



राष्ट्रीय
आवास बैंक
NATIONAL
HOUSING BANK

By e-mail

HO/DOS/DAK/2026/05646

September 24, 2026

To,
Managing Director & Chief Executive Officers
All Registered Housing Finance Companies

Madam/Sir,

Advisory on Mis-selling of Insurance with Housing Loans/Other Loans

Reference is invited to Para 49 (1) of Reserve Bank of India (Non-Banking Financial Companies – Undertaking of Financial Services) Directions, 2025 which states that, *"The Housing Finance Companies (HFCs) should not follow any restrictive practices of forcing a customer to either opt for products of a specific insurance company or link sale of such products to any banking product. It should be prominently stated in all publicity material distributed by the HFC that the purchase by an HFC's customer of any insurance products is purely voluntary and is not linked to availment of any other facility from the HFC."*

2. In this regard, it is informed that during the course of supervisory inspections carried out by National Housing Bank (NHB) several instances have been observed with respect to mis-selling of Property Insurance and Life Insurance along with Housing Loan/Non-Housing Loan including making Property Insurance and Life Insurance mandatory for availing loans from the HFC. NHB has also received complaints from borrowers on the mis-selling of insurance with housing loans/other loans.

3. In order to promote transparency in the operations of HFCs, the HFCs are advised to provide disclosure on the notice board of all the branches (*in English and Hindi or vernacular language of the state*) of their company stating that the purchase of any insurance products by a customer of the company is purely voluntary and is not linked to availment of any other loan/facility from the HFC. Suggestive disclosure to be provided on the notice board of the HFC is enclosed as Annexure-I. It is also advised to ensure that the minimum size of the notice board may be 2 feet by 2 feet as the board of such a size would facilitate comfortable viewing from a distance of 3 to 5 meters. The HFCs are required to ensure compliance with above advisory and submit action taken report to NHB within 30 days from the date of advisory.

Yours faithfully,


(Ranjan Kumar Barun)
General Manager
Department of Supervision



भारत सरकार के अंतर्गत सांविधिक निकाय
कोर 5ए, तीसरा से पांचवा तल, इंडिया हैबिटेट सेंटर, लोधी रोड, नई दिल्ली-110003
दूरभाष : 011-3918 7000 फैक्स : 011-2464 9030
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Annexure-I

Display of Information by HFC on their notice board with respect to sale of insurance product along with Housing Loan/Non-Housing Loan

All customers are hereby informed that Property Insurance and Life Insurance are not mandatory for availing a Housing Loan/Non-Housing Loan. Property Insurance may provide coverage against specified risks of damage to the property, while Life Insurance may provide financial protection to the family/nominees of the policyholder in the event of death, subject to the terms and conditions of the respective insurance policy. However, opting for such insurance products is entirely voluntary and at the sole discretion of the customer.

The Company shall not insist upon, compel or make the purchase of any Property Insurance or Life Insurance a pre-condition for sanction or disbursement of a Housing Loan/Non-Housing Loan. In case any customer is insisted upon or coerced to purchase an insurance policy without their consent, the customer may register a grievance with the Grievance Redressal Officer of the Company and may also approach Grievance Redressal Department (GRD) of National Housing Bank in case the Complainant does not receive response from the Company within a period of one month or is dissatisfied with the response received from the company.

