

40 banks show interest in selling products of more than one insurer

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Even banks that have promoted insurance firms have expressed interest: IRDAI

Mumbai, March 22:

More than 40 banks have expressed interest in tying up with more than one insurer for distributing insurance products, said a senior official from the Insurance Regulatory and Development Authority of India (IRDAI).

At present, banks have tie-ups with only one life, one non-life and one standalone health insurance company for distributing insurance products.

The regulator, in an attempt to open up the bank channel for insurers and create an open architecture model for bancassurance, introduced regulations last year, whereby, beginning April 2016 banks can tie up with three insurers each in the life, general and standalone health spaces, to distribute insurance products.

To monitor mis-selling

Nilesh Sathe, Member-Life at IRDAI, said that the regulator will be closely monitoring possible instances of mis-selling and the officer selling the policy will be held accountable in case of a dispute.

Incidentally, while the regulator has been pushing for an open architecture for distribution of insurance products, most major banks that have promoted insurance companies, were hesitant to tie up with other insurers as exclusive distribution by the bank's branches was a part of the agreement with their foreign joint venture partners.

The regulator, on the other hand, wanted to push banks to open up to increase insurance penetration, particularly for those insurers that do not have bank partners. At present, most major public and private sector banks, such as State Bank of India, Union Bank of India, Bank of Baroda, Canara Bank, Bank of India, Punjab National Bank, Andhra Bank, ICICI Bank and IDBI Bank, have promoted insurance companies.

Sathe said the 40 banks that have expressed interest include both public and private sector banks which have promoted insurance companies.

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