

Insurance bill to be taken up in winter session: FM

Finance Minister P Chidambaram today said the Insurance Laws (Amendment) Bill, which seeks to raise the foreign equity cap in the sector to 49 percent, will be taken up in the winter session of Parliament.

The government has agreed to a suggestion by opposition parties to take up the insurance bill in the next session of Parliament, after passing the pension bill in the current session, Chidambaram told reporters. The insurance bill, pending in the Rajya Sabha since 2008, provides for increasing the foreign investment limit in the sector to 49 percent from 26 percent.

The Standing Committee on Finance, headed by senior BJP leader Yashwant Sinha, did not favour raising the FDI ceiling. The Lok Sabha today passed the Pension Fund Regulatory and Development Authority (PFRDA) Bill, 2011, which provides for investment of funds in the equity market and opens the sector to at least 26 percent FDI.

Recently, the Finance Minister had said the insurance industry requires USD 5-6 billion capital. The penetration ratio in the life insurance sector is 4.4 percent and in the non-life segment, it is 0.76 percent, meaning a vast majority of the population does not have insurance. There are over two dozen private sector insurance companies operating in India in the life and non-life sectors.

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