

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:3395  
ANSWERED ON:30.08.2013  
TIE UP BETWEEN BANKS AND INSURANCE COMPANIES  
Das Gupta Shri Gurudas

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

- (a) whether certain insurance companies have reportedly tied up with Public Sector Banks (PSBs) in the recent past;
- (b) if so, the details thereof including the tie-ups undertaken during the last two years and the current year, bank/insurance company-wise and the reasons therefor;
- (c) whether Insurance Regulatory and Development Authority (IRDA) has taken note of some insurance companies having sold their equity shares at a very undervalued/low price to the PSBs;
- (d) if so, the details thereof along with the guidelines, if any, laid down by the IRDA in this regard; and
- (e) the action taken/being taken by the Government against the bank/insurance companies involved in the violation of these guidelines?

**Answer**

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

(a) and (b) : Yes, Sir. The Insurance Regulatory and Development Authority (IRDA) has informed that Public Sector Banks have tie-ups with insurance companies to do business. The list of such public sector banks is detailed in Annexure I for life insurance companies and Annexure II for non-life insurance companies.

(c) to (e): IRDA has further informed that the transfer of shares between shareholders of insurance companies is governed by the provisions of Section 6A 4(b) of the Insurance Act, 1938 and the guidelines issued by the Authority, viz. Circular No. IRDA/F&A/CIR/DRSH/183/08 /2011 dated August 11, 2011. However, the valuation of shares for inter se transfer between the resident shareholders are governed by the extant Company Law provisions and IRDA has not prescribed any guidelines for valuation of shares for such transfer between two domestic resident companies. Transfer of shares by domestic companies to foreign promoters is guided by compliance with RBI Pricing Guidelines.

The Authority monitors the extent of share holding by domestic and foreign promoters in insurance companies for compliance with the FDI guidelines.