

COMP/TRAI/2010-11/01

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Mr. S.K. Gupta Advisor (Quality of Service)
Telecom Regulatory Authority of India
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Sub.: Consultation paper on review of Telecom Regulatory Authority of India ("TRAI") Regulations

Dear Sir,

We refer to the above Consultation paper which has been published by the Authority wherein it is proposed to move to a regime of "Do Call Registry" from the current "Do not Call Registry". In this connection, we would like to state as follows:

Role of Telemarketers in Insurance industry

Insurance industry was open to private sector in the year 2000 with the aim of development of the insurance industry and accelerating the extension of the benefits of insurance to the different sections of the society. While insurance companies market their products through various channels like Agency, Banca, Corporate agency, telemarketers have been one of the key channels to help in identifying the potential customers for extending insurance cover. The channel has significantly contributed to the growth of the industry and in extending the valuable insurance protection to the masses by connecting with potential customers on telephone.

Tele Marketing is one of the most powerful customer awareness/education medium, considering that India has over 60% of the population having access to telephone communication. It is important for the Country like India where the distribution inefficiency exists in terms of physical access for customers/consumers to various products & services and therefore telemarketing plays a crucial role to bridge this gap.

In terms of IRDA regulations all insurance companies as part of financial inclusion have obligations to extend insurance to persons who reside in rural areas and those who are engaged in social sector occupations. Reaching such rural customers where no banking or other distribution channels are available, the customers are accessed/approached mainly through telemarketing and is considered as effective tool.

The proposed legislation would be detrimental to the interest of the Customers/consumers, as it will deprive them to having access on various important information about the product and services they wish to buy or avail, which otherwise would be available at no cost to the consumer.

Outbound Tele Marketing can offer valuable protection to the consumers who otherwise would not have access to this protection, because they do not access any other channels. Also, telemarketing is highly controllable & transparent channel as all conversation with customer can be recorded, traced





back and could be referred in future. One of the key benefits of professional Tele Marketing is that every sales call must be recorded.

The Telecom Unsolicited Commercial Communications Regulations were passed in the year 2007 to regulate cold calling of customers for commercial purposes. The regulations paved the way for establishment of a 'National Do Not Call Registry', which contain the details of telephone subscribers who do not wish to be called. A framework for registration of telemarketers and compliance with the requirement of checking with the NDNC list before any commercial calls are made was put in place.

Existing regulatory framework is well received and effective measures are implemented by insurance companies to facilitate compliance of "Do Not Call Registry" Regulations as specified by TRAI.

Our company, being one of the users of the telemarketing service, had put in place the following controls in place to facilitate compliance with TRAI regulations:

- (1) Notification of the compliance requirements in the branch offices to ensure that all persons within the company are aware of the regulatory requirements related to NDNC.
- (2) Periodic scrubbing of the numbers against the NDNC & DNC of the company before any sales persons calls on behalf of the Company
- (3) Disciplinary action – warning to employees of the Company and/or outsourced telemarketing agencies for violations of regulations as specified.
- (4) Compulsory registration of telemarketing companies (both sales and service providers) and Corporate agents under the TRAI Regulations before they are appointed by the Company

In our opinion having 65.82 million subscribers which have registered for 'Do Not Call' in NDNC Registry till 31st March 2010, which is about 11% of all telephone subscribers in India, is a significant achievement, this numbers are comparable to the response in any evolved economic like US, UK, Canada, China, etc.. This percentage is very encouraging in the light that the NDNC process have been in existence for only 3 years. Further, with the help of effective implementation of the NDNC regulations, encouragement thru widespread advertisements and effective co-operation from telemarketing companies, NDNC could be made more effective and successful. It would be too early to move to a regime "Do Call Registry" before giving a try to curb the loopholes in the existing systems.

Some of the factors to improve the effectiveness of the telecom unsolicited commercial communication regulations, 2007 are as follows:

1. There is huge need for creating customer awareness of the NDNC services by using both above the line and below the line communication (we could also use various low cost medium like automated voice calls to customers to create awareness of the process & the benefits to register on the NDNC)
2. There is a need to make the process of registering on NDNC much more convenient for a customer



3. We need to put in strong measures to reprimand any institution/individual for undertaking unsolicited commercial communications also create a system which takes action in a timely and transparent manner.
4. We need to create case in point where strong action has been taken against institution/individual that engaging in conducting unsolicited commercial communications and share the same with telemarketers who have registered with the Department of Telecommunications.
5. The current amount of financial disincentive of Rs.49, 000/- must be increased to at least 10 times to act as a deterrent for service providers not to violate the regulations on Unsolicited Commercial Communications.
6. We must also implement strong punishment for all telemarketers who are still not registered with the Department of telecommunications the penalty of the same should be huge deterrent.

The regulations should target those in the industry who are really cold calling people they have no affinity with and/or are buying illegal databases and are using aggressive selling techniques (without proper process, quality and controls in place).

Definition of Unsolicited Commercial Communications:

Contacting an existing customer (to offer a product that could benefit him/her) vs. contacting somebody with whom no existing client relationship are very different hence, should be treated differently. The first should be given much more flexibility and should not be linked to a "Do Call List" – a "do Not Call List" should suffice. If the definition as presently proposed implemented as law would be detrimental to interest of existing customer.

An existing customer of an institution can never be informed in any value add service which might be in the interest of the customer, hence will restrict the right of the customer to information and will be against the institution process for managing customer life cycle needs. Here the effective approach could be considered to obtain prior approval of the customer for marketing call by written, oral, internet or signed agreement which may be considered as approval to call.

In view of the above, we request the Authority to continue with the existing regime of "National Do Not Call Registry" by improving the effective implementation of the compliance with the guidelines.

Before we conclude, we would like to reiterate that insurance industry in general and our company in particular, is fully seized of the importance of adherence to compliance with TRAI regulations and is always available for extending necessary help and support to the Authority in its initiatives to enforce compliance with the TRAI regulations.

Keeping in mind the concerns of the regulators, we are willing to put the stringent processes in places, as "self regulation" measures, to facilitate compliance with the NDNC framework already in place.



Impact of the proposed "NDC" regime

Moving towards "National Do Call Registry" would mean a severe restriction of the number of subscribers who register their names – not because they are not interested in being called, but because of the sheer inertia of getting themselves registered – this being the last priority. This results in significant restriction of access to these potential customers who otherwise would have no objection in being called – thus resulting as a major barrier for the growth of the existing businesses served by telemarketers.

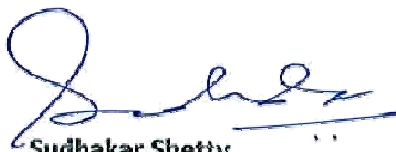
Effect of implementation of "Do Call Registry"

If the proposed regulations are made effective it would severely impact the Direct Marketing Industry as well as all users thereof (including Banking, Insurance, Retail, Cards, etc.) which would in turn be detrimental to the economy and would lead to loss of employment opportunities. **National Do Call Registry will be the Death Knell to Telemarketing Industry in India.**

Thanking you,

Yours faithfully,

For IDBI Fortis Life Insurance Company Limited

A handwritten signature in blue ink, appearing to read 'Sudhakar Shetty', with a horizontal line underneath it.

Sudhakar Shetty
Head Legal, Secretarial & Compliance