

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:767
ANSWERED ON:05.12.2003
PROFIT OF GIC COMPANIES
TUFANI SAROJ

Will the Minister of FINANCE be pleased to state:

- (a) whether there has been a decline in the `Net Profit` of the National Insurance Company, New India Assurance Company, Oriental Insurance Company and United India Insurance Company Limited during the last three years;
- (b) if so, the details thereof;
- (c) the reasons for decline in the net profit; and
- (d) the steps being taken by the Government to check this trend?

Answer

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

(a) and (b) There was decline in the Net Profits of three companies during the year 2001-02 as compared to the previous year. However, all the four companies have registered increase in the net profits during the year 2002-03. The Net Profits earned by the four public sector general insurance companies during the last three years are as under:

(In Crores of Rupees)

| Name of the Company | 2000-01 | 2001-02 | 2002-03 |
|---------------------|---------|----------|-----------|
| National | 86.77 | (-)94.34 | 135.65 |
| New India | 173.54 | 142.00 | 255.81 |
| Oriental | | 74.18 | (-)235.48 |
| United India | 8.15 | 153.39 | 170.99 |

(c) The main reasons for losses or/decline in net profits in 2001-02 were substantial reduction in fire tariff, losses in motor third party portfolio and catastrophic losses like earthquake in Gujarat, floods in various parts of the country, etc.

(d) The public sector general insurance companies have taken various steps to curtail losses which, inter alia, include better underwriting practices, claims control measures, settlement of motor third party claims through alternative forums like Lok Adalats and Conciliation Committees, control on expenses of management, etc.