

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:613
ANSWERED ON:08.05.2015
EXPANSION OF GENERAL INSURANCE COMPANIES
Mahendran Shri C.;Udhayakumar Shri M.

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government/Insurance Regulatory and Development Authority (IRDA) has any proposal to allow State owned General Insurance Companies to go public to raise resources for their expansion;
- (b) if so, the details thereof and the reasons therefor;
- (c) the detailed guidelines formulated/ being formulated for the purpose along with the time by which the said proposal is likely to be materialised; and
- (d) the steps taken/being taken by the Government in this regard?

Answer

THE FINANCE MINISTER (SHRI ARUN JAITLEY)

(a) to (d) : A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PART (a) TO (d) OF LOK SABHA STARRED QUESTION NUMBER 613 FOR 8th MAY, 2015 REGARDING EXPANSION OF GENERAL INSURANCE COMPANIES TABLED BY SHRI C. MAHENDRAN and ADV. M. UDHAYAKUMAR

(a)and (b) : The Insurance Laws Amendment Act, 2015 in Section 103 has provided that, - "10B. The General Insurance Corporation and the insurance companies specified in section 10A may, raise their capital for increasing their business in rural and social sectors, to meet solvency margin and such other purposes, as the Central Government may empower in this behalf:

Provided that the shareholding of the Central Government shall not be less than fifty one per cent at any time"

As of now, the Government does not have any firm proposal from any State insurance company to go public to raise resources for their expansion. Insurance Regulatory and Development Authority of India (IRDAI) also has not received any such proposal for approval.

(c): IRDAI has issued the Insurance Regulatory and Development Authority (Issue of Capital by General Insurance Companies) Regulations, 2013 vide notification F.No. IRDA/Reg./12/70/2013 dated 16th February 2013 which prescribe the Manner, Procedure, Criteria and Conditions for approval of the Authority to raise capital through public issue.

(d): When there is a need for Government insurance companies to raise their capital, they have to send a proposal in detail to Government, which the Government will examine and take a suitable view.