

Section 17 - Consultation Questions

160. Views and feedback are invited from public, policyholders, insurers, distributors, agents and other stakeholders on the consultation paper and in particular on the following aspects.

Problems of the Insurance Sector ([refer Section 3](#))

- 1) Are the identification and analysis of problems impacting the sector appropriate? Which are the most pressing problems of the sector requiring reforms and regulatory interventions?

Analysis of Distribution Costs ([refer Part 2](#))

- 2) Do you agree with the analysis of the current distribution cost in Part 2 of the consultation paper? Please suggest specific measures to make the distribution cost-effective.

Strategic Framework for Distribution Reforms ([refer Section 5](#))

- 3) Does the proposed strategic framework adequately address the sector's problems and needs? Or are there other areas that should be looked into?
- 4) Is the proposed framework appropriate to meet objectives of the SBSR Act?
- 5) What further refinement in the proposed reforms could encourage greater competition and strengthen consumer protection?
- 6) The overall aim of improving insurance coverage needs to be addressed. Are there further areas that regulations can cover to achieve this objective?

Simplification of Distribution Structure & Scope ([refer Section 6](#))

- 7) Are the principles proposed for the simplification appropriate?
- 8) As the capital requirements are eased, more players are expected to enter the space. How can it be ensured that new players focus more on uncovered segments and geographies?
- 9) The proposed structure allows insurance distributors and persons to supply non-insurance products and non-financial services also. Is there a need for safeguards against poor market conduct?
- 10) The proposed structure provides an opening for innovative distribution business models to come in without the need to developing special categories through regulatory revisions. However, does the proposed structure adequately accommodate all existing and emerging distribution models, or are there categories of distributors whose business models may fall outside the framework?
- 11) Is the approach for training of distribution persons appropriate in view of the removal of product restrictions?
- 12) To expand insurance, it is necessary to expand the agency force. Allowing all insurance distributors to expand into non-insurance products widens the scope for their operations and revenue streams. What additional non-monetary incentives can be contemplated to achieve this goal?

Expense of Management Framework ([refer Section 7](#))

- 13) EoM has a direct relationship with affordability. A robust EoM framework is necessary for policyholder protection and orderly growth of the sector. What additional safeguards are necessary to address affordability?
- 14) Are the proposed EoM limits appropriate to nudge the sector to become cost-effective and affordable?
- 15) Does the sector need a longer timeframe to achieve the proposed norms?

Distribution Commission Framework ([refer Section 8](#))

- 16) Has open architecture served its purpose or is it simply increasing costs without adding any significant value for the end customer? Is there more that can be done in this area than proposed in the consultation paper.
- 17) Are the principles proposed for the distribution commission reforms appropriate?
- 18) Is the sector ready to move from the current arrangement of opaque commissions paid by insurers and unknown to policyholders to a new arrangement of distribution based on fee paid by policyholders directly?
- 19) Do the proposed commission limits arrive at a fair balance between policyholders' expectations of affordability and distributors expectations of adequate remuneration?
- 20) Within the proposed commission limits, which are the possible measures to incentivize good market conduct? Vice-versa, what measures can be built in to disincentivize bad market conduct?
- 21) Compliance to commission structure has to be at the insurer and distributor level. Proper and timely reconciliation of commissions is necessary so that the "commission paid and commission received" are identical amounts. How can various regulated entities be made more responsible and compliant?

Transparency in pricing and quality led purchases ([refer Section 9](#))

- 22) Are the measures proposed for improving transparency adequate? Please suggest additional measures, if required.
- 23) Which are the categories of expenditure or remuneration that should be subjected to cost audit?

Safeguards against compulsory bundling ([refer Section 10](#))

- 24) Are the illustrations of acceptable packaging of insurance with credit or loan appropriate?

Creating awareness against Mis-selling ([refer Section 11](#))

- 25) Are the illustrations of mis-selling appropriate? Please suggest specific measure to disincentivize this.

Streamlining Motor Insurance ([refer Section 12](#))

- 26) Do you agree with the proposed reform?

- 27) It is expected that insurers will offer products at lower rates on MII platforms such as Bima Sugam in view of the lower distribution cost. In this context, is it desirable and practical to introduce a mandatory mechanism of offering the MII option to purchasers of new vehicles along with the option of opt-out?

Market Infrastructure Institutions for Insurance ([refer Section 13](#))

- 28) Do you agree with the role of MII as a systemic intervention for recalibrating economics of insurance distribution? Please suggest the nature of services you would like to be available on this platform.

Insurance Education & Awareness ([refer Section 15](#))

- 29) Please suggest nature of activities which can be taken by the PEPF in a cost-effective manner to complement the distribution reforms.

Reforms Objectives, Measures, and their Assessment ([refer Section 16](#))

- 30) Are the proposed measures adequate for meeting the reforms objectives? Does the sector need more or different measures? Please suggest how can these be improved upon.
- 31) Are the proposed parameters for assessing outcomes and impact of the reform measures appropriate and adequate? Please suggest how can these be improved upon.

Any other suggestion that you may have for these reforms

- 32) Are there any other aspects that need to be considered for distribution reforms and their effective implementation?