

Govt considering 100% FDI in insurance broking

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The Government is mulling permitting 100 per cent foreign direct investment (FDI) in insurance broking to give a boost to the sector, sources said.

The FDI policy, at present, allows 49 per cent foreign investment in the insurance sector that encompasses insurance broking, insurance companies, third party administrators, surveyors and loss assessors as defined by the Department of Industrial Policy and Promotion (DIPP).

The DIPP is an arm of the commerce and industry ministry which deals with FDI related matters and promoting ease of doing business in the country.

Representations have been made to the Government time and again on the issue that insurance brokers should be treated at par with other financial services intermediaries, where 100 per cent FDI is permitted.

“Insurance broking is like any other financial or com-



modity broking services. The issue was recently discussed in a high level inter-ministerial meeting. The Government is positively looking at the matter,” sources said.

The official, however, clarified that the FDI cap for insurance companies would remain at 49 per cent.

The finance minister has recently held meeting on the subject and the Prime Minister’s Office too has sought views of the DIPP on the matter.

Industry experts have stated that the insurance sector is being impacted due to weak distribution networks.

There is a need to strengthen the distribution network to support the sector as a whole.

Insurance penetration in the country was 3.4 per cent in 2015 against the world average of 6.2 per cent.