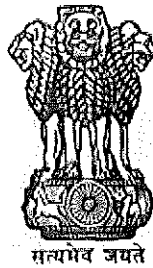


**THIRTY-SIXTH REPORT
COMMITTEE ON PETITIONS
(SEVENTEENTH LOK SABHA)**

**MINISTRY OF FINANCE
(DEPARTMENT OF FINANCIAL SERVICES)**

(Presented to Lok Sabha on 13.12.2022)



**LOK SABHA SECRETARIAT
NEW DELHI**

December, 2022/Agrahayana, 1944 (Saka)

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(i)

COMPOSITION OF THE COMMITTEE ON PETITIONS

Shri Harish Dwivedi - *Chairperson*

MEMBERS

2. Shri Anto Antony
3. Shri Hanuman Beniwal
4. Prof. Sanjay Sadashivrao Mandlik
5. Shri P. Ravindhranath
6. Dr. Jayanta Kumar Roy
7. Shri Arvind Ganpat Sawant
8. Shri Brijendra Singh
9. Shri Sunil Kumar Singh
10. Shri Sushil Kumar Singh
11. Shri Manoj Kumar Tiwari
12. Shri Prabhubhai Nagarbhai Vasava
13. Shri Rajan Baburao Vichare
14. *Vacant*
15. *Vacant*

SECRETARIAT

1. Shri T.G. Chandrasekhar - Additional Secretary
2. Shri Raju Srivastava - Director
3. Shri Harish Kumar Sethi - Under Secretary

**THIRTY-SIXTH REPORT OF THE COMMITTEE ON PETITIONS
(SEVENTEENTH LOK SABHA)**

INTRODUCTION

I, the Chairperson, Committee on Petitions, having been authorised by the Committee to present on their behalf, this Thirty-Sixth Report (Seventeenth Lok Sabha) of the Committee to the House on the representation of Shri R. Marak regarding the need for regulating the working of Government owned General Insurance Companies especially in Meghalaya and other important issues related therewith.

2. The Committee considered and adopted the draft Thirty-Sixth Report at their sitting held on 12 December, 2022.

3. The observations/recommendations of the Committee on the above matters have been included in the Report.

NEW DELHI;

**HARISH DWIVEDI,
Chairperson,
Committee on Petitions.**

12 December, 2022

21 Agrahayana, 1944 (Saka)

REPORT

REPRESENTATION RECEIVED FROM SHRI R. MARAK REGARDING THE NEED FOR REGULATING THE WORKING OF GOVERNMENT OWNED GENERAL INSURANCE COMPANIES ESPECIALLY IN MEGHALAYA AND OTHER IMPORTANT ISSUES RELATED THEREWITH.

Shri R. Marak had submitted a representation dated 18.02.2022 before the Committee on Petitions regarding the need for regulating the working of Government owned General Insurance Companies especially in Meghalaya and other important issues related therewith.

2. The representationist, in his representation had *inter-alia* stated that the Government owned General Insurance Companies, viz., National Insurance Company, United India Insurance Company, Oriental India Insurance Company, New India Assurance Company and General Insurance Corporation of India (Re-insurer) basically insure motor insurance, health and industrial units but in the last few years, and especially since the private insurance companies have come to the market, these Insurance Companies of the Government of India are losing their prestige and constantly going into losses. Further, the representationist had mentioned that the condition of these Government Insurance Companies is even worse in all the North Eastern States, especially in Meghalaya, where no big industry exists and now-a-days, people of these States are paying special attention to 'organic farming' but because of their old attitude, the Government Insurance Companies neither provide any help to the persons insured or intended to be insured nor do they realize that due to their outdated policies, the business that they once had, has been dominated by the private insurance companies. The representationist had further raised the issue of corruption in these Government owned General Insurance Companies and passive approach of officials of these Companies towards postings/transfers in the North Eastern States. The representationist has, therefore, requested to look into the matter by examining the issues raised in his representation.

3. The Committee on Petitions took up the representation of Shri R. Marak for examination under Direction 95 of the Directions by the Speaker, Lok Sabha. Accordingly, the representation was referred to the Ministry of Finance (Department of Financial Services) for furnishing their comments.

4. In response thereto, the Ministry of Finance (Department of Financial Services) vide their Office Memorandum -No. H-12013/4/2022-Ins.II (E-300534750) dated 23 May, 2022, furnished the following comments in the matter:-

"The general insurance business in India was nationalized by the General Insurance Business (Nationalisation) Act, 1972 and all Insurers carrying on general insurance business were merged. The National Insurance Company Limited, New India Assurance Company Limited, Oriental Insurance Company Limited, and United India Insurance Company Limited were set up as the four acquiring companies and General Insurance Corporation of India (GIC) was set up as their holding company. It also restricted general insurance business to public sector.

GIC was notified as the "Indian Reinsurer" in 2000 and it ceased to be the controlling company of the above mentioned four public sector general insurance companies (PSGICs) with effect from 21st March 2003.

All the four PSGICs have been working in all areas including motor, health and insurance of industrial units and are in operation for decades and rendering their services. As on 31st March 2022, the four PSGICs earned a premium of ₹75,116 crore with a market share of 34.05%, with a pan-India presence of 6759 offices and a manpower of 44,743.

With regard to business in the North Eastern region, these companies are actively conducting business in all the States of North Eastern region of India including Meghalaya, through their respective regional offices at Guwahati. These four companies are further represented all across the North Eastern region through their divisional offices, branch offices and business centres. They have 256 offices deploying a total manpower of 1327 across the entire North-Eastern region to cater to the needs of insuring public.

Wherever there are no offices, these four companies are represented by their development officers or agents or point of sale persons (POSPs) who can be approached by the public for their insurance needs. At present, there are 6885 active agents and 1011 point of sale persons of these four companies working actively in the field. These agents and POSPs have been equipped with portal access to enable them to provide insurance services to people in near and far corners of the North Eastern region.

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2022-05-23

Apart from physical presence, all Insurers are also servicing their customers online and processing claims with the help of IT platforms.

With regard to performance of PSGICs, it is mentioned that in the financial year 2021-22, a total of 17,96,528 policies have been issued by these four companies amounting to a premium of ₹1074.26 crore in seven States of North Eastern region. A total of 69,208 policies amounting to a premium of ₹89.9 crore were issued in Meghalaya alone. Further, PSGICs are also committed to actively participate in various Central Government schemes such as Pradhan Mantri Suraksha Bima Yojana, Ayushman Bharat - Pradhan Mantri Jan Arogya Yojana. In addition to this, a total of 7,78,912 policies amounting to premium of ₹134.53 crore have been issued under Pradhan Mantri Fasal Bima Yojana by Agriculture Insurance Company of India Limited and 7,78,031 farmers have been benefitted from this scheme in the financial year 2021-22. However, the business results vary from time to time depending on various aspects such as demand, economic condition, natural/catastrophic disasters, market forces and other unforeseen events like COVID pandemic.

The operations of PSGICs are monitored on various parameters by the sector regulator i.e. Insurance Regulatory and Development Authority of India. The functioning of PSGICs is governed by well defined rules and regulations. Postings/transfers in PSGICs is conducted through well laid down framework of human resource policies.

Despite some challenges, all PSGICs are in process of transformation and are deeply committed to customer services, profitable growth and enhanced organizational efficiency."

5. In connection with the comprehensive examination of the instant representation of Shri R. Marak regarding the need for regulating the working of Government owned General Insurance Companies especially in Meghalaya, the Committee on Petitions decided to take up the matter during their on-the-spot Study Visit to Guwahati - Shillong - Guwahati from 30 May to 2 June, 2022. Accordingly, during the meeting convened at Shillong on 31 May, 2022, the Committee on Petitions held informal discussion with the representatives of the Ministry of Finance (Department of Financial Services) and officials of the all five Public Sector General Insurance Companies, viz., National Insurance Company, United India Insurance Company, Oriental India Insurance Company, New India Assurance Company and General Insurance Corporation of India (Re-insurer).

6. On being enquired by the Committee regarding the policies offered by these Companies, viz., National Insurance Company, United India Insurance Company, Oriental India Insurance Company, New India Assurance Company and General Insurance Corporation of India (Re-insurer), the Ministry of Finance (Department of Financial Services), in their written reply, submitted as under:-

S. No.	Product Name	Line of Business
1	Airline Excess(War Liability)	Aviation
2	Airport Owners, Operators Liability	Aviation
3	Aero Turbine	Aviation
4	Aviation Fuelling and Refueling Liability	Aviation
5	Hull (including engine, spares) Deductible Insurance	Aviation
6	Aircraft Hull Liabilities	Aviation
7	Aviation Product Liability	Aviation
8	Aircraft Hull War Risks	Aviation
9	Flight Kitchen / Caterers Liability	Aviation
10	Ground Equipments Handlers Liability	Aviation
11	Hanger keepers Liability Policy	Aviation
12	Loss of License	Aviation
13	Aviation PA (Crew)	Aviation
14	Spares All Risks Liability	Aviation
15	Spares War Risks Policy	Aviation
16	Satellite Insurance	Aviation
17	Crop Insurance (Government Schemes)	Crop Insurance
18	Advance Loss of Profit	Engineering
19	Boiler & Pressure Plant Insurance	Engineering
20	Contractor All Risk	Engineering
21	Civil Engineering Completed Risk	Engineering
22	Contractors Plant & Machinery	Engineering
23	Deterioration Of Stock Insurance - Other than Potato	Engineering
24	Deterioration of stock (Potatoes)	Engineering
25	Erection All Risk	Engineering
26	Electronic Equipment Insurance	Engineering
27	Machinery Insurance	Engineering
28	Marine Cum Erection	Engineering
29	Machinery Loss of Profits Insurance	Engineering
30	Standard Fire Loss of Profits	Fire
31	Standalone Terrorism - Fire	Fire

32	Industrial All Risks	Fire
33	National Bharat Griha Raksha	Fire
34	National Bharat Laghu Udayam Suraksha	Fire
35	National Bharat Sookshma Udayam Suraksha	Fire
36	Standard fire & special peril policy (Petrochemical)	Fire
37	Standard Fire & Special Perils	Fire
38	Standard Fire and Special Peril Policy	Fire
39	Standard fire & special perils (stocks only)	Fire
40	Critical Illness	Health
41	Group Mediclaim	Health
42	Group Mediclaim - Tailor Made	Health
43	Group Mediclaim - Tailor Made(Old)	Health
44	Government Mass Health Scheme	Health
45	Jan Arogya Bima Policy	Health
46	Jan Raksha	Health
47	National Mediclaim Policy	Health
48	Baroda Health Policy	Health
49	BOI National Swasthya Bima Policy	Health
50	Naini National Health Mediclaim	Health
51	SBBJ National Medi-Kavach Bima	Health
52	Dhanavanthri Bima	Health
53	UCO Medi Plus Care Bima	Health
54	V Arogya Bima	Health
55	Arogya Sanjeevani Policy - National	Health
56	BoB National Health Policy	Health
57	National Critical Illness	Health
58	Corona Kavach Policy - National	Health
59	National Mediclaim Plus Policy	Health
60	Micro UHIS	Health
61	National Parivar Mediclaim Policy	Health
62	National Senior Citizen Mediclaim Policy	Health
63	National Super Top Up Mediclaim	Health
64	Overseas Mediclaim - B& H	Health
65	Overseas Mediclaim - Long Term E & S policies	Health
66	Parivar Mediclaim	Health
67	Rashtriya Swasthya Bima Yojana	Health
68	Sampoorna Arogya Bima	Health
69	Swasthya Bima	Health
70	Students Accident Welfare Policy	Health

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71	Universal Health Insurance	Health
72	Varistha Mediclaim	Health
73	Vidyarthi Mediclaim	Health
74	Building Promoters Liability	Liability
75	Commercial General Liability	Liability
76	Carriers Legal Liability	Liability
77	Couriers Legal Liability	Liability
78	Directors And Officers Liability	Liability
79	Errors and Omissions (Software)	Liability
80	Joint Stock Company Insurance Policy	Liability
81	Lift Insurance	Liability
82	Liability Others	Liability
83	Professional Indemnity	Liability
84	Public Liability - Auditorium and Theatres	Liability
85	Public Liability (Act)	Liability
86	Public Liability - Offices & Residential Premises	Liability
87	Public Liability - Exhibition and Fairs	Liability
88	Public Liability - Film Studio & Circus	Liability
89	Public Liability - Godowns & Shops	Liability
90	Public Liability - Hotel	Liability
91	Public Liability Industrial Risks	Liability
92	Public Liability - Maintenance Contractors	Liability
93	Public Liability - Permanent Amusement Parks	Liability
94	Public Liability - Schools	Liability
95	Product Liability Insurance	Liability
96	Stock Broker Indemnity	Liability
97	TP Liability for Inland Water Vessels	Liability
98	Cardamom Package Policy	Marine Cargo
99	Coffee Package Policy	Marine Cargo
100	Duty Insurance	Marine Cargo
101	Marine Cargo Annual Policy	Marine Cargo
102	Marine Cargo - Increased Value Insurance	Marine Cargo
103	Marine Cargo Open Cover	Marine Cargo
104	Marine Cargo Open Declaration	Marine Cargo
105	Marine Cargo Open Policy	Marine Cargo
106	Marine Cargo Special Declaration Policy	Marine Cargo
107	Marine Cargo Specific Voyage	Marine Cargo
108	Package Policy under Advance License System	Marine Cargo
109	Rejection Risks Insurance	Marine Cargo

110	Rubber Package Policy	Marine Cargo
111	Tea Crop Insurance	Marine Cargo
112	Charterers Liability (CL) Insurance	Marine Hull
113	Dredger Insurance	Marine Hull
114	Oil Energy Insurance Policy	Marine Hull
115	Freight Insurance	Marine Hull
116	Funeral Voyage	Marine Hull
117	GA Disbursement Insurance	Marine Hull
118	Fishing Vessels	Marine Hull
119	Inland/Dredgers etc Vessels	Marine Hull
120	Marine Hull - Sailing Vessel	Marine Hull
121	Jetties and Pontoons	Marine Hull
122	Major Hull Insurance	Marine Hull
123	Builders Risk	Marine Hull
124	Ship Breaking Insurance	Marine Hull
125	Disbursement/Increased Value Insurance	Marine Hull
126	Hull War Risk Insurance	Marine Hull
127	Off shore Construction Risk Package Insurance	Marine Hull
128	Pipe Lines Operation Insurance	Marine Hull
129	Port Package Insurance Policy	Marine Hull
130	Salvors Liability	Marine Hull
131	Ship Repairers Liability Insurance	Marine Hull
132	Motor - Goods Carrying Vehicle	Motor
133	Long Term Two Wheelers Liability only Policy	Motor
134	Long term Act Policy Old	Motor
135	Motor - Two Wheelers	Motor
136	Long Term Two Wheelers Package Policy	Motor
137	Motor Dummy Policy	Motor
138	Motor Trade - Internal Risk	Motor
139	National Stand Alone Compulsory Personal Accident Cover (Owner-Driver) under Motor Policies	Motor
140	Motor - Private Car	Motor
141	Motor - Passenger Carrying Vehicle	Motor
142	Motor - Trade - Road Risk	Motor
143	Motor - Road Transit - Single	Motor
144	Motor - Road Transit - Declaration	Motor
145	Motor - Miscellaneous and Special Type of vehicle	Motor
146	Motor - Trailers	Motor
147	All Risk	Other Misc.

148	Amartya Shiksha Yojana	Other Misc.
149	Baggage Insurance	Other Misc.
150	Bankers Indemnity	Other Misc.
151	Bhagyashree Child Welfare Policy	Other Misc.
152	Burglary Insurance	Other Misc.
153	Money Insurance	Other Misc.
154	Doctors Package	Other Misc.
155	Extended Warranty Child Policy	Other Misc.
156	Extended Warranty Master Policy	Other Misc.
157	Fidelity Guarantee	Other Misc.
158	Glass Insurance	Other Misc.
159	Generic Product	Other Misc.
160	Golfer Insurance	Other Misc.
161	Sporting Gun Insurance	Other Misc.
162	Householders Insurance	Other Misc.
163	Home Loan Suraksha Bima	Other Misc.
164	Horse (Bloodstock) Insurance	Other Misc.
165	Hotel Motel and Restaurants Insurance	Other Misc.
166	Jewellers Block	Other Misc.
167	L P Gas Traders combined policy	Other Misc.
168	Cellular and Mobile Phone Networks Operators Insurance	Other Misc.
169	MSME Package Policy	Other Misc.
170	Niwas Bima Yojana	Other Misc.
171	Micro Rajrajeswari Mahila Kalyan Bima	Other Misc.
172	NRI Accident	Other Misc.
173	Office Package	Other Misc.
174	Petrol Pump Package	Other Misc.
175	Rajrajeswari Mahila Kalyan Yojana	Other Misc.
176	Special Contingency Excluding Liability	Other Misc.
177	Security Insurance	Other Misc.
178	Neon Signs	Other Misc.
179	Sishu Suraksha Bhema	Other Misc.
180	Shopkeepers Insurance	Other Misc.
181	Suhana Safar	Other Misc.
182	Sampoorna Suraksha Bima	Other Misc.
183	Students Safety Insurance	Other Misc.
184	Traffic Accident	Other Misc.
185	Travelling Executives Policy	Other Misc.
186	Television Insurance	Other Misc.

187	Video Equipments Insurance	Other Misc.
188	Vyapar Suraksha Policy	Other Misc.
189	Special Contingency Yatra	Other Misc.
190	Deposit linked PA Group	Personal Accident
191	Flight Coupon	Personal Accident
192	Group Personal Accident	Personal Accident
193	Group Personal Accident(Old)	Personal Accident
194	Group P.A. for rickshaw pullers	Personal Accident
195	Group PA for School Children	Personal Accident
196	Gramin Personal Accident	Personal Accident
197	Group Saral Suraksha Bima National	Personal Accident
198	Micro Janata Personal Accident Policy	Personal Accident
199	SARAL SURAKSHA BIMA NATIONAL	Personal Accident
200	Individual Personal Accident	Personal Accident
201	Personal Accident for Visitors in Bank Premises	Personal Accident
202	Pravasi Bharatiya Bima Yojana	Personal Accident
203	Pradhan Mantri Suraksha Bima Yojana	Personal Accident
204	Workers Welfare Insurance	Personal Accident
205	Animal Driven Cart/Tonga	Rural
206	Kisan Agricultural Pumpset	Rural
207	Brackish Water Prawn/Aquaculture Insurance	Rural
208	Calf/Heifer Rearing Insurance	Rural
209	Camel Insurance	Rural
210	Cattle Insurance	Rural
211	Dog Insurance	Rural
212	Horse/Pony/Mule/Donkey/Yak/Insurance	Rural
213	Duck Insurance	Rural
214	Elephant Insurance	Rural
215	Foetus (Unborn calf) Insurance	Rural
216	Farmers Package Policy	Rural
217	Inland Fresh Water Fish Insurance	Rural
218	Gobar Gas Plant Insurance	Rural
219	Gramin Suraksha Bima	Rural
220	Gramin Suswastha Bima	Rural
221	Hand Drawn vehicle Insurance	Rural
222	Honey Bee Insurance	Rural
223	Hut Insurance	Rural
224	IRDP Financed Assets	Rural
225	Janata Personal Accident	Rural

226	Package Policy For Milk Producers Co-Operative Society/ Collection Centre	Rural
227	Micro Kisan Agricultural Pumpset Insurance	Rural
228	Micro Camel Insurance	Rural
229	Micro Cattle Insurance	Rural
230	Micro Gramin Suraksha Bima	Rural
231	Micro Horse (Other than blood stock) Insurance	Rural
232	Micro Pig Insurance	Rural
233	Micro Sheep & Goat Insurance	Rural
234	PA for Kisan Credit card Insurance	Rural
235	Pedal Cycle	Rural
236	Pet Dog Insurance	Rural
237	Pig Insurance	Rural
238	Plantation and Horticulture	Rural
239	Poultry Insurance	Rural
240	Quail Insurance	Rural
241	Rabbit Insurance	Rural
242	Cycle Rickshaw	Rural
243	Sheep & Goat Insurance	Rural
244	Silkworm/Sericulture	Rural
245	Lift Irrigation/Sprinkler Installation Insurance	Rural
246	Tribals Package Policy	Rural
247	Failed well/dug well Insurance	Rural
248	Employees Compensation Insurance	Workmen Comp
249	Workmen's Compensation	Workmen Comp

The UIICL has over 200 product offerings in 10 lines of business. The Insurance products include retail insurance products such as Motor, Health, Personal Accident and Fire Insurance covers for Individuals. There are products for Corporate Customers and businesses to cover their assets, employees and liabilities. United India Insurance also actively participates in State Government and Central Government Insurance Schemes to cover lives / assets on large scale.

The various types of Insurance policies being offered by UIICL are in the following lines of business:-

- (i) Fire
- (ii) Marine
- (iii) Motor
- (iv) Health

- (v) Personal Accident
- (vi) Workmen Compensation
- (vii) Liability
- (viii) Engineering
- (ix) Aviation
- (x) Other Miscellaneous

The Oriental India Insurance Company provides innovative insurance policies in all the business lines such as Fire, Cargo, Hull, Engineering, Aviation, Motor, Liability, Personal Accident, Health, Workmen's Compensation, Rural Sector, etc. Similarly, the New India Assurance Company (NIACL) is a PSU General Insurance company, having the following types of Insurance Policies:-

- Fire
- Marine Cargo
- Marine Hull
- Motor OD
- Motor TP
- Health
- Personal Accident
- Liability
- Aviation
- Other Miscellaneous Policies

GIC Re being a reinsurance company, caters to the needs of only direct insurance companies. It is a B2B (Business-to-Business) company and does not issue insurance policies like Motor, Medclaim, etc., directly to public.

7. On being enquired about the year-wise market share of afore-mentioned Insurance Companies *vis-a-vis* various Private Insurers during the last five years, the Ministry of Finance (Department of Financial Services), in their written reply, submitted as under:-

National Insurance Company

	MARKET SHARE %				
	2017-18	2018-19	2019-20	2020-21	2021-22 (Provisional)
Public Sector Insurance Cos.	45.00	40.52	38.78	36.15	34.05
Private Sector Insurance Cos.	43.42	47.97	48.03	49.32	49.70

Stand-alone Health Insurance Cos.	5.52	6.70	7.67	7.93	9.46
Specialised Insurance Cos	6.06	4.81	5.52	6.60	6.79
Total	100.00	100.00	100.00	100.00	100.00
National Insurance Co. Ltd.	10.75	8.93	8.08	7.12	5.95

United India Insurance Company

Year	Market Share (%)	
	UIICL	Private Insurers as a whole
2017-18	11.58	43.42
2018-19	9.66	47.97
2019-20	9.25	48.03
2020-21	8.41	49.32
2021-22 (Provisional)	7.12	49.71

Oriental India Insurance Company

Year	Market Share (%)		
	Public Sector	Private Sector	Oriental Insurance
2017-18	51.04	48.96	7.60
2018-19	45.42	54.58	7.77
2019-20	44.30	55.70	7.24
2020-21	42.75	57.25	6.26
2021-22	40.84	59.16	6.21

New India Assurance Company

Year	Market Share (%)		
	Public Sector	Private Sector	NIACL
2017-18	45.00%	55.00%	15.08%
2018-19	40.35%	59.65%	14.07%
2019-20	36.14%	63.86%	14.33%
2020-21	36.15%	63.85%	14.37%
2021-22	34.02%	65.98%	14.76%

General Insurance Corporation of India

GIC Re is a reinsurance company and hence this question is not applicable.

8. On the aspect of current market share of aforementioned Insurance Companies vis-a-vis Private Insurers in the North Eastern States of the country [Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim and Tripura], the Ministry of Finance (Department of Financial Services), in their written reply, submitted as under:-

National Insurance Company

(Rs. in crore)

North Eastern States	No of Offices	No. of policies issues in FY 2021-22	Premium in FY 2021-22
Assam	37	254601	143.78
Meghalaya	4	12471	19.43
Mizoram	4	16888	10.96
Manipur	2	14880	6.52
Tripura	8	48934	20.54
Nagaland	2	9875	6.09
Arunachal Pradesh	1	566	0.30
Total	58	358215	207.62

United India Insurance Company

(Rs. in crore)

North Eastern States	2019-2020			2020-2021		
	Industry Premium	UIICL Premium	UIICL Market share (%)	Industry Premium	UIICL Premium	UIICL Market share (%)
Assam	1644	207	13	2039	198	10
Tripura	243	12	5	264	11	4
Meghalaya	133	23	18	250	39	16
Arunachal Pradesh	75	1	1	114	1	1
Mizoram	85	2	2	90	2	2
Nagaland	72	1	2	80	2	2
Manipur	62	6	10	76	5	7
Sikkim	80	4	5	71	4	5
Total	2394	257	11	2984	262	9

Oriental India Insurance Company

North Eastern States	MARKET SHARE (%) (As on 31/12/2021)		
	Public Sector	Private Sector	Oriental Insurance
Arunachal Pradesh	67.74	32.26	14.43
Manipur	43.96	56.04	8.58

Meghalaya	31.64	68.36	4.20
Mizoram	54.95	45.05	10.33
Nagaland	60.36	39.64	4.53
Sikkim	61.07	38.93	22.61
Tripura	46.19	53.81	5.80
Assam	47.19	52.81	9.43
TOTAL	46.19	53.81	9.13

New India Assurance Company

Financial Year	Market Share of Private Insurers	Market Share of PSU General Insurers	Market Share of NIACL
2017-18	55.00%	45.00%	15.08%
2018-19	59.65%	40.35%	14.07%
2019-20	63.86%	36.14%	14.33%
2020-21	63.85%	36.15%	14.37%
2021-22	65.98%	34.02%	14.76%

General Insurance Corporation of India

GIC Re is a reinsurance company and hence this question is not applicable.

9. The Committee, thereafter, desired to know the details of total premium collected by these Insurance Companies during the Financial Year 2021-22 in the North Eastern States. The Ministry of Finance (Department of Financial Services), in their written reply, submitted as under:-

National Insurance Company

The details of total premium procured during the Financial Year 2021-22 in the North Eastern States are as under:-

(Rs. in crore)

S.No.	State	Fire	Marine	Motor	Health	Engrg.	P.A.	Rural	Crop	Misc.	Total
1	Assam	12.47	1.96	97.10	12.07	12.3	1.88	0.05	0	5.95	143.78
2	Meghalaya	9.62	0	9.06	0.23	0.29	0.09	0.02	0	0.12	19.43
3	Mizoram	0.07	0	10.49	0.20	0.03	0.12	0.01	0	0.04	10.96
4	Manipur	0.33	0.01	5.84	0.01	0.04	0.07	0	0	0.22	6.52
5	Tripura	1.10	0.05	17.49	0.79	0.02	0.47	0.06	0	0.56	20.54
6	Nagaland	0.11	0	5.68	0.02	0.07	0	0.13	0	0.08	6.09
7	Arunachal Pradesh	0	0	0.30	0	0	0	0	0	0	0.30
	Total:	23.70	2.02	145.96	13.32	12.75	2.63	0.27	0	6.97	207.62

United India Insurance Company*(Rs. in crore)*

NORTH EASTERN STATES	FY 2021-22 PREMIUM (Provisional)
Arunachal Pradesh	1.00
Assam	193.23
Manipur	5.50
Meghalaya	32.58
Mizoram	1.78
Nagaland	1.65
Sikkim	4.65
Tripura	10.02
Total	250.41

Oriental India Insurance Company

The details in respect of Oriental Insurance are given hereunder:-

(Rs. in crore)

PREMIUM COLLECTED IN FY 2021-2022									
STATE	FIRE	MARINE	MOTOR OD	MOTOR TP	ENGG.	PA	HEALTH	OTHERS	TOTAL
ARUNACHAL PRADESH	0.42	0.07	3.28	6.09	0.02	0.00	0.01	0.21	10.10
MANIPUR	0.18	0.03	0.32	1.24	0.25	0.01	0.13	0.32	2.47
MEGHALAYA	11.89	0.02	0.46	1.65	0.02	0.01	0.17	0.24	14.46
MIZORAM	0.02	0.00	0.16	0.60	0.02	0.00	0.00	0.09	0.90
NAGALAND	0.20	0.00	2.50	4.16	0.06	0.00	13.23	0.36	20.51
SIKKIM	0.08	0.00	0.12	0.61	0.00	0.00	0.18	0.02	1.01
TRIPURA	0.95	0.04	1.62	9.89	0.03	0.04	0.35	0.56	13.46
ASSAM	15.75	1.42	25.92	84.35	4.45	0.42	13.88	5.93	152.13
TOTAL	29.49	1.59	34.37	108.58	4.84	0.50	27.94	7.74	215.05

New India Assurance Company

The premium collected by New India Assurance for 2021-22 in North Eastern States are as under:-

(Rs. in crore)

S. No	State	Premium in FY 2021-22
1	Assam	274.24
2	Meghalaya	23.43
3	Mizoram	13.85
4	Manipur	10.67

5	Tripura	30.71
6	Nagaland	25.05
7	Arunachal Pradesh	28.91
8	Sikkim	15.42
	Total	422.27

General Insurance Corporation of India

GIC Re being Reinsurance Company provides Reinsurance support to insurance companies on portfolio basis and hence does not have region-wise breakup of premium. Therefore, GIC Re would not be able to provide the information requested. However, GIC Re also received 5% of the total premium written by way of obligatory cessions.

10. The Committee further desired to know the sector-wise details of claims paid by these Insurance Companies during the Financial Year 2021-22 in the North Eastern States. The Ministry of Finance (Department of Financial Services), in their written reply, submitted as under:-

National Insurance Company

CLAIM PAID FIGURES FY 2021-22																			
Sl No	State	FIRE		MARINE		MOTOR		HEALTH		ENGINEERING		PA		RURAL		MISC.		TOTAL	
		No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
1	Assam	78	3.68	45	0.95	5086	65.81	1284	9.31	28	0.74	35	0.86	6	0.02	88	2.39	6650	83.76
2	Meghalaya	1	0.02	0	0	446	3.05	27	0.21	0	0	8	0.16	5	0.01	0	0	487	3.45
3	Mizoram	0	0	0	0	609	1.76	12	0.06	0	0	12	0.23	0	0	0	0	633	2.05
4	Manipur	0	0	0	0	113	2.70	1	0.006	0	0	0	0	1	0.0017	1	0.01	116	2.72
5	Tripura	0	0	0	0	449	8.24	35	0.25	0	0	18	0.43	1	0.0058	3	0.09	506	9.02
6	Nagaland	0	0	0	0	247	1.83	2	0.02	2	0.12	0	0	0	0	1	0.53	252	2.50
7	Arunachal Pradesh	0	0	0	0	4	0.16	0	0	0	0	0	0	0	0	0	0	4	0.16
	TOTAL	79	3.7	45	0.95	6954	83.55	1361	9.856	30	0.86	73	1.68	13	0.0375	93	3.02	8648	103.66

United India Insurance Company

(Rs. in lakhs)

SECTOR		RURAL	URBAN	SOCIAL	TOTAL
ASSAM	Amount	512.35	7131.88	3020.21	10664.44
	Number	213	5089	358	5660
ARUNACHAL	Amount	0.07	14.48	20.44	34.99

PRADESH	Number	0	7	3	10
MANIPUR	Amount	11.33	147.23	4.18	162.74
	Count	4	131	1	136
MEGHALAYA	Amount	8.43	267.48	87.00	362.91
	Count	45	281	8	334
MIZORAM	Amount	0.00	31.66	26.54	58.20
	Count	0	23	3	26
NAGALAND	Amount	0.00	52.23	0.00	52.23
	Count	0	35	0	35
SIKKIM	Amount	22.51	120.22	6.36	149.09
	Count	61	210	5	276
TRIPURA	AMOUNT	4.49	162.19	79.49	246.17
	Count	12	139	16	167
TOTAL	AMOUNT	559.18	7927.38	3244.23	11730.79
	Count	335	5915	394	6644

Oriental India Insurance Company

(Rs. in crore)

CLAIMS PAID IN FINANCIAL YEAR 2021-2022									
STATE	FIRE	MARINE	MOTOR OD	MOTOR TP	ENGG.	PA	HEALTH	OTHERS	TOTAL
ARUNACHAL PRADESH	0.06	0.00	3.93	1.82	0.00	0.00	0.01	0.05	5.87
MANIPUR	0.00	0.00	0.10	0.06	0.00	0.01	0.24	0.05	0.46
MEGHALAYA	0.03	0.00	0.38	0.58	0.00	0.00	0.10	0.02	1.11
MIZORAM	0.00	0.00	0.10	0.93	0.00	0.00	0.00	0.00	1.03
NAGALAND	0.00	0.00	0.84	1.50	0.02	0.00	11.55	0.03	13.95
SIKKIM	0.02	0.00	0.18	0.00	0.00	0.00	0.11	0.00	0.31
TRIPURA	0.33	0.03	0.82	3.66	0.00	0.00	0.23	0.22	5.29
ASSAM	2.91	0.41	22.63	44.25	1.29	0.72	13.85	2.62	88.69
TOTAL	3.34	0.44	28.99	52.80	1.32	0.73	26.09	3.00	116.71

New India Assurance Company

(in Rs)

S.No	STATE	DEPARTMENT - TYPE	Claims paid	Amount
1	ASSAM	All Other Miscellaneous	131	18323401
2	ASSAM	Other Liability Insurance	18	7983073
3	ASSAM	Motor Own Damage	8990	444377921.8
4	ASSAM	Health Insurance	1740	96639072
5	ASSAM	Public/Product Liability	0	0
6	ASSAM	Marine (Hull)	0	0
7	ASSAM	Workmen's Compensation/ Employer's liability	21	311962

8	ASSAM	Engineering	215	22216547
9	ASSAM	Motor Third Party	1169	709102181
10	ASSAM	Marine (Cargo)	104	6551496
11	ASSAM	Overseas Medical Insurance	0	0
12	ASSAM	Personal Accident	22	10024788
13	ASSAM	Fire	158	87655753
14	ASSAM	Rural Insurance	32	1343400
15	ARUNACHAL PRADESH	All Other Miscellaneous	5	641103
16	ARUNACHAL PRADESH	Motor Own Damage	281	18470018.69
17	ARUNACHAL PRADESH	Personal Accident	2	200000
18	ARUNACHAL PRADESH	Engineering	28	12288384
19	ARUNACHAL PRADESH	Motor Third Party	14	7932986
20	ARUNACHAL PRADESH	Fire	9	846505
21	ARUNACHAL PRADESH	Health Insurance	0	0
22	ARUNACHAL PRADESH	Rural Insurance	22	0
23	ARUNACHAL PRADESH	Workmen's Comp/ Employer's liability	0	35480
24	ARUNACHAL PRADESH	Marine (Cargo)	3	1477274
25	ARUNACHAL PRADESH	Other Liability Insurance	2	1409212
26	MANIPUR	Marine (Cargo)	0	0
27	MANIPUR	Other Liability Insurance	2	1270922
28	MANIPUR	Engineering	0	52997
29	MANIPUR	Personal Accident	1	203600
30	MANIPUR	Motor Third Party	6	8521167
31	MANIPUR	Fire	0	0
32	MANIPUR	Motor Own Damage	159	13254245.77
33	MANIPUR	All Other Miscellaneous	0	0
34	MANIPUR	Workmen's Comp/ Employer's liability	0	0
35	MANIPUR	Health Insurance	10	828641
36	MANIPUR	Rural Insurance	2	103450
37	MEGHALAYA	Workmen's Comp/ Employer's liability	0	0
38	MEGHALAYA	Rural Insurance	0	0
39	MEGHALAYA	Marine (Cargo)	2	1145961
40	MEGHALAYA	All Other Miscellaneous	2	0
41	MEGHALAYA	Motor Third Party	26	14237469
42	MEGHALAYA	Other Liability Insurance	1	770055
43	MEGHALAYA	Motor Own Damage	301	15597905.48
44	MEGHALAYA	Fire	9	438996
45	MEGHALAYA	Health Insurance	14	533089
46	MEGHALAYA	Personal Accident	0	0
47	MEGHALAYA	Engineering	1	12691
48	MIZORAM	Health Insurance	0	0

49	MIZORAM	Rural Insurance	1	60000
50	MIZORAM	Marine (Cargo)	1	8500
51	MIZORAM	Workmen's Comp/ Employer's liability	1	3620
52	MIZORAM	Personal Accident	2	0
53	MIZORAM	All Other Miscellaneous	0	0
54	MIZORAM	Engineering	6	407294
55	MIZORAM	Motor Third Party	10	7339588
56	MIZORAM	Motor Own Damage	75	10326024.54
57	MIZORAM	Fire	0	0
58	MIZORAM	Other Liability Insurance	3	2759914
59	NAGALAND	Health Insurance	6	234490
60	NAGALAND	Rural Insurance	0	0
61	NAGALAND	Motor Third Party	64	35452471
62	NAGALAND	Other Liability Insurance	5	1607280
63	NAGALAND	All Other Miscellaneous	9	637291
64	NAGALAND	Fire	1	41239
65	NAGALAND	Motor Own Damage	819	68742687.54
66	NAGALAND	Engineering	15	35882422
67	NAGALAND	Marine (Cargo)	0	0
68	NAGALAND	Personal Accident	1	0
69	NAGALAND	Workmen's Comp/ Employer's liability	1	0
70	SIKKIM	Engineering	12	7938923
71	SIKKIM	Personal Accident	0	0
72	SIKKIM	Rural Insurance	0	0
73	SIKKIM	Motor Third Party	9	12450195
74	SIKKIM	Fire	48	11030942
75	SIKKIM	Motor Own Damage	351	13213418.43
76	SIKKIM	Marine (Cargo)	12	281546
77	SIKKIM	Health Insurance	38	1218044
78	SIKKIM	Workmen's Comp/ Employer's liability	0	0
79	SIKKIM	All Other Miscellaneous	0	0
80	TRIPURA	Workmen's Comp/ Employer's liability	1	0
81	TRIPURA	Marine (Cargo)	1	301704
82	TRIPURA	Health Insurance	51	3189817
83	TRIPURA	Motor Third Party	105	42556369
84	TRIPURA	Motor Own Damage	706	34546604.36
85	TRIPURA	Other Liability Insurance	1	768330
86	TRIPURA	Fire	5	1394397
87	TRIPURA	Engineering	2	9583
88	TRIPURA	Rural Insurance	0	0
89	TRIPURA	All Other Miscellaneous	6	20560
90	TRIPURA	Personal Accident	1	204800

General Insurance Corporation of India

GIC Re being Reinsurance Company provides Reinsurance support to insurance companies on portfolio basis and hence does not have region-wise breakup of claims. Therefore, GIC Re would not be able to provide the information requested. Here again, GIC Re also paid 5% of the claims by way of its obligatory portfolio.

11. Thereafter, the Committee desired to know the Profit/Loss after Tax earned by these Insurance Companies during the Financial year 2014-15 and 2021-22. The Ministry of Finance (Department of Financial Services), in their written reply, submitted as under:-

National Insurance Company

(Rs. in crore)

Financial Year	Profit (+) / Loss (-) after tax
2014-15	970.11
2015-16	149.23
2016-17	45.84
2017-18	-2,170.77
2018-19	-1,696.12
2019-20	-4,108.34
2020-21	-561.85
2021-22	Not yet finalised

United India Insurance Company

Profit/ Loss After Tax (PAT) figures during Financial years from 2014-15 to 2021-22 are tabulated below:-

(Rs. in crore)

Year	Profit After Tax
2014-15	300.57
2015-16	220.59
2016-17	-1913.53
2017-18	1002.66
2018-19	-1877.91
2019-20	-1485.85
2020-21	-984.68
2021-22 (Provisional)	-997.00

Oriental India Insurance Company

The details in respect of Oriental Insurance are given hereunder:-

(Rs. in crore)

Financial Year	Profit / (Loss) after tax
2014-15	392.10
2015-16	300.49
2016-17	(1691.09)
2017-18	1509.89
2018-19	(293.66)
2019-20	(1524.10)
2020-21	(1525.44)
2021-22	-

New India Assurance Company

(Rs. in crore)

Financial Year	Profit After Tax
2014-15	1431
2015-16	829
2016-17	1008
2017-18	2201
2018-19	580
2019-20	1418
2020-21	1605
2021-22	164

General Insurance Corporation of India

(Rs. in crore)

Financial Year	Profit/Loss
2014-15	2693.72
2015-16	2848.39
2016-17	3127.67
2017-18	3233.59
2018-19	2224.30
2019-20	-359.09
2020-21	1920.44

12. On being enquired by the Committee as to whether it is a fact that there is an incessant decline in the market share and earnings of these Insurance Companies *vis-a-vis* the Private Insurers and if so, what are the primary reasons for continuous contraction of these Insurance Companies along with possible remedies to overcome such decline, the Ministry of Finance (Department of Financial Services), in their written reply, submitted as under:-

National Insurance Company

It is a fact that there has been a decline in the market share of Public Sector General Insurance Companies over the years with the entry of higher number of Private Insurance Companies. However the premium of PGsICs has increased from Rs 67794 Crore in year 2017-18 to Rs 75117 Crore in year 2021-22, registering growth of 10.8%.

The primary reasons attributed for decline of market share of PSGICs are as under:-

- The PSUs, operating for a long time now, have long running products with little revision in rate of premium. The private players, however, have entered the market only in the last few years and have well developed IT systems, well-equipped for enhanced performance monitoring and innovative services & products. The PSUs are increasingly focusing on this front, which will deliver better results in coming years.
- Significant decline in overall Motor segment (once the dominant portfolio of PSUs) in the last five years particularly in Motor Auto-tie up business. After introduction of Motor Insurance Service Provider (MISP) guidelines in 2017, the market share of private insurance companies in auto-tie up segment has increased considerably with sharp fall in the auto tie business of PSU insurance companies. As far as NICL is concerned, our overall motor premium has come down from Rs 7024 crore in year 2017-18 to Rs 4652 crore in year 2021-22 along with decrease in Auto tie-up business from Rs 2683 crore in 2017-18 to Rs 1502 crore in Year 2021-22.
- Considerable decrease in Crop Business of NICL as we are not accepting crop business due to adverse loss ratio and lack of Reinsurance support. The crop premium of NICL has reduced from Rs 1343 crore in year 2020-21 to Rs. 89 crore in year 2021-22.

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However, NICK is increasingly focused on the following strategies to meet the competitive environment:-

- (i) Proper pricing of Products & designing and launching of new products.
- (ii) Increasing focus on digital platforms and online facilitation for customers.
- (iii) Recalibration of business portfolio, with emphasis on profitable LoBs and weeding out loss-making business.
- (iv) Prompt & expeditious settlement of Claims particularly using technology for faster settlement of small claims.
- (v) Increasing employment of multiple distribution channels for business growth.
- (vi) Focusing on using 50% of man power of operating offices dedicated towards business development.

United India Insurance Company

(Rs. in crore)

Year	UIICL		Private Players	
	Gross Premium	Market Share%	Gross Premium	Market Share%
2017-18	17,430	11.58	65,420	43.42
2018-19	16,420	9.66	81,287	47.97
2019-20	17,515	9.25	91,065	48.03
2020-21	16,705	8.41	98,001	49.32
2021-22	15,720	7.12	1,09,744	49.71

There has been a erosion of market share of PSGICs. Sharp practices adopted by private players has led to absence of level playing field in some segments, especially Motor, Health and Property, causing such erosion in market share.

United India Insurance has launched several initiatives to enhance its business and customer services. The key strategies in 4 major areas of business development, digitization, customer service and claims service are outlined below:-

(A) BUSINESS STRATEGIES:

- Encouraging online sale of policies through apps/ portals
- End to end Claims automation
- Digital processes for claims settlement
- Digital premium payment modes
- Expanding Banc assurance tie-ups for increasing retail premium
- Enhancing range of retail products in our portals
- Special sales drive for select products in different lines of business
- Innovation of new products, new add-on covers, based on customer requirements
- Repricing of products

(B) HEALTH INSURANCE BUSINESS DEVELOPMENT

- Health Insurance forms the largest segment of the Company's total business. We have adopted the following strategies to improve health insurance business.
- Extensive revamping of our flagship Health Retail products such as Family Medicare and Individual Health Policy with incorporation of attractive features.
- Zone-wise premium for retail health products commensurate with geographical risk profile.
- Uni Shramik Seva policy catering to the needs of small groups of workers, such as employees of MSMEs.
- Add on Cover for Non-Medical Expenses specific to COVID-19 treatment such as PPE Kits, Gloves, Caps, Shoes, Sanitation / Fumigation costs, Bio-waste disposable expenses, etc.
- Covid-19 Top Up covers and Vaccination covers in group policies

(C) DIGITAL INITIATIVES

In FY 2021-22, 53% of our policies were issued online accounting for 18% of our total premium.

(a) Initiative for Customer Acquisition

- The Customer portal offers a range of 13 popular retail products - Motor, Health, Personal Accident, Householders and Shopkeepers Insurance covers.

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- 22 Retail products are available to our agents in the Agents Portal, for issuance of policies and renewal.
- Portal platform is also offered to other Intermediaries such as Brokers, Financiers and Motor Insurance Service Providers (MISPs) / Dealers
- Integration with portals of Web aggregators and Insure tech firms for New and Renewal business
- Dedicated portals for Automobile OEMs such as Maruti, Volkswagon, Tata Motors, etc.
- Dedicated portals for our Banc assurance partners
- Digital modes of payment :
- Tie ups with the leading payment Fintech & Merchant payment banks : Paytm, Bill desk, HDFC Bank, AXIS Bank, Kotak Mahindra Bank.
- Payment gateway links and POS machines made available in all offices, enabling of credit card /debit card /Net banking payment of premium.
- Mobile Apps
- Customer App – Quote, Buy / Renew Motor products / Health products Renewal, claims
- Agent app – New / Renewal Motor, PA/ Fire
- Surveyor app – for claims

(b) Customer Service Initiatives

To achieve benchmark levels of service, the following initiatives have been launched:-

- Interactive Website with downloadable proposal and claim forms
- Online Grievances registration and status update
- Chatbot (Uni Help) for assisting customers with KYC updation, information on Policy status, Claims status, Office locator, TPA, Hospital and Garage locator, FAQs
- Social media presence (Twitter, Facebook and YouTube) : information on new products, latest Company updates, policy and claims servicing
- SMS / E mail alerts at every stage of Policy Buy/ Renew and Claims
- Renewal reminders through SMS/ email
- Integration with Vahan (Ministry of Road Transport and Highways) database for real time validation of vehicle details.
- Integration with Government's Digilocker for enabling view of Insurance policy documents and for verification of RC details



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- Online customer feedback forms on policy and claims servicing (links sent through SMS)
- Follow up of lapsed policies through SMS/ Emails

(c) Claims Service Initiatives

- List of Garages and Hospitals offering cashless facilities displayed in our website
- Overseas Travel Insurance Claims servicing agency contact details available in the website
- Motor Online claim intimation through Customer App/Portal
- Automated surveyor appointment ensuring job rotation.
- Digital claims processing for Motor claims through AI-based technology in app
- Surveyor App. appointment notification, facility for upload of digital photos, assessment report and for tracking of fees
- SMS / Email appointment notifications to surveyors and workshops with copy to customers
- Customer feedback on Surveyor performance

(d) Health Claims

- Electronic processing of Health claims by TPAs based on scanned documents.
- TAT of 2 hours for pre-authorization approval.
- TAT of 2 hours for final discharge approval for COVID cases.

Oriental India Insurance Company

In the FY 2021-22, The Oriental Insurance Company Limited has recorded gross premium income of Rs. 14010 crore with growth of 10.05% in tune with the industry growth and market share of 6.21%. Oriental Insurance is one of the government ruled entity that stands high both in the market share as well as contribution to the Insurance sector in the country.

The insurance sector was opened up for Private players in the year 2000 with the focus to increase the penetration & density of insurance. The insurance industry has shown constant growth over the years. Indian general insurance market generated premium of Rs. 220772.05 crore in FY 2021-22 with a growth of 11.10%. The share

of Public Sector insurance companies accounted for Rs. 75116.64 crore with a growth of 4.56% and Market Share of 34.02%.

Amongst the Public Sector Companies, only two companies have recorded positive growth in the FY 2020-21 and Oriental Insurance is one amongst these two companies. With the number of participants increasing in insurance market, the market share of our company has declined a little despite having consistent growth over the years.

To improve its performance further, the Company is focusing on following:-

- Raising the goodwill of the Company by regularly interacting with the Clients, by responding to their concerns and following up with feedbacks.
- Special focus on increasing sale of Standard Insurance Products (SIPs).
- Adopting the "Go-to-Market" approach where atleast 50% manpower of Operating Offices to be dedicated to Business Development roles.
- Entering into New tie-ups with Banks.
- Designing attractive incentive schemes for Agents / POSPs / Insurance Intermediaries to attract profitable and good business.

New India Assurance Company

There is an increase in the premium in 2021-22 as compared to FY 2020-21

(Rs. in crore)

FY 2020-21				FY 2021-22			
No of Offices	Employee Strength	No. of policies issues in FY 2020-21	Premium in FY 2020-21	No of Offices	Employee Strength	No. of policies issues in FY 2021-22	Premium in FY 2021-22
46	250	509815	250.98	46	217	520482	274.24
4	23	31740	25.73	4	21	30141	23.43
1	9	19635	13.63	1	9	15923	13.85
2	14	17886	8.51	2	12	21156	10.67
7	21	85382	36.40	7	17	77511	30.71
3	22	32555	25.75	3	20	37136	25.05

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3	7	29207	22.80	3	6	31407	28.91
66	346	726220	383.80	66	302	733756	406.85

General Insurance Corporation of India

Not applicable to GIC Re.

13. When enquired by the Committee as to whether it is a fact that in the North-Eastern States, the financial health of these Insurance Companies has been witnessing a sharp decline *vis-a-vis* Private Insurers, the Ministry of Finance (Department of Financial Services), in their written reply, submitted as under:-

National Insurance Company

The Financial result of NICL in North Eastern states for last three years is provided below which shows positive operating results for the last two years:-

(Rs. in crore)

OPERATING RESULTS				
Sl No	State	FY 2021-22 (Provisional)	FY 2020-21	FY 2019-20
1	Assam	-4.71	7.46	-52
2	Meghalaya	11.27	12.45	11.75
3	Mizoram	6.65	5.39	2.85
4	Manipur	1.7	3.17	-1.24
5	Tripura	4.27	1.98	4.53
6	Nagaland	1.97	1.74	-0.67
7	Arunachal Pradesh	0	0	0
	TOTAL	21.15	32.19	-34.78

United India Insurance Company

The trends in business performance in the North Eastern States has been positive except for FY 2021-22 due to impact of post Covid pandemic on plying of vehicles and economic activities.

The table below enumerates the premium performance of the last 5 years:-

(Rs. in crore)

Business Performance of North Eastern States for the last five years			
Year	Premium	Accretion	Growth (%)
2017-18	220.94	23.39	11.84
2018-19	227.23	6.29	2.85
2019-20	257.10	29.87	13.15
2020-21	261.84	4.74	1.84
2021-22 (Provisional)	250.41	-11.45	-4.37

Oriental India Insurance Company

The Oriental Insurance Company Ltd. has made a turnaround in the North Eastern States and registered operating profits during last two financial years consecutively in spite of stiff competition from private Insurers. Performance of the company during last five years in the North Eastern States is appended below:-

(Rs. in lacs)

Year	Premium	Agent/Broker Commission (%)	ICR (%)	Management Expenses (%)	Operating Result
2017-2018	21,209.31	6.39	67.85	31.22	(-)11666.25
2018-2019	21,101.07	6.08	81.04	29.73	(-)3390.74
2019-2020	22,836.34	7.72	72.49	26.71	(-)2348.94
2020-2021	21,719.57	8.70	61.85	27.67	1,022.29
2021-2022	21,504.96	8.47	64.97	25.80	379.40

New India Assurance Company

(Rs. in crore)

FY 2020-21				FY 2021-22			
No of Offices	Employee Strength	No. of policies issues in FY 2020-21	Premium in FY 2020-21	No of Offices	Employee Strength	No. of policies issues in FY 2021-22	Premium in FY 2021-22
46	250	509815	250.98	46	217	520482	274.24
4	23	31740	25.73	4	21	30141	23.43
1	9	19635	13.63	1	9	15923	13.85
2	14	17886	8.51	2	12	21156	10.67
7	21	85382	36.40	7	17	77511	30.71
3	22	32555	25.75	3	20	37136	25.05

3	7	29207	22.80	3	6	31407	28.91
66	346	726220	383.80	66	302	733756	406.85

General Insurance Corporation of India

Not applicable to GIC Re.

14. On being enquired by the Committee as to whether it is a fact that the reasons for gradual decline in the business activities of these Insurance Companies are broadly attributable to plethora of official formalities that required to be fulfilled by the public while applying for policies and also delay in the settlement of claims *vis-a-vis* the Private Insurers, the Ministry of Finance (Department of Financial Services), in their written reply, submitted as under:-

National Insurance Company

The gradual decline in the business activities of PSGICs cannot be primarily attributable to plethora of official formalities that required to be fulfilled by the public while applying for policies and also delay in the settlement of claims *vis-a-vis* the Private Insurers.

The increasing market share of private Insurers' *vis-a-vis* Public Insurers is due to following factors:-

- The private Insurers have well developed IT systems, well-equipped for enhanced performance monitoring and innovative services & products in comparison to PSGICs.
- Better pricing of insurance products with innovative features.
- Use of advance technology for settlement of smaller claims.
- Better management of intermediaries.

NICL has taken following initiatives for hassle free acceptance of business and claim settlement:-

- Online Core Solution in Offices.
- Online Portals for customers and distribution channels.
- National Insurance Mobile App (NIMA) for quick quote and renewal options
- Policy Renewal through Google Pay, PhonePe, Paytm

- Claims intimation via 24X7 call centre, E-mails, SMS and Local Offices.
- Automated Surveyor Appointment for MISP/Dealer portfolio and Spot Survey via Contact Centre
- Focusing on 100% app based settlement of motor claims below Rs 50,000/- and expansion of cashless garage network for cash less settlement of motor claims.
- Servicing of Claims via TPA in Health Portfolio.
- Expeditious Claim settlement and disbursement via Motor Centralized OD claim Hubs, Motor TP Hubs and network of Pan-India Offices.

United India Insurance Company

A customer who wishes to take an insurance policy fills up a proposal form giving the details of the subject matter of insurance. The proposal form is a regulatory requirement and it is common to all Insurance Companies. Once the filled up proposal form is submitted, the underwriter determines the coverage and the policy is issued. Policies are issued in real time.

Claims settlement ratio is a key customer service metric. UIICL maintained a claim settlement ratio of 94% in the last 3 years for non-suit claims. We have prescribed timelines for issue of a policy and settlement of non-suit claims in accordance with Regulatory guidelines and our Citizens Charter and the focus is on bettering benchmark levels. Decline of business has mainly been on account of post pandemic impact on economic activities and reasons mentioned earlier such as sharp practices of Private players.

Oriental India Insurance Company

In the FY 2021-22, The Oriental Insurance Company Limited has recorded gross premium income of Rs. 14020 crore with growth of 10.05% in tune with the industry growth and market share of 6.21%. Oriental Insurance is one of the government ruled entity that stands high both in the market share as well as contribution to the Insurance sector in India. Amongst the Public Sector Companies, only two companies have recorded positive growth in the FY 2021-22 and Oriental Insurance is one amongst these two companies.

Oriental Insurance has been serving high number of customers issuing millions of policies and settling claims thereof besides having 100 % grievance disposal ratio for last many years thus rendering excellent service to all its customers as is evident from the details given hereunder:-

- 01 -

2022-11-05

Financial year	Number of policies issued	Number of claims settled	Grievance disposal ratio
2019-20	9684546	3497321	100 %
2020-21	9576996	2488238	100 %
2021-22	7209311	1929891	100 %

New India Assurance Company

(Rs. in crore)

FY 2020-21				FY 2021-22			
No of Offices	Employee Strength	No. of policies issues in FY 2020-21	Premium in FY 2020-21	No of Offices	Employee Strength	No. of policies issues in FY 2021-22	Premium in FY 2021-22
46	250	509815	250.98	46	217	520482	274.24
4	23	31740	25.73	4	21	30141	23.43
1	9	19635	13.63	1	9	15923	13.85
2	14	17886	8.51	2	12	21156	10.67
7	21	85382	36.40	7	17	77511	30.71
3	22	32555	25.75	3	20	37136	25.05
3	7	29207	22.80	3	6	31407	28.91
66	346	726220	383.80	66	302	733756	406.85

General Insurance Corporation of India

Not applicable to GIC Re.

15. The Committee further desired to know the details of complaints reported, complaints attended to, and complaints pending in these Insurance Companies during the year 2021-22 in the North Eastern States. The Ministry of Finance (Department of Financial Services), in their written reply, submitted as under:-

National Insurance Company

The Pending Grievance Report Summary for Financial Year 2021-22 is provided as under:-

S. No.	Office Name	Reported	Resolved	Pending
1	Assam	23	23	0
2	Meghalaya	0	0	0
3	Tripura	1	1	0
4	Arunachal Pradesh	0	0	0
5	Nagaland	0	0	0
6	Mizoram	0	0	0
7	Manipur	1	1	0
TOTAL		25	25	0

United India Insurance Company

Number of complaints reported, resolved and pending during the year 2021-2022 in North Eastern States are given below:-

Number of complaints reported	:	20
Number of complaints resolved	:	19
Number of complaints pending	:	01

Oriental India Insurance Company

The details in respect of Oriental Insurance are given hereunder:-

DETAILS OF COMPLAINTS – FY 2021-22			
STATE	REPORTED	RESOLVED	PENDING
Arunachal Pradesh	0	0	0
ASSAM	52	52	0
MANIPUR	1	1	0
MEGHALAYA	2	2	0
Mizoram	0	0	0
Nagaland	0	0	0
TRIPURA	3	3	0
Total	58	58	0

New India Assurance Company

THE NEW INDIA ASSURANCE CO.LTD.					
REPORT FROM APRIL 2021 TO MARCH 2022					
Name of the State	O/S as on 31/03/2021	Received from 01/04/2021 to 31/03/2022	Resolved from 01/04/2021 to 31/03/2022	O/S as on 31/03/2022	Disposal Ratio (in %)

Tripura	0	0	0	0	100%
Mizoram	0	0	0	0	100%
Meghalaya	0	1	1	0	100%
Arunachal Pradesh	0	0	0	0	100%
Assam	0	19	19	0	100%
Manipur	0	0	0	0	100%
Nagaland	0	0	0	0	100%
Total	0	20	20	0	100%

General Insurance Corporation of India

No complaints reported in GIC Re during the year 2021-22 in the North Eastern State.

17. On the question of during the period from March 2014 to March 2022, how much money has been infused by the Government into these Insurance Companies to improve their solvency ratios, the Ministry of Finance (Department of Financial Services), in their written reply, submitted as under:-

National Insurance Company

The details of the infusion of Capital by the Government of India in NICL is provided below:-

Sl. No.	Month & Year	Capital Infusion
1.	March 2020	2400
2.	July 2020	1675
3	November 2020	800
4	March 2021	700
5	March 2022	3700
	Total	9275

(Rs. in crore)

United India Insurance Company

The Government had infused capital of Rs 3,755 Crore during the period from March 2014 to March 2022. The details are furnished below:-

30.03.2019	50.00
19.11.2020	1825.00
30.07.2020	1080.00
30/03/2021	700.00
30/03/2022	100.00
Total	3,755.00

Oriental India Insurance Company

The details of money infused by the Government in the Oriental Insurance Company is as detailed hereunder: -

<i>(Rs. in crore)</i>	
Financial Year	Capital infusion by Government of India
2019-20	50
2020-21	3170
2021-22	1200
Total	4420

New India Assurance Company

Nil.

General Insurance Corporation of India

The GIC Re has not received any infusion of money from Government of India for improving Solvency Ratios.

18. When asked by the Committee as to whether these Insurance Companies have come across any fraud by way of booking fake insurance premium without actual receipt of premium from insured in North Eastern States during the last three years, the Ministry of Finance (Department of Financial Services), in their written reply, submitted as under:-

National Insurance Company

NICL has not come across any such cases.

United India Insurance Company

UIICL have not come across any fraud by way of booking fake insurance premium without actual receipt of premium from insured in North Eastern States during the last three years.

Oriental India Insurance Company

Nil

New India Assurance Company

Financial Year	Incidents
2019-20	Nil
2020-21	3. 1 Fake Policies - 2 cases are reported (Tezpur DO 531100). No premium collected in cwiss system and no policy in the system and FIR filed. 2.Agent Fraud - Agent AG00036318 (Br. 5301019) Itanagar BO) has issued fake policies. Portal Blocked and agent no longer attached to the Branch. No premium deposited for the Policy
2021-22	Nil

General Insurance Corporation of India

No fraud by way of booking fake insurance premium has been reported to GIC Re during the last three years.

OBSERVATIONS / RECOMMENDATIONS

Merging of Public Sector General Insurance Companies (PSGICs)

19. While meticulously examining the representation of Shri R. Marak regarding the need for regulating the working of Government owned General Insurance Companies, especially, in Meghalaya *vis-a-vis* the comments furnished by the Ministry of Finance (Department of Financial Services)/National Insurance Company Limited (NICL), New India Assurance Company Limited (NIACL), Oriental India Insurance Company Limited (OIICL), United India Insurance Company Limited (UIICL) and General Insurance Corporation of India Limited (GIC), the Committee note that general insurance business in the country was nationalized by the General Insurance Business (Nationalisation) Act, 1972 and all Insurers carrying out the general insurance businesses were merged and accordingly, four acquiring Companies, *viz.*, NICL, NIACL, OIICL and UIICL were set up, and the fifth one, *viz.*, GIC was set up as the Holding Company of the above stated four Government owned General Insurance Companies. The General Insurance Corporation of India Limited was notified as the "Indian Re-insurer" in the year 2000 and it ceased to be the Controlling Company of the above mentioned four Public Sector General Insurance Companies (PSGICs) with effect from 21st March 2003. All the four PSGICs have been working in all non-life insurance areas including motor, health, property and insurance of industrial units.

20. The Committee also note that out of these five PSGICs, three Government owned General Insurance Companies, *viz.*, NICL, UIICL and OIICL are fully owned by the Government of India which has shareholding of 85.44% in NIACL as on 31st March, 2022, whereas, the General Insurance Corporation of India Limited (GIC Re.) was fully owned by the Government of India till its Initial Public Offer (IPO) and

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August 2022

subsequent listing on the Stock Exchange(s) in October, 2017. Presently the Government of India holds 85.78% of the equity share capital of GIC Re.

21. As regards the insurance policies/products being offered by these PSGICs, the Committee further take note of the fact that the National Insurance Company Limited issues 249 products under 12 lines of business, as under:-

- Aviation,
- Crop Insurance,
- Engineering,
- Fire, Health,
- Liability,
- Marine Cargo,
- Marine Hull,
- Motor,
- Personal Accident,
- Rural, Workmen Compensation, and
- Other Miscellaneous

Similarly, the United India Insurance Company Limited has a slew of over 200 products offering in 10 lines of business, as under:-

- Fire,
- Marine,
- Motor,
- Health,
- Personal Accident,
- Workmen Compensation,
- Liability,
- Engineering,
- Aviation, and
- Other Miscellaneous.

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Besides, the Oriental India Insurance Company Limited provides innovative insurance policies in all the business lines, as under:-

- Fire,
- Cargo,
- Hull,
- Engineering,
- Aviation,
- Motor,
- Liability,
- Personal Accident,
- Health,
- Workmen's Compensation,
- Rural Sector.

The New India Assurance Company Limited provides 329 products in 10 business lines, as under:-

- Fire,
- Marine Cargo,
- Marine Hull,
- Motor OD (Own Damage),
- Motor TP (Third Party),
- Health,
- Personal Accident,
- Liability, Aviation, and
- Other Miscellaneous Policies.

The General Insurance Corporation of India Limited (GIC Re.) being a reinsurance company, caters to the needs of only direct Insurance Companies. It is a B2B (Business-to-Business) Company and does not issue insurance policies like Motor, Mediclaim, etc., directly to public, however, supports the insurance sector by

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providing reinsurance to direct insurance companies including the States of North-East India.

22. The Committee further take note of the fact that Agriculture Insurance Company of India Limited (AIC) was set up under the Indian Companies Act, 1956 consequent to the announcement made in the General Budget Speech of FY 2002-03, and the Company commenced its business from 1 April, 2003 by taking over the mandate of the National Agricultural Insurance Scheme (NIAS) now being re-named as Pradhan Mantri Fasal Bima Yojana (PMFBY) which, until FY 2002-03 was implemented by the General Insurance Corporation of India Limited, to cater the needs of farmers better and to move towards a sustainable agricultural regime.

23. The Committee understand that initially, when the Insurance Industry was nationalized in 1972 by merging all insurance providers in four subsidiaries of General Insurance Corporation in India, the intention of the Government was, perhaps, to protect the interests of general public from the Private Insurers and to provide them the benefits of market competition while offering them to choose among the favourable options. These non-life insurance companies, basically, offer motor insurance, health, property and industrial units and are in operation and rendering their services for decades. The Committee would like to highlight that during their journey of existence, these Government owned Insurance Companies have earned the trust of public and are still recognised for their efficiency and transparent functioning. However, the Committee observe that all the four General Insurance Companies are doing business by selling similar types of insurance products and as a result of such overlapping of similar insurance products, these Government owned General Insurance Companies are not only eating up each other's market share which is already vulnerable to private players of the insurance

sector but also they may resort to inappropriate practices, viz., undercutting premiums to maintain their profitability. The Committee, therefore, urge the Ministry of Finance (Department of Financial Services) to re-visit their earlier proposal of merging all the four PSGICs into one entity which would greatly reduce the management expenses and also provide cushion to their combined Solvency Ratio. In this regard, the Committee would like to cite the example of Life Insurance Corporation of India (LIC) which is the only Public Sector Life Insurance Company and doing its business with commendable financial performance. The Committee would like to be appraised of the action taken/proposed to be taken in this regard within three months of the presentation of the Report to the House.

Improving Market Share, Collection of Premium and Settlement of Claims

24. Based on the information furnished by the Ministry of Finance (Department of Financial Services), the Committee note the trend of market share of these PSGICs vis-a-vis Private Insurers during the past five years as under:-

- (i) National Insurance Company Limited - Market share of the Company has declined from 10.75% in 2017-18 to 8.93% in 2018-19, 8.08% in 2019-20, 7.12% in 2020-21 and 5.95% (provisional) in 2021-22.
- (ii) United India Insurance Company Limited - Market share of the Company has also declined from 11.58% in 2017-18 to 9.66% in 2018-19, 9.25% in 2019-20, 8.41% in 2020-21 and 7.12% (provisional) in 2021-22.
- (iii) Oriental India Insurance Company Limited - Market share of the Company has negligibly improved from 7.60% in 2017-18 to 7.77% in 2018-19 but thereafter declined from 7.24% in 2019-20, 6.26% in 2020-21 and 6.21% in 2021-22.
- (iv) New India Assurance Company Limited - Market share of the Company declined from 15.08% in 2017-18 to 14.07% in 2018-19 and then

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increased from 14.33% in 2019-20 to 14.37% in 2020-21 and 14.76% in 2021-22.

25. The Committee are perturbed over the declining trend of market share of NICTL, UIICL and OICL, whereas, NIACL has maintained its market share more or less at same level and rather showing some improvement. The Committee though, at the same time, acknowledge the fact that the four PSGICs still hold a major chunk of market share of 34.05% of insurance sector and has a pan-India presence of 6759 offices with a manpower of 44,743 personnel. Notwithstanding this, the Committee would like to urge the Ministry of Finance (Department of Financial Services) to encourage these four PSGICs to expand their area of functioning which is at presently confined to higher classes of urban areas, to un-insured rural areas and urban poor by designing innovative and diversified insurance products which are suitable to the needs of the rural and poor people. The Committee further recommend the Ministry of Finance (Department of Financial Services) that in order to increase the penetration and density of insurance coverage to the remotest of areas, these PSGICs should take into account the regional/demographical considerations such as social and economic disparities and inequalities, etc., particularly in the North Eastern region of the country.

26. The Committee are also dismayed to note that despite specifically asked for the current market share of the four Public Sector General Insurance Companies *vis-a-vis* Private Insurers in North Eastern States of the country [Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim and Tripura], the Ministry of Finance (Department of Financial Services)/PSGICs have provided details only for three Companies, i.e., the United India Insurance Company Limited, the Oriental India Insurance Company Limited and the New India Assurance Company Limited. However, information regarding current market share of the National Insurance

Company Limited and the United India Insurance Company Limited *vis-a-vis* Private Insurers has not been provided and also no details of market share of the New India Assurance Company Limited, particularly for North Eastern States, have been provided to the Committee. In case of the United India Insurance Company Limited, the market share of the Company in 2020-21 in North Eastern States was 9% which comes to Rs. 262 crore of the market share of total Rs. 2,984 crore of the industry premium. Similarly, the Oriental India Insurance Company Limited holds 9.13% of the market share out of total 46.19% of market share of PSGICs as on 31.12.2021 in North Eastern States as against 53.81% of market share of Private Insurers. As regards the New India Assurance Company Limited, the total market share of the Company in 2021-22 was 14.76% in comparison to 34.02% of PSGICs *vis-à-vis* 65.98% market share of Private Insurers for the entire country.

27. The Committee are also not happy to note that the Ministry of Finance (Department of Financial Services)/PSGICs have not provided comprehensive data on the percentage of market share, premium collected and claims settled in respect to the National Insurance Company Limited, the United India Insurance Company Limited and the New India Assurance Company Limited *vis-a-vis* Private Insurers in the North Eastern States. The Committee, therefore, urge the Ministry of Finance (Department of Financial Services)/PSGICs to compile and furnish a comprehensive, and specific data on market share, policies issued, premium collected, claim settled along with the amount thereof and also a comparative statement with Company-wise actual data as well as percentile thereof on total market share of PSGICs *vis-a-vis* Private Insurers in the country and specifically for the North Eastern Region as on 31 March, 2022. The Committee expect the Ministry of Finance (Department of Financial Services) to furnish the requisite information within the three months from the presentation of the Report to the House.

28. As regards the total premium collected by these four Government owned General Insurance Companies during 2021-22 in the North Eastern States, the Committee note that it was Rs. 207.62 crore by the National Insurance Company Limited, Rs. 250.41 crore by the United India Insurance Company Limited, Rs. 215.05 crore by the Oriental India Insurance Company Limited and Rs. 422.27 crore by the New India Assurance Company Limited. The Committee further note that the total sector-wise amount of claims settled by these Public Sector General Insurance Companies during 2021-22 in the North Eastern States comes to Rs. 517,57,36,301.61 with a break up, as under:-

- National Insurance Company Limited - Rs. 103.66 crore;
- United India Insurance Company Limited - Rs. 117.31 crore;
- Oriental India Insurance Company Limited - Rs. 116.71 crore; and
- New India Assurance Company Limited - Rs. 179.89 crore.

29. The Committee observe that the combined premium amount collected by the four PSGICs during the year 2020-21 was Rs. 1095.35 crore and an amount of Rs. 517.57 crore (47%) was paid by these Companies against the claims settled during the period. In this connection, the Committee further observe that amongst these four PSGICs, the New India Assurance Company Limited, which is a listed Company with 85.44% of Government holdings, was the highest aggregator, both in terms of collection of premium and settlement of claims with more than 34% of the total premium collected by all the four PSGICs. The Committee could guess that prime reason for the lower percentage of claim settlements, in comparison to insurance premium collected by PSGICs, might be due to numerous formalities and cumbersome procedure that are required to be adopted by the Public Sector General Insurance Companies which often result in rejection or delay in the settlement of claims.

30. In the considered opinion of the Committee, absence of any targets set for PSGICs in terms of the number of insurance covers sold, the insurance companies may be non-serious and reluctant to cover larger chunks of the population under general and non-life health insurance schemes. The Committee, therefore, urge the Ministry of Finance (Department of Financial Services)/PSGICs to set Company-wise ambitious premium income growth targets which should be based on gross premium, *i.e.*, a sum total of new business and renewal premium of the Company. These premium growth targets can be set taking into consideration the past performance of these PSGICs, their distribution network and their current premium base by expanding their activities to rural and remote areas. The Committee further recommend that the procedure for settlement of claims should be simplified further and claims should be settled with a stipulated period of time to avoid undue harassment and hardships to the claimants. The Committee would like to be apprised of the necessary steps taken in this regard within the three months from the presentation of the Report to the House.

Profit/Loss after Tax Earnings of PSGICs vis-a-vis Capital Infusion

31. The Committee observe that sharp decline in Profit after Tax earnings of the National Insurance Company Limited is witnessed during 2014-15 to 2020-21. It was Rs. 970.11 crore in 2014-15, Rs. 149.23 crore in 2015-16, Rs. 45.84 crore in 2016-17 and thereafter, the Company suffered steep loss of Rs. 2,170.77 crore in 2017-18, Rs. 1,696.12 crore in 2018-19, Rs. 4,108.34 crore in 2019-20 and Rs. 561.85 crore in 2020-21. The Committee also observe similar decline in Profit after Tax earnings of the United India Insurance Company Limited which were Rs. 300.57 crore in 2014-15, Rs. 220.59 crore in 2015-16, Rs. 1002.66 crore in 2017-18 and thereafter, the Company

suffered loss of Rs. 1913.53 crore in 2016-17, Rs. 1877.91 crore in 2018-19, Rs. 1485.85 crore in 2019-20, Rs. 984.68 crore in 2020-21, and Rs. 997.00 crore in 2021-22 (provisional). The Committee are though somehow satisfied with the Profit/Loss after Tax earnings of the Oriental India Insurance Company Limited which were gradually on the trajectory of profit for all the year(s) from Rs. 392.10 crore in 2014-15 to Rs. 1,525.44 crore in 2020-21 with a decline in profit in the year 2018-20 which was Rs. 293.66 crore. Another PSGIC, which has registered Profit after Tax earnings throughout the period from 2014-15 to 2021-22 is the New India Assurance Company Limited, i.e., Rs. 1,431 crore in 2014-15 to Rs. 1,605 crore in 2020-21 and Rs. 164 in 2021-22.

32. In this backdrop, the Committee note that a hefty amount to the tune of Rs. 17,450 crore has been infused by the Government in these four Public Sector General Insurance Companies to improve their Solvency Ratios. The details of capital infusion by the Government in four PSGICs, are as under:-

- (i) National Insurance Company Limited - Five instalments of Rs. 9,275 crore between March, 2020 to March, 2022.
- (ii) United India Insurance Company Limited - Five instalments of Rs. 3,755 crore between March, 2019 to March, 2022.
- (iii) Oriental India Insurance Company Limited - Three instalments of Rs. 4,420 crore from 2019-20 to 2021-22.
- (iv) Other two PSGICs, viz., the New India Assurance Company Limited and the General Insurance Corporation of India Limited (GIC Re) did not receive any infusion of money from the Government for improving their Solvency Ratios.

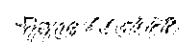
33. The Committee do not agree to the manner of financial infusion being adopted by the Government in getting the financial health of the loss-making Companies back

on track and instead urge the Ministry of Finance (Department of Financial Services) to work out on a pragmatic strategy, in consultation with the Management of these PSGICs. In this regard, the Committee are of the firm opinion that a comprehensive turnaround plan to get back the financial position of the PSGICs on track, requires a progressive rise in the subscribers, an increase in revenues, and simultaneously, a gradual reduction in the administrative and operating expenses. The Committee, therefore, recommend the Ministry to chalk out a 'Revamp Plan' of doubling of business volume of the PSGICs and reducing their operating costs with a view to improving and strengthening regulation, supervision and risk management in these PSGICs. The Committee would further like to mention that the advent of technology, in recent times, has created a relentless pace for the insurance fraternity to rise up to interesting - yet challenging - demands of the millennial and as such, the General Insurance Sector needs Organisational restructuring through digitally enabled workflows to convert their operating offices into customer experience and business development centers. The Committee, therefore, recommend the Ministry of Finance (Department of Financial Services)/PSGICs to take appropriate steps to bring about a change in the business behaviour of these PSGICs to keep pace with, and adapt to the changing needs of the policyholders to enhance the market as well as profit share of these Government owned General Insurance Companies. The Committee would like to be informed of the measures initiated in this regard within the three months of the presentation of the Report to the House.

General Insurance Corporation of India Limited (Gen Re) - the Indian Reinsurer

34. The Committee are astonished to note that the Ministry of Finance (Department of Financial Services) do not reveal vital information on the market share, premium collected, claimed settled, nature of working of the General Insurance Corporation Limited (GIC Re.) except that the Company was first set up as a holding company of





the other four PSGICs created after nationalisation of Insurance Sector in 1972 and then, notified as the 'Indian Reinsurer' in 2000 when it ceased to be the controlling company of the four PSGICs. The Committee are informed that while all the four PSGICs have been working in all non-life insurance areas including motor, health, insurance of industrial units, etc., GIC Re., being a reinsurance Company, provides reinsurance support to insurance companies on portfolio basis and hence, does not have region-wise breakup of information, however, GIC Re. also received 5% of the total premium written by way of obligatory cessions. As far as position with regard to Profit after Tax earnings of the General Insurance Corporation of India Limited (GIC Re) is concerned, the Committee note that the Company maintained their accounts in profit side for all the years from Rs. 2,693.72 crore in 2014-15 to Rs. 1,920.44 crore in 2020-21 with a decline in profit in the year 2018-20 which was Rs. 293.66 crore, except for the year 2019-20 when the Company registered a loss of Rs. 359.09 crore. The Committee, therefore, urge the Ministry of Finance (Department of Financial Services) to furnish detailed information on market share, premium collected, claimed settled, Profit after Tax, Clients, nature of working, etc., of the General Insurance Corporation Limited (GIC Re).

35. In this regard, the Committee observe that the main source of business for GIC Re. are from the two streams, viz., Obligatory Cession of 5% by the primary insurers by way of commissions on reinsurance business and the remaining 96% as market business. The Committee opine that the Obligatory Cession of 5% by way of commissions on reinsurance business on mandatory basis besides the regular business of GIC Re., appears to be on higher side and therefore, needs a re-consideration. The Committee, therefore, recommend to look out for the possibility to lower down the rate of Obligatory Cession from present 5% to 3% as the amount of premium paid by the insurance companies to GIC Re. for reinsurance support to their

business would be enough to run its business model and such reduction in Obligatory Cession would also provide further financial cushion to the General Insurance Companies. The Committee would like to be informed of the measures initiated in this regard within the three months of the presentation of the Report to the House.

Declining Performance and Growth of PSGICs in the North-Eastern Region

36. Based on the information provided by the Ministry of Finance (Department of Financial Services)/PSGICs on the sharp declining financial health of the Government owned General Insurance Companies *vis-a-vis* Private Insurers in the North Eastern Region, the Committee note that the National Insurance Company Limited, during the last three years, suffered negative operative result, i.e., Rs. 34.78 crore in FY 2019-20 but, thereafter, the Company registered positive operating results for FY 2020-21 (Rs. 32.19 crore) and FY 2021-22 (Rs. 21.15 crore - provisional). In case of the financial health of United India Insurance Company Limited in North Eastern States during the last five years, the Committee note that the growth in premium collection by the Company in the North Eastern region has plummeted particularly, during the last three years from Rs. 257.10 crore in 2019-20 with 13.15% accretion in comparison to Rs. 227.23 crore in 2018-19, and Rs. 261.84 crore with growth of only 1.84% in 2020-21 and then, witnessed a steep reduction in the premium collection from Rs. 250.41 crore to negative growth of 4.37% in 2021-22.

37. The Committee are not satisfied with the claims of Oriental India Insurance Company Limited that the Company has made a turnaround in the North Eastern States and registered operating profits during the last two financial years consecutively in spite of stiff competition from the Private Insurers. As per

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performance statement of the Company for the last five years in the North Eastern Region, the Committee note that the Oriental India Insurance Company Limited has registered operating profits of Rs. 1,022.29 lakh only in 2020-2021 after suffering heavy operational losses during the previous three financial years were Rs. 11,666.25 lakh in FY 2017-18, Rs. 3,390.74 lakh in FY 2018-19 and Rs. 2,348.94 lakh in 2019-20. Thereafter, in the FY 2021-22 also, the operating profit of the Company was nominal to the tune of Rs. 379.40 lakh. The Committee further note that though the premium collected by the Company was almost similar in amount during all the last five years, the main reason for the decline in the operating profit of the Company is its high Incurred Claim Ratio, i.e., net claims settled by an insurance provider to the net premium collected in a financial year along with other reasons which include high rate of Agent/Broker Commission and Management Expenses.

38. Notwithstanding the fact that the New India Assurance Company Limited is the only General Insurance Company accounts of which have been registering an increase in the premium collection for the last two financial years, i.e., Rs. 383.80 crore against 7,26,220 policies issued in 2020-21 and Rs. 406.85 crore against 7,73,756 policies issued in 2021-22 despite a reduction in staff strength of the Company in the North Eastern Region during these years, the Committee are not satisfied with the reply furnished by the New India Assurance Company Limited as it does not specifically provide the information on its financial health *vis-à-vis* Private Insurers with reference to the North Eastern States.

39. The Committee further note that the insurance sector was opened up for Private Players in the year 2000 with the focus to increase the penetration and density of insurance and as a result thereof, the insurance sector has shown constant growth over the years. The Committee also note that during FY 2020-21,

Indian general insurance market generated premium of Rs. 2,20,772.05 crore with a growth of 11.10% in which, the share of PSGICs accounted for Rs. 75,116.64 crore with a growth of only 4.56% and the market share of 34.02% whereas, rest of insurance market share has gone to the Private Insurers.

40. On the aspect of increasing market share of Private Insurers *vis-à-vis* dwindling share of Public Insurers, the Committee are informed of the following primary reasons by the Ministry of Finance (Department of Financial Services):-

- (i) Private Insurers have well developed IT systems, well-equipped for enhanced performance monitory and innovative services and products with better pricing thereof in comparison to Public Insurers.
- (ii) Use of advance technology for settlement of smaller claims.
- (iii) Better management of intermediaries.
- (iv) Decline of business of Public Insurers has mainly been on account of post pandemic impact on economic activities and sharp practices of Private Players.
- (v) After introduction of Motor Insurance Service Provider (MISP) Guidelines in 2017, the market share of Private Insurance Companies in auto-tie up segment has increased considerably with sharp fall in auto-tie business of Public Insurers.
- (vi) Considerable decrease in Crop Business due to adverse loss ratio and lack of re-insurance support.

41. With regard to formulation of a 'Plan' to overcome the decline in the market share and earnings of PSGICs Insurance Companies *vis-a-vis* the Private Insurers, the Committee are apprised of the following remedial measures being taken/initiated by these PSGICs:-

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- (i) Proper pricing/re-pricing of Products and designing and launching of new innovative products/new add-on covers, based on customer requirements.
- (ii) Increasing focus on digital platforms/Portals/Mobile Apps and online facilitation for customers including enhancing range of retail products in their Portal, online payments, online quote/buy/issue of policies, online claim settlements, etc.
- (iii) Recalibration of business portfolio, with emphasis on profitable LoBs and weeding out loss-making business.
- (iv) Prompt & expeditious settlement of Claims particularly using technology for faster settlement of small claims.
- (v) Increasing employment of multiple distribution channels for business growth.
- (vi) Focusing on using 50% of man power of operating offices dedicated towards business development.
- (vii) Expanding Banc assurance tie-ups for increasing retail premium.
- (viii) Special Sales drive for select products in different line of business.
- (ix) Extensive revamping of Health Retails products such as Family Medicare and Individual Health policy, which forms the largest segment of the Health Insurance, with incorporation of attractive features.
- (x) Zone-wise premium for retail health products commensurate with geographical risk profile.
- (xi) Group Insurance Policies catering to the needs of small groups of workers, such as employees of MSMEs and new Startups.
- (xii) Add on Cover for non-medical expenses specific to COVID-19 treatment, COVID-19 Top Up covers and Vaccination covers in group policies.



- (xiii) **Separate Portal Platform and Mobile Apps for Customers, Agents, other Intermediaries such as Brokers, Financiers and Motor Insurance Service Providers (MISPs)/Dealers and Surveyors.**
- (xiv) **Integration with portals of Web aggregators and Insure tech firms for New and Renewal business.**
- (xv) **Online Grievances registration and status update.**
- (xvi) **Social Media presence (Twitter, Facebook and YouTube) : information on new products, latest Company updates, policy and claims servicing.**
- (xvii) **Chatbot (Uni Help) for assisting customers with KYC updation, information on Policy status, Claims status, Office locator, TPA, Hospital and Garage locator, FAQs.**
- (xviii) **SMS/eMail alerts, intimation through 24x7 call centers including for reminders at every stage of Policy Buy/Renew and Claims.**
- (xix) **Integration with VAHAN (Ministry of Road Transport and Highways) database for real time validation of vehicle details.**
- (xx) **Integration with Government's Digilocker for enabling view of Insurance policy documents and for verification of RC details.**
- (xxi) **Online customer feedback forms on policy and claims servicing (links sent through SMS).**
- (xxii) **Overseas Travel Insurance Claims servicing agency contact details available in the website.**
- (xxiii) **Electronic processing of Health claims by TPA (Third Party Authorisation) based on scanned documents with TAT (Turnaround Time) of two hours for pre-authorization approval and TAT (Turnaround Time) of two hours for final discharge approval for COVID cases.**
- (xxiv) **Raising the goodwill of the Company by regularly interacting with the Clients by responding to their concerns and following up with feedbacks.**



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(xxv) Adopting the 'Go-to-Market" approach where atleast 50% manpower of Operating Offices to be dedicated to Business Development roles.

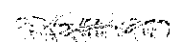
(xxvi) Designing attractive incentive schemes for Agents/POSPs/Insurance Intermediaries to attract profitable and good business.

(xvii) Better management of intermediaries.

42. In the context of complex official formalities that are required to be fulfilled by the public while applying for policies and settlement of claims in case of PSGICs *vis-a-vis* the Private Insurers which appear to be the primary reason for the gradual decline in the business activities of these PSGICs, the Committee take note of the fact that a customer who wishes to take an insurance policy fills up a Proposal Form, thereby, giving the details of the subject matter of insurance which is a regulatory requirement and common to all Insurance Companies. The Committee also note that the Proposal Form, once filled up and submitted by the insuring person, the underwritten, i.e., Insurance Company determines the coverage and the policy is issued in real time. The Committee are though satisfied with the submissions made in this regard, however, they would like to urge the Ministry of Finance (Department of Financial Services)/PSGICs to take all the necessary steps towards further simplification of the existing cumbersome procedure of applying for policies and for settlement of claims, particularly where policies are being issued in traditional/manual method, in the interest of policyholders.

43. The Committee are happy to note that these Government owned General Insurance Companies are well aware their shortcomings to compete with the private players and therefore, have taken specific steps to revamp their insurance business specifically in the area of marketing strategy, risk management, online core solutions in offices by adopting fast growing new information and communication technology

(ICT) for providing quick response to new requests, renewals, premium collections and hassle free settlement of claims as well as facilities of online payment and provision of user friendly web-portals at each levels, viz., customer, agent, intermediaries/brokers, etc. However, the Committee, at the same time, cannot ignore the fact that after opening up of the insurance sector to both private and foreign players in the year 2000, the business of these PSGICs substantially got affected and they have to struggle to re-gain/retain the territory which was once theirs. The Committee are not convince with the contention of PSGIC that decline in their business has mainly been on account of post pandemic impact on economic activities including the smart business practices being adopted and implemented by the Private Players, and would like to candidly express that the impact of the Covid-19 pandemic has put its impact on economic activities of all businesses including Private Insurers as well and not only to the Government owned General Insurance Companies. While pointing out the lack of professionalism, strategy for impending changing business scenario with the entry of Private Players and the spirit of healthy competitiveness in the Government owned Insurance Companies, the Committee feel that had these PSGICs anticipated these challenges beforehand they could have, somehow, been capable to maintain their market share and trust with better managerial strategies. The Committee are of the firm opinion that the steps already initiated or proposed to be taken by these PSGICs should not be remain on paper and should be implemented in totality and the present system of control and supervision of the PSGICs needs to be further strengthened for regular and effective monitoring. The Committee, therefore, recommend that the Ministry of Finance (Department of Financial Services) to explore the feasibility to appoint a Group of Experts to conduct a thorough study the challenges/weaknesses being faced by these PSGICs vis-à-vis Private Insurers, and to suggest remedial measures for strategic transformation as well as for ensuring better supervision and control of these Government owned



General Insurance Companies. The Committee would like to be apprised of the roadmap chalked out by the Government in this regard within the three months of the presentation of the Report to the House.

Disposal of Complaints received by PSGICs in North Eastern Region

44. As regards the complaints reported, complaints attended to, and complaints pending in these Insurance Companies during the year 2021-22 in the North Eastern States, the Committee are satisfied to note that all the 25, 58 and 20 complaints received by the National Insurance Company Limited, the Oriental India Insurance Company Limited, and the New India Assurance Company Limited respectively were resolved without any pendency, whereas, out of 20 complaints received by the United India Insurance Company Limited, 19 complaints were got resolved with only 1 pendency and, no complaint was received in case of GIC Re. during 2021-22 in the North Eastern States.

45. The Committee, however, opine that a robust and transparent grievance redressal mechanism, within an Organisation, is the barometer of its efficiency and performance as well as reflects the attitude of Organisation towards its customers. The Committee, therefore, recommend that there should be a dedicated Grievance Redressal Mechanism at the level of each PSGIC under which, the details of complaints reported, complaints attended to, and complaints pending in these Insurance Companies are invariably being updated on Company's website on real time basis for the sake of transparency and accountability. The Committee further urge the Ministry of Finance (Department of Financial Services) to encourage all the PSGICs to take necessary steps to set up the requisite dedicated Grievance Redressal Mechanism within their Organisation. The Committee would like to be



apprised of the action taken in the matter within the three months from the presentation of the Report to the House.

Cases regarding Frauds and Booking of Fake Insurance Premium in North Eastern Region

46. The Committee take note of the fact that not a single case of fraud by way of booking fake insurance premium without actual receipt of premium from the insured persons in North Eastern States has occurred in all these four PSGICs, viz., the National Insurance Company Limited, the United India Insurance Company Limited, the Oriental India Insurance Company Limited, and the General Insurance Corporation of India Limited during the last three years. Although, no case of fraud has been noticed in the New India Assurance Company Limited during 2019-20, the Committee note that three cases have come to the knowledge of the Company during 2021-22 with the following status:-

Fake Policies - 2 cases are reported (Tezpur DO 531100). No premium collected and no policy in the system and FIR filed;

Agent Fraud - Agent AG00036318 (Br. 5301019) Itanagar BO) has issued fake policies. Portal Blocked and Agent no longer attached to the Branch. No premium deposited for the Policy.

47. The Committee are unhappy to note that while furnishing the relevant facts to them, the Ministry of Finance (Department of Financial Services) has not shared the complete details of these cases. The Committee have also not been able to gather as to whether the New India Assurance Company has initiated any legal action in the fraud case against the Agent AG00036318 (Br.5301019) Itanagar BO) for issuing fake policies though an FIR has been filed in the case of Tezpur DO 531100. The action

taken by the Company by way of blocking the portal of Agent and disassociating him from the Branch concerned does not amount to proportional punitive action as the misconduct on part of the delinquent Agent is not less than the 'Breach of Trust'. The Committee, therefore, strongly urge the Ministry of Finance (Department of Financial Services) to direct the New India Assurance Company Limited to take legal action against the delinquent Agent under the relevant Rules/Guidelines, etc., with a view to ensuring non-recurrence of such misconduct by other Agents. The Committee further recommend the Ministry of Finance (Department of Financial Services) to issue directions to all PSGICs for taking strict punitive action on the cases of frauds and corrupt practices whenever and wherever noticed. The Committee would like to be apprised of the action taken/proposed to be taken in the matter within the three months from the presentation of the Report to the House.

NEW DELHI;

HARISH DWIVEDI,
Chairperson,
Committee on Petitions.

12 December, 2022

21 Agrahayana, 1944 (Saka)

**MINUTES OF THE TWENTY-FIFTH SITTING OF THE COMMITTEE ON PETITIONS
(SEVENTEENTH LOK SABHA)**

The Committee met on Monday, 12 December, 2022 from 1500 hrs. to 1700 hrs. in Committee Room 3, Block A, Parliament House Annexe Extension, New Delhi.

PRESENT

Shri Harish Dwivedi - Chairperson

MEMBERS

2. Shri Anto Antony
3. Shri Hanuman Beniwal
4. Prof. Sanjay Sadashivrao Mandlik
5. Dr. Jayanta Kumar Roy
6. Shri Arvind Ganpat Sawant
7. Shri Brijendra Singh
8. Shri Sunil Kumar Singh

SECRETARIAT

1. Shri T. G. Chandrasekhar - Additional Secretary
2. Shri Raju Srivastava - Director

2. At the outset, the Hon'ble Chairperson welcomed the Members to the sitting of the Committee.

3. The Committee, thereafter, took up for consideration the following Draft Reports :-

- (i) *** *** *** *** *** ***
- (ii) Report on the representation of Shri R. Marak regarding the need for regulating the working of Government owned General Insurance Companies especially in Meghalaya and other important issues related therewith;
- (iii) *** *** *** *** *** ***
- (iv) *** *** *** *** *** ***
- (v) *** *** *** *** *** ***

(vi) *** *** *** *** *** ***

(vii) *** *** *** *** *** ***

4. After discussing the above mentioned Draft Reports in detail, the Committee adopted all the seven Reports with minor modification(s). The Committee also authorised the Chairperson to finalise the Draft Reports and present the same to the House.

The Committee, then, adjourned.
