

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:793
ANSWERED ON:05.12.2003
LIC BUSINESS
AMBATI BRAHMANAIAH

Will the Minister of FINANCE be pleased to state:

- (a) whether LIC's market share of new business premium has dropped from 92.15% during 2002-2003 to < 89.05% for the first half of the fiscal year 2003-2004;
- (b) if so, the reasons for significant drop of 3% of LIC's market share of new premium;
- (c) the long term impact of this fall in new insurance premia of LIC; and
- (d) the steps LIC propose to take to contain this erosion of its market share?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANDRAO VITHOBA ADSUL):

(a) Yes, Sir.

(b) The Life Insurance Corporation of India (LIC) has informed that the reduction in overall market share in new premium is partially attributed to the negative growth in single premium plans. Further, falling interest rate regime warranted withdrawal of some existing plans and redesigning of products from time to time which also affected the market sentiments. Moreover, some of the new private insurance companies have started business in this year and more companies in this sector has resulted in increase in the market share of private companies.

(c) LIC expects that market would get stabilised and there may not be any long term impact in the new insurance premium of LIC with the new strategies adopted by it.

(d) LIC has informed that they are strengthening their marketing wing by stepped up training activities for sales force and innovative new products being designed for insuring public. They are also making efforts to tap the business potential in every segment by aggressive marketing initiatives along with undertaking regular publicity activities to project their products and services.