

**Open Architecture Policy  
for Insurance Distribution**

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## 1.BUSINESS BACKGROUND

Insurance distribution has been an integral part of our banking business framework where we distribute products and services of reputed insurance providers. to meet various insurance needs of our customers, for e.g. General insurance, Life insurance, Health insurance, Mortgage redemption term assurance (MRTA) etc. Currently these products and services are being distributed by various channels in our bank, namely Branches, AIB, Mortgage and Commercial Vehicle sales teams, Contact Centre , SME & MSME, and Corporate Banking.

These insurance products have added substantial value to customers and have also helped to create opportunities for customer retention. For e.g., MRTA product is a very meaningful value addition for a customer and protects his family from financial stress of repaying the loan in the event of the death of the customer. This also helps bank to recover the loan which may have resulted in a bad debt in case of the death of the borrower.

Likewise, other insurance products like Life insurance, Health insurance, Personal Accident (GPA) cover, and Motor insurance are key requirements of customers and serves the twin purpose of covering the life of the customer and thereby addressing future financial needs of the family in case of his death, as well as meeting financial commitments arising out of hospitalisation, accidents, etc.





## 2.INTRODUCTION

We at DCB Bank Ltd are working as Insurance Regulatory and Development Authority of India (IRDAI) approved Corporate Agent in distributing Insurance products to our customers.

We are in this distribution business for over a decade now.

At the time of this policy roll out in January 2016, we were partnering with:

- Aditya Birla Sun Life Insurance Co. Ltd. for Life insurance
- ICICI Lombard General Insurance Co. Ltd. for General insurance

Over the ensuing period we have added three more partners:

- HDFC Life Insurance Co. Ltd. for Life insurance
- Royal Sundaram General Insurance Co. Ltd. for General insurance
- Aditya Birla Health Insurance Co. Ltd. for Health insurance

Based on customer experiences and changing business environment we have been continuously learning and strengthening our abilities to meet customer needs and requirements.

We have, in the last few years, further strengthened our insurance distribution framework to have right checks and balances in place to offer good quality and simple products to our customers, backed by trained and certified employees. We currently have over 1,500 certified employees to source insurance business.

We were earlier regulated by IRDAI (Licensing of Corporate Agents) Regulations, 2002. In order to make the insurance eco space more customer centric, IRDAI had issued a revised set of regulations in 2015 to register and regulate the business activities of corporate agents. The IRDAI (Registration of Corporate Agents) Regulations, 2015 replaced the erstwhile IRDAI (Licensing of Corporate Agents) Regulations, 2002.

The new guidelines came into force from April 1, 2016.





### 3.REGULATORY CHANGES AND SCOPE:

IRDAI's revised guidelines gave a flexibility to corporate agents to onboard more partners and have a maximum of 3 partners for each insurance segment - Life, General and Health. This enabled corporate agents to offer a wider range of insurance products to their customers and meet their varied requirements.

These new set of regulations cover registration of Corporate Agents for the purpose of soliciting, procuring and servicing of Insurance business of Life insurers, General insurers and Health insurers during the validity of certificate of registration.

As per Regulation 20 of the aforementioned Regulations (titled "Board Approved Policy for Open Architecture"), read with the instructions issued by the Authority (IRDAI) from time to time, the following is required:

- (1) Every corporate agent shall file, at the time of seeking registration, with the Authority, a Board or its equivalent Approved Policy on the manner of soliciting and servicing insurance products. The Policy shall address the manner of adopting the philosophy of open architecture and going forward in implementing the same.

The Policy, amongst others, shall include the approach to be followed by the corporate agent in having single or multiple tie-ups, the partners in the tie-ups, the business mix, the type of products sold, grievance redressal mechanism and reporting requirements.

- (2) The corporate agents shall furnish in half-yearly returns to the Authority insurer-wise business placed separately in respect of Life, General and Health insurance, in the formats specified by the Authority, before 31st October and 30th April every year. The Authority, on examination of the returns furnished, may issue such directions or advices as it deem necessary to the corporate agent, who shall comply with the same.

Accordingly, an Open Architecture Policy for Insurance Distribution, laying down the approach to be adopted by the Bank with respect to marketing and servicing of insurance products, was placed before the Board of Directors in its meeting on 16 January 2016 and approved.

We are now seeking the approval of the Board of Directors to renew the policy for a further period of three years.





#### **4. OPEN ARCHITECTURE POLICY FOR INSURANCE DISTRIBUTION**

##### **Current Arrangement Overview\**

We are active in insurance distribution business for more than a decade now. As per current regulations, we are allowed to have three insurance partners for each of the segments - Life, General and Health.

Going by the same mandate, we currently have following tie-ups:

1. Aditya Birla Sun Life Insurance Co. Ltd. (ABSLI) for Life insurance
2. HDFC Life Insurance Co. Ltd. for Life insurance
3. ICICI Lombard General Insurance Co. Ltd. for General insurance
4. Royal Sundaram General Insurance Co. Ltd. for General insurance
5. Aditya Birla Health Insurance Co. Ltd. for Health insurance

The current infrastructure including training of authorised personnel, sales processes, systems is well established and have been continuously strengthened over the years.

We have good on-ground support from all five insurance partners and we are continuously evolving our sales infrastructure to assist frontline.

We conduct joint efforts in imparting training and facilitating certifications for this business across all branches/frontline units. As part of the approach only IRDAI certified employees are allowed to distribute insurance products. A continuous engagement is planned for improving skill set of our employees to communicate right product and benefits to our customers.

##### **Product Distribution Philosophy**

Our approach has always been focused on customer needs and based on customer risk profile. We follow a conservative product distribution approach focussing more on non-participating products and pure risk term plans. While we will offer ULIP products to customers, these will be sold selectively and after due assessment of the customers' needs, risk profile and their understanding of the risks of the product. We shall solicit and service all types of insurance products including Group and Individual products subject to compliance of IRDAI regulations and in line with agreements with various Insurers in this regard.

We have already mandated that only IRDAI licensed employees can distribute insurance products across our branch network/frontline units.

We continue to review our distribution approach and philosophy from time to time in this dynamic business environment.





### **Manner of Solicitation and Servicing Insurance Products**

We have a very robust solicitation and servicing infrastructure across locations.

Only trained and IRDAI certified employees are allowed to distribute insurance products across our branches/frontline units. Training and certification have been the key drivers for our growth and knowledge has been the key ingredient to better customer service delivery.

With robust sales support team of insurance companies, we solicit our business under the laid out guidelines.

In case of servicing all products, our branch network and call centre unit helps us to reach out and resolve service related matters.

### **Plans for open architecture**

With respect to the guidelines issued by IRDAI in 2015 allowing flexible approach to corporate agents to have maximum of 3 partners on each distribution segment vis-à-vis Life, General and Health insurance, we will continue to engage with and evaluate other partners for possible tie-ups

### **Grievance Redressal Mechanism**

We have a robust mechanism to address grievances of our customers. These are across the various streams of products which we offer. We have processes and systems to address customer grievances to their satisfaction. This is in line with the Reserve Bank of India requirements as well.

Hence this policy reiterates the commitment towards ensuring adequate redressal of customer grievances within the defined TATs. The Authority will also be kept informed about the number, nature and other particulars of insurance related complaints received from customers in the format and manner as may be specified by the Authority.



## 5. MAINTENANCE OF BOOKS OF RECORDS

As corporate agent, we maintain necessary records in the format specified by IRDAI which captures policy-wise and specified person-wise details of each policy solicited by us. All such records maintained by us will be made available for inspection at the Head Office in case required by IRDAI or any of the insurance partners.

We shall also submit periodical returns to IRDAI as specified from time to time including half yearly submission of insurer-wise business for Life, General and Health.





## 6. POLICY REVIEW

This policy will be reviewed by the Board at the end of three years or in case of any earlier event requiring review.

