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Title: Need to make it mandatory through IRDA that all private insurance companies invest 70% of renewal premium in social sector projects or Government Securities/Banks so that the risk of policy holders is minimized.

SHRI L. RAJAGOPAL (VIJAYAWADA): Sir, for six decades, Life Insurance Corporation of India has been in the business of life insurance. After the opening up of economy, a lot of private companies have come into life insurance. Of late, all the private parties have got permission from insurance regulator to invest bulk of their premium in Unit Linked Insurance Policy, ULIP, which is a stock market linked investment which is a high risk investment. Even though it has a promising yield or return of 36 per cent or 48 per cent, but there is an underlying risk in it. When we talk of life insurance, it is primarily a secured instrument which has to be used during emergency. It should be handy for the public at times of emergency. But the regulator has permitted the life insurance companies to invest there and there is no limit on ULIPs. About 90 per cent of the business of the private parties is ULIPs now. In order to compete in the business, Life Insurance Corporation is forced to take up ULIP. They are also diluting their secured investment and going in for ULIPs. Because of that, the insurance sector and the people are affected. So, Government has to take steps in this regard and instruct the regulator that ULIP's stipulated participation should not exceed more than 30 per cent and 70 per cent should be secured investment.