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REFORMS IN INSURANCE SECTOR
(A PRELIMINARY REPORT)

Ministry of Finance,
Department of Financial Services

PUBLIC ACCOUNTS COMMITTEE
(2023-24)

ONE HUNDRED AND FIFTIETH REPORT

SEVENTEENTH LOK SABHA

सत्यमेव जयते

LOK SABHA SECRETARIAT
NEW DELHI

PAC NO. 2292

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Presented to Hon'ble Speaker, Lok Sabha on: 29.04.2024

Presented to Lok Sabha on: ....

Laid in Rajya Sabha on: ....

LOK SABHA SECRETARIAT
NEW DELHI

April 2024/ Vaisakha 1946 (Saka)

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COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE (2023-24)

Shri Adhir Ranjan Chowdhury - Chairperson

MEMBERS

LOK SABHA

2. Shri Subhash Chandra Baheria
3. Shri ThalikkottaiRajuthevar Baalu
4. Shri Bhartruhari Mahtab
5. Shri Jagdambika Pal
6. Shri Pratap Chandra Sarangi
7. Shri Vishnu Dayal Ram
8. Shri Rahul Ramesh Shewale
9. Shri GowdarMallikarjunappaSiddeshwara
10. Dr. Satya Pal Singh
11. Shri Rajiv Ranjan Singh alias Lalan Singh
12. Shri Jayant Sinha
13. Shri Balashowry Vallabhaneni
14. Shri Ram Kripal Yadav
15. Vacant[1]

RAJYA SABHA

16. Shri Shaktisinh Gohil
17. Dr. K Laxman
18. Shri Derek O‟Brien
19. ShriTiruchi Siva
20. Dr. M. Thambidurai
21. Shri Ghanshyam Tiwari
22. Vacant[2]

SECRETARIAT

1. Dr. Sanjeev Sharma - Joint Secretary
2. Smt. Bharti Sanjeev Tuteja - Director[*]
3. Shri Partha Goswami - Director
4. Shri Girdhari Lal - Deputy Secretary
5. Ms. Pragya Nama - Assistant Committee Officer

[1] Shri Brijendra Singh resigned w.e.f 12 March 2024
[2] Dr. Sudhanshu Trivedi retired from Rajya Sabha w.e.f. 2 April 2024
[*] Till 21 March 2024

INTRODUCTION

I, the Chairperson, Public Accounts Committee (2023-24) having been authorized by the Committee, do present this One Hundred and Fiftieth Report (Seventeenth Lok Sabha) on "**Reforms in Insurance Sector**" (A Preliminary Report)

2. The Public Accounts Committee (2023-24) selected the subject *suo-moto* for detailed examination and report. This Preliminary Report is based on the evidence of the representatives of Ministry of Finance (Department of Financial Services) along with representatives of Insurance Regulatory and Development Authority and 7 Government Insurance Companies taken by the Committee on 20th February, 2024.

3. The Committee considered and adopted the draft preliminary report on the subject *vide* digital circulation on 26 April 2024, pending examination of other witnesses and authorised the Chairperson to finalise the same and present it to the Hon'ble Speaker. The Minutes of the sittings of the Committee are appended to the Report.

4. The Committee wish to express their thanks to the officials of Ministry of Finance (Department of Financial Services) along with representatives of Insurance Regulatory and Development Authority and 7 Government Insurance Companies for tendering evidence before them and furnishing the requisite information in connection with the examination of the subject.

5. For facility of reference and convenience, the Observations and Recommendations of the Committee have been printed in thick type and form Part- II of the Report.

6. The Committee also place on record their appreciation of the assistance rendered to them in the matter by the Committee Secretariat and the Office of the Comptroller and Auditor General of India.

NEW DELHI
27 April, 2023
7 Vaisakh, 1946 (Saka)

ADHIR RANJAN CHOWDHURY
Chairperson,
Public Accounts Committee

PART - I

INTRODUCTION

1. In view of the significant role played by Insurance sector in the Indian economy‟s growth, the Public Accounts Committee (2023-24) decided to comprehensively assess the progress and challenges associated with the sector by taking up the Subject "Reforms in Insurance Sector" suo-moto, for detailed examination and report.

2. Acknowledging the importance of Insurance sector, Ministry of Finance, Department of Financial Services in their background Note furnished as under:

> "Insurance, being an integral part of the financial sector, plays a significant role in India‟s economy. Apart from protection against mortality, property and casualty risks and providing a safety net for individuals and enterprises in urban and rural areas, this sector encourages savings and provides long-term funds for infrastructure development and other long gestation projects of the country. The development of the insurance sector is necessary to support its continued economic transformation."

Insurance Penetration and Density

3. As regard the extent of Insurance Penetration and Density, the Background Note provided by Department of Financial Services stated that Insurance penetration and density are two metrics, among others, often used to assess the level of development of the insurance sector in a country. While insurance penetration is measured as the percentage of insurance premium to GDP, insurance density is calculated as the ratio of premium to population (per capita premium).

4. In India the Insurance penetration during 2022 was 4 per cent. The penetration of life insurance sector has gone up from 1.77 per cent in

2000 to 3 per cent in 2022 and non- life insurance penetration has gone up from 0.55 per cent to 1.0 per cent during the same period. Insurance density in India increased from USD 9.9 in 2000 to USD 92 in 2022. Life insurance density has gone up from USD 7.6 in 2000 to USD 70 in 2022; non-life insurance density has gone up from USD 2.3 to USD 22 during the same period.

5. Further, the Indian insurance industry has registered a growth rate of approximately 11% CAGR in the last five years, generating a total premium of approximately Rs 10.40 lakh crore in the FY 2022-23, with the total Assets under management of approximately Rs 60 lakh crore as on March 31st, 2023.

6. In this regard, the Managing Director, LIC of India , during the oral evidence taken on 20th February, 2024 also stated as under :

> "In the current year, we have added nearly 2.5 lakh new agents who work in deep rural areas to cover the new lives. So, constant measures are there in place to ensure that penetration increases. Besides, we try to see that the existing policyholders who are not adequately insured, are covered with enhanced protection and the protection gap comes down at individual level."

7. Further, the Secretary, Department of Financial Services, during the oral evidence stated as under :

> "Sir, If I may quote the data with regard to insurance penetration of different countries, the global average is around seven per cent. The US has 12 per cent, South Africa has 13 per cent; South Korea has 11 per cent; and UK has 11 per cent. So, it varies from 0.5 per cent to 12 per cent. India is somewhere in between."

8. For increase in Insurance penetration, the Chairman and Managing Director, New India Assurance Co. Ltd., during the oral evidence stated as under:

> "…, IRDA has also taken one more initiative. All the States have been allocated to one or the other insurer. So, each insurer has been allocated a particular State – one life insurer, one health insurer, one general insurer to promote insurance in that particular State. That should also in the long way help in increase in the penetration."

KEY LEGISLATIVE REFORMS IN THE INSURANCE SECTOR

9. While apprising key legislative reforms in the insurance sector, Background note provided by Ministry of Finance, Department of Financial Services, stated as under :

10. **Opening of insurance sector for private participation**:

The insurance sector was opened for private participation with the enactment of the Insurance Regulatory and Development Authority Act, 1999. The Insurance Regulatory and Development Authority of India (IRDAI) constituted as an autonomous body to regulate and develop the insurance industry. The key objectives of the IRDAI include promotion of competition so as to enhance customer satisfaction through increased consumer choice and lower premiums, while ensuring the financial security of the insurance market.

11. Since the opening up this sector for private and foreign investment in the year 2000, the number of participants in the insurance industry has gone up from seven (7) insurers (including the Life Insurance

Corporation of India, four public sector general insurers, one specialized insurer and General Insurance Corporation as the national re-insurer) to seventy (70) insurers as on December 31, 2023.

Type of Insurer	Public Sector	Private Sector	Total
Life	1	23	26
General	6	20	27
Stand-alone Health	-	5	5
Re-insurers	1	11	12
Total	8	59	70

12. The public sector insurance companies currently operating in the sector are:

(i) Life Insurance Corporation of India;

(ii) National Insurance Company Limited;

(iii) The Oriental Insurance Company Limited;

(iv) United India Insurance Company Limited;

(v) The New India Assurance Company Limited;

(vi) Agriculture Insurance Company of India Limited;

(vii) Export Credit Guarantee Corporation of India Limited and

(viii) General Insurance Corporation of India.

13. Insurance Laws (Amendment) Act, 2015:

Following key reforms were undertaken in this sector by way of Insurance Laws (Amendment) Act, 2015

(i) It paved the way for major reform related amendments in the Insurance Act, 1938, the General Insurance Business (Nationalization) Act, 1972 and the Insurance Regulatory and Development Authority (IRDA) Act, 1999.

(ii) IRDAI provided flexibility to discharge its functions: the amendment Act removed the redundant provisions in the legislations and incorporated certain provisions to provide Insurance Regulatory and Development Authority of India (IRDAI) with the flexibility to discharge its functions more effectively and efficiently.

(iii) Foreign Investment Cap: It provided for enhancement of the foreign investment cap in an Indian insurance company from 26 per cent to an explicitly composite limit of 49 per cent with the safeguard of Indian ownership and control.

(iv) The amendment Act enabled foreign reinsurers to set up branches in India. It also enabled Lloyds of UK and its members to operate in India through setting up of branches for the purpose of reinsurance business or as investors in an Indian Insurance Company within the 49 per cent cap.

(v) 'Health Insurance Business' recognized as a separate vertical: This Act recognized 'health insurance business' as a separate vertical by retaining the capital requirements for health insurers as applicable for life and non-life insurance companies.

14. **Securities Appellate Tribunal made applicable to IRDAI**:

In 2014, orders passed by the IRDAI and Pension Fund Regulatory and Development Authority (PFRDA) were also made appealable in Securities Appellate Tribunal (SAT). Insurance (Appeal to Securities Appellate Tribunal) Rules, 2016 and Insurance (Procedure for Holding Inquiry by Adjudicating Officer) Rules, 2016 were notified on 17.02.2016. The Insurance (Appeal to Securities Appellate Tribunal) Rules, 2016 were amended vide Insurance (Appeal to Securities Appellate Tribunal) Amendment Rules, 2021 notified on 15.4.2021 to provide a reasonable time limit within which the appellant can rectify the defect in his memorandum of appeal and also the manner in which the defect in the Memorandum of Appeal shall be communicated to the appellant in respect of cases where the appeal has been sent by post.

15. **Foreign Direct Investment in Insurance Sector**:

15.1. **Increase in FDI limit for Indian insurance companies**:

FDI in insurance sector was permitted in the year 2000 by allowing 26% FDI through automatic route. The FDI limit was raised to 49% in the year 2015. The Government made the Indian Insurance Companies (Foreign Investment) Rules, 2015 regarding manner of holding of equity shares by foreign investors. These Rules incorporated the standing / prevalent regulations and practices being followed with respect to the treatment of foreign investment in Indian Insurance companies by IRDAI and as per the existing FDI policy of Government of India. The said Rules were notified in the Gazette on 19th February, 2015. Subsequently, these Rules were amended on 3.7.2015 and 16.3.2016. The FDI cap in Indian Insurance Companies was enhanced from 49 % to 74 % in the year 2021 by the Insurance (Amendment) Act, 2021 notified on 25.3.2021. Total FDI received in insurance companies and foreign re-insurance branches till December 2023 is approx. Rs. 74,050 crores. Post notification of Insurance (Amendment) Act, 2021, the Central Government notified the Indian Insurance Companies (Foreign

Investment) Amendment Rules, 2021 on 19.05.2021. Increasing FDI limit in Insurance Companies to 74% was aimed to enhance insurance penetration and social protection, bring in technology and skills for the overall growth and development of the insurance sector. It will further boost foreign investment in Indian insurance companies, thereby infusing long-term sustainable capital in the economy and shall drive technology transfer, development of strategic sectors, greater innovation, and competition among other benefits.

15.2. **FDI limit for Insurance Intermediaries is as under**:

Pursuant to the amendment to the Indian Insurance Companies (Foreign Investment) Rules, 2015 by the Indian Insurance Companies (Foreign Investment) Amendment Rules, 2019, the cap to foreign equity investment for intermediaries or insurance intermediaries was removed which paved the way to open this channel with 100 per cent FDI.

15.3. **International Financial Services Centre**

Insurance Act, 1938 stipulates requirement of Net Owned Funds for foreign company engaged in re-insurance business through a branch established in an International Financial Services Centre in India. This requirement was decreased from Rs.5,000 crores to Rs.1,000 crores by amendment of Insurance Act, 1938 through Finance (No. 2) Act, 2019 on 01.08.2019. IRDAI (regulation of insurance business in Special Economic Zone) Rules, 2015 were amended through IRDAI (regulation of insurance business in Special Economic Zone) Amendment Rules, 2020 notified on 30.7.2020 to include a provision for the Insurance Intermediaries to operate in Special Economic Zones. Keeping in view the global practices, a notification has been issued under section 2CA of the Insurance Act, 1938 on 4.7.2022 to apply certain sections of the said

Act to an insurer carrying on the business of insurance as a financial institution in an International Financial Services Centre only with such exceptions, modifications and adaptations as specified therein.

16. Insurance Ombudsman Rules, 2017:

Insurance Ombudsman Rules, 2017 were framed to resolve complaints of all personal lines of insurance, group insurance policies, policies issued to sole proprietorship and micro enterprises on the part of Insurance companies and their agents and intermediaries in a cost effective and impartial manner. The Central Government notified the Insurance Ombudsman Rules, 2017 on 27.04.2017 and these rules were amended vide the Insurance Ombudsman (Amendment) Rules, 2018 on 17.08.2018. The said rules were further amended vide notifications dated 02.03.2021 and 18.05.2021 on the recommendations of the Committee on Subordinate Legislation (CoSL), Lok Sabha to make institution of Insurance Ombudsman more efficient and transparent. The amended rules paved the way for digital mode of hearing through VC, electronic receipt of complaints and their online tracking and also provided a modified structure of selection and working of Ombudsman. In 2023, the rules were again amended vide notification dt 9.11.2023 to, inter-alia, enhance the limit of compensation from existing Rs 30 lakh to Rs 50 lakh.

17. Initial Public Offer of Life Insurance Corporation of India:

In order to facilitate Initial Public Offer (IPO) of Life Insurance Corporation of India (LIC), Life Insurance Corporation Act, 1956 (LIC Act) was amended through Finance Act, 2021. Amended provisions of LIC Act became effective from 30.6.2021. The amendments in LIC Act include amendments in respect of capital structure, corporate governance, financial disclosures & audit and distribution of surplus besides other related amendments. The Government disinvested 3.5% of its shares in LIC on 17th May, 2022 with the objective to unlock the value of Government‟s investment. It also enabled LIC to raise capital for meeting its future growth requirements, without depending on the public exchequer and improve governance through greater market discipline and transparency, arising from listing requirements and disclosures. IPO has also enabled the public to acquire stake in LIC and benefit from the same. LIC shares were listed on both NIFTY and Sensex.

18. Amendment in General Insurance Business (Nationalisation) Act, 1972 to enable greater private participation:

The General Insurance Business (Nationalisation) Act, 1972 has been amended through the General Insurance Business (Nationalisation) Amendment Act, 2021 (No. 37 of 2021) and notified on August 19, 2021 to enable greater private participation in the public sector insurance companies under the Act. The said Act has come into force with effect from 27.08.2021.

19. Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) and Pradhan Mantri Suraksha Bima Yojana (PMSBY)

To widen the net of insurance coverage and provide social security to people, Government had launched social security schemes i.e. Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) and Pradhan Mantri Suraksha Bima Yojana (PMSBY) in 2015. PMJJBY is an insurance scheme offering life insurance coverage for death due to any reason. PMSBY is an accident insurance scheme offering accidental death and disability cover for death or disability on account of an accident. As on 31.1.2024, a cumulative of 19.30 Cr. beneficiaries have been enrolled under PMJJBY with active enrollments 9.81 Cr. Further, cumulatively 42.71 Cr. beneficiaries have been enrolled under PMSBY with active enrollments 31.29 Cr.

20. Pradhan Mantri Vaya Vandana Yojana

Pradhan Mantri Vaya Vandana Yojana (PMVVY) – Pradhan Mantri Vaya Vandana Yojana (PMVVY) is offered by the Life Insurance Corporation of India (LIC) and supported by Government, to provide senior citizen of age 60 years or more, an assured minimum pension for a term of 10 years, linked to the price at which they purchase the pension policy. The scheme enables old age income security for senior citizens through provision of assured pension / return linked to the subscription amount based on government guarantee to Life Insurance Corporation of India (LIC). PMVVY was open for subscription upto 31st March, 2023. A total of 8.66 lakh subscribers (approx.) have been benefited under the scheme as on 30.09.2023.

A. INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY

21. As regard the Regulatory framework regarding Insurance sector, Insurance Regulatory and Development Authority had provided the following information in their Background Note:

22. Overall Performance of Indian Insurance Sector

Indian insurance sector is poised for a quantum jump in growth, driven by several key factors including government initiatives and regulatory reforms, digitization, tech enabled products & services and increased awareness. The concerted strategy of inclusive growth and associated outreach programs launched by the insurance industry are aligned to achieve the vision of Insurance for all by 2047. Given its size, insurance sector has been contributing to the infrastructure development along with generation of long term investment, employment creation, resilience in the financial sector and directly/indirectly supporting India in achieving the sustainable development goals of the country. Insurance sector has the potential to drive the Environmental, Social and Governance (ESG) considerations as a service provider and also as an institutional investor. As on date, 26 life insurers, 27 general insurers, 6 stand-alone health insurers, 1 Indian reinsurer and 11 foregin reinsurer branches are registered. After a gap of 11 and 5 years, life insurance industry and general insurance industry witnessed entry of three new life insurers and one new general insurer respectively and a few more are under process.

i) Performance of Life Insurance Business

a) Life insurance industry represent 75% of the Indian Insurance market in terms of premium income and recorded a premium income of ₹7.83 lakh crore during 2022-23by registering year-on-year growth of 12.98per cent.
b) During 2022-23,Life Insurers paid total benefits of ₹4.96 lakh crore, of which ₹41,457crorewas paid towards death claims covering around 23lakh beneficiaries.
c) Life Insurers brought in total paid up capital of ₹34,957 crore as on March 31, 2023, of which foreign investment represents 36per cent amounting to ₹12,683crore.
d) The Assets Under Management of the Life Insurance Industry as on31st March,2023 was ₹65.68 lakh crore.

ii) Performance of Non-Life (General& Health) Insurance Business

a) Non-Life insurance industry recorded a premium income of ₹2.60lakh crore during 2022-23 by registering year-on-year growth of 16.22 per cent. .
b) During 2022-23 the claim amounts were ₹1.49 lakh crore on 6.18 crores of claims.
c) Non-life insurers(including health insurers) total paid up capital amounted to₹39,241 crore as on March 31, 2023, of which the foreign investment was ₹4,041 crore.
d) The Assets Under Management of the non-life Insurers as on 31st March,2023 was ₹5.41 lakh crore.
e) Of the above referred non-life premium, the health insurance premium contributed ₹97,663 lakh crore covering 55.00crores of lives. Similarly, Health Insurance claims of ₹64,631crorewere paid under 2.18 crore claims.

iii) Performance of the Reinsurance Sector

General Insurance Corporation of India (GIC), is the only Indian reinsurer. In addition, eleven Foreign Reinsurance Branches (FRBs), including Lloyds India, are operating in India. Total gross reinsurance premium was recorded at ₹54,677.58 crore in 2022-23. The total paid-up capital of reinsurers (including FRBs) was₹16,447.75 crore as on March 31, 2023,and the Assets Under Management were ₹1,11,464.84 crore.

23. Recent regulatory reforms in the Insurance Sector

IRDAI is empowered to make Regulations under the Insurance Act, 1938 and the IRDA Act, 1999 for achieving its objectives and as mandated in the respective statutes. For the purpose of regulating and supervising the sector, 58 regulations and 23 amendments to the regulations notified by IRDAI are in force as on date. Indian Insurance sector is at an inflexion point. IRDAI, has taken up the mission of Insurance for All by 2047, so that every Indian has appropriate life, health, and property insurance cover and every enterprise is supported by appropriate insurance solutions. Towards this objective, IRDAI has brought in a number of reforms in the insurance sector by undertaking a comprehensive review of extant regulatory framework in order to:

a. enhance the insurance penetration through wider coverage
b. protect the interests of policyholders,
c. promote the ease of doing business; and
d. attract investments into the insurance sector

24. In order to achieve the above objectives and to cater to the evolving nature of the Indian insurance market, IRDAI is working towards implementing Principle Based Regulations from the current regime of rule based regulations. Meanwhile, IRDAI has effected changes to the regulatory framework by notifying regulations as mentioned below:

a) **Sun-set clauses** are being provided in the Regulations to make them more agile, ensuring periodic review to ensure that the Regulations cater to the evolving needs of the insurance sector
b) **In a bid to promote ease of doing business a number of regulatory initiatives are taken**. The details of the regulations / guidelines issued, objective and a brief on the same is furnished hereunder
    i) **IRDAI (Registration of Indian Insurance Companies) Regulations, 2022**–The objective is to promote growth of insurance sector by simplifying the process of registration of Indian insurance companies and to promote ease of doing business.

- Investment through Special Purpose Vehicle (SPV) has been made optional for Private Equity (PE), thereby providing flexibility to insurers.
- Investment threshold by individual investor has been raised from 10% to 25% of the paid up capital (50% for all investors collectively).
- Subsidiary companies are also allowed to promote insurance companies subject to certain conditions.
- A new provision has been introduced to allow the promoters to dilute their stake up to 26%, subject to condition that the insurer has satisfactory solvency record for preceding 5 years and is listed entity.
- Indicative criteria for determination of „Fit and proper‟ status of investors and promoters has been included.
- Lock-in period of investments for investors and promotors has been stipulated on the basis of age of insurer.

Subsequently, IRDAI has issued Master Circular specifying various Forms pertaining to Registration Regulations.

ii) **IRDAI (Assets, Liabilities and Solvency Margin of General Insurance Business) Regulations, 2022**- With a view to increase crop insurance penetration and efficient use of capital by general insurers, the period for considering State/ Central Government premium dues for calculation of solvency margin has been increased from180 days to 365 days. Solvency factor related to crop insurance reduced to 0.50 from 0.70.

iii) **IRDAI (Actuarial report and Abstract for Life Insurance Business) (Amendment) Regulations, 2022**- In order to enable efficient utilization of capital by life insurers, the factors for calculation of solvency has been revised for Unit Linked

Business (Without Guarantees) from 0.80% to 0.60%, and for Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) from 0.10% to 0.05%.

iv) **IRDAI (Appointed Actuary) Regulations, 2022**- Appointed Actuaries (AA) play a pivotal role in the operations of an insurer. To ensure sufficient supply of Actuary professionals in the industry, the experience and qualification requirements have been made flexible. Maintenance of solvency by the insurers is a critical aspect of the health of an insurer and AA play a significant role in maintaining the solvency levels. The responsibility of AA has been enhanced by introducing provisions for identification, monitoring, reporting and recommending actions to be taken for the risks affecting the solvency position of the company. Obligations have also been placed on insurers to ensure that the AA can discharge his responsibilities appropriately.

v) **IRDAI (Other Forms of Capital) Regulations, 2022** - Requirement of prior approval from IRDAI for raising other forms of capital (viz., subordinated debt and/or preference shares) has been dispensed with. The threshold for raising such capital has been increased to 50% from 25% of the paid up capital & premium subject to 50% of the Net worth of the company.

vi) **IRDAI (Regulatory Sandbox) (Amendment) Regulations, 2022** –The Regulatory sandbox is a framework which provides a testing environment to the companies to enable them to test their innovative products, technologies, etc., in a controlled regulatory setting. It promotes innovation and technological solutions in the industry. Certain amendments were also carried out in the Regulatory Sandbox Regulations to allow the insurers/intermediaries to do experimentation on an ongoing basis by increasing the experimentation period from „6 months‟ to „upto 36 months‟ and moving from the existing batch-wise (cohort approach) clearances/approvals to clearances/approvals on a continuous basis. A provision for review of rejected applications under sandbox has also been introduced as part of amendments.

vii) **IRDAI (Insurance Intermediaries) (Amendment) Regulations, 2022**- In order to enable the policyholders/prospects to have wider choice and access to insurance through various distribution channels and facilitate the reach of insurance to the last mile, the maximum number of tie ups for Corporate Agents (CA) and Insurance Marketing Firms (IMF) have been increased. Now, a CA can tie up with 9 insurers (earlier 3 insurers) and IMF can tie up with 6 insurers (earlier 2 insurers) in each line of business of life, general and health for distribution of their insurance products. The area of operation of IMF has also been expanded to cover entire state (earlier district level) in which they are registered.

viii) **“Guidelines on issuance of File Reference Numbers (FRN) to Cross Border Reinsurers”** – In India, Cross Border Reinsurers are reinsurance companies that operate outside the country but provide reinsurance services to Indian insurance companies. Indian Insurers required to fulfil certain regulatory requirements for placing of reinsurance business with CBRs. One of the requirements was the allotment of File Reference Number (FRN) for every CBR by IRDAI for a valid period of one year after which FRN to be renewed. Under the revised Guidelines on CBR IRDAI has streamlined the regulatory process which enabled a process of auto renewal and generation of FRN for those CBRs who fulfil the necessary conditions.

ix) **Separate Expenses of Management (EoM) Regulations for Life and General Insurers (applicable to Health Insurers) -** These new regulations enable and provide flexibility to the insurers to manage their expenses within the overall limits based on their gross written premium to optimally utilize their resources for enhancing benefits to policyholders. Some of the salient features of these regulations are –

- In case of life insurance, expenses of management (EoM) caps are linked to product categories (participating and non-participating).
- In case of general and health insurers, Single limit of EoM are set out as against existing segmental /sub-segmental limits.
- Insurers are allowed to incur certain "additional allowable expenses" over and above the EOM limit, which include Head Office expenses; "insurtech expenses" and "insurance awareness" expenses; and expenses incurred towards the rural sector including certain government and other social sector schemes as notified by the IRDAI.
- Insurers are required to have a well-documented Board approved EOM policy and a Business Plan which, at a minimum, specifies certain projections, such as projected requirements of capital, projection of solvency margin on a

quarterly basis, etc. and which shall be monitored by the Insurer's Board at regular intervals.

x) **IRDAI (Payment of Commission) Regulations, 2023** - Commission and remuneration payments to insurance agents and insurance intermediaries are now aligned to Expenses of Management limit and shall be as per Board approved policy of the Insurers. Previously, there were segment-wise limits for such payments. Subsequently, IRDAI vide circular dated 31.3.2023 also issued “Guidance note - Board policy of the insurer on the commission structure”. It provides for Key elements of the Board policy on commission structures for intermediaries has been stipulated in the guidance note. Consequent to the notification of 2023 Regulations of Expenses of Management and Payment of Commission, a circular is issued stipulating that the distribution fees payable to MISP shall be as per Board approved policy towards payment of commission by the insurer. With this, the provisions in all the extant circulars relating to distribution fees payable to the MISP were withdrawn. With the objective of further rationalizing, consolidating (as also to promote ease of doing business) and driving towards principles based regime, the Regulations referred at (ix) and (x) above are consolidated and notified (on 23rd Janaury, 2024) as IRDAI (Expenses of Management, including Commission, of Insurers) Regulations, 2024. These regulations will take effect from April 1, 2024 and cover both limit on Expenses of Management and Commission norms of insurers.

xi) **IRDAI Information and Cyber Security Guidelines, 2023**: The initial guidelines covering information and cyber security practices for insurers were issued in 2017 and later extended to all insurance intermediaries. In order to enable the insurance industry to further strengthen their defences as well as the related governance mechanism to deal with such emerging cyber threats, the revised guidelines are issued.

xii) **Circular on Sovereign Green Bonds (SGrBs)-** Classification and Categorization: IRDAI issued a circular dated 13.1.2023 in the matter. As per the circular, Investment in Sovereign Green Bonds has been categorized as "Investment in Infrastructure" and shall be classified as "Central Government Securities". This is following a proposal in the Union Budget (2022-23) to issue Sovereign Green Bonds and with an objective towards de-concentration and diversification of the infrastructure investment portfolio of the insurers and to encourage insurers to actively participate in the sustainable development and to protect environment.

xiii) **Modification of Surety Insurance Guidelines**: The following modifications are made to the Surety Insurance Guidelines.

- The first amendments were issued, vide circular dated 12.01.2023, wherein monoline surety insurers were exempted from the cap of surety insurance premium not exceeding 10% of total GWP and subject to maximum of Rs. 500 crs. In addition, surety insurance is allowed to be offered to all commercial and contractual transactions. This would help the entry of Monoline Surety insurers in the market along with expanding the market for Surety Insurance.

- Further amendments were made, vide circular dated 15.05.2023, by dispensing with the mandate of maintaining 1.25 times of the control level of solvency specified by the Authority in Jan, 2022. This norm helps industry in releasing the capital, as maintenance of additional solvency reserve, just because an insurer is underwriting surety contracts, is considered not prudent. The condition restricting the limit of guarantee up to 30% of the contract value was also deleted by the circular, so that the Surety Contracts are now made available to the extent of the requirements of varying markets.

xiv) **IRDAI (Reinsurance) Amendment Regulations, 2023:** In a significant move aimed at promoting a favorable business environment and attracting more reinsurers to establish operations in India, the IRDAI recently approved a series of amendments to the Reinsurance Regulations. The overarching objective of these amendments is to harmonize and streamline the existing regulations that apply to Indian insurers, Indian reinsurers, Foreign Reinsurance Branches (FRBs), and International Financial Services Centre Insurance Offices (IIOs). This comprehensive regulatory overhaul is strategically designed to position India as a prominent global reinsurance hub. The key focus areas of these amendments revolve around several crucial aspects. Firstly, there is a concerted effort to increase the overall capacity of the reinsurance sector, which can help accommodate growing demand and manage larger risks. Additionally, these amendments seek to enhance technical expertise within the industry, fostering an environment of excellence and innovation. Another vital aspect is the reduction of the compliance burden on various entities operating in the sector, allowing them to navigate the regulatory landscape more efficiently. Several noteworthy changes have been made in this regard. These include -The minimum capital requirement for FRBs has been lowered from Rs. 100 Crore to Rs. 50 Crore, with the provision to repatriate any excess assigned capital. The order of preference, previously spanning six levels, has been streamlined to four levels. The format for reinsurance programs has been simplified, and regulatory reporting requirements have been rationalized for increased clarity and effectiveness. The regulatory framework for IIOs has been aligned with IFSCA regulations with the intent to remove dual compliance, thereby promoting a seamless integration of these entities into the larger financial ecosystem with an objective position India as a global reinsurance hub. By working the revised Order of Preference for IIOs, coupled with simplified regulations and improved placement alongside FRBs, fosters a more competitive environment.

xv) **Amendments to Investment Norms:** The limit for insurers‟ investments in BFSI sector is increased from 25% to 30%. Investments in the Long Term bonds issued by banks for financing infrastructure and affordable housing shall not be treated as part of exposure to BFSI and will be reckoned as investments in housing and infrastructure which encouraged more investments in the housing and infrastructure sector. The dividend eligibility criteria for insurers‟ investments in preference and equity shares relaxed. The life insurers are allowed to invest more in the Mutual Funds once the AUM crosses certain threshold. Insurers are allowed more investments in the REITs/INVITs. The regulatory framework (regulations and guidelines) referred above is applicable to all insurers including Public Sector Insurance Companies.

25. Other major initiatives:

i) **Entry into insurance sector made easy**: An NOC Portal (www.noc.irdai.gov.in) was launched to facilitate setting up of an insurance company by making available NOC (to incorporate a company with the words „insurance"/"assurance" in its name) in a hassle-free and timely manner. The portal also includes a list of frequently asked questions (FAQs) about registration process of an insurer. In addition, for each new application, an internal facilitation group comprising of officers of IRDAI is assigned to each applicant to provide necessary guidance on the process to be followed for registration. Regulations governing registration of an insurer have also been modified which has simplified the registration process and facilitated ease of doing business.

ii) „Use and File" procedure was extended for all the Health & General Insurance products and most of the Life Insurance products in line with the reforms agenda. The insurance companies can launch these products without the prior approval of IRDAI. The objective of this reform was to simplify and expedite the launching of the products. This is a stepping stone towards improving the ease of doing business and to promote product innovation in the insurance sector.

iii) **Ease of doing business**: IRDAI has taken a number of measures to reduce/rationalize compliance burden, 79 returns have been rationalized and about 167 circulars have been repealed. Prior approvals are no longer necessary in certain identified operational aspects.

iv) **Providing further impetus to the industry**: Considering the fact that the sector has fairly matured and gained experience over two decades of liberalization, varied levels of flexibility in operational and business decisions has been provided to the insurance companies. Following are the significant reforms taken up by IRDAI in this direction.

v) **Making the industry future ready**: To align the insurance sector with global needs and industry dynamics, IRDAI has formed Mission Mode teams to implement Risk Based Capital Regime, Risk Based Supervisory Framework and International Financial Reporting Standards. Another Mission Mode team InsurTech and allied technologies is working on mainstreaming technology into the sector.

26. Risk Based Supervisory Framework (RBSF) and Risk based capital (RBC):

In order to move from rule based to risk based supervision (RBS), IRDAI is in the process of developing a framework to bring in forward looking and holistic approach considering the intrinsic risks associated with the businesses. RBS is a shift towards adopting global best practices for supervision which focuses on proportionality, materiality and relies on holistic analysis of the activities of regulated entity from risk perspective. In order to ensure robust development and smooth implementation of RBS, IRDAI has been engaging with various stakeholders over the past few months. Currently, IRDAI is undertaking pilot examination of two entities under the RBS framework. IRDAI has initiated establishment of risk based capital (RBC) framework to replace factor based solvency regime for optimum use of capital commensurate to the risks involved in the business. The RBC framework would serve as a pivotal mechanism which would enable insurers to maintain an appropriate level of capital commensurate with the risks inherent in their insurance and reinsurance operations. Thus, it would act as a catalyst for insurers in optimizing capital utilization and ensuring efficient risk management. As a major step towards transition to RBC from the present factor-based model, IRDAI has initiated the First Quantitative Impact Study (QIS1). This study holds paramount significance, as it provides the opportunity to comprehensively evaluate the potential impact on the capital and overall solvency of the insurers. A 'Technical Guidance' document has also been released which is meticulously designed to guide and facilitate the insurance industry in quantification and assessment of risks in the QIS1. A circular has been issued in this regard. Subsequent to the evaluation of the QIS1 findings, the IRDAI envisions embarking on successive Quantitative Impact Studies (QIS), a dynamic sequence that may culminate in the fine-tuning and evolution of the RBC Framework, ultimately resulting in its definitive implementation.

a) **IFRS / Ind AS implementation**: In accordance with Government"s initiative to converge Indian Accounting Standards (Ind AS) with International Financial Reporting Standards (IFRS), IRDAI is working towards building necessary capacity within IRDAI and Industry to enable smooth transition to IFRS/ Ind AS. IFRS is increasingly being recognized as a global reporting standard for financial statements and will bring greater transparency in accounting system. With a view to achieve preparedness for implementation of Ind AS in the Insurance sector, all the insurance companies have set up a dedicated Steering Committee in their respective companies headed by an official of the rank of a Chief Financial Officer/ Executive Director (or equivalent).Also, an Expert Committee comprising of

Insurers, Professional Bodies (IAI and ICAI) and officers from IRDAI has been formed to address various aspects such as Financial disclosures, Interpretation issues, etc. of Ind AS implementation in the insurance sector. Further, a joint study group has been formed by the Institutes (IAI & ICAI) in August, 2023 to formulate Educational Material on the proposed Ind AS 117- Insurance Contracts. Ind AS 117 is in the process of notification by the Ministry of Corporate Affairs. IRDAI is proposing phase-wise implementation approach for IFRS/Ind AS in insurance sector. In this approach, all the insurers will be grouped into three phases and the insurers in phase 1 will implement Ind AS w.e.f. 1st April, 2025.

vi) **The Trinity of *Bima Sugam*, *Bima Vahak* and *Bima Vistaar*:** IRDAI is working towards reaching the last mile, leveraging technology, community centric intermediaries and simplicity of the products to ensure universal coverage. The Bima Sugam is a unique platform integrated with India Stack, expected to provide end to end solution for purchase, service and settlement of policies, thereby democratizing and universalizing insurance. Bima Vahak is aimed to be a tech led women centric distribution force. Bima Vistaar is a multiline product (life, health, property & belongings) with parametric triggers.

vii) **State Insurance Plan**: Towards reaching the last mile there is need to work closely with the concerned state governments and other regulatory agencies. IRDAI has therefore, requested RBI to consider including insurance in the State Level Bankers Committee (SLBC). Further, to ensure that the regulator and the regulated work towards resilience of our societies and bridge the protection gaps, a State Insurance Plan is being formulated, wherein lead insurers accompanied by other insurers are encouraged to work to deepen insurance coverage and penetration. Officials of IRDAI are also deputed to various states/ UTs as part of the State Insurance Plans.

viii) **Addressing dynamic needs of the industry:** IRDAI has facilitated following as per the evolving needs of the sector:

- Tech based add-ons: Some of the successful experiments under the Regulatory Sandbox environment have been permitted for implementation for the sector as a whole. For example, general insurers have been permitted to introduce tech-enabled concepts for Motor Insurance like, Pay as You Drive, Pay How You Drive and Floater policy for motor vehicles belonging to the same individual owner.
- Broadening the scope of cashless facility in Health Insurance: Insurers have been empowered to empanel network hospitals meeting the standards and benchmarks set by their respective boards. The board of insurers shall, among other things, consider the minimum manpower and healthcare infrastructure facilities when defining the criteria.
- Innovative products in Fire Insurance: General insurers are permitted to design and file alternative products to standard products for Dwellings, Micro, and Small Businesses. This will assist insurers in identifying protection gaps in existing products and offering customised covers to policyholders against fire and allied perils, thereby providing policyholders with a broader range of options and increasing insurance penetration.
- Ease of living for Senior Citizen: To save time and efforts of senior citizens, the requirement of submitting a separate

proposal form for taking Immediate Annuity products from National Pension Scheme (NPS) proceeds was made easy. Now, the NPS exit form will be treated as a proposal form for purchasing annuities. Also, in order to increase the adoption of technology, insurers have been advised to adopt Adhaar based authentication for verification of life certificate, such as Jeevan Pramaan, a Government of India initiative on biometric enabled digital service.

ix) **Comprehensive regulation review**: An all-inclusive review of the regulations pertaining to insurance sector is being taken up. The evaluation is predicated on giving the industry more momentum, ensuring ease of doing business, and protecting policyholder interests. It is being carried out in order to move towards *Principle based Regulatory Regime, a* shift from existing rule based regime.

x) **Participative and consultative approach**: The IRDAI's reforms of the insurance sector are a result of extensive consultations with stakeholders. Every 15th of the month, IRDAI organizes open house for regulated entities to promote insurance penetration and another open house for InsurTech / FinTech companies for IT solutions. To promote ongoing communication, Bima Manthan meetings are also organized with the CEOs of insurers. Frequent interactions are also held with various stakeholders in order to understand their requirements.

27. Further, the Chief General Manager, IRDAI, during the oral evidence taken on 20th February, 2024, regarding other initiatives of IRDAI, stated as under :

"… IRDAI is working on the trinity which is called Bhima Sugam, Bhima Vahak and Bhima Vistaar. So, essentially, what we are trying to do is that we are creating a platform where these products can be sold, serviced as well as renewed. We are also working on which is women centric force which is technology enabled and it will be in the rural areas who would sell this Bhima Vistaar product which is an integrated product covering both life, general as well as health insurance and that is why, we want to cover the insurance for all and is envisaged to give one life insurance to every individual, one health insurance policy for every family and one dwelling insurance or crop insurance or motor insurance to every household in the country. As very rightly pointed out by you, the three mantras that we are following is affordability, accessibility and availability and that is what we are trying to focus on so that we reach the last mile connectivity as well as the last mile person whom we can then reach out and get the insurance coverage done."

B. LIFE INSURANCE CORPORATION OF INDIA

28. With regard to the performance of LIC, the Corporation, in their background note, furnished the following :

29. "OVERALL PERFORMANCE OF LIC"

BRIEF HISTORY

- LIC 1.0 – Life Insurance Corporation of India was formed in the year 1956 by the nationalization of 245 entities (154 Indian Insurers, 16 Non-Indian Insurers and 75 Provident Societies)

- LIC 2.0 – The Insurance Sector opened up in the year 2000
- LIC 3.0 - LIC was listed on the NSE& BSE on 17th May, 2022

Parameter	As on 31.12.2023
Total Assets	Rs. 51,15,530.03Cr
Life Fund	Rs. 43,55,037.96 Cr
Policies in Force	27.40 Cr
No. of Agents	13,73,761
No. of Employees	1,01,634 (as at 31.01.2024)
Number of Offices	8 Zones
	113 Divisions
Market Share (as at 31.01.2024)	No. of Policies (as at 31.01.2024) 68.57%
	First Year Premium (as at 31.01.2024) 58.6 %

30. Organizational Structure of LIC

LIC has a robust network of pan India operations helping to spread the reach of life insurance in rural as well as urban areas through 2048 Branch Offices, 1584 Satellite Offices, 1168 Mini Offices & 78 P& GS Units.

Number of offices as on 31.01.2024

Type of Office	Metro	Urban	Rural & Others	Grand Total
Grand Total	870	988	3,146	5,004

31. Market Related Matters

Product Mix: LIC offers a wide variety of products, which fulfill the needs of different customer segments of the Society. As on 31.01.2024, the Corporation has 39 Individual Products, 12 Group Products, 7 Individual Riders and 1 Group Rider available for sale.

Market Share Comparison with leading private life insurers as on 31.01.2024 –

Name of Company	Composite Number of Policies	% Market Share	Composite First Year Premium (Crs)	% Market Share
Bajaj Allianz Life	5,58,142	2.62	8,489.51	2.99
HDFC Life	8,65,265	4.06	22,744.50	8.01
ICICI Prudential Life	4,54,663	2.13	13,091.88	4.61
Max Life	5,38,596	2.53	7,882.53	2.78
SBI Life	18,31,548	8.6	31,218.85	11
Tata AIA Life	5,78,672	2.72	6,560.49	2.31
Total Private Life Insurers	66,97,492	31.43	1,17,507.15	41.4
LIC of India	1,46,10,786	68.57	1,66,326.37	58.6
Total	2,13,08,278	100	2,83,833.52	100

The bifurcation of business of LIC of India (as at 31.01.2024)

	Number of Policies	First Year Premium Income (Crs.)
Individual Business	1,45,81,846	43,657.80
Group Business	28,940	1,22,668.56
Composite Business	1,46,10,786	1,66,326.37

32. Customer Service Matters

Maturity Claim performance (Amount in Crs.)				
Year	Claims Paid		% Claim Paid	
	Number	Amount	Number	Amount
2020-21	2,22,75,668	1,61,031.20	89.83	90.86
2021-22	2,56,46,657	2,02,083.84	91.09	92.46
2022-23	2,14,79,778	1,85,927.55	92.65	94.39
31.12.2023	13,204,597	96,512.04	91.00	92.05
31.12.2022	13,421,706	91,349.02	89.59	90.64

Death Claim performance (Amount in Crs.)				
Year	Claims Paid		% Claim Paid	
	Number	Amount	Number	Amount
2020-21	11,47,156	24,195.01	98.27	96.34
2021-22	15,71,957	36,597.52	98.50	96.56
2022-23	10,71,299	24,006.09	98.60	96.13
31.12.2023	598,170	12,579.38	97.04	93.40

31.12.2022	672,973	13,411.01	97.43	93.59

33. Business Preservation:

Persistency	Year	Policies basis	Premium basis
13th month	2020-21	67.00	79.00
	2021-22	63.45	75.59
	2022-23	64.28	77.09
	31.12.2023	67.22	78.00
61st month	2020-21	48.00	59.00
	2021-22	49.86	61.00
	2022-23	49.86	61.80
	31.12.2023	50.23	62.40

Some of the steps taken to provide best in class experience to customers:

a) WhatsApp Services:

List of services offered on WhatsApp

- Premium due
- Bonus information
- Policy status
- Loan eligibility quotation
- Loan repayment Quotation
- Loan interest due
- Premium paid certificate

- ULIP -statement of units
- LIC services links
- Opt in/Opt out Services

b) Online registration of NEFT

c) Existence Certificate online through Jeevan Saakshya App.

d) Online Nomination, Address change, Mode change, Fund switching

34. Proportion/volume of renewal premium transactions over digital/alternate channel/(BO/SO):

Alternate Channel Premium Collection Statistics					
		FY 2022-23		FY 2021-22	
		No. of Tr.	Amount (in Cr.)	No. of Tr.	Amount (in Cr.)
1	Cash Counter Collections	10,30,45,054	79,569.74	10,37,06,877	75,687.45
2	Total Digital Collections	21,32,25,037	90,852.42	19,40,10,490	79,153.39
3	Total Non-Digital Collections	11,47,03,858	67,859.02	11,83,68,387	68,020.03
4	Total Alternate Channel Collections (2+3)	32,79,28,895	1,58,711.44	31,23,78,877	1,47,173.42
5	Total Renewal Premium (1+2+3)	43,09,73,949	2,38,281.18	41,60,85,754	2,22,860.86
6	% of Digital to Total Coll. (2/5)	49.48	38.13	46.63	35.52

7	% of Alt. Ch. to Total Coll. (4/5)	76.09	66.61	75.08	66.04

Alternate Channel Premium Collection Statistics as at 31.01.2024

		01.04.2023 to 31.01.2024		01.04.2022 to 31.01.2023	
		No. of Tr.	Amount (in Cr.)	No. of Tr.	Amount (in Cr.)
1	Cash Counter Collections	8,02,42,091	63,565.84	8,28,26,807	62,038.68
2	Total Digital Collections	18,50,76,429	82,035.97	17,47,13,253	72,832.64
3	Total Non-Digital Collections	9,02,49,754	54,137.28	9,28,19,260	53,547.78
4	Total Alternate Channel Collections (2+3)	27,53,26,183	1,36,173.25	26,75,32,513	1,26,380.42
5	Total Renewal Premium (1+2+3)	35,55,68,274	1,99,739.09	35,03,59,320	1,88,419.09
6	% of Digital to Total Coll. (2/5)	52.05	41.07	49.87	38.65
7	% of Alt. Ch. to Total Coll. (4/5)	77.43	68.18	76.36	67.07

35. Financial Performance of the Corporation

	2020-21	2021-22	2022-23	2023-24 (Up

				to 31st Dec, 2023)
Total Premium Income (Cr.) Net	4,02,844.34	4,27,419.21	4,74,004.61	3,22,776.45
Growth Absolute(Premium (Cr.)	23,781.79	24,574.86	46,585.40	-19,467.06
Growth in %(Premium) Income	6.27%	6.10%	10.90%	-5.69%
Income from Investments (Cr.)	2,78,761.14	2,92,894.45	3,06,390.13	2,79,518.47
Miscellaneous Income (Cr.)	599.50	788.90	7648.54	487.43
Total Income (Cr.)	6,82,204.99	7,21,102.55	7,88,043.28	6,02,782.35
Growth Absolute(Total Income) (Cr.)	66,322.06	38,897.55	66,940.73	14,830.38
Growth in % (Total Income)	10.77%	5.70%	9.28%	2.52%
Payments to Policy-holders (Cr.)	2,86,883.81	3,57,464.90	3,42,576.75	2,53,706.10
Growth Absolute(Payment to Policyholder) (Cr.)	32,661.54	70,581.09	-14,888.15	22,319.99
Growth in % (Payment to	12.85%	24.60%	-4.16%	9.65%

policyholder)				
Expenses of Management (Cr.)	57,154.36	62,062.14	73,725.99	49,371.75
Growth Absolute(Expenses of Management) (Cr.)	1,559.19	4,907.78	11,663.85	-2,919.01
Growth in % (Expenses of Management)	2.80%	8.59%	18.79%	-5.58%
Total Assets (Cr.)	38,04,610	42,30,617	45,50,571.73	51,15,530.03
Growth Absolute(Total Assets) (Cr.)	6,08,395.2	4,26,006.94	3,19,954.78	5,54,183.51
Percentage Increase over the previous year (Cr.)	19.03%	11.20%	7.56%	12.15%
Commission etc to Agents (Cr.)	22,169.92	23,171.46	25,580.38	17,713.41
Salary & other benefits to Employees (Cr.)	26,755.18	30,310.58	40,093.90	25,833.70
Other Expenses of Management (Cr.)	8,229.26	8,580.10	8,051.71	5,824.64
Overall Expenses Ratio	14.17%	14.50%	15.53%	15.28%
Valuation Surplus (Cr.)	57,783.33	54,047.47	87,401.43	21,906.85
Solvency Ratio	1.76	1.85	1.87	1.93

Net profit (Cr.)- PAT	2,900.57	4,043.12	36,397.39	26,913.14

LIC remains committed towards retaining its leadership position, in terms of profitable overall market share, through -

- Creating value for all stakeholders through profitable growth
- Dynamic product mix with focus on increasing share of non-par products
- Diversifying channel mix to non-agency channels

- Seamless digital on-boarding experience
- Expansion of digital footprint for superior customer experience

36. Various Regulatory Reforms: Views and Impact on LIC

<u>Use & File Procedure for LIC Products and Product Filing Procedure</u>

It is now over two decades since Life Insurance Industry in India was opened up for private players as well. At that time and rightly so, the industry was governed by rule based regulations from the Regulator. The industry has matured since then and as such, the industry is ready and has welcomed the move of Regulator from rule based regime to principle based regime. The intention of the Regulator is understandably to provide more freedom and swiftness to the insurer to come out with innovative products to match the ever changing dynamic needs of customers. While Use & File (U&F) procedure is a welcome measure in this direction, there are several product categories for which the insurers have to take File & Use (F&U) route. The industry would certainly benefit if the products are modified / introduced in both the channels i.e. File & Use (F&U) and Use & File (U&F) procedure swiftly allowing greater flexibility to the insurers in line with the principle based regime as intended by the Regulator.

Views and impact on LIC for the additional points:

Sr. No	Issued Date	Subject	Views	Impact on LIC
1	Circular dtd. 10.06.2022	Use & file Procedure for LIC Products	This Circular has been superceded by IRDAI circular dated 04.10.2022.	Circular dated 04.10.2022 has consolidated and updated all the earlier circulars and guidelines and hence detailed views are being given on IRDAI Circular dated 04.10.2022.
2	Circular dtd. 04.10.2022	Product Filing Procedure	As of now while U&F is allowed, the same is not allowed under savings products. While the Regulatory Review Committee (RRC) has submitted detailed document for principle based regulations, the	After the introduction of IRDAI circular on Use & File Procedure in June 2022, the Corporation has till 15.02.2024, launched 5 new

			application of strict current provisions despite flexible approach suggested in RRC recommendation is constraining innovative features under savings plan as they still require approval under F&U. The scope of U&F should be extended to every savings product to allow innovative and flexible products with speed. The spirit of principle based regulations should be considered on priority over current approach towards hard coded provisions and their interpretation in a limited away.	products (including 1 new group product) and has modified 14 existing products (including 2 existing group products) under IRDAI "Use and File" procedure.

37. Implementation of Information & Cyber Security Guidelines: IRDAI's Circular dated. 13.10.2022

In preparing the LIC to be compliant with Cyber Security Standards, the following details are the directions issued by IRDAI and the corresponding actions taken by LIC.

Q1. Appointment of Chief Information Security Officer (CISO) responsible for enforcing the Cyber Security Policies.

LIC has appointed Mr. Mithilesh Kumar Singh as Chief Information Security Officer (CISO). He has taken charge on 16.05.2023.

Q2. Preparation of Gap Analysis Report as per checklist.

M/s. E & Y LLP has conducted Gap Analysis report as per IRDAI‟s audit checklist and submitted their report on 12.12.2022 for the year 2022-2023. They are preparing the gap assessment report for the current year.

Q3. Preparing Information and Cyber Security Policy to be approved by Board

LIC has board approved Cyber Security Policy in place. It is being reviewed annually.

Q4. Formulation of Cyber Crisis management Plan

LIC has developed a Cyber Crisis Management Plan (CCMP), which received formal approval from LIC's Board. Subsequently, to ensure its continued relevance and effectiveness, the CCMP has undergone a comprehensive review.

Q5. Completion of Cyber Security Assurance Audit

LIC has been conducting Information and Cyber Security Assurance Audit (ICSAA) on annual basis since 2017. In the year 2017, this activity was conducted by M/S K S Aiyar & Co. Since 2018, ICSAA is being conducted by M/.s. E & Y LLP. The audit reports are submitted before information security steering committee before sharing with IRDAI.

Q6. Cyber Security Assurance Program (to close gaps) as per Cyber Security Assurance Audit

LIC Central Compliance department in conjunction with Cyber Security Department monitors the security gaps for closure and accordingly these are reported to various management forum.

38. Payment of Commission Regulation

Query	Impact on LIC
Payment of Commission Regulation dtd.31.03.2023	On 26.03.2023, the IRDAI has notified IRDAI (Payment of Commission) Regulations, 2023 which has become effective from 01.04.2023. The said regulation has replaced the earlier individual cap on commission payments on insurance product with an overall cap on expenses management. This new regime has given a free hand to Insurers in deciding commission, remuneration and rewards to the Insurance Agents and Insurance Intermediaries by way of Board approved Policy subject to the limitations as per the IRDAI (Expenses of Management) Regulations, 2023. In LIC, the Board approved policies on “Payment of Commission” and “Agency matters” were revised for the F.Y.2023-24. The Board approved Policy on

	"Expenses of Management" (based on the new regulations) also is in place for the FY 2023-24. As per the new Board approved policies, the Corporation has designed new products, with varying commission structure as compared to that for existing / old products. These regulations have facilitated the Corporation in bringing innovative new products as there is flexibility of commission structure subject to overall EOM limits. The regulations are also helpful in increasing the persistency by tweaking the renewal commission structure. LIC‟s New Products - LIC‟s Dhan Vriddhi and LIC‟s Jeevan Kiran, were launched after the new regulations came into force and a few modifications have been done in commission for Brokers and IMF in LIC‟s Cancer Cover policy. These products are performing well and contributing to the Non-Par Segment of New business of the Corporation.

39. Reinsurance (Amendment) Regulations dated 22/8/2023

The Committee have been informed that in the recent past, the reinsurers have adopted a conservative approach by either refraining from quoting for new risk based products or by quoting very high rates for reinsurance cover. Thus, hardening of the reinsurance rates and inadequate reinsurance capacity have been some of the major issues facing the organization at present. The latest amendment to the

Reinsurance Regulations have changed the Order of Preference and also streamlined it spanning to four levels as compared to six levels earlier. Further, every insurer shall secure maximum participation by "Category 1" reinsurers consisting of Indian reinsurers and "Category 2" reinsurers consisting of International Financial Service Centre(IFSC i.e. IIO) and Foreign Reinsurer‟s Branches(FRBs). As per the amendment to the IRDAI(Registration and Operations of Branch Offices of Foreign Reinsurers other than Lloyd‟s) Regulations, 2015 the FRBs have now to infuse a minimum capital of only Rs.50 crore into the branch office as against Rs.100 crore earlier. While the above amendments are expected to increase the reinsurance capacity by allowing entry of new players in the Reinsurance market and encouraging competition, the actual impact of the same is yet to be seen.

40. IRDAI (Expenses of Management including Commission, of Insurers) Regulations, 2024

IRDAI has issued the above mentioned regulation on 22nd January 2024. This regulation is applicable to all Insurers transacting Life Insurance Business, General Insurance Business and Health Insurance Business. It also repeals IRDAI (Payment of Commission) Regulation 2023. There are no changes in the existing allowable limits of Expenses of Management under different types of policies/ products. However, additional allowances for expenses towards Insurtech and Insurance Awareness, Head Office Expenses and Rural Sector Business and PMJJBY have now been considered for deriving the allowable expense limits separately under Par and Non- Par segments. Earlier these additional allowable expenses were shown separately giving credit for total expenses instead of Par and Non- Par segments. However, the impact of these additional allowances is negligible for LIC of India.

41. Open Architecture for Bank & Alternate Channel (B&AC) Partners

1. When the Corporate Agent is allowed to sell the products of different insurers, the driving force behind the sale may not remain the customers need based analysis, but may shift to the company paying higher remuneration. This may lead to mis-selling.
2. Also the Specified Persons will have to be trained for the various products offered by the insurers. This will be difficult for Specified Persons of Banks whose core job is the Bank portfolio hence he/she may not give justice to the needs of the customers.
3. Increasing the maximum limit of tie-ups with insurers for IMFs from existing two for each category to six in each category will pose a challenge to the Insurance Sales Persons of the IMFs. The minimum qualification for ISPs is only 12th Std. hence the knowledge level of the ISP of the various products offered by the different insurers is a challenge.
4. The driving force behind a sale may not remain the customers need based analysis. Moreover the IMFs are entitled to reimbursement as Service Charges and this may take precedence for sale of the insurer"s products which offer higher remuneration/service charges.

42. Impact on LIC of Open Architecture for B&AC

1. LIC at present have tie ups with 80 Banks, 60 Corporate Agents and 125 IMFs. The advantage to LIC will be to tie up with more Corporate Agents and IMFs who were earlier not in our fold.
2. IMFs were having almost exclusive tie ups earlier and now having tie up with six partners will impact the overall sales.
3. This has also been a disadvantage as all those Corporate Agents which were exclusively with us earlier, now have tie ups with other

Insurers. There is every possibility that the plans sold by the Specified Persons may depend on the insurers offering higher remuneration or incentives to the Corporate Agents. For Corporate Agents since dedicated manpower is provided by insurers the presence of more number of persons of different partners will impact the overall sale while jostling for space out of the same premises of Corporate Agents.

43. Highlighting the adoption of new technologies in Insurance Sector, Managing Director, LIC of India , during the oral evidence taken on 20th February, 2024 stated as under :

"We have also created LIC Mitra. It is an Artificial Intelligence machine learning powered LIC chatbot. For many of the queries that our customers might have, they go to the website and many of them are answered their itself. If any manual intervention is required, then it will take them to our call centre."

44. In this regard, MD, LIC further added as under :

"We have hired a Consultant, Boston Consulting Group for improving our digital footprint fundamentally for key stakeholders across critical journeys. We are empowering our sales intermediaries with data-driven insights and streamline tools to deliver higher productivity. Customers are being offered streamline sales and service experience available across all channels with enriched cross-sell and upsell. Every year, our matured policies are maturing and then there is an opportunity to cross-sell and upsell to the existing customer. We are creating data platforms to enable analytics and AI-enabled intelligence for sales intermediaries, customer service teams, and customers to unlock full value of LIC‟s unparalleled customer database. We are also creating a marketing technology stack to execute best-in-class campaigns to drive higher engagement and retention of existing customers, and improved acquisition of new customers on digital channels.

C. NEW INDIA ASSURANCE CO. LTD.

45. As for the financial performance of New India Assurance, detailed information was made available to the Committee in the form of background note, as mentioned below.

46. New India Assurance is the largest general insurance company in India in terms of Net Worth, Domestic Gross Direct Premium and we have 1793 offices across the country. New India Assurance is identified as Domestic Systemically Important Insurer (DSII) by IRDAI. We are ISO 27001:2013 Certified Company. New India is the State Insurer for Gujarat and Lakshadweep. Company has credit rating of AAA by CRISIL. Company retained AM Best FSR credit rating of B++ stable and ICR rating of BBB+ stable. Company was given National AM best rating of aaa.IN (Exceptional).

47. Company's Performance:

The Company financials for the FY 2022-23 & upto Q3 FY2023-24 is as under:

Particulars(Amount in Crores)	For FY	For FY	%change	Upto Q3	Upto Q3	%change

	2022-23	2021-22		FY2023-24	FY2022-23	
GLOBAL GROSS WRITTEN PREMIUM	38,791	36,835	5.31%	31425	28440	10.50
NET WRITTEN PREMIUM	31,127	29,760	4.59%	25638	22559	13.65
NET EARNED PREMIUM	30,244	28,905	4.63%	25071	22351	12.17
INCURRED CLAIM	28,909	28,750	0.55%	24587	21167	16.16
COMMISSION	2,412	2,293	5.19%	2240	1750	28
EXPENSES	4,300	4,014	7.12%	3547	3139	12.99
INVESTMENTINCOME	10,442**	6,666	56.65%	6578	8199	(19.77)
OTHERS*	(3,819)**	(354)	(978.81)%	(349)	(3410)*	(89.77)
PROFIT BEFORE TAX	1,245	160	678%	925***	1086	(14.73)
PROFIT AFTER TAX	1,055	164	543%	775	900	(13.78)
INCURREDCLAIMS RATIO	95.59%	99.46%	-	98.07%	94.70%	-
COMMISSION RATIO	7.75%	7.70%	-	8.74%	7.76%	-
EXPENSE RATIO	13.82%	13.49%	-	13.84%	13.91%	-
COMBINED RATIO	117.15	120.66%	-	120.64	116.37	-

	%			%	%	

*Includes additional sale of equity for wage arrears and additional AS-15 liabilities Rs.3103 cr.

** Rs.3245 crore was realised to offset the impact of Rs.3445.14 crore provisions on account of wage arrears

***CAT losses during the 3rd quarter, 2023-24 is Rs.357.72 crores and for 9 months ending 31.12.2023 is Rs.658.57 crores.

Submission for FY 2022-23

- In FY 2022-23, Gross Written Premium increased from Rs. 36,835 crores in 2021-22 to Rs. 38,791 crores in 2022-23, recording a growth of 5.31% in 2022-23. Company is the market leader in Fire, Health, Motor, Marine, Aviation, Engineering lines of Business.
- In FY 2022-23, NIACL‟s profit before tax was Rs. 1,245 crores against Rs. 160 crore in 2021-22, a 678% accretion. Profit After tax has increased to Rs. 1,055 crores in this financial year as compared to a profit after tax of Rs. 164 crores in the previous financial year, an increase of nearly 543%.
- Underwritingresultswerenegativelyimpactedinthefourthquarter toanextentofRs.224 crores due to adverse development of claims pertaining to the previous years in the crop line of business. Some CAT losses in foreign operations in the fourth quarter ofFY2022- 23 also negatively impacted the results with the full year results getting adversely impacted by Rs. 107 crores due to these losses.

- Strict implementations of the guidelines framed by the company has enabled the ICR in Health Insurance to reduce to 105% in financial year 2022-23 from a high of 120% in financial year 2021-22.

  .With the objective of improving the Underwriting results in Health segment, Company is focusing on increasing its footprint in the retail Health segment. Company has also brought about correction in retail health pricing after many years.

- Due to conscious efforts by the Company for right pricing of the products, the claims ratio came down to 95.59% against 99.46% last year. Commission ratio stayed the same at 7.7%.Expense ratio is13.82% against 13.49% earlier, resulting in a drop in the combined ratio from 120.66% to 117.15%
- Business Mix of NIACL for the FY2022-23

Business Segment	Business Mix(%)
Health& PA	45.38
Motor	26.64
Fire	16.60
Marine	2.72
Others	8.66

- As on 31.03.2023,Net Worth was Rs.19,919 crores against Rs.18,232 crores. Networth including fair value is Rs. 37,957 crores against Rs. 38,191 crores. General reserves at Rs. 15,791 crores against Rs. 14,785 crores, and investment assets at market value Rs. 86,111 crores against Rs. 83,372 crore.

- Solvency of 1.87 in FY2022-23 against 1.66 in FY2021-22.
- The Company declared a dividend of Rs.1.93 per share as Dividend and the Company has made a payment of Rs 271.74 Crores to the Government of India in September 2023.

Submission for Q3FY 2023-24:

- The Gross Written Premium grew by 15.4% in Q3,2023-24 compared to the same quarter last year (2022-23) and 10.5% in the nine months compared to the previous year.
- The premium growth was driven by Motor line of business which grew by 12.92%
- The profit after tax for the 3rd quarter was 715 Cr compared to a loss of 200 Cr in the second quarter. The profit after tax for the first nine months was 775Cr compared to900 Cr for the same period the previous year.
- In the third quarter, the country witnessed catastrophic events like cyclone Michaung and floods in South India, Sikkim & West Bengal. The net impact of these events on the company's third-quarter results was about 358 Cr. This is in addition to the 301 Cr of catastropheclaimsthatadverselyimpactedtheresultsinthefirsthalf.Despitecatastrophe losses of 658 Cr for the nine-month period, the Company reported profit after tax of Rs. 775 Cr for the period ending 31st December, 2023.
- The investment environment has been buoyant, and the

company's net worth including fair value change account increased from 37,957 Cr in March 2023 to 44,690 Cr in Dec 2023.

- The solvency ratio remains healthy at 1.72.
- The company will continue its strategy to pursue growth with profitability.
- Business Mix of NIACL uptoQ3FY2023-24

Business Segment	Business Mix (%)
Health & PA	45.01
Motor	26.24
Fire	16.75
Marine	2.34
Others	9.66

<u>Additional details:</u>

- The New India Assurance has 1793 offices as on 31.12.2023, overseas operations in 25 countries and an office in GIFT City, Gujarat
- Thetotalnumberofemployeesas31.12.2023is11830.
- The Claims Settlement ratio of the Company in FY 2023-24 is 95%.The average period of settlement of claims is 24 days.
- The following Schemes/Policies of the Government for financial inclusion, had been implemented by NIACL as on 31st March 2023

Sr. No.	Scheme	No. of Lives Covered (incrores)	Premium (in crores)	No. of Claims Paid	Amount of Claims Paid (in crores)	No. Claims Outstanding	Amount of Claims Outstanding (in crores)	ICR(%)
1	MMCSBY, Rajasthan	5.97	2,239.55	22,75,483	2,003.95	249302	265.56	101.33
2	PMSBY	5.57	108.93	5,270	104.6	623	12.2	107.22
3	Aapda Mitra Scheme	0.0007	0.05	0	0	0	0	

Recent Schemes/policies introduced by New India Assurance:

- Yuva Bharat Health Insurance, an exclusive and very comprehensive policy targeting the youth upto 45 years of age has been launched within stallment facility for payment of premium. The coverage includes suitable benefits for this age group such as vaccination and infertility.
- Young India Digi Health Policy has also been launched by the Company, as a digital channel only Product.
- We are among the few insurers who have launched Surety Bonds.
- New India Atmanirbhar policy has been launched for

differently-abled people.

- ❖ Company has launched variety of new insurance covers catering to varied needs of the insuring population. They include Saral Sampoorna Kishan Bima Yojana for rural population, My Cyber Insurance, My identity theft, new Householders Insurance, Pay as you drive, Battery protect cover for EVs, Modern treatment rider, Drone Insurance, Credit Guard Policy (Covering critical illness).Long term policies in Mediclaim policies, cancer guard, Yuva Bharat

- Corrective steps are being taken in the domestic health and motor business.
- Company is gearing up to take all measures to bring the solvency ratio to above 2 in the financial year 2023-24.
- The Company is adequately capitalized and debt free as of31st December, 2023. Ournet worth stands as under :

	As on 31st Dec., 2023	As on 31stDec., 2022	As on 31st Mar, 2023
Net worth	20754	19652	19919
Net worth including fair Value change	44690	38475	37957

48. In this regard, Chairman and Managing Director of New India Assurance Co. Ltd., during the oral evidence held on 20th February 2024 on the subject mentioned the following:

"We have come out with „my cyber policies‟. We have cyber security for corporates. We have come out with battery protect cover for EVs. The general insurance has come out with very innovative products. All of us are working towards coming out with micro policies for the missing middle, basically health insurance covers and personal accident covers for the missing middle. Sir, we have cleared the ISO-27001. We have that status. We have a continuous audit every year to comply with this ISO standards. We have one of the few general insurers to have this ISO standard for our digital set up and we have data encryption. We have access controls and we have a robust system to ensure that. We withstand any kind of cyber attacks. So far, we have not had any cyber attack and no phishing attack also till date."

D. GENERAL INSURANCE CORPORATION OF INDIA

49. Following information was made available to the Committee in the form of background note by General Insurance Corporation of India:

50. General Insurance Corporation of India - GIC Re was formed for the purpose of superintending, controlling and carrying on the business of General Insurance. The General Insurance Business (Nationalization) Act (GIBNA) of 1972 was amended in 2002, and w.e.f. 21.3.2003, the words "superintending, controlling and carrying on the business of General Insurance" were substituted by "carrying on reinsurance Business".

51. As the Indian reinsurer, GIC Re provides reinsurance support to the 55 direct general and life insurance companies, both public and private, in the Indian market. GIC Re has also emerged as an effective reinsurance solutions provider for international markets and has now

become a leading global reinsurance company and very aptly called „The Indian Reinsurer with a Global Footprint".

52. GIC Re has persistently maintained its leadership position in the Indian reinsurance market. It is the largest reinsurer in the domestic reinsurance market in India. It leads many of the domestic companies' treaty programmes and facultative placements. While foreign reinsurers have opened branch operations in India since early 2017, GIC Re is expected to maintain its market leadership and market share.

53. Internationally, GIC Re is an effective reinsurance partner for the Afro-Asian region, leading the reinsurance programmes of several insurance companies in Middle East and North Africa, and Asia including SAARC countries. GIC Re also intends to expand business in advanced countries like United States of America. GIC Re is 15th largest global reinsurer group as per A M Best Ranking 2023. It has offices in London, Dubai and Kuala Lumpur. GIC Re has 100% subsidiary in South Africa, UK and Russia and also an associate Company in Bhutan. GIC Re is transacting business across the world in 160 countries. In April 2018, syndicate supported by capitalisation by GIC Re became operational at Lloyd's of London. This marks an inflexion point in its history since it will help broaden and diversify its international portfolio.

54. Founded as a wholly owned Government of India company, GIC Re was listed on the stock exchanges in October 2017 by way of partial disinvestment.

55. IRDAI has designated GIC Re as Domestic Systemically Important Insurers (D-SIIs) for 2022 23.

<u>Organizational Network:</u>

Year of Incorporation	1972
Head Office	Mumbai
Liaison Offices	New Delhi
Branches	1. London, United Kingdom 2. Kuala Lumpur, Malaysia 3. Gift City, India 4. Dubai (currently in run-off)
Subsidiaries (100% owned)	1. GIC Re South Africa Ltd, Johannesburg 2. GIC Re India Corporate Member Ltd., London 3. GIC Perestrakhovanie LLC, Moscow

Financial Performance:

Performance of the Corporation for the last 5 years is as under:

						(₹ crore)
Financial Year	**2018-19**	**2019-20**	**2020-21**	**2021-22**	**2022-23**	**2023-24(Nine Month ended)**
Gross Premium	44,238.00	51,030.13	47,014.38	43,208.46	36,591.59	28,458.11
Growth(%)	5.83	15.35	(7.87)	(8.10)	(15.3)	(2.6)
Net Premium	38,995.97	46,655.41	42,197.50	38,799.03	33,644.43	26,051.33
Net Earned Premium	37,679.08	44,145.43	39,865.89	39,293.40	35,808.01	26,348.95

Net Incurred Claims	33,739.95	43,035.86	36,853.75	36,625.85	32,739.38	25,998.50
Underwriting Profit/(Loss)	(2,211.46)	(6,367.08)	(5,488.45)	(4,266.11)	(2,341.37)	(4,576.63)
Investment Income (Net of Investment expenses)	6,401.34	7,125.49	8,820.86	9,562.29	10,594.00	8,648.92
Profit Before Tax (PBT)	3,433.82	(445.97)	3,163.38	3,560.14	7,749.44	4,706.58
Profit After Tax (PAT)	2,224.30	(359.09)	1,920.44	2,005.74	6,312.50	3,854.82
Paid up Capital	877.20	877.20	877.20	877.20	877.20	877.20
Net Worth	22,334.42	20,529.45	22,452.34	24,439.72	32,356.08	35,031.89
Total Assets	118,883.57	116,196.20	134,661.22	1,44,887.37	1,57,124.60	1,74,882.51
Technical Reserves	58,500.31	72,829.68	76,737.88	81,810.00	85,911.00	90,858.24
Solvency Margin	2.06	1.53	1.74	1.96	2.61	2.94

56. REFORMS IN INSURANCE SECTOR

The Committee have learnt that GIC Re, being the sole national reinsurer has been providing re-insurance support to direct insurers in India and foreign insurers/re-insurers. The Corporation"s reinsurance program has been designed to meet the objectives of optimizing retention within the country, ensuring adequate coverage for cedants" exposure at reasonable cost and developing technical expertise and adequate financial capacities within the domestic market.

57. Obligatory Cession- The main objective of obligatory cession is to maximise retention within the country. As new entrants come in, obligatory cessions provide additional capacity supporting these new entrants. Obligatory cession acts as an automatic reinsurance cover for every class of businesses at affordable price. In the absence of this and where reinsurance is scare, the price of insurance covers will go up which may prove detrimental to Insurance Sector. Currently, the obligatory cession is four per cent.

58. Tax Benefits on Catastrophe reserves GIC Re provides reinsurance support for insuring catastrophe (CAT) perils such as floods, earthquakes, storms, cyber-attacks, terrorism attacks and infectious disease outbreaks. With global warming and climate change in recent years, the world is seeing unprecedented CAT events of higher frequency and severity. 12 Setting up of Catastrophe Reserves is an accepted method to handle future volatility in claims and to introduce a factor of stability in the financial results. The reserves can make significant contribution to reduce future financial vulnerability and utilized towards meeting large catastrophe losses. Catastrophe Reserve also protect the solvency and reduce requirement of protection purchase and save foreign exchange. Currently there is no tax benefits for creating Catastrophe Reserves under the tax laws and extending tax benefits would incentivise and promote insurance and reinsurance companies in setting up such reserves which in turn strengthen their balance sheets provide stability to financial performance.

59. BIMA SUGAM- A game changer for insurance sector, the Bima Sugam platform, a comprehensive online insurance marketplace which aims to simplify the process of buying insurance policies and accessing

insurance-related services by offering a one-stop solution for consumers and industry stakeholders. Bima Vaahak is a woman- centric insurance distribution channel that will aim at promoting trust and building awareness about insurance products in the rural parts of India. Similarly, Bima Vistaar is offering life, health and property cover, which aims to provide wide insurance coverage in rural India. These initiatives would make taking insurance easy to the common populace and help in achieving the goal of Insurance for all. GIC Re will also provide support to the cedents to maximise the retention, thereby improve insurance penetration and ease of doing business.

E. UNITED INDIA INSURANCE

60. Following information was made available to the Committee in the form of background note by United India Insurance Co. Ltd:

61. Brief History and Profile of the Company:

United India Insurance Co. Ltd was incorporated on 18th February 1938 and commenced business by January 1939.In 1972 with the passing of the General Insurance Business (Nationalisation) Act, general insurance business was nationalized with effect from 1st January 1973. 107 insurance companies were amalgamated and grouped into 4 companies, namely National Insurance Company Ltd, New India Assurance Company Ltd, Oriental Insurance Company Ltd and United India Insurance Company Ltd. The 4 Companies were subsidiaries of holding Company General Insurance Corporation of India (GIC).

In December 2000, the four subsidiaries of General Insurance Corporation of India were restructured as independent Companies and GIC became a national reinsurer.

United India Insurance Co.Ltd is a wholly Govt. owned Public Sector General Insurance Co. headquartered in Chennai with a pan India presence of 1472 offices and staffed by about 10,356 employees as of 31.03.2023. UIIC is the third largest General Insurance Company in terms of premium and Market Share and holds second position amongst PSUs.

We have ended the FY 2022-23 with a premium completion of Rs.17,644 Crores with an accretion of Rs 1,922 Crores and Growth Rate of 12.23%. Our Market share was 6.87%. We have ended Q3 of FY 2023-24 with a premium completion of Rs. 14,055 Crores with an accretion of Rs 1,312 Crores and Growth Rate of 10.30%. Our Market share was 6.58%.

We have a strong marketing force which includes 88,943 agents, 17 Non-banking corporate agents, 36 Bancassurance tie ups, 6 Automobile OEM tie ups, 344 MISP Tie ups, 36 Insurance Marketing Firms and 530 brokers.

The Company has 238 active, filed products across all Non-Life Insurance segments. Health segment contributes the lion‟s share of the total business at 38% amounting to Rs.5312 crores followed by Motor with 35% share amounting to Rs. 4967 crores and Fire and Engineering constitutes about 13 % i.e Rs. 1950 crores at the end of Q3 of FY 2023-24.

A total of 1.29 crores policies were issued during 2022-2023 and our customer base was around 1.33 crores. At the end of Q3 of FY 2023-24 a total of 1.19 crores policies were issued.

Amongst the distribution channels, Agents contribute 39% of total business, followed by brokers who contribute 26% of the total business, Direct business is about 33% of total business at the end of Q3 of FY 2023-24.

62. Objective of the Company

- Profitable Growth
- Improvement in Financial position
- Customer-centric processes and products
- Increase Digital Initiatives
- Enhance Employee Productivity

ii. Functions:

- Underwriting
- Claims Management
- Investments
- Marketing and Distribution
- Accounting
- Information Technology
- Grievance Redressal
- Administration
- Human Resources Management and Training

iii. Organisational Network:

The Company has a network of 1359 offices spanning the country as on 31.12.2023.

The Registered and Head Office is located at Chennai

We have Head Office, 30 Regional Offices, 6 LCBs 352 Divisional Offices, 539 Branch Offices, 431 Micro offices.

iv. Composition of the Board (as on date)

Present strength of the Board: 7

S. No.	Designation	No.
1	Chairman-cum-Managing Director	1
2	Whole Time Director	1
3	Government Nominee Directors	2
4	Independent Directors	3

v. Market Share

United India had a market share of 6.58% as on 31.12.2023.

vi. Operational Performance

Overall performance during the last 3 years and Quarterly performance for FY 2023- 24:

S No.	Financial Year	Parameter (Rs in Crores)		
		Gross direct premiuminco me (GDPI)	Incurred claims	Profit after tax
1	2020-21	16,705	12,302	-985
2	2021-22	15,722	13,500	-2136

3	2022-23	17,644	14,061	-2829
4	Q1 2023-24	4,451	3,924	-579
5	Q 22023-24	9,476	7,770	-374
6	Q3 2023-24	14,055	11,088	-409

vii. Human Resources Management

Class-wisenumberofemployeesason31.12.2023isgivenbelow:

Class	No. of Employees
ClassI	5979
ClassII (Marketing &Administration)	94
Class III	2707
Class IV	694
Total	9474

viii. UIIC"sPlanforFY2023-24:

The business plan for the Company targets an overall growth rate of 12.50% to achieve a Gross Direct Premium (GDP) completion of

Rs. 19,849 crores in FY 2023-24 with an accretion of Rs.2205 crores.

As per the business plan up to Q3 of FY 2023-2024, the target was to achieve a GDP of Rs 14,089 crores and the actual completion is Rs 14,055 crores.

ix. Other Important aspects

i. Numberofpoliciesissuedon31.12.2023:Rs.1.19 Crores.
ii. InvestmentBookvalueason31.12.2023:Rs31,886 Crores.
iii. Paid up equity capital ason31.12.2023: Rs3,905Crores.
iv. Performance of the Company abroad: No foreign branches
v. Marketing Initiatives taken by the Company:

- Digitisation of claims services
- Portals for all Intermediaries
- Mobile app for Agents and Surveyors
- Product Innovation: New product in Health named “Yuvan” launched in January 2024 and add on covers innovated in Motor, Fire, Engineering and Health, Repricing of existing Health products
- Tie ups with Insuretech Companies
- Incentivisation of Agency force
- Web services integration with Web aggregators, Brokers, and other tie up partners

63. Further, the Chairman-cum-Managing Director of United India Insurance Company Limited, during the oral evidence taken on 20th February, 2024 regarding the Subject, stated as under :

"I would say that in the overall context of health insurance in the country, not only selling or devising of a policy is very high, the regulatory back up is very high and the regulatory support is also very high. In addition to that, the Ministry of Health and Family Welfare is also actively involved in developing the technological backdrop for this insurance so that citizens of the country are covered fully. The Ministry of Road Transport and Highways is also actively involved to see that we provide the necessary benefits to people. I think, it is an ongoing process. Maybe, in another two to three years, we should be having a full-fledged insurance coverage for all the citizens. During this process, lot of developments have happened from companies‟ side. I would also request, Sir, that we have been harping on the fact that in health insurance sector, there should be a regulator as all services in the country are regulated. I believe that the concerned authorities will pay attention to that. That will ease a lot of pain-points for the insurance companies."

F. <u>ORIENTAL INSURANCE</u>

64. Following information was made available to the Committee in the form of background note by Oriental Insurance:

65. The Oriental Insurance Company Limited is one of the leading Non-Life Insurance Companies, wholly owned by the Government of India. Earlier known as "The Oriental Fire & General Insurance Co. Ltd" was incorporated at Mumbai on 12th September, 1947. The Company was a wholly owned subsidiary of the Oriental Government Security Life Assurance Company limited and was formed to carry out General Insurance business. The Company was promoted by

Sir Purushothamdas Thakurdas, Chairman of Oriental Government Security Life Assurance Company Ltd., which was transacting life insurance business for nearly 75 years. The Company's Head Office was initially located in Mumbai. The premium of the Company in the first year of its operation was only INR 99950. On nationalization of Life Insurance business in India, in 1956, the company became a subsidiary of Life Insurance Corporation (LIC of India). Subsequently on nationalization of general insurance business in India in the year 1973, the company became one of the subsidiaries of General Insurance Corporation (GIC) of India.10 Indian and 12 Foreign Insurance companies merged with Oriental Fire & General Insurance Co. Limited at the time of Nationalization in 1973, the Company's Gross Direct Premium was Rs. 58 Crores. The Company's Registered and Head Office was shifted from Mumbai to New Delhi, the capital of India. The name of the Company was changed in the year 1984 to The Oriental Insurance Company Ltd. However, after the passage of the Insurance Amendment Bill (2002), The Oriental Insurance Company Limited was delinked from GIC andin 2003 the shares of the company so far held by GIC have been transferred to Central Government. Being one of the leading companies in non-life insurance industry, the Company provides innovative insurance products in all the business lines such as Fire, Cargo, Hull, Engineering, Aviation, Motor, Liability, Personnel Accident, Health, Workmen‟s Compensation, Rural Sector etc.

66. SIZE & COMPOSITION OF THE BOARD

As per the Articles of Association, the minimum number of Directors on the Board is 4 and the maximum number is 11. The present compositionof Board of Directors of the Company is as follows:

NAME	POSITION
Shri R. R. Singh	Chairman-cum-Managing Director
Shri Atul Kumar Goel	Director
Shri Sudhir Shyam	Government Nominee Director
Shri Jitendra Asati	Government Nominee Director
Shri P. Reghunathan Nair	Independent Director

67. ORGANIZATION STRUCTURE

The Company has its Head office at New Delhi with 25 Regional Offices and 8 Corporate Regional Offices in State Capitals and other major cities of India. The Company has 1017 Operating Offices including Micro Offices (one man office) and 140 specialized offices for servicing the claims. The Company has foreign operations in Nepal, Dubai & Kuwait. The Company has its own training center in Faridabad.

68. HUMAN RESOURCES

The Company has an experienced work force of 7340 employees across various cadres and classes with appropriate representation of reserved categories as on 31.12.2023.

69. FINANCIAL PERFORMANCE

During the financial year 2022-23, the Company recorded a gross global premium of Rs. 15993 crores with growth of 14.07 %. The incurred claims for the said period were 14020 crores followed with management expenses amounting to Rs. 5139 crores and commission outgo of Rs. 946 crores. The Company recorded a net loss of Rs. 4968 crores. During the first nine months of financial year 2023-24, the Company recorded a gross global premium of Rs. 13894 crores with growth of 18.09 %. The incurred claims for the said period were Rs. 11507 crores followed with management expenses amounting to Rs. 1748 crores and commission outgo of Rs. 762 crores. The Company recorded a net loss of Rs. 29 crores.

70. CAPITAL INFUSION

The authorized capital of the Company is Rs. 7500 crores and Paid-up capital is Rs. 4620 crores. The Government of India has infused an amount of Rs. 4420 crores in the Company on various occasions during the financial years 2019-20 to 2021-22. The amount provided for capital infusion is utilized for optimizing returns from business avenues and investments besides augmenting the solvency requirements.

71. MARKETING INITIATIVES

The market share of the Company which was 6.08 % during the financial year 2022-23 rose to 6.34 % during the first nine months of financial year 2023-24. In order to augment its market share, the company has taken the initiatives of focusing on growth with profitability, enhancing online sale of policies, having standard insurance products in place and deploying 50 % of its work force in marketing, having in place digital payment modes for premium, entering in new Bancassurance tie-ups, focusing on retail insurance products, strengthening all distribution channels, developing new products as per customer requirements, re-pricing the existing products, etc.

72. CUSTOMER SERVICE

OICL Grievance redressal mechanism is well in place to address the issues of the all stake holders with a dedicated Grievance Department at Corporate office and having dedicated team of Grievance Nodal Officers (GNO) under supervision of Regional Managers Grievance at all Regional Offices. Heads of Operating Offices are also actively discharging the role of Nodal Officers at the operating office level under the monitoring of Corporate Office. We have a dedicated portal to our valued policy holder rendering facility to register themselves to get the details of the information"s related to their respective policies. The company has adopted all modes of modern communication system like emails, dedicated Grievance portal along with the traditional modes like phone calls, letters and direct meets of policy holder. The add-on activity of educating the policy holders with claim process, portal use, policy benefits, etc is given most priority. The company is also taking full-fledged care to redress the grievances reported in OICL portal & IRDAI portal (IGMS), PG Portal (CPGRAMS) and INGRAM Portal (Jago Grahak Jago), and the last two are maintained by Government of India. For the fourth consecutive year, we have achieved a zero-grievance pendency with 100 % Disposal Ratio as on 31st March 2023.

73. INVESTMENTS

The book value of the Investments of the Company was Rs. 21084 crores as on 31.03.2023 whereas the market value was Rs. 28246 crores. With an investment income of Rs. 2648 crores, the Company registered an investment yield of 7.92 % (without profit on sale of investments) and12.10 % (with profit of sale on investments).The book value of the Investments of the Company was Rs. 20681 crores as on 31.12.2023 whereas the market value was Rs. 30400 crores.

With an investment income of Rs. 2319 crores, the Company registered an investment yield of 8.37 % (without profit on sale of investments) and 14.00 % (with profit of sale on investments) for the first nine months of financial year 2023-24.

74. CSR INITIATIVES

In the financial year 2023-24, the minimum mandatory CSR budget calculated in accordance with the provisions of Sec.135 of Companies Act, 2013 amounted to NIL and hence the company could not undertakeany CSR activities.

75. FUTURE PLANS

The Company is focusing on the key parameters of profitable growth with a target of 10 % focusing on profitable lines of business with specific focus on retail insurance business by deploying 50 % of its work force in market besides strengthening alternate business channels, improving claims efficiency, achieving solvency targets, implementing cost rationalization, developing new customer centric products and rationalization of existing products especially the standard insurance products for retail market, ensuring timely redressal of grievances, encouraging conciliatory settlements of Motor TP claims, achievingoptimum investment yields, thus ensuring that the Company marches from strength to strength in its service to policyholders for more than 75years.

G. <u>NATIONAL INSURANCE COMPANY LIMITED</u>

76. Following information was made available to the Committee in the form of background note by National Insurance Company Limited:

77. National Insurance Company Limited, a Wholly-owned Government of India Undertaking is the oldest Public Sector General Insurance Companies in India. It was incorporated under the Indian Companies Act, 1882 (at present the Companies Act, 2013) and is registered as a General Insurance Company with the Insurance Regulatory and Development Authority of India (IRDAI) under the Insurance Act, 1938 vide registration no. 58 in Kolkata on 5th December, 1906.After nationalization of general insurance companies the year 1972, it was merged along with 21 foreign and 11 Indian companies to form National Insurance Company Limited as a subsidiary of the Government owned General Insurance Corporation of India. The main objectives of the organization has been specified when the business was nationalized in 1972 and captured in the preamble & objective of General Insurance Nationalization Act, 1972. After the notification of the General Insurance Business (Nationalisation) Amendment Act, on 7 August 2002, National Insurance Company Limited has been de-linked from its holding company GIC and presently operates as an independent insurance company wholly owned by Govt. of India. The Mission is to be the Most Preferred choice of customers for General Insurance by building relationships and grow profitably.

78. The Vision of NICL are:

- Leveraging technology to integrate people and processes
- To excel in Service and Performance
- To uphold the highest ethical standards in conducting our business.

  Organisation Structure:

- NICL is the only Public Sector General Insurance Company with Headquarters in Kolkata.

- There is a network of around 866 offices all over India and foreign operations in Nepal.
- Manpower strength is 7865 skilled personnel.

The performance of NICL in recent years is furnished below:

Financial Performance Amount in Crores

Particulars	2020-21	2021-22	2022-23	Q3, 2023-24
Gross Direct Premium Income (GDPI) Including Foreign Operations	14,186	13,077	15,206	11,797
Net Incurred Claim Ratio	86.23%	104.21%	100.85%	99.85%
Expense Ratio	34.82%	29.95%	44.61% (with Wage revision) 25% (without Wage revision)	29.51%
Combined Ratio	121.05%	134.16%	145.46% (with Wage revision) 125.85%	128.40%

			(without Wage revision)	
Net Profit After Tax	(-)562	(-)1,675	(-)3,865 (with Wage revision) (-)1260 (without Wage revision)	(-)218
Net Worth	574	2,751	(-)963 (with Wage revision) 1641 (without Wage revision)	(-)1076
Net Investment income	2,724	2,641	2,830	2,491
Solvency (Without Forbearance)	0.29	0.59	(-)0.29 (with Wage revision) 0.35 (without Wage revision)	(-)0.37
Solvency (With	0.62	1.09	0.29 (with Wage	1.17*

Forbearance)			revision) 0.93 (without Wage revision)	

**Subject to approval by IRDAI*

79. Business performance (Line of Business wise performance in India) Amount in Crores:

Department	Gross Premium 2022-23	Gross Premium 2022-23 Q3	Gross Premium 2023-24 Q3	Accretion	Growth %	Gross ICR 2022-23 Q3	Gross ICR 2023-24 Q3	Distribution %
Fire	1180.00	911.88	904.34	-7.54	-0.83%	8.14%	99.76%	7.70%
Marine	275.94	186.83	180.66	-6.17	-3.30%	37.26%	45.37%	1.54%
Motor	5087.80	3556.18	3740.23	184.05	5.18%	101.78%	113.85%	31.84%
Health	6934.86	5674.45	5669.42	-5.03	-0.09%	80.43%	86.87%	48.26%
Engineering	394.31	242.46	302.64	60.18	24.82%	22.64%	58.68%	2.58%

Crop	153.52	133.20	0.72	-132.48	-99.46%	121.94%	-259.72%	0.01%
Other Miscellaneous	1121.57	843.12	949.87	106.75	12.66%	54.96%	69.69%	8.09%
Total	15148.00	11548.12	11747.88	199.76	1.73%	78.00%	93.68%	100.00%

80. Investment Performance

Investment Performance									
	Category of Investment	Asset Under Management				Income Earned Rs. In Crs.		Daily Average Yield %	
		(in book value terms) Rs. in Crs.		(in market value terms) Rs. In Crs.					
		Q3 FY 23-24	Q3 FY 22-23	Q3 FY 23-24	Q3 FY 22-23	Q3 FY 23-24	Q3 FY 22-23	Q3 FY 23-24	Q3 FY 22-23
	Central Govern	6159	6807	6286	6905	377	391	8.10%	7.53%

	ment Securities								
	State Development Loans	5959	6502	5851	6398	362	379	7.68%	7.74%
	Bonds / Debentures	6079	6027	5800	5714	335	334	7.38%	7.36%
	Equity	8344	7793	14892	11073	1222	845	19.74%	14.18%
	Others*	1874	3006	1860	3005	77	130	6.89%	5.10%
Total		28416	30134	34689	33094	2373	2079	11.18%	8.99%

*Others include Fixed Deposit, Mutual Funds, Term Loans, AIF, ETF, IDF, Preference, etc.

81. Financial Inclusion

Pradhan Mantri Suraksha Bima Yojana (PMSBY)

The scheme introduced accidental death and permanent total disability. NIC implemented this scheme through 202 banks (approx.) across the country including two major banks SBI and

BOB. Since its launch from 2015-2016 NIC has increased the subscriber base from 3 cr to 12.84 crore and details of last three years is furnished below:

UW Year	No. of Subscribers (in Crores)	Total Premium (in Crores)
2020-2021	8.48	101.40
2021-2022	10.60	127.20
2022-2023	12.84	252.97
2023-24 (upto Dec 2023)	13.50	273.67

82. Ayushman Bharat Scheme

An unique scheme of Government of India, considered as the largest Health Insurance Scheme in the world, aims to provide free access to health insurance coverage of Rs 5,00,000 per family per year for hospitalization for low income earners in the country. NIC has participated in this scheme wherever launched and wherever given an opportunity, and had successfully implemented the scheme to the best satisfaction of the policy holders.

HEALTH INSURANCE : GOVT. SCHEMES		
Year	No. Of lives covered (In crores)	Total premium (In crores)
2020-2021	3.66	507

2021-2022	3.66	346
2022-2023	4.01	855
2023-2024 (upto Dec 2023)	2.88	363.38

2020-21	Jharkhand, West Bengal
2021-22	Jharkhand, West Bengal
2022-23	Jharkhand, West Bengal, Meghalaya
2023-24	(upto Sept. 2023) Jharkhand, Meghalaya

NIC has been actively servicing the prestigious scheme of Government of India in various states and at present in Jharkhand and Meghalaya.

83. Crop

We implement the crop insurance schemes as per the guidelines of the Union Govt./respective state Governments. The data of implementation in crop insurance schemes by NIC since Rabi 2020-21 is furnished below:

Financial Year	States/UT participated	Gross Premium (Rs. Cr.)	No. of Farmers Insured
2020-21	A&N,	1343.14	11409

	Manipur, Puducherry		
2021-22	A&N, Sikkim, Puducherry	89.74	32111
2022-23	A&N, Sikkim, Puducherry	153.52	40023
2023-24 (upto Dec. 2023)	Sikkim	0.72	3104

84. Customer Service

Year	No. of Policies issued (Actual)	No. of claim settled (Actual)	Amount of Claims Paid (In Crs)	Non suit claim settlement %	Grievance Disposal %
2020-21	1,38,85,916	30,79,146	11233.10	87.32%	100%
2021-22	1,33,89,801	29,89,462	13276.95	94.20%	98.90%
2022-23	1,06,40,753	31,00,898	13141.90	94.74%	96.33%

2023-24 (upto Dec 2023)	83,35,017	19,52,524	9,765	88.43%	88.74%

N.B.: NICL has settled 2,37,428 nos. of Covid Claims amounting to Rs 2080.62 Crs. as on 31.03.2023.

85. Motor Third Party Performance

Year	Motor TP Premium (Crs.)	ICR %	Lok Adalat and Conciliation Claim Settlement No.	No. of O/s claims as on 1st April	No. of claims intimated during the year	No. of Claims settled/ disposed during the year	No. of O/s claims
2020-21	3376.83	79.42	13775	129804	74015	43660	160159
2021-22	3203.86	88.10	27060	160159	45264	44876	160544
2022-23	3406.32	105.16	25915	160544	43575	57257	146862
2023-	2525.45	110	17097	146862	31415	32072	146205

2024 (upto Dec. 2023)							

86. Measures for improving Financial Health of Company

The Company is in the process of improving the financials through following measures:

- Stringent underwriting implemented with price correction in loss making products and shedding of loss making Group Health business.
- Claims control, including strict monitoring of Third Party Administrator (TPA) in Health segment.
- Digital Service providers introduced for faster and effective settlement of small value Motor Claims
- Focus on diversifying into profitable line of business
- Focus on growth of retail business with augmenting of Agency forces and Point of Sales Persons (POSPs) and enhanced digital presence.
- Focus on constantly improving the solvency of the Company and on reducing cost and expenses.
- Launching many new innovative customer-centric products along with revamping of existing products.
- Offices restructured for better operational efficiency including creation of Claims/ Underwriting/Health Hubs.

- Increasing insurance penetration by strengthening distribution channel network.

H. AGRICULTURE INSURANCE COMPANY OF INDIA LTD.

87. Following information was made available to the Committee in the form of background note by Agriculture Insurance Company of India Limited (AIC):

88. Agriculture Insurance Company of India Limited (AIC) is an Indian public sector undertaking headquartered in New Delhi set up at the instance of Govt. of India as a Company registered under Companies Act, 1956. AIC was incorporated on 20 December 2002 with an authorized capital of Rs. 1500 crore. The initial paid-up capital was Rs. 200 crores, which was subscribed by the promoting companies as tabled below-

Name of Promoters	Percentage of Shareholding
General Insurance Corporation of India (GICRe.)	35%
NABARD	30%
National Insurance Co. Ltd	8.75%
Oriental Insurance Co. Ltd.	8.75%
New India Assurance Co. Ltd.	8.75%
United India Insurance Co. Ltd.	8.75%

89. AIC commenced its business operations from 1 April 2003 by taking over the implementation of the erstwhile "National Agricultural Insurance Scheme" (NAIS) from GIC. AIC had been designated by the Govt. of India as the "Implementing Agency" of erstwhile NAIS, its country-wide crop insurance program.

90. Business Today: The Company procures larger part of its business through the tendering process under various Central and State Government sponsored Schemes like:

- Pradhan Mantri Fasal Bima Yojana(PMFBY),
- Restructured Weather Based Crop Insurance(RWBCIS) and
- Bangla Shasya Bima (BSB) Scheme.

91. The Company had obtained Allied Lines License in 2022.Consequent too btaining License to do Business under Allied Lines, the Company has marketed following customized In-house products:

- Sampoorna Ritu Kawach(SRK),
- Sampoorna Pashudhan Kawach(SPK),
- Consequential Crop Loss (CCL),
- Fasal Bhavantar Kawach(FBK),
- Saral Krishi Bima(SKB)and
- Livestock & other Allied Lines

92. Headquarter(with full address)

The Company has its Headquarter in Delhi with other 2 extended offices as mentioned below-

Registered & Head Office- Agriculture Insurance Company of India Limited, Plate B & C, 5th Floor, Block 1, East Kidwai Nagar, New Delhi – 110023

Emerging Lines Office–Agriculture Insurance Company of India Limited, Statesman House, 148, Barakhamba Rd, Block N, New Delhi -110001

Tech Office – Agriculture Insurance Company of India Limited, 1stFloor, Parsavnath Capital Tower, Phase 1, Bhai Vir Singh Marg, New Delhi – 110001

Nature of Entity	General Insurance (Agriculture Insurance)
Number of Employees (as on 31.12.2023)	Officers including Management Trainees=370
Number of Branches (as on 31.03.2023)	Head Office and Extension Office at Delhi = 1 each Regional Offices = 18 One Man Office=1

93. Performance for the last three financial years (Rs. In Crore)

Particulars	2020-21	2021-22	2022-23
Premium (In Cr)	12,053	13,940	14,734
UW Profit (In Cr)	293	(39)	111
PAT(In Cr)	490	738	766
Investment AUM (In Cr)	13,685	12,159	15,900
Claim Ratio (%)	92.38%	96.41%	94.35%

Solvency Margin Ratio	2.09	2.45	2.49
Combined Ratio (%)	94.75%	99.39%	98.31%

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PART-II

1. The development of the insurance sector which is necessary to support the continued economic transformation of India by providing protection against mortality, property and casualty risks and providing a safety net for individuals and enterprises in urban and rural areas, also encourages savings and provides long-term funds for infrastructure development and other long gestation projects of the country. Due to growing importance of the Sector, The Committee decided to take up the subject "Reforms in Insurance Sector" suo-motu and evidence of representatives of the Ministry of Finance (Department of Financial Services) was taken to ascertain steps taken by the Ministry and Major Insurers of the country to tackle challenges posed by an ever evolving modern world.

2. Owing to multiple stakeholders involved in Insurance sector and the non submission of complete written replies to the queries raised during the evidence of the representatives of the Ministry held by the Committee till date , this report might be considered as a preliminary report, pending submission of written replies by the Ministry as well as various entities concerned with the subject.

3. In the meantime, the Committee would expect the Ministry of Finance (Department of Financial Services) to continue their efforts with greater vigour to improve insurance penetration across the country with a special focus on Rural population by carrying out an assessment of the extent of life and non-life insurance coverage in the rural population with a view to achieve the ambitious target of Insurance for All by 2047 as set by IRDA.

4. Additionally, the Committee hope that insurance sector being driven by latest technological advancements will seek increased responsiveness for customers by using AI and behavioural analytics to conduct hyper-personalised interactions with the customers and provide solutions which are most suitable to their needs.

5. Further, the Committee desire that the Ministry may facilitate the insurers to ensure seamless alignment of the latest International Financial Reporting Standard - IFRS 17, which will be effective from 01.04.2025.

6. Observing the challenges and risks being posed by Climate change, the Committee are also keen to be apprised of proactive stance taken by the Ministry and also the strides being taken in Health, Agriculture and Natural Disasters insurance sector to protect the common man of the nation, especially in these categories.

7. The Committee would formulate their detailed recommendations on this subject after receipt of complete written replies to the queries raised during the evidence of the representatives of the Ministry on the subject. Consequently, if deemed imperative the Committee would take further evidence of the representatives of the Ministry and the concerned organizations on the subject.

8. In the interim, the Ministry of Finance (Department of Financial Services) should furnish Action Taken Replies complete in all respect to the Committee within three months.

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NEW DELHI
27 April, 2023
7 Vaisakh, 1946 (Saka)

ADHIR RANJAN CHOWDHURY
Chairperson,
Public Accounts Committee