

**GOVERNMENT OF INDIA
FINANCE AND COMPANY AFFAIRS
LOK SABHA**

UNSTARRED QUESTION NO:5230
ANSWERED ON:25.04.2003
INSURANCE PREMIUM
ALE NARENDRA

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

- (a) whether the ratio of insurance premium to the GDP is low at 1.2%;
- (b) whether the Government propose to increase it at least 18% of GDP;
- (c) if so, the action plan prepared by the Government in this regard;
- (d) whether 40% of LIC's incremental business is coming from rural areas; and
- (e) if so, the steps taken by the Government to popularise insurance in rural areas?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL):

- (a) The ratio of insurance premium as a percentage to GDP was 2.32% (1.77% for life insurance and 0.55% for non-life/general insurance) in 2000 compared with 1.93% (1.39% for life insurance and 0.54% for non-life/general insurance) in the previous year.
- (b) and (c) One of the main objectives of opening up the insurance sector was to increase the insurance penetration specially in rural areas. It is expected that with a larger number of insurance companies in the field, the insurance penetration will increase substantially in the next few years. The Life Insurance Corporation of India (LIC) is also laying great emphasis on its rural business.
- (d) The Life Insurance Corporation of India (LIC) have informed that the rural new business was 16.92% by no. of policies, 13.12% by Sum Assured and 12.87% by First Premium Income out of the total New Business under individual Assurances during 2001-2002 as per the definition of rural areas prescribed by the Insurance Regulatory and Development Authority (IRDA).
- (e) According to the IRDA (Obligations of Insurers to Rural Social Sectors) Regulations 2002 all insurers are obliged to transact business in rural areas. In addition, the LIC has an adequate and strong field force in rural areas, Rural Career Agents' Scheme for rural sector, introduced the concept of Bima Gram and a separate individual life insurance plan namely, 'New Jan Raksha' specially designed for rural people.