

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:5256

ANSWERED ON:24.04.2015

FDI IN INSURANCE SECTOR

Misra Shri Ajay (Teni);Ranjan Smt. Ranjeet;Sundaram Shri P.R.

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has passed Insurance Amendment Act;
- (b) if so, the details thereof along with the present status and salient features of Insurance Amendment Act;
- (c) whether the Act provide more benefit to the private insurance companies and create adverse impact on sale of products of Public Insurance Companies and their agents; and
- (d) if so, the details thereof along with the steps taken by the Government in this regard?

Answer

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

(a) & (b): The Insurance Laws (Amendment) Bill, 2015 was passed by the Lok Sabha on 4th March, 2015 and by the Rajya Sabha on 12th March, 2015, thus paving the way for major reform related amendments in the Insurance Act, 1938, the General Insurance Business (Nationalization) Act, 1972 and the Insurance Regulatory and Development Authority (IRDA) Act, 1999. The Insurance Laws (Amendment) Act 2015 (5 of 2015) was notified on 23rd March, 2015 and has seamlessly replaced the Insurance Laws (Amendment) Ordinance, 2014, which came into force on 26th December 2014. The Amendment Act removes archaic and redundant provisions in the legislations and incorporates certain provisions to provide Insurance Regulatory and Development Authority of India (IRDAI) with the flexibility to discharge its functions more effectively and efficiently. It also provides for enhancement of the foreign equity investment cap in an Indian Insurance Company from 26% to 49% with the safeguard of Indian ownership and control.

The key provisions of the Insurance Laws (Amendment) Act, 2015 are annexed.

(c) & (d): The provisions of the Insurance Laws (Amendment) Act, 2015 are uniformly applicable to both public sector and private sector insurance companies.