

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2300
ANSWERED ON:06.08.2010
PROMOTION OF INSURANCE PRODUCTS
Paranjpe Shri Anand Prakash

Will the Minister of FINANCE be pleased to state:

- (a) whether the Insurance Regulatory and Development Authority (IRDA) has proposed to streamline the promotion of insurance products through the distance sales channels such as the telephone and the internet etc.;
- (b) if so, the details thereof and reasons therefor;
- (c) whether the danger of voice mode and cyber crimes have been taken into consideration in this regard; and
- (d) if so, the details thereof alongwith the Government's reaction thereto?

Answer

Minister of State in the Ministry of Finance (Shri Namo Narain Meena)

(a) & (b): To streamline and standardise the sale of insurance products over distance media, such as, telephone, internet, interactive television, etc with the objectives of preventing mis-sale in insurance and ensuring security of policyholder monies, the Insurance Regulatory and Development Authority (IRDA) has released an exposure draft on "Guidelines on Distance Marketing and Sale Process Verification of Insurance Products" on 04-06-2010. The draft deals with issues, such as:

- (i) Entities permitted and persons to be engaged to sell insurance over distance media.
- (ii) The legislations that shall be complied with in the process of sale of insurance over distance media such as Telecom Regulatory Authority of India Act, 1997, Information Technology Act, 2000, Insurance Act, 1938, etc.
- (iii) Training to be given to Telecallers.
- (iv) Standardisation of the script to be used by telecallers at the time of solicitation to prevent mis-sale.
- (v) Payment and documentation processes to be adopted in case of solicitation over distance mode and their compliance with the relevant legislations.
- (vi) Recording of the calls and their preservation to facilitate verification and audit,
- (vii) Post sales verification and monitoring systems to be put in place by insurers, etc.

(c) & (d): Yes, Sir. IRDA is examining the potential threats/dangers involved in allowing payments and documentation on electronic and voice modes and also the controls necessary to prevent such hazards. The insurers would be required to comply with the provisions of the Information Technology Act, 2000, the Rules and Regulations framed thereunder and the guidelines/ instructions of the Reserve Bank of India (RBI) in the course of sale of policies over voice or cyber media and with regard to the collections and payments, respectively.