



Policy on Commission, Remuneration and Reward
to Insurance Distributors

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Policy Owner: Chief Distribution Officer

Approved By: Board of Directors

Review Frequency: Annual or earlier, if required.

1. Purpose

The purpose of this Policy is to establish the governance framework for payment of commission, remuneration and rewards to Insurance Distributors in accordance with the applicable provisions of the Insurance Act, 1938, the IRDAI (Expenses of Management, including Commission, of Insurers) Regulations, 2024, the IRDAI Corporate Governance framework, and other applicable regulatory requirements.

The Policy seeks to ensure that remuneration practices:

- support sustainable and profitable business growth;
- remain aligned with the interests of policyholders;
- encourage sound underwriting and distribution practices;
- promote fair, transparent and commercially prudent remuneration practices; and
- remain within the Company's approved Expense of Management framework.

2. Scope

This Policy applies to all commission, remuneration and rewards payable by the Company to Insurance Agents, Insurance Intermediaries and other Insurance Distributors authorised under applicable laws and regulations.

The Policy shall apply across all products, distribution channels and business segments unless specifically excluded under applicable regulations.

Definitions

1. “The Authority” means Insurance Regulatory & Development Authority of India (IRDAI)
2. “The Company” means Raheja QBE General Insurance Company Limited

3. "Commission " means any compensation including remuneration paid to and received by an insurance agent /Intermediary/ insurance intermediary from the Company for soliciting and procuring an insurance policy.
4. "Insurance Distributors" means Insurance Agents, Intermediary, Insurance Intermediary or any person or entity authorized under the law to distribute, solicit, procure or transact insurance business and services for and on behalf of the Company.
5. "Total Brokerage" refers to the combined payment of Commission and Rewards made to an intermediary
6. "Reward" means the amounts paid, whether directly or indirectly, as an incentive by whatever name called by an insurer to Insurance Distributors.
7. "Internal Commercial Schedule" means the management-approved document containing product-wise commission structures, reward ranges, distributor classifications, strategic program and other commercial arrangements approved by the CRC.

3. Regulatory Framework

This Policy has been framed having regard to:

- Insurance Act, 1938
- Insurance Regulatory and Development Authority Act, 1999
- IRDAI (Expenses of Management, including Commission, of Insurers) Regulations, 2024
- IRDAI (Corporate Governance for Insurers) Regulations, 2024
- IRDAI Master Circular on Corporate Governance for Insurers
- IRDAI Circular on Remuneration to Key Management Persons
- Any amendments, modifications, clarifications, guidelines or circulars issued by IRDAI from time to time.
- Applicable IRDAI Regulations, Master Circulars, Guidelines and Circulars governing insurance agents, intermediaries, insurance intermediaries and distribution of insurance products

4. Guiding Principles

The Company's remuneration philosophy shall be guided by the following principles:

- alignment with policyholder interests;
- sustainable and profitable business growth;
- commercial prudence;
- fair and transparent remuneration practices;
- sound underwriting discipline;
- appropriate risk management;

- regulatory compliance;
- efficient utilisation of the Company's Expense of Management;
- long-term value creation for all stakeholders.

5. Commission

Commission shall be paid in accordance with applicable laws, regulations and Board-approved governance standards.

The commission payable shall remain within the limits prescribed under applicable regulations and the Company's approved Expense of Management framework.

The Company shall determine and pay commission in accordance with applicable IRDAI Regulations. Product-wise commission structures shall be prescribed through the Internal Commercial Schedules approved by the Commission & Reward Committee (CRC), within the overall governance framework approved by the Board.

The commission structure mentioned above is for business on direct basis only. The commission on terrorism shall be 5% and shall not form part of commission rate mentioned above and no reward is payable on terrorism.

The commission structure as mentioned above may not apply for cases where the business is booked as co-insurance, and we are the follower. In such cases the commission would be booked the same as leader.

The differential commission can be paid on Own Damage and TP section of the premium and same would be pre-decided and presented to the CRC.

Other than the monetary incentives paid as rewards, based on approval of the Commission & Reward Committee, the Company may:

- Declare and pay non-cash rewards to promote constructive competition amongst insurance distributors in the form of rewards and recognition programs, gifts and presents, trips and accolades etc.
- spend on the welfare of the Insurance Distributors by undertaking their cost towards personal and family benefits such as gratuity, term insurance cover, Group Insurance Covers etc. The Commission & Reward Committee can also extend assistance by bearing their cost towards telephone charges, office allowances, Sales promotion activities such other items and activities.
- Encourage them to equip themselves with the knowledge to and undertake activities such as risk analysis, GAP analysis, Plan, Design, predictive modelling, data management, infrastructure, advertisement, and such other items. The Company may bear the cost of such activities and reward the deserving appropriately.

Submission of Returns on payment of Commission by the insurer:

(b) Within 45 days of the expiration of each financial year, the Company shall submit to the Authority the Board approved returns on payment of commission by the insurer to the Insurance agent, Intermediary or Insurance intermediary, in the format as may be specified by IRDAI from time to time.

(c) These returns shall be reviewed by the Audit Committee prior to being placed for approval of the Board of the insurer.

6. Reward

The Company may pay rewards, incentives or other permissible forms of remuneration to eligible Insurance Distributors in addition to commission, where considered appropriate.

Such rewards shall:

- support the Company's business strategy;
- encourage profitable and sustainable business;
- recognise value-added services provided by Insurance Distributors;
- remain commercially competitive;
- comply with applicable regulatory requirements.

Rewards shall not constitute an automatic entitlement and may vary depending upon business performance and commercial considerations.

7. Commercial Principles for Rewards

While determining commission & reward structures, the Company may consider one or more of the following factors:

- Line of Business;
- Product category;
- Distribution channel;
- Business volume;
- Portfolio quality;
- Loss ratio;
- Renewal performance;
- Customer segment;
- Strategic importance;
- Nature and complexity of risk;
- Market conditions;
- Competitive environment;
- Business plan priorities;
- Regulatory obligations;
- Service capabilities of the distributor;
- Customer service and claims support;
- Any other commercial consideration considered appropriate by the Company.

In determining Commission and Reward structures, the CRC shall also consider customer outcomes, claims experience, conduct standards and long-term sustainability of the portfolio.

The relative importance of the above factors may vary depending upon the Company's business strategy and market conditions.

8. Commission & Reward Committee (CRC)

The Company Management shall constitute a Commission & Reward Committee ("CRC") to oversee the implementation of this Policy.

The CRC headed by the Chief Distribution Officer shall comprise representatives from Distribution team as required, and such other functions as may be determined by Management.

The CRC shall review the commercial framework at least once every quarter, and may revise the applicable commercial schedules considering:

- prevailing market practices;
- competitive positioning;
- underwriting performance;
- portfolio profitability;
- customer outcomes;
- regulatory developments;
- strategic priorities;
- any other factor deemed appropriate by the Committee.

The CRC shall have the authority to:

- approve Commission and Reward Schedules;
- prescribe minimum and maximum reward ranges;
- determine distributor classifications;
- approve strategic commercial programmes;
- approve deviations and exceptions;
- modify commercial structures in response to market conditions, subject to this Policy and the Company's Delegation of Authority.

9. Commercial Schedules & Distributor Entitlement

The Internal Commercial Schedules are intended solely for internal governance and administration of this Policy. Nothing contained in this Policy or the Internal Commercial Schedules shall create any contractual or vested right or entitlement in favour of any Insurance Distributor to receive any particular commission, remuneration or reward. The applicable commission and reward payable shall be determined by the Company in accordance with the Internal Commercial Schedules approved by the Commission & Reward Committee (CRC), subject to applicable laws, regulatory requirements and the Company's Delegation of Authority.

The detailed Commission and Reward Schedule, including product-wise commission structures, reward parameters, distributor classifications and commercial arrangements, shall be maintained separately as Internal Governance Documents approved by the Commission & Reward Committee ("CRC").

The Internal Commercial Schedules are confidential governance documents maintained for internal administrative purposes and shall not form part of the published Policy or create any contractual entitlement in favour of any Insurance Distributor.

10. Brokerage Governance Framework

(a) Board-Approved Average Distribution Total Brokerage

The Company shall endeavour to maintain the overall average remuneration payable to Insurance Distributors broadly in line with the Board-approved Annual Business Plan and the Company's Expense of Management framework.

Since the commission structure is predetermined, the CRC shall administer the variable Reward framework to ensure that the overall average brokerage remains aligned with the Board-approved business Plan.

The table for Average Total Brokerage for the Year 2026-27 is as follows:

LOB	Average Total Brokerage
Motor	45.3%
Liability	25.6%
Property	27.4%
Health Retail	45%
Health Affinity	60%
Health Group	5%
PA Group	25%
Ship Building	25%
Marine Cargo	17.5%
Affinity Misc	60%

The above represents the Board-approved average commission benchmark and does not constitute an entitlement or commitment to any Insurance Distributor. Actual commission payable shall be determined in accordance with the applicable Internal Commercial Schedules, regulatory requirements and the Company's Expense of Management framework.

(b) Board-Approved Maximum Permissible Distribution Total Brokerage

LOB	Maximum Total Brokerage
Motor	70%
Liability other than EC	30.00%
Employees Compensations	40.00%
Property	40%
Health Retail	55%
Health Group	40%

PA Group	40%
Ship Building	25%
Marine Cargo	25%
Affinity Misc. (all LOBs)	70%
Crop	10%
Any Other (not Mentioned Above)	70%

The above percentages do not constitute an entitlement or commitment to any insurance distributor. Actual remuneration shall be determined by the CRC based on the Internal Commercial Schedules and prevailing business considerations.

The CRC shall prescribe and periodically review the minimum and maximum reward levels applicable to products, distribution channels, business segments and strategic programmes, taking into account market conditions, portfolio performance, regulatory requirements and the Company's business strategy. The minimum reward may be Nil.

Such reward levels shall:

- remain within applicable regulatory limits;
- comply with the Company's Expense of Management framework;
- be reviewed periodically by the CRC;
- be approved in accordance with the Company's Delegation of Authority.

The applicable commercial framework shall be determined by the CRC based on prevailing market conditions and business requirements.

11. Review Frequency

The Commission & Reward Committee shall review the commercial framework at least **once every quarter**, or more frequently where considered necessary.

The review may include:

- market competitiveness;
- business mix;
- profitability;
- portfolio quality;
- underwriting experience;
- strategic priorities;
- regulatory developments;
- overall distribution effectiveness.

Based on such review, the CRC may revise the applicable commercial schedules within the overall framework of this Policy.

12. Governance & Compliance

All commission, remuneration and reward payments shall:

- comply with applicable laws and regulations;
- remain within the Company's Expense of Management framework;
- be appropriately documented;
- be subject to internal controls;
- be available for audit and regulatory inspection.

Manner and conditions regarding transfer of orphan policies

The Company shall put up appropriate process and procedures for transfer and servicing of Orphan Policies in case of death of or cancellation / termination / suspension of appointment of an Insurance Distributors.

In the event any Insurance Distributors dies whilst active, the outstanding commission/ remuneration/rewards as has accrued to the credit of the agent/ intermediary would be paid to his legal heir/ representative as per due legal process.

Suspension/ termination/ cancellation of appointment of Insurance Distributors

The Company shall put an appropriate process and procedures to carry out disciplinary proceedings against Insurance Distributors for reasons including but not limited to misconduct, resulting in suspension and / or termination and / or cancellation of their appointment and / or engagement for and on behalf of the Company.

However, before making any such decision, the Company shall offer such Insurance Distributors appropriate opportunity of being heard.

13. Policy Review

This Policy shall be reviewed annually by the Board or earlier if warranted by regulatory, strategic or business developments. The Internal Commercial Schedules shall be reviewed by the Commission & Reward Committee at least once every quarter or more frequently, where considered necessary

Annexure A – Governance Framework

Authority Matrix

Authority	Responsibility
Board of Directors	Approves the Policy and overall governance framework
Chief Distribution Officer	Overall implementation and oversight
Commission & Reward Committee (CRC)	Quarterly review and approval of commercial schedules, reward ranges and exceptions
Finance	Validation of EOM compliance
Compliance	Regulatory oversight
Internal Audit	Independent assurance