

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2561
ANSWERED ON:09.12.2005
INSURANCE FOR MOBILE HANDSETS
Paswan Shri Virchandra

Will the Minister of FINANCE be pleased to state:

- (a) whether National Insurance Co. Ltd.(NIC) and Oriental Insurance Co. Ltd.(OIG) have suffered heavy losses in the issue of Special Contingency Policies (SCP) on mobile handsets during 2002-05 in the favour of Reliance Industries Limited(RIL) ;
- (b) if so, the details thereof and the quantum of losses suffered by OIC ;
- (c) whether any investigation has been conducted in this regard ;
- (d) if so, the outcome thereof,
- (e) whether C&AG has recommended investigation into the issue of SCI's and for taking departmental and legal action; and
- (f) if so, action taken on the recommendation of the C&AG ?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S. S. PALANIMANICKAM)

(a)&(b) : National Insurance Co.(NIC) granted cover to M/s Reliance Infocomm for mobile handsets in December 2002 and default liability insurance in June 2003.Oriental Insurance Co.Ltd.(OIC) granted only default liability insurance to M/s Reliance Infocomm in August 2003. Towards these policies, the NIC and OIC have paid Rs, 145.56 crores and Rs 28.13 crores respectively against the total incurred claims of Rs 241.70 Crores and Rs.32.00 crores respectively. The details of premium, incurred claims and claims paid for Reliance Infocomtn Policies during 2003-05 are furnished below.

Handset Insurance Default Liability
(Rs. in crores)

Premium Incurred Claims Premium Incurred Claims paid
claims paid Claims

NIC	29.49	89.36	24.95	60.43	152.34	120.61
OIC	17.03			32.00	28,13	

(c)to(f) : C&AG, in their report No.4 of 2005, has recommended that the matter needs to be investigated thoroughly and appropriate departmental action taken. National Insurance Co Ltd (NIC) has reported that its Vigilance Departemnt, in co-ordination with. Central Vigilance Commission (CVC) has investigated the matter and has issued a chargesheet against one employee and is in the process of issuing chargesheets against three other employees also. Oriental Insurance Co Ltd (OIC) has reported that since the policy was issued with the approval of Head Office without any malafide intention, there is no need for any investigation. However, OIC had received a query from CVC which was replied by the company. Subsequently, there has been no communication from CVC till date.