

Ref:CO/Mktg./ZD/A/27/2023

Date:23.08.2023

All HODs of Central Office  
All Zonal Offices  
All Divisional Offices  
All Branch Offices & Satellite Offices  
Audit and Inspection Departments  
MDC, ZTCs & STCs

**Re: Gratuity payable to the Agents of the Corporation**

It has been decided to bring out comprehensive guidelines with regard to gratuity payable to the agents of the Corporation.

Accordingly, the provisions related to Gratuity payable to Agents are detailed below:

- 1) Gratuity is payable to the Agents of the Corporation in accordance with Regulation 11 and the Fourth Schedule of the LIC of India (Agents) Regulations,2017.
- 2) The Competent Authority to approve the gratuity amount payable to the agents is the Sr./Divisional Manager In-charge.
- 3) Gratuity is payable based on the 'qualifying yearly renewal commission' of the concerned agent as per the criteria detailed in the Fourth Schedule of the LIC of India (Agents) Regulations,2017.
- 4) Where renewal commission figures of certain 'qualifying years' are unavailable, **notional renewal commission** figures have to be arrived at for such agency years.

Such **notional renewal commission** figures shall be arrived at on the basis of the average of the renewal commission of the immediately succeeding two agency years for which the renewal commission figures are not available.

The Competent Authority to approve such an amount of **notional renewal commission** for calculation of gratuity payable is the Zonal Manager (I/C). The Zonal Office Marketing Department is to maintain records of all the cases approved by the Zonal Manager in the register as per attached format (Annexure-A).

- 5) Delayed payment of gratuity attracts penal interest, and the Zonal Manager (I/C) is the competent authority for approval of payment of penal interest in individual cases depending upon the circumstances and merits of the case. Zones are advised to call for the statement of pending gratuity cases on half-yearly basis for review and maintain records of cases where PENAL interest is sanctioned by the Zonal Manager(I/C).

- 6) Regulation 9(2) of the LIC of India (Agents) Regulations, 2017 prescribes that an agent shall be exempt from bringing in the business required of him or her, if he or she fulfills such other conditions as may be laid down by the Board from time to time.

However, if an agent has not fulfilled the minimum amount of business required of him or her in any agency year, the said agency year will not be treated as a 'qualifying year', for the purpose of calculation of gratuity. It is therefore in the interest of the concerned Agent to do the minimum required business, so as to treat the 'year' as a 'qualifying year'.

- 7) Where an agent has received any gratuity as an agent of the Corporation, no further gratuity shall be admissible to him for any period during which he works thereafter as an agent.

Further, it is clarified that, if an agent, who had earlier worked as an employee of the Corporation and had received gratuity as an employee of the Corporation, has otherwise fulfilled the eligibility conditions to receive gratuity in terms of the Fourth Schedule of the LIC of India (Agents) Regulations, 2017 for the agency taken after the span as such an employee, there is no restriction in terms of the LIC of India (Agents) Regulations, 2017 on payment of gratuity to him or her.

Similarly, a Development Officer who worked as an agent before joining as a Development Officer is entitled to gratuity for the period he was an Agent, provided he had fulfilled the eligibility conditions to receive Gratuity in terms of the Fourth Schedule of the LIC of India (Agents) Regulations, 2017.

With a view to have uniformity in calculation of gratuity by all the concerned offices, and to ensure timely settlement of gratuity, it has now been decided to have a mechanized procedure for gratuity calculation through e-FEAP as per the enclosed '**Process Flow**' (**Annexure-1**).

The proforma of the letter of 'option' to be exercised by the agent and a few examples of calculation of gratuity are enclosed as (**Annexure-2**) & (**Annexure-3**) respectively.

CO/ITSD will release the relevant program related to systemic gratuity calculation.

This circular shall come into force with immediate effect and shall supersede all the earlier circulars in this regard. The cases already settled need not be reopened.



**Executive Director (Marketing/PD) & CMO**

**Encl:** (1) Annexure – 1 Process Flow  
(2) Annexure – 2 Option letter proforma  
(3) Annexure – 3 Examples  
(4) Annexure-A