

Guidelines on taking up Insurance Policies by Business Correspondents

As a part of an ambitious project of 'Financial Inclusion' launched by the Government to provide Banking and other financial services like Life and Non-Life Insurance to the rural population with special emphasis on BPL families in 72,800 villages having a population of upto 2000 people, it has been decided to extend the reach of insurance facilities. **An Action Plan** based on One Bank One District Model (Lead Bank) has already been prepared and this is a Low Cost Model under which **Banking Correspondents** have been appointed by the participating banks, in the identified villages, to act as Business Facilitators to provide banking access to the identified target groups at the grass root level.

It was desired that the Banking Correspondents should also be involved and empowered to provide Life and Non-Life insurance products and services to the target groups which would not only take forward the Financial Inclusion Initiative by providing insurance services, particularly Micro Insurance Products to the beneficiaries by covering their insurable assets under Non-Life Segment and by providing insurance protection and pension plans under Life Segment of Public Sector Non-Life Insurance Companies and LIC and at the same time it would help the Banking Correspondents in generating additional revenue by way of remuneration for facilitating Life and Non-Life insurance services.

It is decided that both LIC and Non-Life Insurance Companies would follow the Micro Insurance Agency Model as per the relevant IRDA regulations. An NGO (can be more than one) having good infrastructure and presence in the District and who already have a network of Banking Correspondents under them in that District may be identified and approached with the help of Lead Bank and a MOU has to be entered with the NGO, with the approval of Head Office whereby they will be appointed as Micro Insurance Agents for Life as well as Non-Life Insurers and the said Micro Insurance Agent would further employ the various Banking Correspondents as their Specified Persons for facilitating distribution of Life and Non-Life Micro Insurance Products, as per the relevant provisions of the IRDA regulations.

Thus by following the above Delivery Channel both Non-Life Insurance Companies and LIC will attain Last Mile Connectivity in order to have increased penetration and to reach the identified target groups in the unrepresented or underrepresented areas.

The Specified Persons and various other officials of the identified NGO will be provided requisite training, as a part of capacity building and skill development for development of Life and Non-Life insurance, in a phased manner. The Specified Persons acting on behalf of the Micro Insurance Agent would be able to facilitate sale and distribution of following Products:-

contd.....

1. NON-LIFE MICRO-INSURANCE PRODUCTS

MIP-01-Universal Health Micro Insurance
MIP-02-Micro Swasthya Bima
MIP-03-Raj Rajeshwari Mahila Kalyan Micro Yojna
MIP-04-Janta Personal Accident Micro Insurance
MIP-05-Gramin Accident Micro Insurance Policy
MIP-06-Kisan Agri. Pumpset Micro Insurance Policy
MIP-07-Cattle Micro Insurance
MIP-08-Bhagyashree Child Welfare Micro Insurance Scheme
MIP-09-Hut Micro Insurance
MIP-10-Tribal Package Micro Insurance
MIP-11-Camel Micro Insurance
MIP-12-Pig Micro Insurance
MIP-13-Bio-gas Plant Micro Insurance
MIP-14-Sheep and Goat Micro Insurance
MIP-15-Horse/Pony/Mule/Donkey/Yak Micro Insurance

2. LIFE MICRO-INSURANCE PRODUCTS

MIP-01- Jeevan Madhur and Jeevan Mangal
MIP-02-Swavalamban Pension Scheme of PFRDA/Govt of India
MIP-03-Janashree Bima Yojana for rural poor and notified occupations including farmers, self-help groups, construction and other workers etc

The **Specified Persons** shall be receiving their remuneration from the Micro Insurance Agent i.e. the NGO who has employed them. As regards the business facilitation of various regular insurance policies (other than Micro Insurance Products) the **Specified Persons** shall refer all such proposals to the nearest Branch office/Extension Counter of Non-Life Insurance Companies and LIC. It is felt that that these **Specified Persons** after working in the field and gaining good experience may even strive to become full fledged Insurance Agents for Life as well as Non-Life segments, as per the laid down IRDA norms and procedures.

From the forgoing, it can be summarized that the **Micro Insurance Agency-Specified Persons Delivery Channel** shall be the most cost effective model for propagation and popularization of Life and Non-Life Insurance products and services in the unrepresented and underrepresented areas as an important part of overall **Financial Inclusion Initiative**.

7/85/2012-BOA
Government of India
Ministry of Finance
Department of Financial Services

Jeevan Deep Building, Sansad Marg,
New Delhi, dated the 7th May, 2012

To

CEOs of all Public Sector Banks

Subject :- Transaction through Alternate Channel and Cheque Drop Box in each Bank Branch- Campaign.

Sir,

To promote transactions through alternate channel the following steps be taken:-

- (a) Each bank must ensure that all existing account holders have a Debit-cum-ATM card and thereafter for all new accounts it must be made mandatory
 - (b) All Current Account holders must be motivated to have fund transfer through Internet / RTGS / ECS. This will require education and promotion by each branch.
 - (c) Each bank must have a target for number of percentage of transactions through alternate channel. These targets must be broken for each quarter of 2012-13 and should be distributed between different zones of the banks as well. The targets should be applicable to each branch and the performance of the zone should be evaluated on the basis of the percentage of branches which achieved the targets.
 - (d) Special attention be paid to top 20% branches (in terms of no of transactions). Banks should aim to reach 50% transaction through alternate channel by the end of March, 2013.
2. The Department vide its letter No.11/16/2011-FI dated 17th April, 2012 (copy attached) has advised all the Public Sector Banks and RRBs to consider operationalising the cheque deposit facility in full function onsite ATMs, particularly in metro / urban areas and provide drop boxes at the onsite ATMs where Cash Dispensers are installed. Suggested specifications for the Drop Box were also sent.
3. Considering the benefit that a customer will get to deposit cheque as per his convenience and the fact that this measure will also help Bank in reducing the customer load on the bank branches, it is advised that the cheque deposit facility be provided by 15th June, 2012.
4. Please nominate MD/ED for overseeing this Campaign and inform the names to Shri Pravin Rawal, Deputy Secretary (BOA) at dirboa-dfs@nic.in.

Yours faithfully,



(M.M.Dawla)

Under Secretary to the Government of India

Tel: 011-23748731

Fax: 011-23742207

E-mail boa@nic.in / usboa-dfs@nic.in

Copy to : All Govt. Nominee Directors on the Boards of Public Sector Banks

Copy for information to PPS to S(FS), PS To AS(FS), PS to all JS, PS to all Dir./DS

Copy to Shri D.S.Malik, Adl.DG (Publicity, Ministry of Finance), PIB, North Block, New Delhi.

C 010425/2012/15/12/12

7/85/2012-BOA
Government of India
Ministry of Finance
Department of Financial Services

Jeevan Deep Building, Sansad Marg,
New Delhi, dated the 7th May, 2012

To

CEOs of all Public Sector Banks

Subject :- Campaign to update Know Your Customer (KYC) and CBS data

Sir,

Annual Financial Inspection Report (AFI) of RBI has indicated that the KYC data is less than perfect with Public Sector Banks. This data is entered at the branch level. Therefore, it is necessary to have a drive to get this data entered and updated at branches.

Please work out a campaign on this by issuing appropriate advice to all branches for updating each and every account. The status of updation must be monitored centrally by the corporate headquarters of the bank. This task need to be completed by 30.6.2012. Please nominate an MD/ED to oversee it and communicate the name to Shri Pravin Rawal, Deputy Secretary, (BOA) at dirboa-dfs@nic.in.

2. There is a need to update the CBS database of customer with CBS in all banks. This will help us in promoting alternate channels.

Seeing the importance, it is necessary that all public sector banks should work out a schedule to update the database. As a part of schedule, each Branch Manager be held responsible to update the database of customers having account in his/her branch by a fixed date.

3. A separate internal audit shall be carried out by the Internal Audit Team of the banks for which methodology should be got approved by the management by using CBS experts. This must involve a certain percentage of verification of customers by reaching out to them.

4. The Nodal Officer from DFS would be Shri Pravin Rawal, Deputy Secretary, (BOA).

Yours faithfully,



(M.M. Dawla)

Under Secretary to the Government of India

Tel: 011-23748731

Fax: 011-23742207

011-23747018

E-mail-boa@nic.in / usboa-dfs@nic.in

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F.No.8/11/2011-FI
Government of India
Ministry of Finance
Department of Financial Services

3rd Floor, Jeevan Deep Building,
New Delhi, dated the 15th May, 2012

To

All CMDs of PSBs

Chairmen, RRBs(through sponsor banks)

Sub: **Launch of campaign to ensure at least one bank Account for each family in FI Villages – regarding -**

Sir,

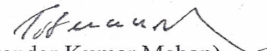
Attention of all the Banks is invited to para 7 of the Master Circular on Strategy and Guidelines on Financial Inclusion (issued on 4th April, 2012) relating to Electronic Benefit Transfer wherein Convener Banks of SLBC have been advised to take up the matter of electronic transfer of subsidies under the 32 Schemes of Govt. of India in which benefits are to be given directly into the accounts of the beneficiaries who can then withdraw it from the bank branch or the ATM or the micro ATM. For such electronic transfer of subsidies, it is important that the beneficiaries have an account in the service area bank in tune with the guidelines of the Reserve Bank of India on “One District – Many Banks – One Leader Bank” model.

2. In view of the above, it has been decided by this Department that :-

- (i) Each bank will launch a campaign to ensure that each family living in the service area of a branch having rural villages attached to it has an account with the branch. If the family already has an account, no new account need to be opened.
- (ii) In cases where the family already has more than one account in the name of its member(s), they may be encouraged to combine these into a Joint Family Account. However, in case the family wishes to continue with the separate account(s), they should be allowed to maintain such account(s).

- (iii) There are no requirements of Government of India to open separate account for each benefit, hence, no account be opened of the family scheme-wise.
 - (iv) For this purpose, the last electoral roll of each village may be obtained and they may be assigned to respective BCA for the sub-service area assigned to them and where there is no BCA to any other staff of nearby branch for opening of bank account.
 - (v) Wherever the account holder has obtained an Aadhaar number, the same should also be obtained at the time of opening of account and included in the account details.
 - (vi) During the campaign, people may be motivated to get their account opened in banks considering that banks are already on the Core Banking Solution and electronic transfer of subsidies to the account of the beneficiary and its withdrawal through the huge network of branches/ATM/micro ATMs will be convenient.
3. It needs to be ensured that opening of new account and changes in the existing account is completed by June, 2012.
4. In the light of the above, you are requested to take further necessary action as per para-2 above and intimate this Department of the action being taken in the matter.

Yours faithfully,



(Jitendar Kumar Mehan)

Under Secretary to the Government of India
Telephone No.23748767
fi-dfs@nic.in

Copy for information/necessary action to:-

- 1. All Chief Secretaries of States/UTs
- 2. Chairman, NABARD
- 3. CGM, RPCD, RBI
- 4. All SLBC Conveners