

Budget 2013: Bank KYC will make buying insurance simpler

Bureau

The country has moved a step towards uniform know-your-customer (KYC) norms for different investments. The Union Budget has proposed the use of bank KYC for buying insurance as well. This will make the process for purchase of insurance simpler.

"Requiring KYC similar to that of banks for insurance policies will make compliance simpler and enable better risk management and fraud control," says Dr Amarnath Ananthanarayanan, CEO & Managing Director, Bharti AXA General Insurance.

The Budget also seeks to allow banks to act as insurance brokers. This means banks will be able to sell products of multiple insurers. At present, banks can sell products of only one life insurer and one general insurer.

Also, banking correspondents will be allowed to sell micro-insurance products. "In the long term, this will deepen the distribution reach of banks in offering a wide range of insurance products," says P. Nandagopal, MD & CEO, IndiaFirst Life Insurance.

"Allowing banks to offer products of more than one insurer will lead to customers making an informed choice based on variable factors such as premiums and exclusions," says Miranjit Mukherjee, CFO and senior vice-president, finance, Tata AIG General Insurance.

Finance Minister P Chidambaram also announced that insurance companies would be allowed to open branches in Tier-II and below cities without the prior approval of the Insurance Regulatory and Development Authority of India.

"This will accelerate the penetration of general insurance into smaller cities and non metros," says Mukherjee of Tata AIG General Insurance.