

12.33 hrs.

COMMITTEE ON PRIVATE MEMBERS' BILLS AND RESOLUTIONS
MINUTES

SHRI KHADILKAR (Khed) : I beg to lay on the Table Minutes of the Thirteenth to Eighteenth sittings of the Committee on Private Members' Bills and Resolutions held during the current session.

ESTIMATES COMMITTEE
EIGHTEENTH REPORT

SHRI P. VENKATASUBBAIAH (Nandyal) : I beg to present the Eighteenth Report of the Estimates Committee on action taken by Government on the recommendations contained in the Fifty-fifth Report of the Estimates Committee (Third Lok Sabha) on Planning Commission—Rural Works Programme.

12.34 hrs.

STATEMENT RE. SOCIAL CONTROL OVER GENERAL INSURANCE

उप-प्रधान मंत्री तथा वित्त मंत्री (श्री मोरारजी बेसाई) : यह स्टेटमेंट तीन पेज का है।

MR. SPEAKER : Could he place it on the Table ?

श्री मोरारजी बेसाई : मैं इसे टेबुल पर रखता हूँ।

STATEMENT

With your permission, Sir, I wish to make a statement outlining the major steps that Government have decided upon in regard to social control over general insurance.

2. In answer to a question in this as well as in the other House I had stated that Government had undertaken a detailed examination of the proposal for nationalisation of general insurance in all its aspects, including the possibility of achieving the objectives in other ways. The examination has since been completed and the proposed measures are a result of this examination.

3. The objectives to be aimed at in general insurance are of a somewhat different character from those which I had set out the other day in relation to banks. The funds available for investment with general

insurance companies are modest and amount, in the case of Indian insurers, to only about Rs. 50 crores apart from another Rs. 10 crores already invested in Government securities. The annual increase is of the order of Rs. 5 crores. This is in contrast to life insurance where the investments are about Rs. 1,000 crores and the increase annually is over Rs. 100 crores. The profits in general insurance after tax are now only about Rs. 3 to Rs. 4 crores, and if the premium structure is rationalised, would be even more modest. In other words, the resources available from general insurance are of such a minor nature that issues like utilisation of these resources for planned development, and appropriate policies for this purpose hardly arise.

4. The objectives which we seek to secure in this field are, that the premium rates should be fair, that there should be complete security to policyholders, that insurance companies should not be owned by individuals and their funds utilised to further private interests and lastly that the industry should function on sound and healthy lines and free from malpractices. The examination by Government has shown that these objectives can effectively be secured by regulation and control over insurance companies. These measures would require amendments to the Insurance Act 1938 which regulates the working of insurance companies in the country and will therefor require legislation. I shall indicate briefly the more important measures which we propose to adopt.

5. A fair premium rate is the essence of service to policyholders. This is particularly important in general insurance where the policyholders are not paid back through any bonus system any excess in premiums paid by them. At present the premiums are being regulated by the Tariff Committee, a statutory body consisting of members elected by the insurers themselves. It is proposed to reconstitute that body with the Controller of Insurance as its Chairman, giving him over-riding powers in case of difference of opinion between him and the trade in regard to the actual rate to be charged.

6. Security to policyholders is sought to be achieved by making it obligatory on