

**Shri B. G. Mehta:** There are eleven Reports. I beg to present the following Reports of the Estimates Committee:—

(1) Forty-Sixth Report on the Ministry of Defence Lands and Cantonments.

(2) Fifty-Third Report on the action taken by Government on the recommendations contained in the Seventh Report of the Estimates Committee.

(3) Fifty-Fourth Report on the Ministry of Defence, Ordnance Factories—Organisation and Finance.

(4) Fifty-Fifth Report on the Ministry of Defence, Ordnance Factories—Staff Matters and Training.

(5) Sixtieth Report on the Ministry of Transport—Motor Transport and Miscellaneous.

(6) Sixty-First Report on the Ministry of Transport—Inland Water Transport.

(7) Sixty-Second Report on the Ministry of Transport—Shipping (Part I).

(8) Sixty-Third Report on the Ministry of Defence—Training Institutions.

(9) Sixty-Fourth Report on the Ministry of Defence—Military Dairy Farms.

(10) Sixty-Fifth Report on the Ministry of Transport—Shipping (Part II).

(11) Sixty-Sixth Report on the action taken by the Government on the recommendations contained in the Eleventh Report of the Committee.

#### COMMITTEE ON PETITIONS

##### TWELFTH REPORT

**Shri P. Subba Rao (Nowrangpur):** Sir, I beg to present the Twelfth Report of the Committee on Petitions.

#### COMMITTEE ON ASSURANCES

##### FOURTH REPORT

**Shri Raghavachari (Penukonda):** Sir, I beg to present the Fourth Report of the Committee on Assurances.

#### CALLING ATTENTION TO MATTER OF URGENT PUBLIC IMPORTANCE

##### POLICIES WITH FINANCIALLY UNSOUND INSURANCE COMPANIES

**Shri Feroz Gandhi Pratapgarh Dist.—West cum Rae Bareilly Dist.—East):** Sir, Under Rule 216, I beg to call the attention of the Minister of Finance to the following matter of urgent public importance and I request that he may make a statement thereon:—

“The position of the policyholders in Insurance Companies which were found to be financially unsound and the action that the Insurance Corporation proposes to take in respect of such insurance policies.”

The Minister of Finance and Iron and Steel (Shri T. T. Krishnamachari): When the Life Insurance Corporation Bill was before Parliament, it was noticed that a certain number of insurers, whose business would be vested in the Corporation, were not solvent. Their liabilities, including the actuarial reserves under policies in force, were in excess of their assets. The financial position of some of these companies was so difficult that, owing to want of funds, they had not been paying the claims of their policyholders. Accordingly, power was reserved to the Life Insurance Corporation by Section 14 of the Life Insurance Corporation Act, 1956, to reduce the amounts of insurance under contracts of life insurance entered into before January 1956 by such insurers to the extent justified by their respective financial position. The Corporation has been examining the position

(Shri T. T. Krishnamachari)

of such insurers but, while all investigations are not yet complete, a sufficiently clear picture has emerged.

The following 19 companies, viz.,

- Crescent.
- Hind Benefit.
- East & West.
- Presidency Life and Provident.
- Warden.
- Bombay Capital.
- Indian Economic.
- Inter Provincial Provident.
- East End Provident.
- Mahaluxmi Provident.
- New Bengal Provident.
- Bengal Industrial.
- Chota Nagpur Provident.
- Prabartak.
- Rajasthan.
- Dominion.
- Ideal Mutual.
- Kranti Provident.
- India Oriel.

were all found to be in deficit, the total extent of insolvency amounting to Rs. 59 lakhs approximately. If policy benefits are reduced to the extent of deficit for each company, such reductions would vary from 3 % to as much as 60% in one case.

In the case of a further group of ten companies, viz.,

- Continental Mutual
- Free India General
- Home Security
- Modern Mutual
- Peerless
- Policemen Provident
- Tropical
- United Karnatak
- Reliance
- Commercial Insurance.

while the investigations are not yet complete, there is a *prima facie* un-

covered deficit, which, together with possible deficiency in respect of a few other companies in respect of whom certain facts have since come to light might make it desirable to examine their financial position, is estimated to amount to another Rs. 10 lakhs or so.

The total uncovered deficit of all the above insurers, therefore, is estimated to be in the region of Rs. 70 lakhs. On the appointed day, the business in force of these insurers was about 1,16,000 policies assuring Rs. 16½ crores approximately.

The Corporation has now recommended that Government should agree to its paying the policy-holders of these companies their policy benefits in full, and that Government should itself bear the liability. In the Corporation's view, it would be unfair to make the burden fall on the policy-holders of the solvent companies, which would, in effect, be the case if the consequences of the decision to pay in full the policy-holders of the deficit companies are to be borne by the Corporation. Government consider that the Corporation's recommendation is well-conceived and in the interests of the large number of policy-holders both of the insolvent and of the solvent companies and have, therefore, decided to accept the liability. It is proposed to meet this liability over a period of years out of Government's share of the surplus ensuing at the biennial valuation of the Corporation. I am confident that the House will appreciate the spirit which has prompted Government to take this decision which will benefit policy-holders numbering about a hundred thousand.

Shri T. N. Singh (Banaras Distt.—East): May I make an enquiry?

Mr. Speaker: On... 'calling attention', no enquiries are made.