

**Commission on General Insurance Business**

Ref: 011/ IRDA/ Brok-Comm/ Aug-08

Date: 25-08-2008

**Limits on payment of commission or brokerage on general insurance business with effect from 1 st October 2008**

By virtue of the power vested in the Authority under Section 14 of the Insurance Regulatory and Development Authority Act, 1999 and in terms of the provisions of Sections 40(1), 40A(3) and Section 42E of the Insurance Act, 1938, the Authority hereby directs that the percentage of premium that can be paid by way of commission or brokerage on a general insurance policy shall not exceed the percentages of premiums set out below. No brokerage can be paid in respect of an insurance where agency commission is payable and likewise, no agency commission can be paid in respect of an insurance where brokerage is payable.

<b>S. No.</b>	<b>Class of Business</b>	<b>Maximum percentage of premium payable as agency commission or brokerage</b> <b>(% of final premium excluding service tax)</b>	
		<b>Agency Comm.</b>	<b>Brokerage</b>
1.	Fire, IAR and Engineering insurances	10%	12.5%
	i. General		
	ii. Risks treated as large risks under para 19(v) of File & Use Guidelines	5%	6.25%
2	Motor insurance business (OD portion), WC/EL & statutory Public Liability Insurance	10%	10%
3	Motor Third Party insurance	Nil	Nil
4	Marine Hull insurance	10%	12.5%
5	Marine Cargo business	15%	17.5%
6	All other business	15%	17.5%

No payment of any kind, including "administration or servicing charges" is permitted to be made to the agent or the broker in respect of the business in respect of which he is paid agency commission or brokerage.

This direction supersedes all existing directions on the subject and shall take effect in respect of insurances or renewals commencing on or after 1 st October 2008 .

**/Sd-  
(J. Hari Narayan)**

**Chairman**