

## 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 5<sup>th</sup> Foundation Day (July 6) of the Ministry of Cooperation.

- It is **India's 1<sup>st</sup> 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**

[The Hindu | Cooperative Life Insurance](#)

