

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

LOK SABHA
UNSTARRED QUESTION NO. 2056

ANSWERED ON – 13.3.2023

GROWTH OF INSURANCE SECTOR

2056. SHRIMATI MANJULATA MANDAL:

SHRI SELVAM G.:

SHRI KULDEEP RAI SHARMA:

DR. SUBHASH RAMRAO BHAMRE:

DR. AMOL RAMSING KOLHE:

SHRI C.N. ANNADURAI:

SHRIMATI SUPRIYA SULE:

DR. DNV SENTHILKUMAR S.:

SHRI DHANUSH M. KUMAR:

Will the Minister of FINANCE be pleased to state:

- (a) whether the growth rate of the insurance sector in the country is very low and if so, the details thereof and the reasons therefor;
- (b) whether the Government's decision to raise the Foreign Direct Investment (FDI) limit in the insurance sector has yielded positive results and if so, the details thereof;
- (c) whether the various Government insurance schemes such as Sampoorana Bima Gram Yojana, Jeevan Jyoti Bima Yojana etc., has helped in the growth of insurance sector, if so, the details thereof;
- (d) whether the Government has launched Bima Sugam Portal and if so, the details thereof and the purpose behind the move; and
- (e) the other steps taken by the Government to increase investment in the insurance sector?

ANSWER

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

(a) to (e): As per the annual report of Insurance Regulatory and Development Authority of India (IRDAI), life insurance industry recorded a premium income of ₹6.93 lakh crore during 2021-22 as against ₹6.29 lakh crore in the previous financial year, registering growth of 10.16 per cent and the general insurance industry underwrote total direct premium of ₹2.21 lakh crore in India in the year 2021-22 registering a growth of 11.06 per cent from previous year.

With a view to enhance penetration and growth and augment domestic capital in the insurance sector, the Government enhanced foreign investment (FDI) limit to 74% for the Indian insurance companies in 2021.

The amount of FDI in insurance sector since December, 2014 when the limit was raised to 49%, up to 31st March, 2021 was Rs. 26,149.38 crore and the amount of FDI increased to Rs. 34,977.49 crore, as on 12th Sept 2022.

As per the annual report of Insurance Regulatory and Development Authority of India (IRDAI) for financial year 2021-22, the insurance penetration in the country stands at 4.2, as compared to global average of 7.0.

The Government has taken various initiatives to enhance insurance penetration and coverage, especially for the underserved and unserved population of the country, through its flagship social security schemes like Pradhan Mantri Jeevan Jyoti Bima Yojana covering approximately 15.42 crore lives, Pradhan Mantri Suraksha Bima Yojana covering approximately 32.78 crore lives, and Ayushman Bharat - Pradhan Mantri Jan Arogya Yojana covering approximately 21.4 crore families, against life, accident and health risks respectively, as on December, 2022. Besides, a total of 35.64 lakhs Rural Postal Life Insurance (RPLI) policies have been issued till now from 2017 including policies under Bima Gram Yojana (administered by Department of Posts, Ministry of Communications).

As regards Bima Sugam portal, IRDAI has informed that in order to address the existing protection gap in India across life, health and general insurance businesses and based on consultations held with various stakeholders and subject matter experts, a need has emerged for setting up an insurance market infrastructure where the insurers, distribution networks and the policyholders would virtually meet across a seamless digital platform. Bima Sugam would be such platform which is expected to improve accessibility and ease of insurance purchase to policyholders on one hand and serve as a readymade digital platform for insurers and distribution network on the other.

In order to attract fresh capital into the insurance sector, IRDAI has eased the process of setting up an insurance company, viz. No Objection Certificate (NOC) portal, creation of Facilitation Cell for guiding applicants during the course of registration process, and revamping Registration regulations to promote ease of doing business. The norms pertaining to investments of promoters/ investors in the insurance companies have also been eased.
