

Irdai draft soon on e-commerce portals selling insurance policy

09-Nov-2015

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In a bid to expand the reach of insurance and promote financial inclusion, the Insurance Regulatory and Development Authority of India (Irdai) will soon come out with a draft exposure on e-commerce portals selling insurance policies. The regulator will also release norms on management expenses that an insurance company can charge on premiums.

Speaking at the CII Financial Distribution Summit, 2015, Nilesh Sathe, wholetime member-Life-Irdai, said: “We are working on it (the norms). An exposure draft will be made public soon. World over, commissions aren’t regulated; it’s only management expenses that are regulated. So, we have to look at whether there will be a ceiling on management expenses similar to mutual funds, or a threshold of commission.”

Among other things, Irdai will take up the issue of tax imposed by the Centre on insurance products on maturity, said a senior official. As per Section 10 (10D) of Income Tax Act, insurers deduct TDS at 2% from maturity proceeds of a life policy if the premium paid is more than 10% of the sum assured. If the investor doesn’t have PAN, the rate goes up to 20%.

Six life insurance companies have approached the Foreign Investment Promotion Board (FIPB) to hike FDI to 49%.

“My personal view is that insurance companies should go public as quickly as possible because we need involvement of retail investors,” said Sathe. He said Irdai has received proposals from several reinsurance companies to open branches in India.

Commenting on the Sumit Bose committee report recently submitted to the government, Sathe said the Life Insurance Council has written to the Centre seeking differentiation between ‘push’ and ‘pull’ products.

Source : Financial Express