

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:130
ANSWERED ON:02.03.2001
RATIO OF INSURANCE PREMIUM TO GDP
CHANDRA BHUSHAN SINGH

Will the Minister of FINANCE be pleased to state:

- (a) whether the ratio of insurance premium to the Gross Domestic Product (GDP) is low at 1.2 percent;
- (b) whether it is also a fact that the Government are considering to take the penetration level to atleast 18 percent of GDP;
- (c) if so, the steps taken by the Government in this regard;
- (d) whether it is also a fact that 40 percent of LIC`s incremental business is coming from the rural areas; and
- (e) if so, the steps taken by the Government to popularise insurance in rural areas?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a) to (e): A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO LOK SABHA STARRED QUESTION NO.130 FOR ANSWER ON 2ND MARCH, 2001 TABLED BY SHRI CHANDRA BHUSHAN SINGH(M.P.) REGARDING RATIO OF INSURANCE PREMIUM TO GDP.

(a): Total insurance premium (both life and non-life) as a percentage of GDP as on 31.3.2000 at current prices is 2.12%.

(b) & (c): The main objective of opening of the insurance sector was to increase the penetration of insurance. With the entry of new insurance companies it is expected that penetration of insurance would increase in the coming years. IRDA has so far issued Certificate of Registration to 10 Indian Insurance Companies, 6 in life insurance business and 4 in general insurance business in India, some of whom have already started their business.

(d): The Life Insurance Corporation of India(LIC) have informed that 41.45% of the total first premium income under new individual life insurance policies during the year 1999-2000 is from rural areas. With a view to popularising insurance in rural areas, more than 50% of LIC`s total branches presently operate in rural areas which are manned by a large field force supported by Development Officers. LIC has also been undertaking measures to popularise life insurance through the print and electronic media.

(e): Insurance Regulatory and Development Authority (Obligations of Insurers to Rural or Social Sectors) Regulations, 2000 prescribe that every insurer shall transact specified percentage of business in rural and social sectors. This would result in increasing insurance penetration in rural areas.