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Life Insurance Agents' Federation of India (LIAFI)

President :
S.B. Sreenivasa Chary

Secretary General :
Shyamal Chakraborty

To
All the Office Bearers of LIAFI
All the Zonal Presidents/ Secretaries
All the Divisional Council Presidents/Gen Secretaries

24TH October 2009

Sub:- LIAFI-Seeking opinions on revised Club rules.

This is to inform you all that the some of the positive and negative provisions are of the revised club rules are furnished below compared with the existing Rules for your kind information.

We have already informed our dissatisfaction over some of the unfavorable provisions of the said circular to the Management.

Myself and Mr.Shyamal Chakraborty both we had a discussion in this regard with Mr.Meharotra, M.D, LIC of India and agreed to invite for personal Discussion.

POSITIVE POINTS IN REVISED CLUB RULES

Relaxation Clause:

EXISTING: The Condonation Clause is available for entry in to all clubs under condition "A" only to the extent of 25% registers an increase by at least the same percentage either Net S.A or Net No of Lives.

REVISED:

An agent will have to fulfill condition with regard to Renewal Commission and First Year Renewal Commission as per **Table 1** above. However, a shortfall in fulfillment of First Year Commission (paid) condition may be condoned maximum up to 50%, in years to be reckoned for Club Membership, provided it is compensated with the same or higher percentage increase on the basic condition prescribed for Renewal Commission paid

Or

A shortfall in fulfillment of Renewal Commission paid condition may be condoned up to a maximum of 100% in years to be reckoned for Club Membership provided it is Compensated with the same or higher percentage increase on the basic condition prescribed for First Year Commission paid.



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Office Allowance for potential CM's Club Members:

EXISTING: NIL

REVISED:

The potential Chairman's Club qualifiers, i.e. agents who would satisfy the CM's club conditions in one/two consecutive Financial Years, would be paid Office Allowance in such first F.Y. and second F.Y. as follows:

1. For any such financial year in which he satisfies CM's Club entry conditions an office allowance of Rs.12, 000/- or Office Allowance otherwise payable to him (if any) shall be payable whichever is higher.
2. If an agent satisfies CM's Club entry conditions in the next financial year also, he will be paid an Office Allowance of Rs.20, 000/- or Office Allowance otherwise payable to him (if any) whichever is higher.

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Example:

a. An agent who is at present a Divisional Manager's Club Member and is at present drawing an office allowance of Rs.11250. If such an agent

fulfills the Entry conditions for CM's Club in one year, he shall be paid office allowance of **Rs.12000 instead of RS.11250** i.e. he will be paid Rs.750 in excess of the office allowance which he is entitled for his performance as a Divisional Manager's club member

b. An agent who is at present a Zonal Manager's Club Member and is drawing an office allowance of Rs.20000. If such an agent fulfills the Entry conditions for CM's Club in one year, he shall not be paid any Additional allowance as he is already getting office allowance of Rs.20000.

c. An Agent who is at present not a Club Member: If such an agent fulfills the Entry conditions for CM's Club in one year, he shall be paid office allowance of **Rs.12000**. If he fulfills the conditions consecutively he shall be paid an office allowance of **Rs.20000**.



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Introduction of benefit of Reimbursement for Mobile Phone Call Charges to all DM's and BM's Club agents:

EXISTING: Only for CM & ZM Club Members

REVISED:

Along with Chairman Club and Zonal Manager Club Members Rs.6000 and 3000

Reimbursement for Mobile phone rental and call charges will be made per year, to all DM/s/BM's Club Member agents, up to the following maximum amounts subject to production of bills:

- (i) To DM's Club Members: Rs.2, 400 per year.
(ii) To BM's Club Members: Rs.1, 800 per year.

Time Limit for Reimbursement:-

The Telephone call charges and rental charges etc. as stated above will be settled (or reimbursed) every quarter as soon as the bill is received. The claim for payment will have to be submitted within six months from the expiry of the club membership year.

E. Sales promotional Gift items (including Diaries and calendars):

The reimbursement towards sales promotional gift items for various Club member Agents from M.Y. 2011-12 are specified below:

Club Membership

Reimbursement towards Sales promotional gift items (including Diaries and calendars) (in Rs.)

	EXISTING	REVISED
Chairman's	1400	3000
Zonal Manager's	840	2000
Divisional Manager's	500	1000
Branch Manager's	180	500



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Graded Benefits for Higher Performance to Chairman's Club Members:

EXISTING: NIL

REVISED;

Graded benefits will be given to Chairman's Club Members having higher performance in the qualifying year and satisfying certain criteria as mentioned below:

Performance Slab Promotion&	Office Allowance Reimbursement	Telephone Reimbursement	Sales Gift Items
1.No. of Lives In-force – 1,000 and Rs.5,000/- RC Paid – Rs.6,00,000 Or TC (RC+FYC) paid– Rs.10,00,000 in the Qualifying Financial Year	Rs.50,000/-	Rs.8,000/-	
2.No. of Lives In-force – 1,500 and Rs.7,500/- RC Paid – Rs.9,00,000 Or TC (RC+FYC) paid– Rs.15,00,000 in the Qualifying Financial Year	Rs.70,000/-	Rs.10,000/-	
3. No. of Lives In-force – 2,000 and RC Paid – Rs.12,00,000 Or TC (RC+FYC) paid– Rs.20,00,000 in the Qualifying Financial Year	Rs.1,00,000/-	Rs.12,000/-	Rs.10,000/-

28. Revision of Distinguished Agents' Club - Revised Conditions and Criterion:

EXISTING: TWO AGENCY YEAR

REVISED:

The agent should have completed minimum **one agency year** and should be a Confirmed agent. The agent should fulfill the following criteria for Entry/Continuation into the Distinguished Club:

Net Number of Lives: 40



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First Year Commission Paid: Rs.50, 000

NEGATIVE POINTS IN THE REVISED CLUB RULES

Enhancement of First Year Commission and Renewal Commission

The First Year Commission and Renewal Commission requirement has doubled

	Existing	Revised
1. First Year Commission	1,00,000	2,00,000
2. Renewal Commission	1,10,000	2,00,000

Minimum Net No of Lives:

NILL	CM	ZM	DM	BM
	50	40	30	20

Escalation Clause:

Existing: **NILL**

REVISED

From the Membership Year 2014-15 (Qualifying Financial Year 2013-14), a 5% escalation clause each year on the previous year's Entry criteria in respect of First Year Commission paid and Renewal Commission paid (rounded off to nearest thousand) will be applicable for entry to any club. However, for continuation there will be a concession for one year in applicability of the escalation clause, i.e., 5% escalation clause on the previous year's Continuation criteria in respect of First Year Commission paid and Renewal Commission paid (rounded off to nearest thousand) shall be applicable from Membership year 2015-06 (Qualifying Financial Year 2014-15). Please see **Annexure-II** for details



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Fringe Benefits:

A. Office Allowance:

EXISTING;

The Amount Payable as 'OFFICE ALLOWANCE" to CM,ZM and DM Club Members:

50% of actual expenses incurred

Or

7 ½% of total commission (FYC+RC) earned By the Agent

Or

Rs.30000/- in the case of CM, Rs 17000/- for ZM and Rs 8500/- for DM Club Member

REVISED:

(i) Basic Office Allowance:

The amount payable as 'Office Allowance' to members of CM's/ZM's/DM's Clubs with effect from applicable Membership Year would be -

50% of actual expenses determined as per rules

OR

7 1/2 % of total commission (FYC + RC) earned by the agent in preceding F.Y.

OR

Rs.35,000 in the case of CM's Club Member, **Rs.20,000** for ZM's Club Member and **Rs.12,000** for DM's Club Members,

Whichever is the Least

Cases where Lapsation of policies secured by an agent is more than 15% are to be dealt with as follows:

EXISTING:

1st Year

disincentive

2nd Year

Not eligible for convention

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3rd Year
4th Year

Not eligible for Fringe Benefits
Loose his Membership

REVISED:

1st Year:- An agent will not be eligible for any benefit if the Lapsation of policies secured by such an agent is more than 15% in the financial year immediately preceding the Qualifying year even if the agent fulfills the other eligibility conditions prescribed.

2nd Year: If the Lapsation of policies by an agent is more than 15% for two consecutive financial years then he/she will cease to be club member

Reimbursement for rental and call charges of Landline and /or Mobile phone will be made per year up to the following maximum amounts subject to production of bills:

a. CM's and ZM's Club Member agents

	EXISTING	REVISED
(i) To CM's Club Members:	Rs 6000	Rs.6, 000 per year.
(ii) To ZM's Club Members:	Rs 3000	Rs.4, 000 per year.

Hence we request you to kindly send your opinions immediately.

With best regards

Yours in LIAFI

S.B.SREENIVASA CHARY
President

SHYAMAL CHAKRABORTY
Secretary General