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E-Newsletter
Trans India Law Associates
New Delhi
www.tila.in

Newsletter Edition: 2

Date of Issue: 16th Oct 2020

AQUIRING LICENSE OF WEB INSURANCE AGGREGATOR

Web Aggregator works as an intermediary, maintaining and supervising the website along with comparing the price and features of different insurance products being offered by the different insurers available in the market. The activities of Web Aggregator are governed by the Insurance Regulatory and Development Authority of India (Web Insurance Aggregator) Web Aggregator Registration Procedure mainly includes within its fold two steps:

1. Registration of a Company under Companies Act, 2013; and
2. Acquiring Insurance Aggregator License under IRDAI Guidelines, 2017.

Once the company has been incorporated under Companies Act, 2013, the applicant shall move to the process of applying for the license of Insurance Web Aggregator.

Filing of the Application with IRDAI

An applicant who wants to obtain an insurance web aggregator license needs to file an application with the IRDAI ¹ If the Aggregator plans to provide outsourcing and telemarketing services, the same has to be mentioned in the same application form. While filing the Application, the Applicant has to ensure if the eligibility criteria mentioned in Regulation 3 of the Insurance Web Aggregator regulations, 2017 has been fulfilled.

Documents and Fees Required

The directors of the company must file the application along with the prescribed documents. They also need to pay a prescribed fee of Rs 10,000 plus applicable taxes. The fee must be paid in the form of a DD (Demand Draft) to the IRDAI. ⁹ If an application is filed without the application fee, it would not be processed further. Further, an application must also be supplemented with a detailed five-year business plan of the business containing its plan-of-action and financial projections.

Capital and Net Worth Requirements

The company to operate as an Insurance Web Aggregator must have a minimum paid-up capital of Rs 25 Lakhs. The company can raise this capital by issuing equity shares as per the provisions of the Companies Act, 2013. Further, the aggregate shareholdings of the foreign investors in the Insurance Web Aggregator must not exceed the limit of 49% of paid-up equity capital.

¹ Regulation 4, Insurance Web Aggregator Regulations, 2017

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Grant or Rejection of Application/License

The IRDAI will issue a certificate of registration to the applicant company if it is satisfied that all the information and documents submitted are true and correct. Also, the Authority should be satisfied that registration is in interest of the policyholder. The applicant must satisfy the code of conduct laid down by the authority in order for the certificate of registration to be issued. The certificate of Insurance Web Aggregator License has a validity of three years from the date on which the license was issued by the IRDAI.

The authority has the power to reject an application which does not comply with the conditions of the IRDAI. In case of any omission or failure, the authority will grant a period of thirty days to the applicant company to rectify all the mistakes before it rejects it. An applicant can make a new application after one year of rejection of the application.

Agreement Between Insurer And Web Aggregator:

Once License is granted by IRDAI to continue as Web Aggregator then, An Insurer desirous of obtaining leads from Insurance Web Aggregator shall enter into an “agreement” with the Insurance Web Aggregator approved by the IRDAI. The details pertaining to the arrangement made by the Insurance Web Aggregators with the insurers are given in Form L (Arrangements with insurers for distribution of products) of Schedule III.

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