

December 10, 2014

Prime Minister Shri Narendra Modi  
152, South Block, Raisina Hill  
New Delhi-110011

Dear Mr. Prime Minister,

The Global Federation of Insurance Associations (GFIA), which through its 38 member associations represents insurers that account for around 87% or more than \$4.0 trillion in total insurance premiums worldwide, would like to commend you for your leadership in supporting economic reforms to promote foreign investment in India. In particular, we especially appreciate your support for early passage of the Insurance Amendments Act.

We understand the Select Committee, established by the Rajya Sabha, is nearing completion of its report due today. We are very hopeful that the Committee will support the bill and adopt your recommendation for a straight forward increase in the foreign equity cap from 26% to 49%.

The GFIA strongly believes that the approval of the Insurance Bill would have important benefits for the Indian insurance sector and the Indian economy. For instance, a rise in Foreign Direct Investment (FDI) would inject stable long-term capital into the Indian economy. In turn, it can act as a job creator and expand the ability of insurance and pension companies to make important new investments in infrastructure.

A large part of this capital will likely come from foreign companies increasing their stakes in their existing joint ventures. Currently, 22 of the 24 life insurers, and 18 of the 27 general insurance companies, have joint ventures. In addition, a 49% FDI cap in the industry may also attract new market entrants.

We are very hopeful that, with your support, the time has finally arrived when this long awaited reform will be adopted by the Parliament.

Sincerely,



**GOVERNOR DIRK KEMPTHORNE**

#### About the GFIA

Through its 38 member associations, the Global Federation of Insurance Associations (GFIA) represents the interests of insurers and reinsurers in 56 countries. These companies account for around 87% of total insurance premiums worldwide. The GFIA is incorporated in Switzerland and its secretariat is based in Brussels.