

ANIL KUMAR KHACHI

अपर सचिव
Additional Secretary



भारत सरकार
वित्त मंत्रालय
वित्तीय सेवाएँ विभाग
जीवन दीप भवन, तीसरी मंजिल
१०, पार्लियामेन्ट स्ट्रीट,
नई दिल्ली-११००१

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21(23)/2014-FI(Mission)

14 November, 2016

The Chairman IBA, Life Insurance Council/ General Insurance Council

Sir,


A number of banks have tie-ups with insurance companies under "Bancassurance" for promoting insurance products along with bank's own financial products. The insurance products are marketed and sold through a network of agents.

It has come to notice of the Government that a number of agents are contacting prospective customers to sell insurance policies with the assurance that they will accept payment in Rs.500/- and Rs.1000/- denomination notes whose legal tender character stands withdrawn by Govt. of India vide its dated 8th November 2016 and subsequently by RBI vide its circular No.DCM (PIg)1226/10.27.00/2016-17 dated November 8, 2016.

The use of these Rs.500/- and Rs.1000/- denomination notes, otherwise withdrawn, has been permitted in specific situations and at specific locations. Bank / Insurance agents selling insurance policies are not in this category. Hence, you are advised to immediately take necessary steps to advise your members to prohibit such selling of insurance products against payment in notes of Rs.500/- and Rs.1000/- denomination which are no longer legal tender.

With regards,

Yours faithfully,


(A.K. Khachi)