

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2803

ANSWERED ON:17.12.2004

PRIVATE INSURANCE COMPANIES

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Will the Minister of FINANCE be pleased to state:

- (a) the number of applications pending with the Government for setting up of private insurance companies as on date;
- (b) the movable and immovable assets of the private companies in insurance sector;
- (c) whether it is a fact that it is mandatory for all private life insurance companies in the country to set up branches in rural areas to meet rural obligation;
- (d) if so, the details of the same;
- (e) whether some private insurance companies have able to achieve these targets in this regard;
- (f) if so, the action taken or proposed to be taken by the Union Government against the companies which could not meet their targets; and
- (g) the manner in which the amount of insurance policy holder would get back money if the company vanished or insolvent?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALAMMANICKAM)

- (a):The Insurance Regulatory and Development Authority (IRDA) have informed that there is no application pending with them for setting up of private insurance company.
- (b) :The details of movable and immovable assets of the private companies in insurance sector as on 31.03.2004 furnished by IRDA are Annexed.
- (c)& (d) : It is not mandatory for life insurance companies to set up branches in rural areas to meet rural obligations. However, they are required to comply with the obligations for underwriting business in the rural areas and social sectors.
- (e) & (f) :One company in the non-life sector and two companies in life sector have not been able to meet the obligations in respect of rural and social sectors during the financial year 2003-04. IRDA have asked these companies to furnish reasons for non-compliance and would take further action in the matter.
- (g):The IRDA have issued regulations to protect the interest of policy holders and also monitor solvency margin and financial health of the insurance companies on a regular basis.