GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES
RAJYA SABHA
UNSTARRED QUESTION NO. 2599
ANSWERED ON – 21.12.2021

MSME INSURANCE PENETRATION

2599 Dr. Amar Patnaik:

Will the Minister of Finance be pleased to state:

(a) the number of businesses under the MSME sector that are covered by insurance in India in past three years;
(b) the steps being undertaken to improve the insurance penetration for risk management in the MSME sector;
(c) whether Government and IRDAI has any new or pending proposals to increase non-lifeinsurance penetration in the MSME sector; and
(d) if so, the details thereof and, if not, the reasons therefor?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE
(DR. BHAGWAT KARAD)

(a): The Insurance Regulatory and Development Authority of India (IRDAI) has informed that data on number of businesses under the micro, small and medium enterprises (MSME) sector that are covered by insurance is not maintained with it.

(b): With regard to steps undertaken to improve insurance penetration for risk management in the MSME sector, IRDAI has informed that—

(i) with effect from 1st April 2021 it has introduced two standard insurance products suitable for the MSME sector (Bharat SookshmaUdyam Suraksha and Bharat LaghuUdyam Suraksha), which cover fireand other perils including natural catastrophes, riots and strikes, and which have policyholder-friendly features and simple policy wordings;
(ii) to increase penetration in the MSME sector, most general insurers are offering package products suited for MSMEsthat cover multiple risks;
(iii) regulatory framework has been put in place to encourage new distribution channels for insurance, such as banks and other corporate agents, point-of-salespersons and Common Service Centres and to thereby improve access to insurance.

(c) and (d): IRDAI has informed thatit has revised the guidelines for trade credit insurance in September 2021, with a view to enable insurance companies to offer customised trade credit covers for addressing the evolving insurance risk needs of MSMEs.

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