

F. No.14017/64/2020-Ins. II
Government of India
Ministry of Finance
Department of Financial Services

2nd Floor, Jeevan Deep Building,
Parliament Street, New Delhi.
Dated: 5th December, 2023

OFFICE MEMORANDUM

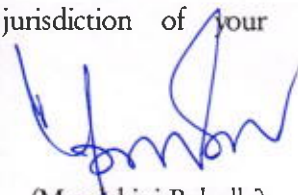
Sub: Request for removal of Net-Worth as a criterion for participation in Government Tenders– reg.

This Department is in receipt of a request from the General Insurers' (Public Sector) Association of India (GIPSA) on behalf of the Public Sector General Insurers for removal of Net-Worth as a criterion for participation in Government Tenders.

2. It has been submitted by GIPSA that in general insurance related tenders, some Central Public Sector Enterprise and Government Departments include requirement of minimum Net Worth as one of the eligibility criteria for insurers' participation. As a result, three of the four Public Sector General Insurance Companies (PSGICs) namely, National Insurance Company Ltd, Oriental Insurance Company Limited and United India Insurance Company Limited, either become ineligible for participating in such tenders or are given negative weightage. Thus, these PSGICs lose out while participating in Government tenders in spite of their vast experience and risk management skills.

3. It may be noted that while Net Worth is good measure to assess the financial health and stability of the insurers and their ability to meet their liability, the Public Sector General Insurance Companies have never defaulted on their liabilities. Further, the insurance sector is duly regulated by the Insurance Regulatory and Development Authority of India (IRDAI) which ensures stability of the sector.

4. In view of the above, it is requested not to include Net-Worth as a criterion for Public Sector General Insurance Companies in general insurance tenders. This would enhance competition in the bidding process by including experienced and skilled insurers without compromising on the quality of services. It is also requested to bring this to the attention of all the procuring entities and organizations under the administrative jurisdiction of your Ministry/Department.



(Mandakini Balodhi)

Director (Ins.II)

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To

Secretaries of all Departments/ Ministries of Government of India

Copy:

1. CMD, New India Assurance Co Ltd
2. CMD, National Insurance Company Ltd,
3. CMD, Oriental Insurance Company Limited
4. CMD, United India Insurance Company Limited