ORIGINAL RESEARCH PAPER

Volume - 12 | Issue - 07 | July - 2023 | PRINT ISSN No. 2277 - 8179 | DOI : 10.36106/ijsr

INTERNATIONAL JOURNAL OF SCIENTIFIC RESEARCH

OVERVIEW OF INSURANCE INDUSTRY OF INDIA: A FEW PARAMETERS

Commerce

Dr. Suman Devi Assistant Professor, Department of Commerce, Govt. College Sampla

Ms. Preeti Isthkan Assistant Professor, Department of Commerce, Govt. College Sampla

ABSTRACT

The global insurance industry has faced the COVID-19 crisis leading to more down in premium collection than during the global financial crisis 2008-09, but expected that the recovery shall be faster for both life and non-life insurance segment. As per Swiss Re data, India ranks tenth (eleventh in 2020) in global insurance business having market share of 1.85 per cent in 2021 (1.78 per cent in 2020). Total insurance premium in India increased by 13.46 % in 2021 whereas global total insurance premium increased by 9.04 %. In case of life insurance business, India is ranked ninth (tenth in 2020) in the world in 2021. India's share in global life insurance market was 3.23 % (3.11 % in 2020) during 2021. Life insurance premium in India increased by 14.16 % in 2021 but global life insurance premium increased by 9.91 %. In non-life insurance business, India's ranked 14 in the world. India's share in global non-life insurance market was 0.78 % during 2021, almost same in 2020. The Indian non-life insurance sector achieved 11.30 % growth during 2021 whereas the global non-life insurance premium had only 8.37 % growth rate. Life insurance density has gone up from USD 9.1 in 2001-02 to USD 69 in 2021-22, non-life insurance density has gone up from USD 2.4 to USD 22 during the same period. Insurance penetration of life and non life insurance business rises from 2.15 % and 0.56 % in the year 2001-02, to 3.2 % and 1.0 % respectively in 2021-22.

KEYWORDS

Insurance industry, insurance penetration & density, life & non life insurance etc.

INTRODUCTION

The insurance industry of India has 57 insurance companies - 24 in the life insurance business, and 34 in non-life insurance business. Life Insurance Corporation (LIC) is the sole public sector life insurance company. There are six public sector insurers in the non-life insurance segment. In addition to these, there is a sole national re-insurer, namely General Insurance Corporation of India (GIC Re). Other stakeholders in the Indian Insurance market include agents (individual and corporate), brokers, surveyors and third-party administrators servicing health insurance claims. 'Insurance for all by 2047' is the aim of Government. Insurance market is expected to attain US$220 by 2026. In 2021, total global insurance premiums grew by 3.4 per cent in real terms (inflation adjusted). However, in China, the largest emerging market, non-life premium collection constricted by 0.7 per cent. The US remains the largest insurance market in the world, followed by China and Japan. These three economies together contributed 56 % of the global insurance premiums in 2021, slightly less than that of 57 % in 2020. Six Asian markets (China, Japan, South Korea, India, Taiwan and Hong Kong) contributed 23 % market share. In India Life insurance industry recorded a premium income of 6.93 lakh crore in 2021-22with growth rate 10.16 %. Private sector insurers gained 17.36 % growth in premium and LIC recorded 6.13 % growth rate.

Review of literature

Rajesham and Rajender (2006) highlighted the developments of insurance sector in India in a phased manner and examined the reasons for the entry of private and foreign insurance players into Indian insurance market and evaluated the growth of the Indian insurance sector during the period of pre and post liberalization. Mannar (2015) revealed those important areas where more contribution on the part of LIC of India was required.

The one was to increase in the number of offices which help the corporation to increase their businesses. Rakshit (2017) pointed out that due to emergence of a large number of private insurers, the insurance penetration and density had increased significantly both in life and non-life insurance business and life insurance business had grown tremendously. Radhika and Satuluri (2019) focused that insurance industry needs to invest heavily in analytics, digital, Artificial Intelligence and Robotics as most of the population leading to smart phone usage, there are enormous opportunities to reach out every individual.

Research Objectives

- To depict the current scenario of Global and Indian Insurance Market.
- To describe the life and non life insurance density of India from 2001-02 to 2021-22.
- To describe the life and non life insurance penetration of India from 2001-02 to 2021-22.

Research Methodology

The research design used for present study is descriptive in nature. It is secondary data based study and data is collected from various Annual Reports of IRDA and Swiss Re, Sigma 3/2022.

Data collection and Analysis

Let's try to understand the current insurance scenario in the world & in India.

Table 1- Premium collected by regions in the world in 2021 (USD Billions)

Regions	Life	Non-life	Total
Advance Markets	2323 (42)	3241 (58)	5564 (100)
Emerging Markets	674 (52)	622 (48)	1296 (100)
Asia-Pacific	1129 (61)	708 (39)	1837 (100)
India	97 (76)	30 (24)	127 (100)
World	2998 (43.69)	3863 (56.31)	6861 (100)

Source: IRDA Annual Report 2021-22 & Swiss Re, Sigma 3/2022

Note: Figure in bracket means share of segment in %. The above table shows the premium collected by different regions in the world in USD Billions. Advance market holds a very major share of 2323 USD Billions in life insurance out of total 2998 USD Billions. Same situation exist in case of non life insurance business. In advance market there is more share of non life insurance i.e. 58 % in comparison to 48 % share of emerging markets. Emerging market share of life insurance business is 52 % in comparison to 42 % share of advance market. Indian insurance market share is very low towards world insurance market i.e. 127 out of 6861 USD Billions.

Table 2- Insurance Penetration and Density by Regions in the World in 2021

Regions	Penetration (%)			Density (USD)		
	Life	Non Life	Total	Life	Non Life	Total
USA and Canada	2.7	8.7	11.4	1823	5960	7782
Advance EMEA	4.8	3.2	8.0	2226	1468	3694
Emerging EMEA	0.6	1.0	1.6	35	58	92
Advance Asia Pacific	6.0	3.0	9.0	2325	1187	3512
Emerging Asia Pacific	2.1	1.6	3.7	132	100	232
India	3.2	1.0	4.2	69	22	91
World	3.0	3.9	7.0	382	492	874

ERMEA: Europe, Middle East and Africa

Source: IRDA Annual Report 2021-22 & Swiss Re, Sigma 3/2022

Insurance penetration and density are two metrics, among others, often used to assess the level of development of the insurance sector in a country. While insurance penetration is measured as the percentage of

 PRINT ISSN No. 2277 - 8179 | DOI : 10.36106/ijsr

insurance premium to GDP, insurance density is calculated as the ratio of premium to population (per capita premium). Insurance penetration in India remain same as on 4.20 per cent in 2021-22 in comparison to 2020-21.During the first decade of insurance sector liberalization, the sector has reported increase in insurance penetration from 2.71 per cent in 2001- 02 to 4.20 per cent in 2021-22. Insurance density in India increased from USD 78 in 2020-21 to USD 91 in 2021-22. Non life insurance penetration of USA, Canada, Advance Asia Pacific and advance EMEA is much better than insurance penetration of India. In case of life insurance penetration India is in a better condition than Emerging Asia Pacific, Emerging EMEA, USA and Canada. USA, Canada, Advance Asia Pacific have very high insurance density in comparison to India and emerging EMEA. World insurance density of life and non life insurance is 382 and 492 USD respectively which seems to be very high as compared to India life and non life insurance density i.e. 69 and 22 USD only.

Table 3- Insurance penetration and density in India

Year	Penetration (%)			Density (USD)		
	Life	Non Life	Total	Life	Non Life	Total
2001-02	2.15	0.56	2.71	9.1	2.4	11.5
2002-03	2.29	0.67	3.26	11.7	3.0	14.7
2003-04	2.26	0.62	2.88	12.9	3.5	16.4
2004-05	2.53	0.64	3.17	15.7	4.0	19.7
2005-06	2.53	0.61	3.14	18.3	4.4	22.7
2006-07	4.1	0.60	4.80	33.2	5.2	38.4
2007-08	4.0	0.60	4.70	40.4	6.2	46.6
2008-09	4.0	0.60	4.60	41.2	6.2	47.4
2009-10	4.6	0.60	5.20	47.7	6.7	54.3
2010-11	4.4	0.71	5.10	55.7	8.7	64.4
2011-12	3.4	0.70	4.10	49.0	10.0	59.0
2012-13	3.17	0.78	3.96	42.7	10.5	53.2
2013-14	3.10	0.80	3.90	41.0	11.0	52.0
2014-15	2.6	0.70	3.30	44.0	11.0	55.0
2015-16	2.72	0.72	3.44	43.2	11.5	54.7
2016-17	2.72	0.77	3.49	46.5	13.2	59.7
2017-18	2.76	0.93	3.69	55	18	73
2018-19	2.74	0.97	3.70	54	19	74
2019-20	2.82	0.94	3.76	58	19	78
2020-21	3.2	1.0	4.2	59	19	78
2021-22	3.2	1.0	4.2	69	22	91

Source: IRDA Annual Report 2021-22 & Swiss Re, Sigma 3/2022

Insurance density in India increased from USD 78 in 2020-21 to USD 91 in 2021-22. The level of insurance density has reported consistent increase from USD 11.5 in 2001-02 to USD 64.4 in the year 2010-11. While life & non life density has gone up from USD 9.1 in 2001-02 to USD 69 in 2021-22, and from USD 2.4 to USD 22 respectively during the same period. Insurance penetration of life and non life insurance business rises from 2.15 and 0.56 in the year 2001-02 to 3.2 and 1.0 respectively in 2021-22. Insurance density of life and non life insurance business rises from 9.1 and 2.4 in the year 2001-02 to 69 and 22 respectively in 2021-22.

CONCLUSION

In advance market there is more share of non life insurance business i.e. 58 % in comparison to 42 % share of life insurance business in total insurance business. The share of insurance premium of India is only 1.85 % of total world premium, which is very less in comparison to other regions of world. In India out of total collected premium, 76 % is in life segment and other 24 % is in non life insurance segment. World insurance density of life and non life insurance is 382 and 492 USD respectively which seems to be very high as compared to India life and non life insurance density i.e. 69 and 22 USD only. World insurance penetration of life and non life insurance is 3.0 and 3.9 percent respectively as compared to India life and non life insurance penetration 3.2 and 1.0 percent respectively. Total Insurance penetration of India has increased from 2.71 per cent in 2001- 02 to 4.20 per cent in 2021-22. India's rank for life, non life and total insurance premium in the world is 9^{th}, 14^{th} and 10^{th} respectively. New business premium and renewal premium recorded 45.46 % and 54.54 % of the total premium received by life insurers respectively. Overall it can be concluded that Indian insurance industry is growing at a fast pace but not with a speed at which it has potentiality to grow and it should grow to face the competition in world insurance industry and to achieve a strong remarkable position in the world.

REFERENCES

1. Rajesham and Rajender, K. (2006). Current Scenario of Indian Insurance Sector. *Indian Journal of Marketing.* 36(7), 18-25.
2. Mannar, B.R. (2015). The Indian market scenario of Insurance Sector. *Asia Pacific Journal of Research.* 1(15), 88-99.
3. Rakshit, D. (2017). Analysis of growth of insurance density and insurance penetration in India after initiation of reforms in insurance sector. *International Journal of Research in Economics and Social Sciences (IJRESS).*7(6), 164-171.
4. Radhika, R. and Satuluri, R.K. (2019). A study on life insurance penetration in India. *International Journal of Human Resource Management and Research (IJHRMR.* 9(1), 119-124.)
5. Ilyas, A.M. and Rajasekaran, S. (2019). An empirical investigation of efficiency and productivity in the Indian non-life insurance market. *Benchmarking: An International Journal*, 26(7), 2343-2371.
6. Shetty, A. & Savitha, B. (2020). Assessing the technical efficiency of traditional and corporate agents in Indian life insurance industry: Slack-based data envelopment analysis approach. *Global Business Review*, 21(1), 1–17.
7. Sinha, R. P. (2021). Two-Stage Data Envelopment Analysis Efficiency of Indian General Insurance Companies. *Global Business Review*, 23-30.
8. https://www.ibef.org/industry/insurance-sector-india
9. https://www.acko.com/articles/general-info/insurance-sector-india/
10. IRDA Annual Reports 2020-21
11. IRDA Annual Reports 2021-22