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ROYAL MONETARY AUTHORITY OF BHUTAN

RMA/FISD/3/2009-2010/ 7566

19<sup>th</sup> April, 2010

The Chief Executive Officer  
Bank of Bhutan Ltd.  
Phuntsholing

The Chief Executive Officer  
Druk PNB Ltd.  
Thimphu

The Managing Director  
Bhutan National Bank Ltd.  
Thimphu

The Chief Executive Officer  
T-Bank Ltd.  
Thimphu

The Managing Director  
BDFCL  
Thimphu

The Director  
NPPF  
Thimphu

The Chief Executive Officer  
RICBL  
Thimphu

The Chief Executive Officer  
BIL  
Thimphu

Dear Sir(s),

**Subject: RMA Directive on compulsory insurance**

This is to inform you that the RMA have been receiving complaints from some of your customers on the compulsory charging of the insurance premium while availing loan from the financial institutions. In this regard, we would like to inform you that the charges for such policy, which is bought by the lending FIs to mitigate their credit risk, should be borne by the FIs instead of transferring it to the customers.

Therefore, all lending FIs are hereby notified to immediately refrain from such practices as well as adjust the entire amount received from your customers under such policy against their respective loan outstanding. Failure to comply with the above directive shall attract a penalty of twice the amount which shall be deducted from the penalty account maintained with the RMA.

I look forward to your full cooperation on the matter.

Sincerely yours,

  
(Daw Tenzin)  
Managing Director

Copy to:

1. Compliance Officer(s), FIs for your kind information and necessary compliance monitoring.