Go Digit Life Insurance Limited

Payment of Commission Policy

In accordance with the Insurance Regulatory and Development Authority of India (Payment of Commission) Regulations, 2023 ("the Regulations") and Guidance note Ref No: IRDAI/INT/MISC/82/3/2023 dated 31.03.2023 issued by the Insurance Regulatory and Development Authority of India ("IRDAI"), an insurer is required to have in place a policy for payment of Commission to insurance agents, intermediaries or insurance intermediaries for soliciting or procuring or transacting insurance business.

A) Objective

This Policy sets out the framework on payment of commission to Insurance Distributors for Go Digit Life Insurance Limited ("**Company**"). The objective of the policy is to ensure the best utilization of capacities of Insurance Distributors and put in place an effective framework with respect to the commissions payable to Insurance Distributors to achieve the desired scale, mix, tenure and profile of business, further to protect the interests of policyholders in long term by way of reducing per unit cost and passing it back through consistent pricing assumptions in future. This policy is intended to consider the commissions payable at overall level, as stipulated in the Expense of Management (EOM) limits specified under Insurance Regulatory and Development Authority of India (Expenses of Management of Insurers transacting Life insurance business) Regulations, 2023, and not at each contract / distributor level.

B) Definitions

1. **"Board"** means Board of Directors of Go Digit Life Insurance Limited.
2. **"Commission" or "Remuneration"** shall mean compensation, remuneration or reward, by whatever name called, paid or due to an Insurance Distributor, as applicable under this Framework or any or otherwise, for soliciting or procuring or transacting insurance business for and on behalf of the Company.
3. **"Company"** means Go Digit Life Insurance Limited.
4. **"Insurance Distributors"** means Insurance Agent, Insurance Intermediary, Point of Salesperson, or any person or entity authorized under the law to distribute, solicit, procure or transact insurance business and services for and on behalf of the Company.
5. **"Rewards"** shall mean the amount paid directly to or borne by the Company indirectly in favour of any Insurance Distributor, for soliciting or procuring or transacting insurance business for and on behalf of the Company.

C) Applicability

a. The Policy shall be applicable for payment of commission by the Company to Insurance Distributors for policies procured from IRDAI grant of Certificate of Registration for the Company as a Life Insurance Company and commencement of its operations.

b. In the event of any difference in the interpretation of any of the provisions of any circulars/ guidelines/ regulations governing payment of commission/ remuneration/ reward/ distribution fees to Insurance Distributors, the company will be guided by the IRDAI (Payment of Commission) Regulations 2023 and provisions of this Policy to ensure uniformity in approach and better implementation.

D) Basic principles of payment of commission/rewards

The target level of total commission as defined in the policy above, payable at overall level will be in accordance with the Expense of Management (EOM) limits specified under Insurance Regulatory and Development Authority of India (Expenses of Management of Insurers transacting Life insurance business) Regulations, 2023 as amended from time to time. However, considering the business and market requirements, the commission payable at individual contract / distributor level may vary and exceed the limit stipulated in the EoM regulations, 2023 keeping the overall target limits unchanged.

The Company shall be responsible for ensuring the implementation of this Policy. While making payment of commission, the Company shall take into consideration the following factors:

a. Efforts required to acquire and sustain the type of business
b. Good distribution practices
c. Enhanced customer satisfaction
d. Stronger relationship with customers
e. Increased insurance penetration and density in the country
f. Nature and tenure of the business procured
g. Alignment with the Company's business strategy
h. Cost efficiencies in the conduct of business and simplification of administration of insurance business
i. Performance of business procured by Insurance Distributors in the previous financial year.
j. Support extended by Insurance Distributors on meeting obligatory target i.e., rural/social sector

In addition to the above, the Company shall be guided by the following aspects for payment of commission and rewards to Insurance Distributors. The Company shall be authorized to make changes to these aspects based on the contemporary business experience of the Company and/or market response. Such changes shall be placed before the Audit Committee of the Board for review and ratification in the succeeding meeting.

1. **Profitability or other criteria:**
   The Company may consider profitability or other criteria, either on totality or on different business lines, segments etc. and link part of the Commission to the achievement of such criteria.

2. **Claw back of commission:**
   The Company may prescribe procedure and circumstances for claw-back of Commission paid based on criteria determined by the Company for reasons including business

cancelled, business surrendered, premium refunded, fraud etc. In such circumstances the Company may claw back the Commission to the extent it relates to the premium refunded or forfeited.

3. **Renewal Commission:**
The Company will follow the EOM limits in determining the renewal commission to be paid to various insurance distributors. The company may define commission entitlement of Insurance Distributors upon renewal of such insurance policies with or without active intervention of the concerned Insurance Distributors.

4. **Advance Commission:**
The Company may pay commission in advance to Insurance Distributors.
The company shall not grant temporary advances to any insurance agent to facilitate the carrying out of his functions as such except in cases where such advances do not exceed in the aggregate the renewal commission earned by him during the immediately preceding year.

5. **Insurance Awareness:**
The Company may reimburse expenses incurred towards activities relating to insurance awareness conducted by an Insurance Distributors and where such activities have contributed to the Insurance Distributors' overall business performance. Such reimbursement may be made in favour of the Insurance Distributors directly or to any associate/vendor whose services were availed by such Insurance Distributors for performing such activities.

6. **Business Auxiliary Service:**
In addition to solicitation of insurance, Insurance Distributors may perform various servicing related activities for the customers of the Company on self-service portal like reporting a claim, facilitating endorsements, etc. The offices of such Insurance Distributors are a crucial factor in facilitating geographical reach of the Company. The Company may consider reimbursement of business auxiliary expenses to such Insurance Distributors for delivering all such services. The reimbursement in this regard may be to the Insurance Distributors directly or to any associate/vendor whose services were availed by such Insurance Distributors for performing such activities.

7. **Technology Services**
For Insurance Distributors who have infrastructural and technical capabilities in developing and integrating their platform with the platform of the Company for various digital initiatives, the Company may reimburse appropriate fee towards such collaborated initiatives with a view to promote insurance across the country. Such reimbursement may be to the Insurance Distributors directly or to any associate/vendor whose services were availed by such Insurance Distributors for performing such activities.

8. **Death of Insurance Agent:**
   In the event of death of an insurance agent, the company will endeavour to make legal heir as agent and transfer the business to legal heir.

9. **Payment of commission to POSPs:**

   POSPs appointed by the Company or sponsored by intermediaries need to be commensurately compensated to ensure their continued contribution in insurance penetration. To further this objective, the Company may consider, subject to applicable regulatory and legal framework, direct payment of commission to POSPs.

10. **Fraud by Insurance Distributors:**
    For cases where the Insurance Distributors is involved in any fraud/misrepresentation, the Company may not pay any commission and/or may also claw-back the commission paid and/or, the amount of loss borne by the Company owing to the fraud attributable to the Distributor.

11. **Commission on orphan policies:**

    Commission on orphan policy shall be in accordance with Board Approved Policy for Allotment of Lapsed Orphan Policies

E) Oversight:

The Company shall have effective oversight of implementation of payment of commission to Insurance Distributors in line with this Policy and shall be guided by following measures:

- The commission structure is fair, transparent, compliant, efficient and holds high the reputation of the Company as well as the industry in the insurance distribution process.
- Insurance Distributors are compensated fairly for their work, regardless of their size or bargaining power.
- The commission structure encourages good distribution practice.
- Effectiveness, efficiency, impact on premium rates, benefit pay-outs, penetration, alignment with customer needs and interest etc., is assessed on a regular basis.

F) Returns on payment of Commission by the Company:

1. The Company, within 45 days of the expiration of each financial year, shall submit to the Authority the Board approved returns on payment of commission by the Company to the Insurance Distributors.

2. These returns shall be reviewed by the Audit Committee prior to being placed for approval by the Board of Directors of the Company.

G) Review of Policy

This Policy will be reviewed annually by the Board. Notwithstanding the foregoing, this Policy may be modified with approval of the Board of Directors.

The Managing Director and CEO of the Company is authorized to make changes in the foregoing policy as may be required from time to time, which shall be presented to the Board at its subsequent meeting for approval / ratification. Any requirement under the law, to the extent applicable to the Company, that needs to be covered under the policy or any changes in the applicable laws, to the extent applicable, shall be deemed to be incorporated into this policy automatically. The Policy, along with changes, if any, shall be reviewed by the Board of Directors on annual basis.