

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

LOK SABHA
UNSTARRED QUESTION No. 3487

TO BE ANSWERED ON MONDAY, MARCH 16, 2020/PHALGUNA 26, 1941 (SAKA)

HOUSING LOAN INSURANCE

3487. SHRI Y. DEVENDRAPPA:
SHRI G.M. SIDDESHWAR:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Private and Public Sector banks are providing housing loan insurance in collaboration with Government Sector and Private Sector Insurance Companies, if so, the details thereof;
- (b) whether it is a fact that the terms and conditions for the customers are such that they loose their entire premium when they switch their Housing Loan from one bank to another, if so, the reasons therefor; and
- (c) if not, the clauses mandated for banks and insurance companies, to protect the interests of the housing loan customers and while switching over their Housing loans to another bank/finance companies?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI ANURAG SINGH THAKUR)

(a) The Insurance Regulatory and Development Authority of India (IRDAI) has informed that the IRDAI (Non-Linked Insurance Products) Regulations, 2019 allow Insurers to file 'Group Credit Life Insurance Products'. The Public Sector Insurer, namely, LIC of India, and a few of the private sector Insurers have launched such policies. Life Insurers may charge single or regular premiums and issue policies under such products to Banks desirous of covering the risk of death on the lives of borrowers, who may have availed loans for different purposes, including housing loans.

(b) & (c): IRDAI has issued regulations to protect the interests of housing loan customers who are members of Group Credit Life Schemes. The Regulation 19(k) of IRDAI (Non-linked Insurance Products) Regulation, 2019 provides that in case of surrender of the group policy, other than fund based group policies, the insurer shall give an option to the individual members of the group, on such surrender, to continue the policy as an individual policy and the insurer/intermediary if any, shall continue to be responsible to serve such members till their coverage is terminated.
