Cooperative Life Insurance Company

Prelims: *Current events of national and international importance | Economy*

Why in News?

Recently, the union minister announced the setting up of a cooperative life insurance company during the 5th Foundation Day (July 6) of the Ministry of Cooperation.

- It is ***India's 1st dedicated*** cooperative life insurance company.
- **Aim -** To expand the cooperative sector's presence in financial services and provide affordable coverage and strengthen financial inclusion.
- **Objective–** It broadens India's cooperative ecosystem beyond dairy, sugar, and fertilisers into transport (Bharat Taxi), insurance, and seed systems.
- **Precedent -** The proposal builds on the success of IFFCO-Tokio General Insurance, a successful non-life joint venture led by the Indian Farmers Fertiliser Cooperative.

  IFFCO (Indian Farmers Fertiliser Cooperative Limited) the insurance sector through a joint venture with a Japanese firm, offering general and life insurance services to cooperative members and rural communities.

- **Structure -** Capital requirements and regulatory approvals from the IRDAI remain in emerging stages.
- Initial plans suggest existing cooperative societies will serve as initial promoters.
- **Target Audience -** The insurer will leverage over 8.5 lakh cooperative societies and 30 crore members to increase penetration in underserved and rural areas.
- **Utilization -** By utilising *PACS as Common Service Centres (CSCs),* the cooperative life insurance company can bypass expensive urban distribution networks and agent commissions.

PACS (Primary Agricultural Credit Societies)

- **PACS –** They are local cooperative credit bodies giving short- and medium-term farm loans, forming the last tier of India's cooperative credit system.
- **Digital transformation –** Converting them into e-PACS means full modernization with digital technology and automation.
- **Purpose –** To boost transparency, efficiency, and professionalism, empowering 30 crore cooperative members nationwide.

Reference

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