

Place :

Date :

The Chairman,
General Insurers' (Public Sector) Association of India (GIPSA),
New Delhi.

Dear Sir,

Listing of Public Sector General Insurance Companies

We, the employees and officers working at(Company name & office) express our anguish and disappointment over the statement made by the Hon'ble Finance Minister during the Budget session of Parliament for listing of Public Sector General Insurance Companies and GIC RE. He further stated that allowing public shareholding in the government owned companies is to ensure higher transparency and accountability. It is undoubtedly a negative remark on the functioning of our companies.

It may be remembered that ever since 1971, when 107 private General Insurance Companies were nationalised and Government formed General Insurance Corporation of India with its four subsidiaries, we are extending efficient and transparent services to the people of this country with all dedication and devotion. Soon after forming the GIC of India and its four subsidiaries, Government had invested Rs.19.50 Crore as Capital. Since then, all the 4 Companies are paying huge dividends to the Government out of their profits earned in the business and never approached Government for any further capital infusion. Further, by developing the business, the 4 Companies could create a huge investment base of Rs.1,14,320 Crore as on 31.03.2015. The Reserves and Surplus of the four companies are Rs.22,761.76 Crore as on 31.03.2015. The dividend paid to the Government for the year 2014-15 was Rs.664.53 Crore.

During the year 1999, Government allowed private companies to carry on insurance business by enacting IRDA Bill in the Parliament. This was also effectively faced by our 4 Companies and we could retain 55% of the market share against their tough competition, even today. This was possible only because of the various activities undertaken by the organisations in the industry.

At the time of amendments proposed to General Insurance Business Nationalisation Act (GIBNA) in the Parliament, the Government had made a mention that "Companies may raise their capital for increasing their business in rural and social sectors and to meet solvency margins". But the fact remains different, we are all aware that our 4 Public Sector General Insurance Companies have expanded our business to the remotest corners of the country for so long, to serve the people, with a network of 8,120 offices as on 31.03.2015, out of which 1,455 offices were opened in tier 4, 5 and 6 cities, where no private insurance company has opened a single office. All the four public sector general insurance companies are well within the solvency norms stipulated by IRDA.

