

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4140
ANSWERED ON:20.03.2015
NUCLEAR INSURANCE POOL
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Will the Minister of FINANCE be pleased to state:

- (a) whether the General Insurance Corporation (GIC) proposes to issue Insurance Linked Securities (ILS) or catastrophe bond type structures to create capacity for a proposed nuclear insurance pool;
- (b) if so, the details thereof and the reasons therefor;
- (c) whether nuclear risks are not covered by any policy as insurers do not have the wherewithal to estimate liabilities and if so, the details thereof; and
- (d) the time by which the said pool is likely to be set up?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JAYANT SINHA)

(a) & (b): General Insurance Corporation of India (GIC Re) proposes to issue Nuclear Safety Bonds to garner part of insurance capacity required for proposed Indian Nuclear Insurance Pool. GIC Re has floated Expression of Interest (EOI) to engage professional institutions to work out end to end solutions for issuance of Nuclear Safety Bonds.

(c) & (d): Nuclear risks/perils connected with Hot Zone properties and associated third Party liabilities are not covered in conventional insurance policies. Since nuclear risks are of low frequency but of high severity nature, worldwide such risks are covered by pooling arrangements.

The proposed Indian Nuclear Insurance Pool is such a risk transfer mechanism. An in-principle approval has been received from Insurance Regulatory and Development Authority of India (IRDAI) for the formation of the Indian Nuclear Insurance Pool (INIP).