

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:2462  
ANSWERED ON:18.03.2005  
VIOLATION OF IRDA REGULATION  
Antulay Shri Abdul Rehman

**Will the Minister of FINANCE be pleased to state:**

- (a) whether GIC subsidiaries like National Insurance Co. and New India Assurance Co. have tied up with private players in life insurance field like Birla Sunlife and APM Sanmar respectively to sell composite products;
- (b) if so whether such tie-ups between life and non-life companies is in violation of IRDA regulations;
- (c) whether the IRDA has permitted banking personnel to sell insurance and hybrid products like deposits with built-in life cover; and
- (d) if so, the details thereof?

**Answer**

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM):

(a) and (b) National Insurance Co. Ltd. (NIC) had signed an MOU with Birla Sunlife for selling bundled products to be issued by the two companies separately subject to clearance from IRDA and New India Assurance Co. Ltd. (NIA) had tied up with APM Sanmar for providing the mandatory training to each other's agents on a voluntary basis to enable them obtain composite agency license, IRDA has informed that cross selling agreements are violative of section 2 (7A) of Insurance Act, 1938, which allows an insurance company in India to carry out either life insurance or general insurance or reinsurance business and the Act does not allow any role for composite insurers. Accordingly, IRDA advised both NIC and NIA to opt out of cross selling arrangements forthwith and not to enter any such arrangement.

(c) and (d) IRDA has informed that insurers can appoint Corporate Agents in accordance with Section 42 of Insurance Act, 1938 and Regulations made there under for procuring insurance business. Since some of the banks have become Corporate Agents, they are permitted to solicit and procure business for the respective insurers. to