

**GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA**

UNSTARRED QUESTION NO:7097
ANSWERED ON:11.05.2000
IMPACT OF HIKED INSURANCE COST ON DOMESTIC AIRLINES
RAMSHETH THAKUR

Will the Minister of CIVIL AVIATION be pleased to state:

- (a) whether attention of the Government has been drawn to the newsitem captioned `Air India`s reinsurance charge to go up by 30%` as appeared in the Financial Express dated March 27, 2000:
- (b) if so, the details thereof;
- (c) whether the Government have analysed the impact of sudden hike in insurance cost on domestic airlines; and
- (d) the reaction of the Government in this regard?

Answer

THE MINISTER OF CIVIL AVIATION (SHRI SHARAD YADAV)

(a) Yes, Sir.

(b),(c) and (d): Air India is paying USD 5.721million as premium for 2000-2001 against USD 5.335 million paid for the year 1999-2000. This is an increase of only 7.24% in dollar terms. In case of Indian Airlines, the next renewal falls due only on 1st October,2000 and no assumptions can be made about the likely increase. Insurance premium for Indian Airlines have, indeed, been coming down. Insurance cost as a percentage of total cost in airline operation in India is between half to one percent.