

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:341

ANSWERED ON:03.12.2010

SOCIAL SECURITY BY INSURANCE COMPANIES

Chauhan Shri Sanjay Singh;Pratap Narayanrao Shri Sonawane

Will the Minister of FINANCE be pleased to state:

- (a) the extent of penetration/accessibility of life insurance scheme(s) and other social security schemes, amongst masses especially in rural areas at present;
- (b) whether the Government has formulated guidelines to cover the common man under the social security schemes launched by the public and private insurance companies in the country;
- (c) if so, the details thereof;
- (d) whether the private insurance companies are reluctant to provide insurance cover to the Aam Aadmi;
- (e) if so, the details thereof and the reasons therefor; and
- (f) the steps taken/being taken by the Government in this regard?

Answer

The Minister of Finance (Shri Pranab Mukherjee)

(a) to (f): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO THE LOK SABHA STARRED QUESTION NUMBER 341 REGARDING 'SOCIAL SECURITY BY INSURANCE COMPANIES' BY SHRI SONAWANE PRATAP NARAYANRAO AND SHRI SANJAY SINGH CHAUHAN, MEMBERS OF PARLIAMENT, TO BE ANSWERED ON 3.12.2010.

(a) to (c): Every insurer, who carries on insurance business after the commencement of the Insurance Regulatory and Development Authority Act, 1999 (41 of 1999), shall, for the purposes of sections 32B and 32C of the Insurance Act, 1938 be required to achieve the prescribed business in the rural and social sectors in the respective year of their operations in India. As per the Insurance Regulatory and Development Authority (Obligations of Insurers to Rural or Social Sectors) Regulations, 2002 as amended in 2007 the obligations have been stipulated for the insurance companies based on the tenure that they have completed after entering into the sector. The obligation to be undertaken by life insurance companies in the rural sector ranges from 7% to 20% of the total policies underwritten in the relevant financial year while it ranges from 2% to 7% of the gross premium underwritten in the relevant financial year for general insurance companies. In respect of social sector, the obligation to be completed by life as well as general insurance companies range from 5000 to 55000 lives. The stipulations for LIC however for rural sector for the year 2009-10 was 25% and 20 lakh lives in the social sector for 2009-10. Similarly, the public sector general insurance companies were required to do 7% of the gross premium in 2009-10 under the rural sector while they were obligated to increase their social sector component by 10% in the year 2009-10 as compared to the previous financial year 2008-09. For any short fall IRDA takes action against those insurers including penal action. The performance of life and general insurance companies during 2009-10 is given in Annexure-I and II respectively. Besides these obligations the Central government has introduced many social security schemes under the insurance sector, the important ones being

- I. MM AADMI BIMA YOJANA(AABY)
 - II. JANASHREE BIMA YOJANA (JBY)
 - III. RASHTRIYA SWASTHYA BIMA YOJANA (RSBY)
 - IV. UNIVERSAL HEALTH INSURANCE SCHEME (UHS)
- Salient features of these schemes are given in Annexure-III.

(d) to (f): Most of the private insurance companies have met their targets under rural and social obligations. Details of the Business done by the private insurers in rural/ social sector for the financial year ending 31.3.10 is given below.

Life Insurance General insurance
(Number of policies) (Gross premium in Rs)

Total Business 1.44 Crore 15053.44 crore

Rural Area Business 0.42 crore (29.17%) 1851.51 crore (12.30%)

Social sector 1.50 crore lives 5.95 crore lives

(Figures in brackets % of business done w.r.t. the total business) including Health Insurers

In the case of private insurance companies, out of the 8,768 offices as at 31st March 2010, 2,709 offices are located in other than metro/ urban centres.

In case of RSBY the private sector insurance companies are selected based on the open bidding process. As on date 07 private insurance companies are implementing this scheme in 306 districts of the country.