

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4009
ANSWERED ON:31.07.2009
GROWTH RATE OF INSURANCE COMPANIES
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Will the Minister of FINANCE be pleased to state:

- (a) the total business growth of Insurance Sector till date and its projected growth for the next five years;
- (b) the growth rate of Public Sector Insurance Companies in comparison to Private Sector Insurance Companies during the last three years;
- (c) whether the Private Sector Insurance Companies are getting more business than Public Sector Companies; and
- (d) if so, steps taken by the Government to improve the performance of the Public Sector Insurance Companies to compete with their counterpart?

Answer

Minister of State in the Ministry of Finance (Shri Namo Narain Meena)

(a): Since the opening up of the insurance sector in the year 2000, the sector had shown a robust growth till the year 2007-08. In the year 2008-09, the pace of growth in the insurance sector has slowed down which may be a result of the economic meltdown during the period. In the life segment, the total premium has grown from Rs.50,094 crores in the year 2001-2002 to Rs.2,23,556 crores in 2008-09 showing a growth of 346% over this period. Similarly, in the non-life segment, the gross direct premium has grown from Rs. 11,447 crores in 2001-02 to Rs.30,601 crores in 2008-09 showing a growth of 167% over the period. The future growth of this sector in future would largely depend upon the growth of the gross domestic product of the country.

(b): The growth rate of public sector insurance companies in comparison to private sector insurance companies during the last three years for life and non-life insurance companies is at Annexure.

(c) & (d): With the opening up of the insurance sector and the entry of the private players, the share of public sector insurance in the premium underwritten in this sector has naturally declined. A positive feature of this sector, however, has been that the overall size of the market has also concurrently increased and the premium underwritten by the life and non-life insurance companies has grown. This is also reflected by the increase in insurance penetration (which is defined as the ratio of premium to the gross domestic product) from 2.32 in 2000 to 4.7 in the year 2007. However, apparently, the higher levels of growth of the private sector insurance companies have to be viewed in the background of their lower base levels as compared to that of public sector insurance companies.

* provisional