

Budget plans ₹4000-cr infusion in general insurers



PTI ■ NEW DELHI

The upcoming Budget may have provision for Rs 4,000-crore capital infusion for public sector general insurance companies to shore up their capital.

The Budget 2019-20 is likely to be presented on February 1.

According to sources, the Department of Financial Services sought Rs 4,000 crore in the Budget for fund infusion in three insurance companies — National Insurance Company, Oriental Insurance Company and United India Insurance Company.

Depending on the capital that Budget provides, individual allocation would be made, sources added.

This capital is required to strengthen their financial health.

The profitability of many general insurance companies, including that of state-owned ones has been under pressure owing to rising underwriting losses and higher claims.

It is to be noted that the government, in Budget 2018-19, had proposed to merge National Insurance Company, Oriental Insurance Company and United India Insurance Company.

Finance Minister Arun Jaitley in the Budget speech had announced that the three companies would be merged into a single insurance entity. The process of merger is likely to be completed during the current fiscal.

As on March 31, 2017, the three companies together had more than 200 insurance products with a total premium of Rs 41,461 crore and a market share of around 35 per cent.

Their combined net worth is Rs 9,243 crore, with total employee strength of around 44,000 spread over 6,000 offices.

In 2017, state-owned New India Assurance Company and General Insurance Corporation of India were listed on bourses.

Initial estimates suggest that the combined entity formed by merging the three insurers will be the largest non-life insurance company in India, valued at Rs 1.2-1.5 lakh crore.