granted the membership of "Chairman's Club for Agents" and continues to be such member of the Chairman's Club.

- k) "Corporate Club Member Agent" means an agent of the Corporation who on fulfilling the conditions of the Corporate Club Rules as amended from time to time and has been granted the membership of "Corporate Club for Agents" and continues to be such member of the Corporate Club.
- l) "Financial Service Executive" means a person engaged as per terms and conditions of the LIC of India (Financial Services Executives) Scheme, 2007.
- m) "Review Year" in relation to Chief Life Insurance Advisor shall mean -
 - i) In the first year of his selection, the period from the date of his selection to the end of the month in which he completes twelve months as a Chief Life Insurance Advisor (hereinafter referred to as the First Insurance Review Year of such Chief Life Insurance Advisor), and
 - ii) In the subsequent years of his appointment, every successive period of twelve months following the completion of the First Review Year.

2. All words and expressions used herein and not defined but defined either in the Agents Rules or the Club Rules shall have the meanings respectively assigned to them in those Rules.

C) ELIGIBILITY CRITERIA:

The applicant should be member of any of the following Clubs for Agents:

1. Corporate,
2. Chairman's,
3. Zonal Manager's
4. Divisional Manager's.

OR

The applicant should be Financial Service Executive having at least 3 years standing.

OR

The applicant should be a Retired Employee of the Corporation in the Class I, II and III cadre including who has taken voluntary retirement under Pension Rules and having LIC agency.

1. AGE:

The applicant should have completed minimum age of 25 years and should not have completed 65 years of age. ZM I/c can relax the upper age limit in deserving cases. The Maximum age upto which an applicant can work as a Chief Life Insurance Advisor shall be 70 years.

2. SELECTION PROCESS:

The applicant fulfilling the above eligibility criteria will be authorized to act as an Chief Life Insurance Advisor on the basis of an interview by a 3 Member Committee constituted by the Sr.Divisional Manager I/c of the Divisional Office. The committee will be headed by an officer not below the rank of Assistant Divisional Manager and the other members of the committee will be not below the rank of Administrative Officer. Such selected applicants will enter into a separate agreement with the Life Insurance Corporation of India on such terms and conditions as may be defined from time to time. The agreement would be

signed by Marketing Manager or a person authorized by Sr. /Divisional Manager I/C on behalf of the Corporation and the applicant would be authorized to act as a Chief Life Insurance Advisor. The contract would be for a period of Five years and renewable thereafter for a period of five years or less in case of CLIA attaining 70 years of age. The Competent authority may terminate this agreement by giving one month's notice thereof in writing even if the CLIA has fulfilled minimum performance norms as specified from time to time. However, the CLIA during this notice period shall continue to be responsible for the quality of business brought by his supervised agents.

D) FUNCTIONS OF A CHIEF LIFE INSURANCE ADVISOR:

- a) Every Chief Life Insurance Advisor shall recommend names of candidates suitable for appointment as new agents. These individuals, after passing the necessary pre-recruitment test as specified by Insurance Regulatory Development Authority (Licensing of Insurance Agents) Regulations, 2000 as amended from time to time, shall be placed under the supervision of the Chief Life Insurance Advisor.
- b) Every Chief Life Insurance Advisor shall make attempt for reinstatement/re-appointment of terminated agents of the Corporation by motivating them. Such agents on reinstatement/re-appointment shall be placed under the supervision of the CLIA who motivated them.
- c) The Chief Life Insurance Advisor shall be responsible for Post Recruitment mentoring, counselling, and performance of the Agents supervised by him. The Chief Life Insurance Advisor shall also be responsible for the quality of business and professional conduct of the agent supervised.
- d) Every Chief Life Insurance Advisor shall be responsible for activating the agent placed under him/her and shall motivate him to perform satisfactorily.
- e) Every Chief Life Insurance Advisor shall help the supervised agent to perform his duties as per Agents Rules 1972 and IRDA Rules and Regulations as applicable from time to time.
- f) Every Chief Life Insurance Advisor shall perform such other duties as may be entrusted or assigned to him/her by the Corporation from time to time.

E) OTHER CONDITIONS:

- a) The CLIA's appointed from Club Member agents category have to be a member of Corporate/CM/ZM/DM during the time they continue as CLIA.
- b) The Chief Life Insurance Advisor would be required to maintain a minimum of 5 supervised agents under him at the end of first year as a Chief Life Insurance Advisor. The number of agents to be supervised at the end of every year thereafter shall not be less than 5 agents. The maximum number of agents supervised at any time shall not exceed twenty five.
- c) In case a Chief Life Insurance Advisor is attached to a Development Officer, no credit of the business done by the supervised agents of the Chief Life Insurance Advisor shall be payable to the Development Officer. The Development Officer, however, will continue to get credit for business done by CLIA.
- d) No existing agent appointed on or before the date of implementation of this scheme shall be placed under the supervision of a Chief Life Insurance Advisor. However, a terminated agent on re-appointment can be placed under his supervision, if such terminated agent has been motivated by the CLIA for re-appointment subject to existing provisions in force.

- e) In case of Death, Resignation or Termination of a Chief Life Insurance Advisor, the agents supervised by him may at the sole discretion of the Competent Authority be either made Direct or shall be allotted to other Chief Life Insurance Advisor.
- f) Where a Chief Life Insurance Advisor in his/her capacity as an Agent is directed not to solicit or procure New Business under Rule 16(3) of Agents Rules, 1972 or if his/her Club membership is withdrawn or if any penalty is imposed that directly affects his/her being an agent / Corporate / Chairman's/Zonal Manager's/Divisional Manager's Club Member agent of the Corporation, in all such cases he/she will cease to be a Chief Life Insurance Advisor till such time he/she is allowed to procure New business or his/her Club Membership is restored. The agents supervised by him under such circumstances will be treated as "Direct" or shall be brought under the supervision of any other Chief Life Insurance Advisor as decided by the Competent Authority. On reinstatement of the agency or restoration of the club membership, only those agents who have not been allotted shall again be brought under his supervision. However, the Chief Life Insurance Advisor shall not be entitled to any benefits during the period he ceased to be a Chief Life Insurance Advisor.
- g) The allotment will be done by the Sr. / Divisional Manager (I/C) and, in no case, a supervised agent would remain under a Chief Life Insurance Advisor for more than seven years. Every supervised agent will become a Direct Agent on the completion of Seven Agency Years. Before the expiry of seven agency years of the supervised Agent if the supervised agent applies for detachment, the Sr. /Divisional Manager I/c depending on the merits of the case and after recording reasons in writing may at his discretion detach the agent from the Chief Life Insurance Advisor and such a detached agent shall become a Direct Agent only and shall not be attached under a Development Officer or under a different CLIA.
- h) No allowance or any benefit shall be payable to the Chief Life Insurance Advisor for the renewal Premium brought by the agents supervised by him.
- i) The commission under Jeevan Madhur Plan or any such plans specified by the Corporation from time to time will not be taken into account while determining the eligible commission brought by supervised agents.

F) FUNCTIONAL PRIVILEGES:

The Chief Life Insurance Advisor shall be authorized to submit Moral Hazard Reports (MHR) up to a sum determined from time to time in respect of proposals submitted by supervised agents placed under him.

G) BENEFITS & INCENTIVES:

1. Activisation Allowance

On the supervised agent getting license and becoming active, an amount of Rs.1000/- per supervised agent will be paid.

2. Training Allowance

To enable a Chief Life Insurance Advisor to meet the office-related expenses caused by the business coming from supervised agents, an Allowance For Training at the rate of 10% of the First Year Commission including Bonus Commission earned by the supervised agents shall be payable to a Chief Life Insurance Advisor subject to his maintaining a minimum of 5 supervised agents under him, who have completed 12 lives with at least one lakh fifty thousand rupees of First Year Premium, at the end of first year as a Chief Life Insurance Advisor. From the second year onwards as a Chief Life Insurance Advisor, this Allowance for Training would become payable

every year at the rate mentioned above subject to the Chief Life Insurance Advisor maintaining at least five supervised agents under him who have completed 12 lives with at least one lakh fifty thousand rupees of First Year Premium at the end of each year as a Chief Life Insurance Advisor and subject to the Escalation Clause as mentioned in Clause (H) of the scheme.

3. Productivity Linked Allowance –

A Chief Life Insurance Advisor shall be paid an Amount as per table appended below if such a supervised agent completes 12 lives with at least one lakh fifty thousand rupees of First Year Premium within:

Eligibility criteria for becoming eligible for productivity linked benefit	Amount of benefit per supervised agent
3 months from the date of appointment	2000
6 months from the date of appointment	1500
12 months from the date of appointment	1000

Rs. 1000/- per supervised agent shall be paid if a supervised agent who has brought in 12 lives with at least one lakh fifty thousand rupees of First Year Premium in the First Review Year of the Chief Life Insurance Advisor continues in the next review year of the Chief Life Insurance Advisor and completes 12 lives with at least one lakh fifty thousand rupees of First Year Premium during the year.

4. Mentorship Allowance:

A Mentorship Allowance at the rate of 10% of the First Year Commission including Bonus Commission earned by the supervised agents shall be payable to a Chief Life Insurance Advisor subject to his maintaining a minimum of 5 supervised agents under him, who have completed 12 lives each with at least one lakh fifty thousand rupees of First Year Premium, at the end of first year as a Chief Life Insurance Advisor. From the second year onwards as a Chief Life Insurance Advisor, this Mentorship Allowance would become payable every year at the rate mentioned above subject to the Chief Life Insurance Advisor maintaining at least five supervised agents under him who have completed 12 lives with at least one lakh fifty thousand rupees of First Year Premium at the end of each year as a Chief Life Insurance Advisor and subject to the Escalation Clause as mentioned in Clause (H) of the scheme.

5. Club Membership Allowance:

A one time Allowance, as per table appended below, per supervised agent shall be paid to the Chief Life Insurance Advisor provided the supervised agent becomes a

Club member during the period the agent remains attached to the Chief Life Insurance Advisor.

Club membership status of the supervised agent	Amount of allowance per supervised agent
Branch Manager's Club Member	10000
Divisional Manager's Club Member	20000
Zonal Manager's Club Member	30000
Chairman's Club Member	40000
Corporate Club Member	75000

- i) 50% of the amount as applicable will be paid every year on such supervised agent continuing his club membership
- ii) In case the supervised agent moves to a higher club the amount specified against the higher club will be payable to CLIA.

6. Allowance for MDRT/COT/TOT

An amount, as specified below, per supervised agent shall be paid to the Chief Life Insurance Advisor every time he qualifies as a Member of the Million Dollar Round Table (MDRT)/Court Of The table (COT)/Top Of The Table (TOT), on commission basis only, during the period the agent remains attached to Chief Life Insurance Advisor.

Eligibility criteria	Amount paid per supervised agent
MDRT	10000
COT	30000
TOT	60000

H) Escalation Clause:

The Chief Life Insurance Advisor shall bring in minimum Total First Year Premium as shown below from his supervised agents taken together depending upon the year of joining as a CLIA and this minimum expected First Year Premium which will be brought in by the CLIA will show a growth of at least 10% (i.e. Rs. Seventy Five thousand only) for each subsequent review year. If the CLIA fails to show the required growth of First Year premium every year, no allowance except Activation allowance shall be paid for the year. The group minimum First Year Premium for each year of the scheme shall be as follows:

Year Of Joining As CLIA	Minimum premium to be brought by the group of supervised agents of the CLIA during Review Year
2008-2009	Rs.7,50,000
2009-2010	Rs.8,25,000
2010-2011	Rs.9,00,000
2011-2012	Rs.9,75,000
2012-2013	Rs.10,50,000

I. Instructions and interpretation:

1. Any matter connected with the Scheme shall be regulated by administrative Instructions/directions issued by the Chairman from time to time.
 2. Where a doubt arises as to the interpretation of any of the provisions of this Scheme, the matter shall be referred to the Central Office for its consideration and the decision of the Chairman shall be final and binding on the Chief Life Insurance Advisors.
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