

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:2622  
ANSWERED ON:09.12.2005  
PROFIT LOSS OF INSURANCE COMPANIES  
Kharventhan Shri Salarapatty Kuppusamy

**Will the Minister of FINANCE be pleased to state:**

- (a) the profit/loss earned/incurred by the Government owned insurance companies during the last three years, company-wise ;
- (b) the reasons for incurring losses,
- (c) whether the insurance companies have formulated any schemes to compete with the private players in the field: and
- (d) if so, the steps taken by the Government to further improve the services and profits of the insurance companies ?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRIS. S.PALANI MANICKAM)

(a) : All the four non-life public sector insurers and LIC have reported net profits during the last three years i.e. 2002-03 to 2004-05. The details of net surplus generated by LIC and net profit by non - Life Public Sector Insurers are given below:

(Rs.Crores)

Year	LIC	NATIONAL	NEW	INDIA	ORIENTAL	UNITED
2002-03	9761,80	134,92	255.82	63.99	171	00
2003-04	10962,50	71,22	590.22	316.44	380.44	
2004-05	15884.26	131,13	402.23	330.53	307.71	

(b): In view of the reply to part (a) above, question does not arise

(c)&(d) : With the opening of the insurance sector in the year 2000, a number of private insurance companies have commenced operations in both life and non-life segments. As on date, there are 8 non-life insurers and 14 life insurers in the private sector. Subsequent to liberalization, the insurance sector has recorded growth in terms of premium underwritten. With a view to sustaining their market position in the industry, the public sector insurers are in the process of restructuring their operations. Various steps in this direction include

(i) restructuring the business segments;

(ii) introducing innovative products; and

(iii) strengthening the underwriting procedures so as to bring down the claims. Insurers are also entering into strategic alliances and tie-ups to strengthen their business development activities.