

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3575

ANSWERED ON:14.12.2012

DECLINE IN SALE OF LIFE INSURANCE POLICIES

Bapurao Shri Khatgaonkar Patil Bhaskarrao;Gaikwad Shri Eknath Mahadeo;Paranjpe Shri Anand Prakash

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has noticed a steep decline in the sale of life insurance policies during the last fiscal;
- (b) if so, the details thereof and the reasons therefor;
- (c) whether the Government has formulated any plan to revive investor sentiment in life insurance sector;
- (d) if so, the details thereof; and
- (e) the other measures taken/proposed to be taken by the Government in this regard?

Answer

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

(a) and (b): Yes, Sir. Insurance Regulatory and Development Authority (IRDA) has informed that the life insurance industry witnessed 8.22 per cent decline in the number of new policies issued during the last financial year 2011-12 as against the policies issued in the previous financial year 2010-11. In terms of Premium Income generated through sale of new policies, the decline during the Financial Year 2011-12 was 14.01%. The decline in the number of policies sold may be attributed to IRDA's bringing out new Regulations on the design of ULIP products in the interests of policyholders' welfare and general market conditions prevailing in the country.

(c) to (e): The Government has reviewed the performance of life insurance industry with the insurance companies and the Regulator. In order to give a boost to the life insurance industry, certain measures have been identified for action which include taxation benefits and regulatory issues relating to product design, distribution and investment.