

Featured Articles

1. **Canara Bank may resist government diktat to sell products of multiple insurers-** [Page 1](#)
2. **Tata AIA Life unveils 'Money Maxima', an endowment assurance plan -** [Page 2](#)
3. **Uttarakhand govt. soon to launch group insurance scheme for anganwadi workers -** [Page 2](#)
4. **Birla Sun Life re-launches 5- life insurance plans -** [Page 3](#)
5. **IRDA favours FinMin's decision to allow banks to sell products of multiple insurers-** [Page 3](#)

Canara Bank may resist government diktat to sell products of multiple insurers

Calling the government's proposal to sell products of multiple insurance companies 'not implementable', the Bangalore-based public sector lender Canara Bank has decided to oppose it. According to Canara Bank officials, the bank has planned to pass a resolution rejecting the government's diktat. The bank has already circulated a note in this regard to its board members, the officials said.



Resolutions can be passed through board notes when directors are unable to meet within a given timeframe.

Aiming to improve the reach of insurance products, the finance ministry had recently asked all PSU banks to act as insurance brokers, adopting which they would be able to sell insurance policies of multiple companies. At present, most of them sell policies under the corporate agency arrangement which prevents them from selling products of more than one life insurer and one general insurer.

The ministry feels the wide network of state-run banks will help insurance to reach remote areas. This problem arises because most of the banks have floated insurance companies in partnership with foreign insurers with an understanding that they would sell products of only the company they have promoted.

For example- Canara Bank and Oriental Bank of Commerce, both government-run, have floated a joint life insurance company in partnership with HSBC. As per the agreement among the three, the partners are prevented from selling products of any other life insurance company.

Recently, the Indian Banks' Association had written to the finance ministry, saying that the management of each bank should be given the freedom to decide on whether they would be competent enough to sell products of more than one insurer.

Not all banks would be positioned to provide insurance broking service because the Reserve Bank of India (RBI) is not in favour of banks with bad loans above 3 percent to get into insurance broking service, the Indian Banks' Association said.

As of now, State Bank of India, Central Bank of India and Punjab National Bank have bad loans of more than 3 percent.

Tata AIA Life unveils 'Money Maxima', an endowment assurance plan

Private sector insurer Tata AIA Life Insurance has announced the launch of 'Money Maxima', a long-term plan which is compliant with new IRDA guidelines applicable from this month.



Tata AIA's new offering 'Money Maxima' is a Regular Premium Paying Non-Linked Participating Endowment Assurance Plan. It offers policyholders a host of bonuses and guaranteed benefits, which maximises returns for every rupee invested.

In a company release Mr. Mukesh Dhawan, Deputy CEO and CDO, Tata AIA Life Insurance said, "Money Maxima is a long term plan that stretches to fit the dreams of our customers through flexibility of plan duration. The plan offers the dual benefits of both guaranteed and non-guaranteed returns and, hence, is good value for money."

Money Maxima also provide additional benefits such as guaranteed returns, liquidity and flexibility of plan duration. Among other benefits, this plan provides flexible policy terms to achieve specific time bound goals, guaranteed loyalty addition to further augment customers' savings, life coverage throughout the policy term, and maturity benefit of basic sum assured.

Tata AIA Life Insurance Company Limited (Tata AIA Life) is a joint venture between Tata Sons and AIA Group Limited (AIA), the largest listed pan-Asian life insurance group in the world. Tata Sons holds 74% stake in the company, while AIA holds the rest 26%.

Uttarakhand govt. soon to launch group insurance scheme for anganwadi workers

With a view to provide social security to anganwadi workers in the state, the Uttarakhand state government has considered to launch group insurance scheme. Addressing anganwadi workers at a programme in Dehradun, the Chief Minister Mr. Vijay Bahuguna said the government will also issue an order to set up a Women's Welfare Fund.

The Diwali bonus given to the workers will continue and the state government would request the Centre to upgrade the anganwadi centres in the state, Mr. Bahuguna said, adding, "The welfare of the women residing in remote and hilly areas is the priority of his government."



The state government has provided special assistance to women affected in the calamity last year, he added.

Everyone will have to work together for the development of the state, he evoked.

Birla Sun Life re-launches 5- life insurance plans

Private sector insurer Birla Sun Life Insurance Company Limited (BSLI) has re-launched five life insurance products compliant with the new IRDA product guidelines applicable from this month. It includes three non-participating market-linked insurance plans, one participating whole life plan and one traditional participating endowment plan. The ULIPs include Wealth Max,



Wealth Secure and Empower Pension plans while Vision LifeIncome is a whole life plan and Vision Endowment Plan is a traditional participating endowment plan.

"These products are designed to emphasise the fundamental propositions of life insurance – protection from uncertainty and long term savings. In 2014, we are well poised to build the product portfolio in a phased out manner with focused distribution," said Mr. Mayank Bathwal, Deputy CEO, Birla Sun Life Insurance (BSLI) in a company release.

In line with the revised product guidelines, these plans are focused on providing enhanced security to savings, higher life cover, better surrender values and improved disclosures.

BSLI is a joint venture between Aditya Birla Group, an Indian diversified conglomerate, and Sun Life Financial Inc, a Canada-based leading global insurance company.

IRDA favours FinMin's decision to allow banks to sell products of multiple insurers

The Insurance Regulatory and Development Authority (IRDA) has favoured the decision of Union Finance Ministry which permits all banks to sell products of multiple insurance companies.



At a meeting with life insurance companies in Hyderabad yesterday, the insurance watchdog supported FinMin's decision to open the bank branches for this. The regulator also evoked private sector banks to join this initiative.

Earlier, the finance ministry had asked all public sector banks to act as insurance-broker from January 15. The ministry doesn't want banks to work as corporate agents of particular insurance company.

"IRDA is clear that it would like banks to sell products of more insurance companies as it is in favour of customers," said a senior official of a life insurance company, adding, "The regulator is of the view that it will improve persistency and give options to customers."

As per current guidelines, a bank can sell only one product of life insurance, one of non-life insurance and one of standalone health insurance.

The finance ministry is concerned over the slow development rate of insurance market in India. Even after 13 years, when the Indian insurance market was opened up for private companies in 2000, insurance penetration, defined as the ratio of insurance premium to the gross domestic product, is hardly at 4%.

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