



**AADHAR HOUSING FINANCE LIMITED**

**Policy on Open Architecture for**  
**Insurance Business**

Version VI dated 23<sup>rd</sup> January, 2019

## **I. PREAMBLE**

Pursuant to the Insurance Regulatory and Development Authority of India (Registration of Corporate Agents) Regulations, 2015, notified by Insurance Regulatory and Development Authority of India ("IRDAI") on 20<sup>th</sup> August, 2015 and subsequent circular dated 18<sup>th</sup> November, 2015, the Company hereby formulates a Policy on Open Architecture for Retail Insurance Business ("Policy") to lay down the broad guidelines and principles for undertaking retail insurance distribution business as an ancillary business to its main business of housing finance.

It is to be implemented by the Company for soliciting, procuring and servicing customers while carrying out the distribution of insurance products of life insurers, general insurers and health insurers during the validity of "Certificate of Registration" issued by IRDAI and includes the approach to be followed by the Company being a Corporate agent in having single or multiple tie-ups, the partners in the tie-ups, the business mix, the type of products sold, grievance redressal mechanism and reporting requirements.

The Board of Directors of the Company have approved & adopted this Policy in its meeting held on 18<sup>th</sup> January, 2016, which became effective from 1<sup>st</sup> April, 2016., and was subsequently amended on 26<sup>th</sup> July 2016, 20<sup>th</sup> July 2017, 14<sup>th</sup> Oct 2017 and further amended on 17<sup>th</sup> Jan 2018.

The Company's principal business is housing finance and insurance distribution is an ancillary activity. It is Company's endeavour to engage in undertaking insurance business by registering itself with IRDAI and carrying out need based life, general, & health insurance product distribution. The Company understands that highest level of business ethics & compliance to regulatory norms at all times is essential and is required to be practiced by all concerned Company's Employees & stake holders involved therein.

## **II. DEFINITIONS:**

1. "Act" means the Insurance Act, 1938 (4 of 1938), as amended from time to time.
2. "Authority" means the Insurance Regulatory and Development Authority of India ["IRDAI"] established under the provisions of Section 3 of the Insurance Regulatory and Development Authority Act, 1999 (41 of 1999).
3. "Corporate Agent" or "Company" means Aadhar Housing Finance Limited (AHFL)
4. "Corporate Agent (Life)" means a corporate agent who holds a valid certificate of registration to act as such, issued by the Authority under these regulations, for solicitation and servicing of insurance business for life insurers as specified in these regulations;
5. "Corporate Agent (General)" means a corporate agent who holds a valid certificate of registration to act as such, issued by the Authority under these regulations, for solicitation and servicing of insurance business for general insurers as specified in these regulations;
6. "Corporate Agent (Health)" means a corporate agent who holds a valid certificate of registration to act as such, issued by the Authority under these regulations, for solicitation and servicing of insurance business for health insurers as specified in these regulations;
7. "Corporate Agent (Composite)" means a corporate agent who holds a valid certificate of registration to act as such, issued by the Authority under these regulations, for solicitation and

procurement of insurance business for life insurers, general insurers and health insurers, or combination of any two or all three as specified in the regulation:

8. "Principal Officer" of a Corporate Agent means a director or a partner or any officer or employee so designated by it, and approved by the Authority, exclusively appointed to supervise the activities of Corporate Agent and who possesses the requisite qualifications and practical training and has passed examination as required under these Regulations.
9. "Registration" means a certificate of registration to act as a corporate agent issued under these regulations.
10. "Regulations" means Insurance Regulatory and Development Authority of India (Registration of Corporate Agent) Regulations, 2015.
11. "Specified Person" means an employee of a Corporate Agent who is responsible for soliciting and procuring insurance business on behalf of a corporate agent and shall have fulfilled the requirements of qualification, training and passing of examination as specified in these regulations;

Words and expressions used and not defined in these Regulations but defined in the Act, as amended from time to time, the Insurance Regulatory and Development Authority Act, 1999 or in any of the Regulations / Guidelines made there under shall have the meanings respectively assigned to them in those Acts/Regulations/ Guidelines.

### III. **SCOPE AND APPLICABILITY:**

The Company understands that its customers' financial needs are beyond just owning a home. Recognizing this, Company shall offer its customers need based insurance solutions designed to take care of their various financial protection needs such as securing their property, health, personal accident risk, critical illnesses, planning for securing one's child's future, funding for retirement, savings and wealth creation.

The Company will also guide and enable them to make informed insurance decisions to meet their life's short term and long term financial goals.

The Company may also extend its insurance business to its Mortgage loan customers apart from its home loan customers for both existing and new customers. In addition, the Company may provide insurance to public also.

### IV. **Arrangements with Insurers for distribution of Products:**

Under Insurance Regulatory and Development Authority of India (Registration of Corporate Agents) Regulations, 2015, the Company as a Corporate Agent may have arrangements with a maximum of three Life Insurers, three General Insurers and three Health Insurers or as may be allowed by IRDAI from time to time. The Company thus, can tie-up with a maximum of 9 insurers by way of a Composite registration.

Presently, the Company has a tie up with one life insurance Company and two general insurance companies subject to regulatory requirements being complied with. However, the Company reserves the right to review this policy in due course based on its business potentials and explore multiple tie-ups as well for distribution of life, health and general insurance products as also reserves the right to review and change its current insurance partner Companies.

Any change in the arrangement with the insurance Companies shall be done only with the approval of IRDAI and with suitable arrangements for servicing existing policy holders.

V. **NATURE OF BUSINESS :**

The Company is hereby authorized to sell all the insurance products offered by the Indian Insurance Companies with whom the Company has entered into contractual arrangements.

The Company shall ensure that all its employees which undertake the solicitation and procurement of insurance products possess the requisite qualification prescribed by the Authority.

The Company shall conduct its dealings with clients with utmost good faith and integrity at all times. The Company shall ensure that the client understands his relationship with the Company and on whose behalf the Company is acting.

The Company shall ensure that the Principal Officer of the Company or any of the Specified Persons appointed by the Company do not make any misrepresentation on policy benefits and returns available under the policy or force any prospect to buy an insurance product.

The Company shall disseminate the requisite information in respect of insurance products offered for sale by the Insurers (with whom the Company has entered into an contractual arrangement with) and take into account the needs of the prospect while recommending a specific insurance plan.

The Company shall treat its customers fairly, honestly and transparently, with regard to suitability and appropriateness of the insurance product sold.

The Company shall always act in accordance with the provisions of the Act and the Regulations while conducting its corporate agency business.

VI. **BUSINESS MIX :**

Business mix as a Corporate Agent (Composite) for insurance will primarily be based on customer's need and requirement along with the business strategy. It may include business from various segments i.e. Life, General (Non-Life) and Health insurance to the potential as also existing home loan, mortgage loan and SME loan customers or otherwise.

a. **Life Insurance**

- Life insurers offer additional benefits to its customers, by having introduced policies which just does not purely cover risk of life but in addition enable its customers to make investments, receive lumpsum amount at regular intervals, additional riders, like critical illness , double accident benefit. etc.

- With introduction of these additional benefits, insurers have been able to secure more number of families by presenting the policy with a different approach.
- The Company may offer, various life insurance products available with Life Insurer.

**b. General Insurance**

- General Insurers offer a wide range of products like, motor insurance, health indemnity cover, family floater health indemnity cover , personal accident cover, critical illness cover, retail & commercial fire insurance, travel insurance, Householder's Policy , Shop keeper's Cover, SME Package Policy, Marine Cargo Insurance, Title Insurance, Engineering Class of Products, Liability Cover, any other Miscellaneous class of general insurance product, and new class of general insurance cover that may be introduced by the insurance regulator and is found to be of value to the Company's customers.
- AHFL's primary business is to provide Home Loans primarily to the Low and Middle income group, which at most times is the only or major investment of borrowers wherein they invest their entire life's saving. Securing the property thus created/obtained with the support of AHFL's Home Loan, is of utmost importance to safeguard their hard earned money/savings. AHFL currently offers cover to the properties through Standard Fire and Special Perils Policy.
- AHFL's average borrowers are the sole earning members in the family. In case of death of the primary borrower, the family undergoes through tremendous financial stress. Even if the Loan obtained towards purchase/construction of the property is covered through Mortgage Reducing Term Assurance (Life Insurance), the family requires a corpus to meet the immediate obligations and to maintain the standard of living. In view of the same, AHFL offers Personal Accident and Critical Illness cover too to its customers.

**c. Health Insurance**

- Health insurers are a specialist in Mediclaim policies and ensure that the claims are settled very quickly.
- Medical cost being one of the highest in today's scenario, health insurance is become a basic requirement of every individual. This product can be offered to all customers who do not have an existing policy or who are under insured.
- In view of the average profile of borrowers of the Company, wherein a medical emergency like critical illness or major hospitalization in the family puts the borrowers under stress for arranging adequate funds for treatment as well as financial management to meet the regular obligations including the EMI on Home Loans, we offer Health Insurance to the customers and their family members.

VII. **PRODUCT MIX:**

The selling of the policies will be done on basis need based analysis & customers financial goals. Products mix for retail insurance would contain healthy proportion of Life, General (Non Life) & Health.

The suitability of product depends upon factors like income range, risk appetite, loan tenures, and financial goals of the customers, etc.

The Company on being a Corporate Agent (Composite) will engage itself in distribution of insurance products post a need based analysis of its customers' financial needs. Recognizing this, company would offer its customers insurance solutions designed to take care of their various financial protection needs such as securing their property, health, child's future, funding for retirement, savings and wealth creation.

The Company on being a Corporate Agent "Composite" would not just offer these solutions but also guide and enable them to make informed insurance decisions to meet their life's short term and long term financial goals. The Company would sell any or all of the products that are approved by IRDAI **including individual (retail) as well as group products.**

The approach for proposing any solution shall be need based. Following are the broad needs (not limited to) that may be addressed:

Specifics	Needs	Solution
Loan Customers (New Customers)	<ol style="list-style-type: none"> <li>1. Protection of asset – For customer, the need is to protect the asset and family interest in case something happens to him/her during the loan tenure. Family needs to be out of debt. For lender, to secure the loan amount so that neither of the parties (customer/lender) are at loss.</li> <li>2. Risk of Property suffering from damage/destruction due to fire, earthquake, floods &amp; other natural perils including terrorism and thereby risking the underlying securities mortgaged with AHFL and risk to title of the property mortgaged to the company.</li> <li>3. Risk of the loan customer falling sick due to a critical illness or any other major medical exigency that requires him/her to get hospitalised and the resultant expenses leading him/her to default on the payment of regular EMI's from anything between a few months to a year or so depending on the severity of illness/hospitalisation duration and its resultant expenses.</li> <li>4. Risk of the loan customer suffering an accidental death, trends of which are ever on the increase</li> <li>5. Any other risk perceived by our Company in securing the loans</li> </ol>	<ul style="list-style-type: none"> <li>• Credit Life</li> <li>• Fire Insurance to secure properties. Title Insurance to secure company's mortgages</li> <li>• Health indemnity to secure risk of hospitalization and Critical Illness cover.</li> <li>• Personal Accident cover to supplement the life cover available under Credit Shield which helps repay the balance loan. The insurance amount available from PA cover provides a financial cushion to the family.</li> <li>• Insurance cover as identified, which helps repay the balance loan.</li> </ul>
Existing Customers	<p>AHFL customers who have applied or already taken a loan will be pitched for insurance products. The prime needs would be:</p> <ul style="list-style-type: none"> <li>• Opportunity of savings, investments since a lot of their current income would be going towards payment of loan thus impacting the savings and general investments. These insurance solutions would cater to the protection needs to some degree as well.</li> <li>• Opportunity to protect their mortgaged properties from natural perils &amp; disasters</li> <li>• Opportunity to secure from risks of personal accident, hospitalisation, critical illnesses and other health hazards, events that have big financial obligations that may impact adversely the ability to pay EMIs in time.</li> <li>• Opportunity to secure their home &amp; its content from burglary fire etc.</li> <li>• Opportunity to secure their Cars &amp; two wheelers.</li> <li>• Any other insurance requirement of our existing customers.</li> </ul>	

VIII. **Manner of soliciting and servicing insurance products**

The Company shall have a Principal Officer, who shall possess the requisite qualifications and practical training and has passed examination as required under the Regulations, and shall supervise the activities of the Company as a Corporate Agent (Composite).

The Company shall for the purpose of soliciting and procuring insurance business engage Specified Persons, Telemarketers, Authorised Verifiers as decided by the management possessing the required qualifications, training and passing of examination as specified by the Authority (IRDAI) from time to time.

IX. **COMPLIANCE WITH THE CODE:**

The Company shall at all times abide by its Fair Practice Code as approved by its Board of Directors and the Code of Conduct as prescribed under IRDAI (Registration of Corporate Agents) Regulations, 2015 and any other Circular / Guideline / Notification / Regulation as specified by the Authority (IRDAI) from time to time.

X. **CONFLICT OF INTEREST:**

While soliciting and procuring the insurance business, the Company being Corporate Agent shall comply with the following:

- The Company in case of having tie-ups with more than one insurer in a particular line of business, shall disclose to the prospective customer the list of insurers, with whom they have arrangements to distribute the products and provide them with the details such as scope of coverage, term of policy, premium payable, premium terms and any other information which the customer seeks on all products available with them.
- The Company shall disclose the scale of commission in respect of the insurance product offered, if asked by the prospect;
- While entering into any arrangements with the insurers, the Company shall not accept any term or condition from the insurer which shall compel the Company to distribute the products of a particular insurer only.



XI. **SERVICING OF POLICY HOLDERS:**

The Company being a Corporate Agent registered with IRDAI shall have the duty to service its policyholders as specified under Insurance Regulatory and Development Authority of India (Registration of Corporate Agents) Regulations, 2015 and Protection of Policyholder's Interests) Regulations 2017.

Servicing includes assisting in payment of premium required under section 64VB of the Act, providing necessary assistance and guidance in the event of a claim, providing all other services and guidance on issues which arise during the course of an insurance contract.

XII. **REMUNERATION:**

The payment of remuneration/Fees to or receipt of remuneration/Fees by a Company as Corporate agent shall be governed by the regulations notified in this behalf by the Authority from time to time.

XIII. **Regulatory Reporting Compliances and Maintenance of Books of Account, Records, etc :**

All the books of account, statements, document, etc., shall be maintained at the Registered/ corporate office of the Company and shall be available on all working days to such officers of the Authority OR authorized officials in this behalf for inspection.

The Company shall maintain the following records including in electronic form and shall be made available as and when required by the Authority –

- Know Your Client (KYC) records of the client, as required under the relevant Authority's guidelines and provisions of Prevention of Money Laundering Act;
- Copy of the Proposal form duly signed by the client and submitted to the insurer with Advisor Confidential Report duly signed by the specified person;
- Register containing list of clients, details of policy such as type of policy, premium amount, date of issue of the policy, charges or fees received;
- Register containing details of complaints received which include name of the complainant, nature of complaint, details of policy issued/solicited and action taken thereon;
- Register which shall contain the Specified person's name, address, telephone no, photograph, date of commencement of employment, date of leaving the service, if any, monthly remuneration paid
- Copies of the correspondence exchanged with the Authority;
- Any other record as may be specified by the Authority from time to time.

The Company shall furnish Business figures, insurer wise in the formats specified by the Authority as per the regulation.

A copy of the audited financial statements along with the auditor's report thereon shall be submitted to the Authority as per the regulation.

Certificate - Cum - Declaration will be submitted by the Company as Corporate entity on forced selling on a Half Yearly basis and Certificate - Cum - Declaration on the remuneration and other payments received from the insurer on a Half Yearly basis.

Any other disclosures as required by IRDAI shall be submitted by the Company.

Since the Company's principal business is Housing Finance and insurance intermediation is its ancillary activity, the Company will be required to capture and report segment wise revenues received for insurance intermediation and other income from insurers.

A copy of the audited financial statements as stated in sub-regulation (1) along with the auditor's report thereon shall be submitted to the Authority IRDAI before 30<sup>th</sup> September every year along with the remarks or observations of the auditors, if any, on the conduct of the business, state of accounts, etc., and a suitable explanation on such observations shall be appended to such accounts filed with the Authority as per the regulation. Within ninety days from the date of the Auditor's report necessary steps to rectify any deficiencies, made out in the auditor's report, be made and informed to the Authority, IRDAI.

The Company shall file a certificate with the IRDAI in the prescribed format specifying the commission/remuneration as received from the insurer.

All the books, documents, statements, contract notes etc., referred to in this regulation and maintained shall be retained for a minimum period of ten years from the end of the year to which they relate.

However, the documents pertaining to the cases where claims are reported and the settlement is pending for a decision from courts, the documents shall be maintained till the disposal of the cases by the court.

All the books of account, statements, document, etc., shall be maintained at the Registered/Corporate office of the Company and shall be available on all working days to such officers of the Authority IRDAI, OR authorized officials in this behalf for inspection.

*Note : For purpose to comply with this regulations, the financial year shall be a period of 12 months (or less where a business is started after 1st April) commencing on the first day of the April of an year and ending on the 31st day of March of the year following, and the accounts shall be maintained on accrual basis.*

#### XIV. **GRIEVANCE REDRESSAL MECHANISM :**

The Company shall perform the duty of servicing the policyholders in accordance with the IRDAI (Registration of Corporate Agents) Regulations, 2015 and IRDAI (Protection of Policyholder's Interests) Regulations, 2017 and any other guidelines prescribed by the Authority from time to time.

The company holds the Registration of a composite Corporate Agent with IRDAI for solicitation of insurance business. It will ensure adherence to the IRDAI Regulations, with respect to redressal of grievances relating to insurance. The offices of the company where complaints related to insurance products sold by the company are received, will acknowledge the complaint and facilitate redressal of the same within 14 days of the receipt of such complaint.

#### **If a customer wants to make a compliant:**

##### **Step I.**

He/she can write to:

➤ **Customer Care Department**

**Aadhar Housing Finance Ltd**, Corporate office, 201, Raheja Point -1, Nr. Shamrao Vitthal Bank, Nehru Road, Vakola, Santacruz (E), Mumbai - 400055 (Maharashtra)

➤ Call on Toll Free Number: 1800 300 420 20

➤ Email at : [customercare@aadharhousing.com](mailto:customercare@aadharhousing.com)

➤ He/ She can even approach the AHFL branch where they have obtained the Policy from.  
*(The letters/emails received by the branch to be sent to Customer Care Dept by an email within 2 days to [customercare@aadharhousing.com](mailto:customercare@aadharhousing.com) & to the Principal Officer at [uma.r@aadharhousing.com](mailto:uma.r@aadharhousing.com))*

➤ The customers can alternatively contact the insurer directly.

##### **Step II.**

If the resolution received by the customer does not meet the expectation, or has not received any response within 10 days from the date of raising the compliant, he/she can escalate the compliant to the **Principal officer – Uma R** at [uma.r@aadharhousing.com](mailto:uma.r@aadharhousing.com) and the Principal Officer / customer care dept shall also escalate and follow up with the insurer company for providing speedy resolution.

##### **Step III.**

If the customer is still not satisfied with the resolution received, he/she can write to our **MD & CEO - [CEO@aadharhousing.com](mailto:CEO@aadharhousing.com)** on day 11 & above.

##### **Step IV.**

If customer is not satisfied with the reply provided by CEO and Managing Director too, then he/she can write to the concerned **insurance companies** by obtaining the contact details from the website.

*The Insurer & Corporate Agent will mutually co-ordinate for end to end closure of complaints raised and resolve with fair resolution to the Policy Holder within the above said 14 days. The Complaint register will be maintained by the Principal officer and will be made available to IRDAI as and when demanded.*

#### **Step V.**

In-case the customer is not satisfied with the resolution provided by the insurer/AHFL, at any point of time he/she can

- Escalate the complaint online through IGMS by logging into [www.igms.irda.gov.in](http://www.igms.irda.gov.in)
- or Call: Toll Free Number 155255
- or Email to [Complaints@irda.gov.in](mailto:Complaints@irda.gov.in)
- or write to **Insurance Regulatory and Development Authority of India (IRDAI)**, Sy No. 115/1, 4<sup>th</sup> floor, Financial District, Nanakramguda, Gachibowli, Hyderabad – 500 032

#### **Step VI.**

In rare cases, in case the customer is not happy with the resolution provided by the above, then he/she may be guided to the **Insurance Ombudsman**.

#### XV. **CONSEQUENCE MANAGEMENT:**

Any person acting in violation of this Policy may expose the Company to regulatory risks. Appropriate actions will be taken against such persons in accordance with the employee disciplinary action process.

#### XVI. **MONITORING MECHANISM:**

The Internal audit department of the Company shall audit the activities/business of the Company as a Corporate Agent periodically to ensure that the Company is in compliance with the IRDA regulations.

#### XVII. **AMENDMENTS/MODIFICATIONS:**

This policy will be reviewed periodically by the Board of Directors for any changes required on grounds of regulatory norms, audit observations and business requirements during the course of business.

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