

When asked whether the proposal is meant to counter unit-linked insurance products (ULIPs) being offered by insurance companies, which have become a big hit with investors, he said, "the idea is to provide additional facility to investors."

If allowed, mutual funds may come up with different insurance covers tagged along with their products. Like, if an investor stays with a scheme for three years, he would be offered a certain insurance cover. If he stays for five years, he may be offered a more attractive cover. When asked whether SEBI is likely to accept the demand, he said AMFI has made the suggestion. SEBI is thinking over it. When asked for comment, Waqar Naqvi, CEO of Taurus Mutual Fund said mutual funds are facing more competition from insurance companies than rival mutual funds. There is an unfair playing field. Either insurance firms be stopped from selling ULIPs or mutual funds be allowed to sell products having insurance component, he said.

A section of insurance industry, however, is reported to be against the AMFI proposal.

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