

**FREQUENTLY ASKED QUESTIONS  
ON  
THE NEW AGENCY COMMISSION AND REWARDS STRUCTURE  
FY2023 -24**

**1. Why is the Agency Payout structure being revised?**

Till last financial year the Agency Commission was based on the IRDAI policy on Payment of commission to Insurance Agents and Intermediaries Regulation 2016. According to this regulation the maximum commission payable to the agent for an Individual Health policy was maximum 15%. IRDAI vide its Expense of Management Regulation 2023 and Payment of Commissions Regulation 2023 has now allowed insurance companies to pay total commission not exceeding the prescribed expense of management as percentage of Gross Written Premium for the financial year.

**2. How does this help me as an agent?**

Earlier Insurance companies could only make a maximum commission payment of 15% irrespective of the Agents business contribution. Based on the revised regulations, Insurance companies can now make higher commission to Agents who are selling more.

**3. How has Star Health planned to provide benefit to Agents who have contributed towards higher Sales?**

Agents are our Strength. In order to motivate the agents, Star Health has been categorizing its agents based on their performance in to various Club Categories every year. Agents are taken to yearly Convention (Domestic / International Locations) based on their club qualification. They are also provided with fringe benefits based on their club criteria.

In the new commission structure being implemented from 4<sup>th</sup> July 2023 also, the agents have been categorized based on their business performance for FY 2022-23 (as on 31<sup>st</sup> March 2023) as per the club membership rules for FY 2022 -23. Agents with higher business performance are being assured of Higher Commissions for a calendar quarter (i.e. A Member of Chairman Elite Gold Club is eligible to get up to 40% commission).

**4. As an agent I have ensured quantity and quality of Business. My Loss Ratios are less. Is there something more for me take?**

YES. Star Health has always believed in quality under writing of policies. We believe that Agents play a significant role in risk selection and we have ensured to provide extra commission for agents who have lesser ICR % (i.e. an agent at Chairman Club with ICR up to 60% will be eligible for commission of 35% while chairman club agent with ICR >75% will eligible for a commission of only 32%.

**5. How will I get to Know my Club Categorization and ICR?**

All you need to do to know your current club categorization and your ICR % is to log on to the ATOM Portal and go to earnings tab and check the New Commission / Rewards structure.

**6. I am an agent who has been recently appointed. In which Club will I be placed?**

We welcome you to the Star Health family. We understand your career aspiration and are looking forward to see you rise and achieve greater heights. We have categorized you as our Rising Star.

**7. What is Monthly Average fresh premium? Why is it relevant?**

Based on your performance FY 2022 -23, you have been now categorized under various clubs and we have assured your Payout for one calendar quarter. At the end of the quarter, we will review your performance up to the quarter for the current year. Based on your monthly average business achievement, you will be retained in the same club or Upgraded to Higher club and vis- versa.

Example: If you are a MD Club Member at Metro Location as per the current Classification with a an ICR of 65%, as per the New Incentive Structure, you are eligible for an assured 30% Commission for the Calendar quarter Starting from 1<sup>st</sup> July 2023 to 30<sup>th</sup> September 2023. Your performance for the current year shall be reviewed after closure of business for the Month of September.

The average monthly fresh business required to maintain your Club Categorization is Rs.2,50,000/- per month. In case the average monthly business requirement is met, you will be retained in MD Club and will be paid according to your ICR% slab, which shall be up to 30%.

In case your average fresh business premium is say Rs.500,000/- per month your Club Membership status shall be upgraded to Chairman Elite Club and you shall be paid according to your ICR % slab which shall be up to 40%.

**8. What is ICR ? Will the ICR% also be reviewed on quarterly basis?**

ICR is the ratio of claims incurred to Earned Premium. The ICR for the quarter shall be one month prior to Quarter ending i.e. Quarter ending date minus one month.

YES. Along with the Monthly Average Fresh Business, we will also review the ICR % on a quarterly basis. Your Commission for the next three months shall be fixed based on these two parameters.

Example: If your average monthly Fresh premium is Rs.3,00,000/- at the end of September 2023 for the Current Financial Year and your ICR % up to August 2023 is 72%, you will

be eligible for Assured Commission of 32% for the Quarter starting from 1<sup>st</sup> October 2023 to 31<sup>st</sup> December 2023.

- 9. I am an agent from Rural location in Rajasthan and I am taken agency from 15<sup>th</sup> March 2023. I am currently classified as RISING STAR. How much Average Fresh Monthly Business should I do to be Upgraded to Chairman Club?**

Since you are an agent from Non Metro Location, You will be required to do an Average Monthly Fresh Premium of Rs.2,50,000/- per month to be upgraded to Chairman Club. Your Commission shall increase from up to 20% to up to 35% up based on your Average Monthly Fresh Premium achievement up to September 2023.

- 10. How will the average business be calculated for newly joined agents as the joining dates are different?**

In case of Newly Joined agents who have already been categorized as Rising Star, the quarterly review shall be done after completion of one full calendar quarter.

- 11. What is AOR agent? Why is my classification shown as AOR Agent?**

Agents who have not provided any Fresh business during the FY 2022-23 have been classified as Agents on Renewal Business (AOR Agents). While we understand that due to some constraints you have not been able to place Fresh Business, we still look at you as our Rising Stars and will be paying the same amount of commission for the Fresh Business placed by you.

- 12. What is the commission payable on Renewal Policies?**

Commission for all Agents having a ICR % of less than 85%, the renewal commission shall be 15%. In case the ICR % is greater than 85%, the commission payable is up to 10%.

- 13. I have been classified as AOR Agent? How do I earn higher commission on my Renewal Business?**

All you need to do is to start placing fresh business premium of Rs. 15,000/- every month. Your categorization shall be reviewed and you will start earning renewal commission of up to 15%.

- 14. I generally ask my clients to pay Premium for 2 or 3 Years (Long Term). Will I be eligible for any extra commission?**

Yes. Long term fresh policies will be entitled to an additional payout of 1%. The same is not applicable to all policies for which premium is paid in EMI / Installment.

**15. As an agent I constantly recommend my customers to increase the Sum Insured considering the inflation? Am I entitled for commission on the extra premium received from Increase in Sum Insured?**

Yes. Commission on renewal policies is paid on the total premium received. Additionally, If 105% of the renewal base is retained, you will be entitled to an **additional reward of 1%** on fresh premium sourced during the year FY 2023-24.

**16. What is the Club Criteria for FY 24 -25.**

Please contact branch office / agency care cell to know the Club Criteria for FY 24-25.

**17. If I Perform better in one month will I get paid higher?**

**No.** Your performance is reviewed at the end of the quarter; for the period up to the quarter for the current year. Based on your monthly average business achievement, you will be retained in the same club or Upgraded to Higher club and vis- versa. So, it is important that you consistently do business month on month so that your monthly average improves.

**18. Please explain how does 125% weightage for OPD, Hospi cash, Critical illness and Personal accident (above Sum Insured of Rs.25 Lakh) work**

Let us assume that you have sold an OPD policy with a Premium of Rs.2,000/-. At the time of calculation of Commission, we will apply a weightage of 125%. This means that the commission shall be calculated by considering the Premium as Rs.2,500/-.

Example: Say your Commission is 40%.

Rs.2,000 Premium at 100% Weightage X 40% Commission = Rs.800/-

Rs.2000 Premium at 125% Weightage X 40 % Commission = Rs.1000/-

You stand to make 25% more by selling these OPD, Hospicash, Critical illness and Personal accident (Sum Insured of Rs.25 Lakh & above).

**19. If I do not perform for month what happens to my payout?**

We understand that you had a Bad month. This can happen to anyone and We are here to handhold you and help you. This is one of the reasons why we will review your performance on quarterly basis. Also, our evaluation shall be the average monthly business for the current year up to the date of review. Therefore, it will help you tide over some Bad months and will allow you sufficient time to improve your monthly average to reach higher commission slabs.

**20. Will I be eligible for Higher Commission, if I am able to cover up the Monthly average by the end of the Financial Year?**

## **Star Health and Allied Insurance Co. Limited**

### **Marketing Dept. - Corporate Office**

YES. In order to reward good performance of agents with less than 60% ICR, the average monthly premium for the period from 1<sup>st</sup> July 2023 to 31<sup>st</sup> March 2024 and ICR as on 31<sup>st</sup> March 2024 will be considered for incremental commission, if eligible. Payment will be based on commission rates applicable to this slab.

#### **21. Is there any change in agency commission payment frequency?**

YES. Henceforth the payment of Commission to Agents shall be on Monthly basis.

#### **22. Why has the Payment frequency been changed to Monthly from Weekly?**

We had conducted a survey with the agents and since a majority of the agents have opted for monthly payment of commission and reward, we are now changing the frequency for payment of commission and rewards from Weekly to Monthly