



Ref: IRDA/CAGTS/CIR/MSL/152/08/2016

1st August 2016

**All Banks/NBFCs registered as Corporate Agents
Under IRDAI (Regn. of CA) Regulations, 2015 and
All Life Insurers**

Reg: Complaints of Misselling /Unfair Business Practices by Banks/NBFCs

The Authority is in receipt of series of complaints from the policyholders on misselling of insurance policies by Banks and other NBFCs who are Corporate Agents registered under IRDAI (Regn of CA) Regulations, 2015.

Most of the complaints are pertaining to following instances under which policy is forcibly sold or missold by Banks/NBFCs.

1. When approached for housing or other loans, compulsory bundling of insurance products with bank's products despite express unwillingness of customers.
2. When approached for availing locker facility, banks insist on purchasing insurance policy and at times make it a condition for allotting locker.
3. Insurance policies were issued without their consent and further it is claimed that they have not signed the documents and/or the policy documents were issued with incorrect contact details.
4. Single premium insurance policies were issued in lieu of Fixed Deposit receipts stating that this will give better benefits than fixed deposits.
5. Regular premium policies were issued in place of single premium policies and renewal premiums were debited from their bank account without any intimation, assuring that they will get double the payment after the select period.

On referring such cases to the insurers, in most of the cases they inform us that the Bank has taken necessary action against the erring employee. In good number of cases it is informed that the employee has already left the service and in many cases the premium amount collected by the insurer is refunded to the customer or he is allowed to change the mode of payment/type of plan.

It is emphasized that refunding the money or allowing the customer to change the mode of payment or plan is not the solution for this vexatious issue. Instead the Banks/NBFCs should have a system which should proactively detect and discourage such kinds of misselling/forced selling/wrong selling.

Regu. 21(2) of IRDAI (Registration of Corporate Agents) Regulations, 2015 expressly forbids compelling the customers to buy insurance.

Regu. 26 of IRDAI (Registration of Corporate Agents) Regulations, 2015 specifies the Code of Conduct of Corporate Agents in Schedule III to be abided by Corporate Agents.

Regu. 22 (5) of IRDAI (Registration of Corporate Agents) Regulations, 2015 states that the corporate agent has to disclose to the Authority the details of Specified Persons (SP) along with their certificate number issued by the Authority. This will help to ascertain the name of the SP who was responsible for such misselling.

You are hereby advised to follow the regulations cited herein scrupulously and bring it to the notice of Specified Persons/concerned officials that such complaints are being viewed seriously by IRDAI.

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MEMBER (LIFE)

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