

**PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA**

**FINANCE MINISTER SHRI P. CHIDAMBARAM CALLS FOR IMPROVING
GROWTH AND PENETRATION OF NON LIFE INSURANCE SECTOR**

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The Union Finance Minister Shri P. Chidambaram said that the major challenges before the Non Life Insurance sector is how to increase its reach to the maximum number of people along with growth of investment in this sector. He asked the participating CEOs of both Public Sector and Private Sector Non Life Insurance companies to express their concerns about various factors hindering growth of this sector as well as give suggestions to overcome the same. There is significant room for growth as the penetration in non life insurance sector (premium to GDP) is only 0.71 % in 2011 which is far below the international bench marks and much geography in the country are still untapped.

The Union Finance Minister, Shri P. Chindambram was addressing a meeting of CMDs, CEOs and MDs of both the public and private sector Non Life Insurance Companies here today. Along with the Finance Minister, Shri P. Chidambram, the Minister of State for Finance, Shri Namo Narain Meena, Secretary, Financial Services Shri D.K. Mittal, Additional Secretary, Financial Services Shri Sunil Soni, Members of IRDA, Shri M. Ram Prasad and Shri R.K. Nair, Secretary General, General Insurance Council Shri R. Chandra Sekaran, CMDs of public sector Non-Life Insurance Companies and MDs and CEOs of private sector Non Life Insurance Companies were also present among others during the aforesaid meeting.

The participating CEOs of public and private sector companies expressed various difficulties being faced by this sector especially in the field of motor car insurance including third party insurance, health insurance, home, fire and group insurance among others. It was informed that motor vehicle insurance, which has 41% share in the non-life insurance sector, faces major challenges because of

regulated tariff, unlimited liability, non-jurisdiction restriction for filing the claim and underinsurance among others. The participating CEOs of the insurance companies suggested de-tariffing of motor TP premium and cap on liabilities etc among others.

As regards health insurance, it was suggested that a proper mechanism be put in place whereby an appropriate pricing mechanism for group health insurance is adopted which takes into consideration the existing ICR (Incurred Claims Ratio), management expenses, medical inflation, cost of under-writing the business and other associated problems. Some of the participating CEOs raised tax related issues including non-applicability of MAT for non-life insurance sector at par with life insurance companies and zero rated service sector on crop insurance, tools, senior citizen policy, RSBY and other exempt categories.

Suggestions were also made to further improve the penetration in home insurance sector and to resolve agents and regulator related matters.
