

Risky business: IRDA issues 12 broking licences

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New Delhi: THE New Year celebrations have begun for the Indian broking community. Insurance Regulatory and Development Authority (IRDA) has finally issued 12 “in-principle” broking licences. The licences have been issued in two tranches — the first one comprising of eight on January 1 and the second one comprising of four today (January 2).

Of the licences issued, four were composite broking licences and eight direct licences. Interestingly, none of the applicants had foreign participation in the form of a partner like in insurance companies. As per IRDA guidelines, 26% foreign stake is permissible for foreign brokers in Indian companies.

The eight direct licences include India Insure Risk Management, Acme Insurance Services, Helios Insurance Services, Excellent Insurance Broking Services, Unicon Insurance Broker, Armour Consultant, Alankit Insurance Services and First Policy Insurance Advisor.

Those who have got composite licences are JLI Insurance Brokerage, TTK Insurance Services, Tower Insurance and reinsurance Services and KM Dastur Reinsurance Brokers. A direct broker will be involved in risk management and placement of risk with the local insurer while reinsurance brokers do risk management and placement of risk globally. A composite broker can do the work of both — direct broker and reinsurance broker.

The names cleared are of those applicants who have cleared the exams of National Insurance Academy, Pune. The results were published and posted in the academy’s website on December 31. The “in-principle” clearance means that applicants will have to meet capitalisation and other condition that IRDA might have put as a pre-condition.

Close to 29 applications were received by the regulator since the window for inviting applications were opened. IRDA had in its notification of the regulation dated October 11, ’02 changed the classification of the brokers from four-tier structure into three-tier structure. In the new structure, there were three roles — namely direct broker, reinsurance broker and composite broker. The proposed category of putting a fourth category of consultant was removed. As per capital requirement — direct brokers need a capital of Rs 50 lakh, reinsurance brokers need capital of Rs 2 crore and composite broker of Rs 2.5 crore.