

STATUS AND COVERAGE OF INSURANCE IN INDIA

¹Shaik Shakeela ²Chilumuri Srinivasa Rao

¹Research Scholar, ² Professor

^{1,2}Dept. of Commerce, Vikramasimhapuri University P.G Centre, Kavali, Andhra Pradesh, India.

ABSTRACT

The concept of insurance is not new to the business world, history says that it has been in practice since thousands of years. At present there are 68 insurance companies operating in India of which 24 are life insurance, 27 are general insurance, 6 are standalone health insurance exclusively doing health insurance business and 11 are reinsurance including foreign reinsurers branches and Lloyd's India are in private sector. Insurance is all about protection; it protects you against an unfortunate incident such as a car accident, a robbery or an illness. The occurrence of unexpected ill-fated events happens, you will be so glad you have insurance; it is not a rip-off, but rather an essential financial service. The insurance sector in India continued to report improved performance since the 19th century. The number of insurers continued to increase over time not only in their number but also in their business over time. The growth of the insurance sector has been a consequence of the effort of public and private insurers; this has resulted in an increase in their premium income. The main object of this paper is to assess status and coverage, evaluate the performance of insurance in India. The secondary data have been collected from various sources from books, magazines, journals, newspapers, published and unpublished articles, websites etc.

Key words: IRDA, real premium, penetration, density

INTRODUCTION:

Insurance does not play the role of risk bearer in case of uncertainty of life and business. It helps the people in hedging their risk for their lives and property. Insurance is one of the most valuable lines of defense for life and business that want to protect their finance and ensure their ongoing success. The concept of insurance is not new to the business world, history says that it has been in practice since thousands of years. Indian insurance sector basically divided into two categories: there are life and non-life insurance. Life insurance deals with only human life and non-life insurance deals with other than human life. At present there are 68 insurance companies operating in India of which 24 are life insurance, 27 are general insurance, 6 are standalone health insurance exclusively doing health insurance business and 11 are reinsurance including foreign reinsurers branches and Lloyd's India are in private sector.

NEED OF INSURANCE:

It may seem like insurance is a waste of resources spending money on something that may or may not happen. Since you cannot predict the future, it is important to protect yourself and your possessions against damage and harm. Insurance is all about protection; it protects you against an unfortunate incident such as a car accident, a robbery or an illness. The occurrence of unexpected ill-fated events happens, you will be so glad you have insurance; it is not a rip-off, but rather an essential financial service.

LIMITATIONS OF THE STUDY

1. It is based on the secondary data due to the nature of the study.
2. Suggestion and conclusion derived are as per the data collected.

OBJECTIVE OF THE STUDY

- The main object of this paper is to assess status and coverage, evaluate the performance of insurance in India.

RESEARCH METHODOLOGY:

The study is based on secondary data. The secondary data have been collected from various sources from books, magazines, journals, newspapers, published and unpublished articles, websites etc.

STATUS AND COVERAGE OF INSURANCE IN INDIA

The insurance sector is an integral part of the financial system. The insurance sector in India continued to report improved performance since the 19th century. The number of insurers continued to increase over time not only in their number but also in their business over time. The growth of the insurance sector has been a consequence of the effort of public and private insurers; this has resulted in an increase in their premium income.

Table-1 Total Real Premium Growth Rate in Insurance (%)

MARKET	2013-14			2014-15			2015-16			2016-17			2017-18		
	L	N	T	L	N	T	L	N	T	L	N	T	L	N	T
Advanced market	-0.2	1.1	0.3	3.8	1.8	2.9	2.5	2.6	2.5	-0.5	2.3	0.7	-2.7	1.9	-0.6
Emerging market	6.4	8.3	7.4	6.9	8	7.4	12	7.8	9.8	16.9	9.6	13.5	14	6.1	10.3
Asia	-6.5	2.2	4.1	6.1	7.5	6.5	7.8	9.2	8.2	7.4	8.9	7.9	5.6	5.8	5.7
India	-1.1	2.5	-0.4	1	4.8	1.8	7.8	8.1	7.9	8	12.9	9.1	8	16.7	10.1
World	0.7	2.3	1.4	4.3	2.9	3.7	4	3.6	3.8	2.5	3.7	3.1	0.5	2.8	1.5

Source: Compiled from Annual Reports of IRDA from 2013-14 to 2017-18.

Note: L- Life insurance, N-Non-life insurance, T-total.

Table-1 shows real premium growth rate in different markets in the period of five years. In the year 2013-14 Advanced market real premium growth rate were 0.3% it decreased to -0.6% in 2017-18. From 2013-14 Emerging market were 7.4%, it increased to 10.3% in 2017-18. From 2013 Asia were 4.1% it increased to 8.2% in 2015 and decline to 5.7% in 2017-18. In the year 2013-14 Indian total real premium growth rates were -0.4% increased to 10.1% in 2017-18. In the year 2013 world were 1.4% increased to 3.6% in 2015 with decreased 1.5% in 2017 real premium growth rate. The measure of insurance penetration and density reflects the level of development of insurance sector in a country. While insurance penetration is measured as the percentage of insurance premium to population.

Table-2 Insurance Penetration & Density in India

Year	Life		Non-life		Total	
	Density (USD)	Penetration %	Density (USD)	Penetration %	Density (USD)	Penetration %
2013-14	41	3.1	11	0.78	52	3.9
2014-15	44	2.6	11	0.8	55	3.3
2015-16	43.2	2.72	11.5	0.7	54.7	3.44
2016-17	46.5	2.72	13.2	0.72	59.7	3.49
2017-18	55	2.76	18	0.77	73	3.69

Source: Swiss Re, Sigma, Various issues.

Note: 1. Insurance density is calculated as ratio of premium (in USD) to total population.

2. Insurance Penetration is calculated as the percentage of premium to GDP.

Table-2 shows Insurance penetration and Density in India in the period of five years. From 2013 Indian penetration were 3.9% decrease to 3.3% in 2014 and it increased to 3.69% in 2017. Life insurance Penetration were 3.1% in 2013 it decreased 2.76% in 2017. Non-life insurance penetration were 0.78% in 2013 it increased to 0.8% in 2014 and decreased 0.77% in 2017. The insurance density in India were \$52 in 2013 it increased \$73 in 2017. Life insurance density were \$41 in 2013 increased to \$55 in 2017 and Non-life were \$52 in 2013 it increased to \$18 in 2017.

PERFORMANCE OF INSURANCE IN INDIA:

Operating expenses are incurred in the daily or normal business transactions. Low operating expenses will indicate the management of the company performance well.

Table-3 Operating Expenses of Life and Non-life Insurer (Rs. In Crore)

Year	Life Insurer			Non-life Insurer		
	Public	Private	Total	Public	Private	Total
2013-14	20277.88 (58%)	14773.88 (42%)	35051.76 (100%)	8791.00 (58%)	6327.00 (42%)	15118.00 (100%)
2014-15	22395.45 (61%)	14463.71 (39%)	36859.09 (100%)	11181.00 (55%)	7527.00 (37%)	20206.00 (100%)
2015-16	22691.83 (59%)	16091.26 (41%)	38183.09 (100%)	12535.00 (54%)	9020.00 (39%)	23230.00 (100%)
2016-17	28952.06 (63%)	17186.82 (37%)	46138.88 (100%)	12838.19 (50%)	10694.19 (42%)	25594.35 (100%)
2017-18	30142.40 (62%)	18678.30 (38%)	48820.70 (100%)	11631.57 (45%)	11331.64 (44%)	25611.44 (100%)

Source: Compiled from Annual Reports of IRDA from 2013-14 to 2017-18.

Note: Specialized & Standalone health private insurers are not include.

Table-3 shows Operating expenses of life and non-life insurers in India period of five years. Public form life insurance sector have higher operating expenses and Non-life insurance sector have lower share of operating expenses. Both private form insurance sectors have lower share of operating expenses. Public firms both in life and non-life insurance sector have higher operating expenses compared to private insurers. The reason for higher operating expenses in public sector is because of various IRDA compliance in maintaining statutory requirements in management of business. In the year 2013 life insurers have public forms 58% increased to 62% in 2017 and private form private form 42% decreased to 38% share of operating expenses. From 2013 Non life insurers have public form 58% it decreased to 45% and private form 42% with increased to 44% in 2017-18.

Table-4 Total Investment of Insurance Sector in India (Rs. In Crore)

Year	Life	Growth Rate %	Non-life	Growth Rate%	Total	Growth Rate%
2014	19,57,466	--	1,39,809	--	20,97,275	--
2015	22,47,422	14.82	1,60,714	14.95	24,08,238	14.83
2016	25,02,068	11.33	1,88,126	17.66	26,90,194	11.71
2017	28,54,193	14.07	2,22,344	18.19	30,76,537	14.36
2018	31,89,060	11.74	2,68,929	20.95	34,57,989	12.14

Source: Annual report of IRDA from 2014 to 2018.

Table-4 shows total investment of insurance sector in India the period of five years. From the year 2014 life insurance were Rs.19, 57,466/- and non-life insurance Rs. 1, 39,809/-, were total investment were Rs.20, 97,275/-. In the year 2015 life insurance growth rate were 14.82% and non-life were 14.95% , were total investment were increased to 14.83%. In the year 2016 life insurance growth rate were decreased to 14.82% and non-life insurance growth rate were increased to 17.66%, total investment growth rate were decreased to 11.71%. In the year 2017 life insurance and growth rate were increased to 14.07% and non-life was increased to 18.19%, total investment increased with 14.36% growth rate. In the year 2018 life insurance decreased to 11.74% and non-life increased to 20.95, total investment of insurance sector decreased with 12.14% growth rate.

Table-5 New Policies Issued in Insurance Sector (Rs. In Lakh)

Year	Life	Growth rate (%)	Non-life	Growth rate (%)	Total
2103-14	408.72 (29%)	--	1024.52 (71%)	--	1433.24 (100%)
2014-15	259.08 (18%)	-36.61	1182.72 (82%)	15.44	1441.80 (100%)
2015-16	267.38 (21%)	3.2	1257.61 (79%)	5.28	1524.99 (100%)
2016-17	264.56 (17%)	-1.05	1525.33 (83%)	21.28	1789.89 (100%)
2017-18	281.97 (17%)	6.58	1707.71 (83%)	10.7	1989.68 (100%)

Source: Compiled from annual report of IRDA

Table-5 shows number of new policies issued by life and non-life insurer in India period of five years. In the year 2013-14 value of new policies issued by life insurance companies from 408.72lakhs (29%) decreased to 281.97lakhs (17%) in 2017-18. Similarly the value of new police issued by non-life insurance increased from 1024.52lakhs (71%) to 1707.71lakhs (83%) in 2017-18.Total new policies issued in India increased from 1433.24lakhs to 1989.68lakhs in 2017-18. The growth rate of Life insurance new policies issued from 2013-14 in -36.61% to increased 6.58% in 2017-18.

Table-6 Registered Insurers in India

Year		Life	Non-life	Re-insurer	Total
2000-01	Public	1	4	1	6
	private	10	6	0	16
	Total	11	10	1	22
2009-10	Public	1	6	1	8
	Private	22	18	0	40
	total	23	24	1	48
2017-18	public	1	6	1	8
	private	23	27	0	50
	total	24	33	1	58

Source: IRDA Annual report from 2000 to 2017.

Table-6 shows the growth in three different years Register Insurer in India the period of 2000-01, 2009-10 and 2017-18. In the year 2000-01 total insurance companies registered 22 out of 11 life insurers, 10 non-life insurers and only one public Reinsurance sector. In the year 2009-10 total insurers registered 48 out of 23 life, 24 non-life and 1 re insurance. In the year 2017-18 total insurance companies registered in 58 out of 24 life, 33 nonlife and 1 re insurance. In public sector there is one life insurance company which is LIC, 6 non-life insurance companies and one re-insurance company. While private sector there are 23 life insurance and 27 non-life insurance companies operating in India.

CONCLUSION:

The above discussion is on the status and coverage of insurance sector in India. Real premium growth rate is increased in present market. Insurance penetration in the country and proliferation of insurance schemes IRDA new plans to issue redesigned initial public offering guidelines for insurance sector. The overall performances of insurance industry grow up to last five years. To awareness of the need for protection planning will support to growth of Indian insurance sector.

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