

GOVERNMENT OF INDIA  
MINISTRY OF AGRICULTURE AND FARMERS WELFARE  
DEPARTMENT OF AGRICULTURE AND FARMERS WELFARE

**LOK SABHA**  
**UNSTARRED QUESTION NO. 2281**  
TO BE ANSWERED ON THE 20<sup>TH</sup> DECEMBER, 2022

**IRREGULARITIES OF INSURANCE COMPANIES**

2281 SHRI HIBI EDEN:

Will the Minister of AGRICULTURE AND FARMERS WELFARE कृषि एवं किसान कल्याण मंत्री be pleased to state:

- (a) whether the Government has noticed the irregularities by private insurance companies in settling insurance claims with farmers under the Pradhan Mantri Fasal Bima Yojana (PMFBY) and if so, the details including the amount involved, company wise;
- (b) whether this leads to the conversion of the scheme only beneficial for private insurance companies to reap huge profits and if so, the details thereof;
- (c) whether the Government has any comparative data regarding insurance settlements by Public Sector Insurance Companies and Private Sector Insurance Companies under the PMFBY, if so, the details thereof and if not, the reasons therefore; and
- (d) whether the Government is in receipt of petitions regarding the same and if so, the details thereof?

**ANSWER**

MINISTER OF AGRICULTURE AND FARMERS WELFARE कृषि एवं किसान कल्याण मंत्री  
(SHRI NARENDRA SINGH TOMAR)

(a) to (d) : All the major work relating to the assessment of crop yield/crop loss for calculation of admissible claims under Pradhan Mantri Fasal Bima Yojana (PMFBY) are being performed by the concerned State Government or Joint Committee of State Government officials and concerned insurance company. However, discrepancy in yield data & consequent disputes between State Government and insurance companies, delay in providing Government share of funds, non-deployment of sufficient personnel by insurance companies etc., have been received, which have been suitably addressed by the concerned State Government, Insurer and the Ministry.

As regards profit and loss of insurance companies, most of the general insurance companies except Agriculture Insurance Company of India Ltd. (AIC) are doing different types of businesses/policies. Thus overall profit/loss of these companies is due to profit/loss in overall underwriting business of the company. However, crop insurance is a major risk mitigation tool for the benefit of farmers. Insurance is all about spreading the risk over the period and over the area. As per provisions of the PMFBY/RWBCIS, premium from farmers alongwith Central and State Government share in premium subsidy is paid to the concerned insurance company for acceptance of risk and payment of claims. Insurers save premium in good seasons/years and pay high claims, if any in bad years from the savings made in the good years.

Further, difference between premium collected and claims paid may not be the margin/profit for the insurance companies. The cost of reinsurance and administrative cost totalling 10% to 12% of gross premium also has to be borne by the Insurance Companies. Further, out of the total crop insurance business under the scheme about 50% is shared by the 5 Public Sector insurance companies including Agriculture Insurance Company of India Ltd. Coverage details of Public Sector and Private Sector General Insurance Companies are given below :

<b>Insurance Company Type</b>	<b>Farmer Applications Enrolled (in lakh)</b>	<b>Gross Premium (Rs. in crore) Collected by the company</b>
PSU	2,132	94,436
Private	2,238	93,136

To better resolve all the grievances within the scheme and in order to operationalise a pan-India single telephone number based portal to handle all grievances from end to end, Beta version of the portal has been launched in Chhattisgarh on 21.07.2022 on pilot basis. It is equipped with the necessary features viz., Complaint/Query capturing through multiple modes, farmer authentication & online ticket forwarding to the concerned company, online escalation as per escalation matrices, updating of resolution details, MIS & Dashboards for data analysis. The Portal captures the details of the grievances and then forwards it to the concerned Insurance Company for resolution. It has API based connectivity to the insurance companies so that the farmer can directly have access to all information from the portal rather than obtaining the same from the Insurance Companies. The system has been well designed ensuring that every grievance is taken to logical conclusion to the satisfaction of the

farmer. Every grievance will have a Ticket ID with ticket closure responsibility lying with the Insurance Company with defined turnaround time.

Further, a provision of Stratified Grievance Redressal Mechanism viz. District Level Grievance Redressal Committee (DGRC), State Level Grievance Redressal Committee (SGRC) has been made in the Revised Operational Guidelines of the Scheme to resolve such complaints. The concerned State Governments take suitable punitive action against the defaulting insurance companies.

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