

Union Minister for Finance and Corporate Affairs Smt. Nirmala Sitharaman chairs meeting on review of Public Sector General Insurance Companies (PSGICs) in New Delhi today

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Union Minister for Finance and Corporate Affairs Smt. Nirmala Sitharaman chaired a review meeting of Public Sector General Insurance Companies (PSGICs) in New Delhi today. The meeting was attended by Secretary, Department of Financial Services (DFS), Shri M. Nagaraju, and the Managing Directors of PSGICs—New India Assurance, United India Insurance, Oriental Insurance, and National Insurance, General Insurance Corporation of India (Reinsurance), Agriculture Insurance Company of India Limited, along with other senior officials of the Ministry of Finance.



During the meeting, the Union Finance Minister reviewed key performance indicators including premium collections, insurance penetration and density, and incurred claims ratios. It was noted that the total premium collected by PSGICs has witnessed a notable rise from around ₹80,000 crore in 2019 to nearly ₹1.06 lakh crore in 2025. The overall general insurance industry also reported growth, with total premium collections reaching ₹3.07 lakh crore in FY 2024–25.



While general insurance penetration in India remains relatively low at 1% of GDP — compared to a global average of 4.2% in 2023 — insurance density has steadily improved, increasing from \$9 in 2019 to \$25 in 2023. The Finance Minister underscored the need for PSGICs to work towards improving both penetration and density to ensure wider financial protection.

Officials also presented a five-year analysis of the health insurance segment, showing consistent premium growth across Private Insurers, Standalone Health Insurers (SAHI), and PSGICs. Incurred claims ratios, which had peaked during the COVID-19 pandemic in FY21 (PSGICs at 126% and private insurers at 105%),

have since declined. By FY24, these ratios had moderated to 103% for PSGICs, 89% for private insurers, and 65% for SAHI.

The PSGICs have witnessed a significant turnaround with all of them having become profitable again. While Oriental Insurance Company Ltd. (OICL) and National Insurance Company Ltd. (NICL) started posting quarterly profits from Q4 of F.Y. 2023-24 and Q2 of F.Y. 2024-25, respectively, United India Insurance Company Ltd. (UIICL) posted profit in Q3 of FY 2024-25 after a gap of 7 years. Notably, New India Assurance Company Ltd. (NIACL) has consistently maintained its position as a market leader and has been making profits regularly.

During the review, the Union Finance Minister emphasised the urgent need for digital transformation across all PSGICs to improve service delivery and efficiency. This includes the adoption of AI-driven claim settlement systems, particularly for Motor Own Damage and Health insurance products, to ensure faster and more accurate claim resolution.

Smt. Sitharaman also directed the companies to develop innovative insurance products tailored to new and emerging risks, including cyber fraud, and to diversify their product portfolio in line with evolving consumer needs. The importance of robust underwriting practices and portfolio optimisation was also highlighted, with instructions to align combined ratios with global industry benchmarks to safeguard profitability and financial stability.

Customer-centricity was identified as a core focus area. Smt. Sitharaman directed PSGICs to promptly address customer grievances, strengthen social media engagement, and ensure seamless integration with the Account Aggregator system, including end-to-end digital Know Your Customer (KYC) processes. These measures are designed to simplify onboarding and improve the customer experience.

To expand market reach and strengthen service accessibility, PSGICs were encouraged to pursue strategic collaborations with intermediaries, fintechs, and insurtech firms. These partnerships are expected to reinforce the nationwide presence of PSGICs and deepen insurance penetration across demographics.

The Union Finance Minister also emphasised the importance of leveraging advanced data analytics and artificial intelligence to develop precise pricing models and efficient claims modelling, which are essential for improved risk assessment and long-term sustainability.

The PSGICs have been instructed to implement these directions in a time-bound manner. Regular reviews will be conducted to monitor progress and ensure the achievement of intended outcomes.

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