

Ref: IRDAI/F&A/CIR/MISC/262/10/2021

5th October, 2021

To
CMDs/CEOs of All Insurers

Maintenance of Current Accounts in multiple banks by Insurers

1. Insurers maintain separate current accounts with banks at different operational levels, i.e., Branch offices, Controlling offices, Corporate office, etc., for the purpose of premium collection, management expenses, policy payments, investment operations, etc. Maintenance of current accounts at different operational levels for specific purposes helps the insurers in managing funds, reconciliation of transactions and servicing claims of policyholders efficiently.
2. RBI, vide its circular ref: RBI/2020-21/20 DOR.No.BP.BC/7/21.04.048/2020-21 dt. 6th Aug. 2020 on "Opening of Current Accounts by Banks – Need for Discipline", has instructed banks not to open current accounts for customers who have availed credit facilities in the form of cash credit (CC) / overdraft (OD) from the banking system. On a review, vide its circular ref: RBI/2020-21/79 DOR.No.BP.BC.30/21.04.048/2020-21 dt. 14th December 2020, RBI has permitted banks to open specific accounts which are stipulated under various statutes and instructions of other regulators/regulatory departments, without any restrictions placed in terms of the above mentioned circular.
3. Based on the requests received by the Authority, to avoid hardships, if any, faced by the insurers in maintaining current accounts with banks, it is clarified that the respective insurers may maintain current accounts in appropriate number of banks for the purpose of premium collection, management expenses, policy payments, investment operations, etc., for the convenience of the policyholders and for the ease of doing business.
4. The Audit Committee of the Insurers shall review annually the need for having multiple current accounts and rationalization, if any, as may be required.
5. This circular is issued in exercise of the powers conferred under Section 14 (2) (e) of the IRDA Act, 1999.

Sd/-
S N Rajeswari
Member- F&A (In-charge)