CANARA HSBC LIFE INSURANCE COMPANY LIMITED
CIN : L66010DL2007PLC248825

Commission Policy

Owned by: Finance

Version: 1.5

Release Date: 9th February 2026

Version History

Release Date	Version	Revision Description	Approved By
02/05/2023	1.0	Initial version	Audit Committee and Board
20/11/2023	1.1	Addition of Group Annuity segment and other minor changes	Audit Committee and Board
20/02/2024	1.2	Annual Review, changes in first year commission and change in Reward Limits, w.e.f. 1st April, 2024	Audit Committee and Board
20/03/2025	1.3	Annual review Minor changes including reference to new Master Circular on Expenses of Management, including Commission, of Insurers, 2024, clarification on applicability of rewards for Group Credit Life (Single premium business) and other minor changes	Audit Committee
26/03/2025	1.3	Annual review Minor changes including reference to new Master Circular on Expenses of Management, including Commission, of Insurers, 2024, clarification on applicability of rewards for Group Credit Life (Single premium business) and other minor changes	Board
24/09/2025	1.4	To incorporate changes for Agency channel launch	Audit Committee and Board
09/02/2026	1.5	No Change	Audit Committee and Board

1. Policy

Canara HSBC Life Insurance Company Limited ('the Company') shall establish documented standards for payment of commission to insurance intermediaries and insurance agents to ensure that such payments are as per the terms and conditions agreed with each of the insurance intermediaries and in line with applicable regulations/ guidelines.

2. Purpose

The IRDAI has released Insurance Regulatory and Development Authority of India (Expenses of Management, including Commission, of Insurers) Regulations, 2024 and Master Circular on Expenses of Management including Commission of Insurers 2024, as amended from time to time, which stipulate that every insurer shall have a written policy for payment of commission to insurance intermediaries and insurance agents, which shall be approved by the Board of the Company.

3. Definitions

a) "Intermediary" or "insurance intermediary" includes insurance brokers, corporate agents, web aggregators and such other entities, as may be notified by the Authority from time to time.

b) "Insurance Agent" means an individual, including POS agents, appointed by an insurer who receives commission for the purpose of soliciting or procuring insurance business, including business relating to the continuance, renewal or revival of policies of insurance.

Note: In this policy Intermediaries and Insurance Agents are also referred to as distributors.

c) “Total Commission” means any compensation, including remuneration, or reward, by whatever name called, paid by an insurer to insurance agent or insurance intermediary, as applicable, for soliciting or procuring or transacting or retention/renewal/reinstatements of insurance policies / business.

d) “Base Commission” means the amount paid to distributors as per commission rates stated in this policy.

e) “Reward” means the amounts paid, whether directly or indirectly, as an incentive by whatever name called to (not limited to):

i. an insurance agent towards benefits such as term insurance cover, various group insurance covers, telephone charges, office allowance, sales promotion gift items, competition prizes and such other items.

ii. an insurance intermediary towards superior performance on sales and persistency, various services such as risk analysis, gap analysis, plan design, predictive modeling, data management, infrastructure, advertisement and such other items including any additional incentives by whatever name called.

4. Objectives

The objective of this policy is to determine commission payable to insurance Intermediaries and Insurance Agents in a manner that it:

- Increases insurance penetration and density in the channels and geographies where the Company is operating.
- Ensures that the products sold through distributors are in the interests of the policyholders.
- Is linked with the nature and tenure of the insurance policy sourced.

- Enhances the performance of insurance agents and insurance intermediaries and is in their interest.
- Encourages good sales quality and distribution practices.
- Is aligned with the Company's business plan and strategy.
- Brings cost efficiencies in the conduct of business and distribution and simplification of the administration of insurance business.

5. Commission payable to insurance agents or insurance intermediaries

i. The total amount of commission payable under life insurance products including health insurance products offered by the Company, along with operating expenses of the Company shall not exceed the Expense of Management (EOM) limits specified under Insurance Regulatory and Development Authority of India (Expenses of Management, including Commission, of Insurers) Regulations, 2024, as amended from time to time. The Company will ensure that Insurance Intermediaries and Insurance Agents are compensated fairly, regardless of their size.

ii. Detailed commission structure is as below:

1) Base First Year Commission Structure:

First year maximum commission for regular premium / limited pay policies will be as follows:

Premium paying term (PPT, in years)	Intermediaries being Shareholder Banks & their Sponsored RRBs	All other intermediaries and Individual Agents
Less than 5	16%	20%
5 or more, but less than 10	PPT X 3 + 4%	PPT X 3 + 14%
10 or More	PPT X 3 + 5% (upto a maximum of 50%)	PPT X 3 + 15% (upto a maximum of 45%)

Commission for Unit Linked Products are subject to maximum rates as stated above, however the same will continue to be driven by guidelines/regulations issued by IRDAI, which restrict/guide recovery of charges (including commission) from Policyholders.

Maximum Commission rate for Group credit life policies will be 30%, subject to regulatory guidance/limits, if any.

Maximum commission rate for regular pay / limited pay annuity policies will be 12.5% for premium paying terms 5 years or less and will be 15% for all other premium paying terms.

Maximum First Year Commission rate for Individual term, health products and riders is 40% for all intermediaries, for premium paying term more than 5 years (maximum limit is 30% for premium paying term 5 years or less).

For Single premium individual, Single premium Annuity, Top-ups and one-year renewable group term policies, the maximum commission is capped at 5% (for single premium Individual Term products maximum limit is 7.5%) for all intermediaries.

Maximum limit for Group fund-based policies, if sourced by an intermediary, will be ₹2 Lakhs.

Above commission rates are subject to the Company meeting the specified EOM limits.

2) Renewal Commission (for all Intermediaries and insurance agents) Structure:

Renewal Commission	Product	Maximum Renewal Commission
1st year Renewal Commission	All products	15%
2nd year and subsequent years Renewal Commission	All products other than Term products	7.50%
	Term	10%

Commission for Unit Linked Products are subject to maximum rates as stated above, however the same will continue to be driven by guidelines/regulations issued by IRDAI, which restrict/guide recovery of charges (including commission) from Policyholders.

3) Rewards

The Company may decide to reward distributors up to maximum 15% of first year premium for Shareholder Banks & Sponsored RRBs and maximum up to 30% for all other intermediaries and individual agents in addition to the base commission rate, as stated in Clause 5 (ii) above for:

- Higher than target performance,
- Superior sales practices along with sales quality,
- Any of the parameter as defined in definition section Clause 3 (e) and/or
- Any other key performance parameter like persistency

The Company may decide to pay this reward amount over multiple years during the policy tenure.

Amount paid under this category will be added to the commission amount paid at above specified rates for all internal and regulatory reporting as required.

Notes to Section 5 (ii) :-

1) Above rates are maximum allowed rates. First year commission and renewal commission rates for respective intermediaries/ insurance agents will be determined on the basis of financial viability of the products sold through them. It will be decided on a case-to-case basis and can differ basis the business volume, persistency requirement and other relevant parameters.
2) The Company may get into an agreement/arrangement with intermediaries for Clawback of Commission (including rewards) on case to case basis as per the terms and conditions mutually agreed.

3) Rewards are also applicable for Single premium Group Credit Life business.
4) Training and other sales support/ process development expenses, incurred on or for distributors are not part of above commission limits, however same will form part of Annual Operating Plan (AOP) expenses of the Company.
5) Company may also pay Bank Charges, Banking Service Charges or any other charge, to distributors banks in the normal course of banking services, which are not related to soliciting insurance business, therefore these charges and payments are outside the purview of this policy.

iii. While deriving and determining commission rates for each of the Insurance Intermediaries/ Insurance Agents/ products, following key parameters will be considered:

i. New Business volume
ii. New business volume, proportion of Company volumes
iii. New Business Volume commitment
iv. Direct Cost of Acquisition
v. Overall Cost of Acquisition
vi. Required Persistency
vii. Contribution in various financial value parameters such as PBT, VNB, EV etc.
viii. Long-term business plan for the channel/Intermediaries/Agent

The above list is not comprehensive and it is not necessary that each of the above parameters will be applicable or specifically considered for deciding commission rates. The Board may also direct the management to evaluate any other relevant parameters for consideration. Further, the Commission rates will be within the framework/ regulations, if any, prescribed by IRDAI.

All taxes, levies and cess, if any, will be as per applicable tax laws.

6. Review

a) On Half yearly basis, the Board shall review the comparison of commission paid with the available amount as per EOM limits along with the compliance against this policy.
b) This Policy shall be reviewed by the Board every year in the last Board meeting of a financial year, to enable applicability in the beginning of next financial year, or whenever there is any change in the scope of the approved Policy.
c) Audit Committee shall annually review the commission structure of all Insurance Intermediaries/ Insurance Agents to evaluate effectiveness of commission rates basis business volumes, efficiency and penetration of intermediaries, alignment with customer needs and interests etc.

7. Submission of Returns on payment of Commission

Board shall approve the returns on payment of commission as per the applicable Regulations and guidelines issued or amended by IRDAI from time-to-time.

8. Determination of Distributor and product level Commission rates

The Chief Financial Officer, Appointed Actuary and respective Chief Distribution Officer/ Chief Agency Officer are authorised to decide commission rates for each of Insurance Intermediaries, for Insurance Agents and for various products including clawbacks, depending upon market dynamics, within the limits defined in the above commission tables and after considering key parameters mentioned in this Policy in Section 5, or as recommended by Board from time-to-time.

At each financial year end, the Company must ensure that total commission expense along with operating expenses is within EOM limits for that financial year.

9. Applicability

This Policy is applicable to all new life insurance policies issued with effect from 1st April 2026 or thereafter.