

# Indian General Insurance Industry And Its Scope In International Market

**Anupam Bachhil**  
Research Scholar,  
Sai Nath University, Ranchi,  
India  
(anupam.magt0109@gmail.com)

**Roopam Bachhil**  
Research Scholar,  
Sai Nath University, Ranchi,  
India

**Dr. Shantanu Kumar Srivastava**  
Assistant Professor,  
Department of Commerce &  
Management, Sai Nath University,  
Ranchi, India

## ABSTRACT

General Insurance is typically defined as any insurance that is not determined to be life insurance but “General Insurance comprises of insurance of property against fire, burglary etc and personal insurance such as Accident and Health Insurance and liability insurance which covers legal liabilities”[1]. “There are also other covers such as Errors and Omissions insurance for professionals, credit insurance” [1]. “General Insurance acts as aegis to the financial causalities and alongside it also acts an economical back-up for a nation’s economy” [2]. Insurance allied up with banking sector dispenses up to 7% of India’s total GDP. Till date we have observed foreign insurance companies engaging into Indian markets and having share of 24% of FDI being allowed in the Indian market.

## KEYWORDS

Foreign insurance, Risk, IRDA, Micro-insurance, Macro-insurance

## 1. INTRODUCTION

“General insurance can be technically delineated as a monetary means of safeguarding items from certain abrupt events” [3]. “It could be applied to car, boat, home, or any other valuables, depending on the varieties of policy we purchase and the type of insurance we need”[4]. Indeed, insurance needs are not restricted to life, but also to other possessions, the most prominent being health [1].

The country’s non-life insurance sector (in terms of gross domestic premium income) has grown at an annualized 16% from Rs 17,481 crore in 2004-05 to Rs 77,525 crore in 2014-15, compared with a 7% growth in the economy (measured in terms of real GDP at factor cost). The number of policies issued has almost doubled since 2006-07. The share of India’s non-life insurance premium to total insurance industry premium rose to 20.9% in 2016 from 17.8% a decade ago. The industry has 29 players, including four public insurers, 17 private insurers and one reinsurer [2].

## 2. ADVENT OF GENERAL INSURANCE IN INDIA

The General Insurance in India can be divided into three period, they are:

- British Period
- Post-Independence period
- Present period

## 2.1 British Period

“Indian General Insurance which was an estate of British Occupation has been established in Indian Market by the appearance of Triton Insurance Company Ltd, laid out by British India in the year 1850 in the core of Calcutta”[5].

## 2.2 Post-Independence Period

Steadily with the flourishing business sector the requirement for normal code was felt fundamental and consequently the 1968 the Insurance Act was revised and brought into an undeniable play from a reasonably lethargic stage 5.

## 2.3 Present Period

At moment there are 27 general protection which consolidate in them ECGC, Agriculture Insurance Corporation of India and furthermore 24 extra security organizations creating in this exhausting business sector of the country.

## 3. GENERAL INSURANCE IN INDIAN MARKET

“By the restriction of September 2013 there were around 52 insurance agency acting in the market out of which 24 were Life Insurance Company and 27 were non-protection companies”[7].

Premiums Market Share in First Year Life Insurance (FY20)

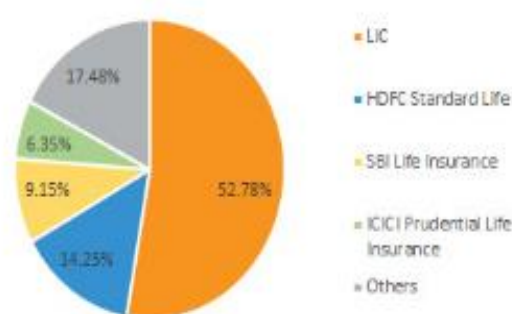


Figure. 1: Market Share

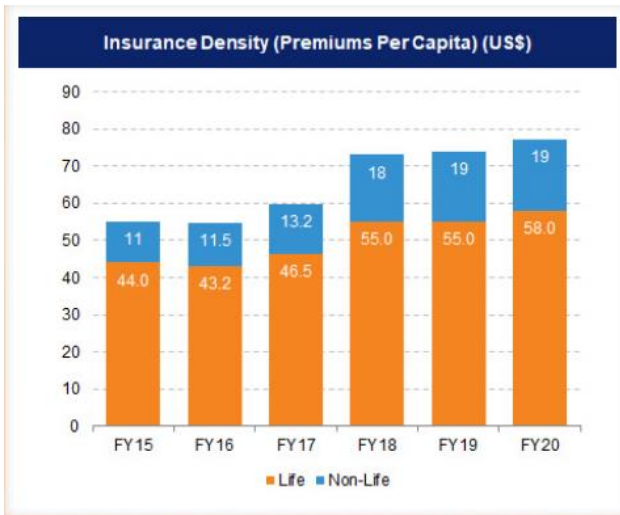


Figure 2: India’s insurance penetration

“While glancing into the formalities of the market we observe advancement in the general insurance sector, but on the other side

it has noticed a limited gain in the market in comparison to the previous year”[9].

#### 4. PROFIT MARKET FOR NON-LIFE INSURANCE OR GENERAL INSURANCE

##### Objective:

“The researcher efforts on this field to analyze the international arena and the ambit for Indian companies to risk into foreign nations” [9].

Indian General Insurance Companies venturing into international market:

The growth in insurance premiums is not uniform across the nation. For instance, as per the Insurance Regulatory and Development Authority of India (IRDAI) report (2014-15), four states – Maharashtra, Tamil Nadu, Karnataka, and Delhi UT – accounted for 62% of the total health insurance premium, leaving the 32 other states/UTs to account for just 38%. Of these, again, the eight states in the northeast contributed a meagre 0.6%. That’s how skewed the distribution and growth of health insurance has been [10].

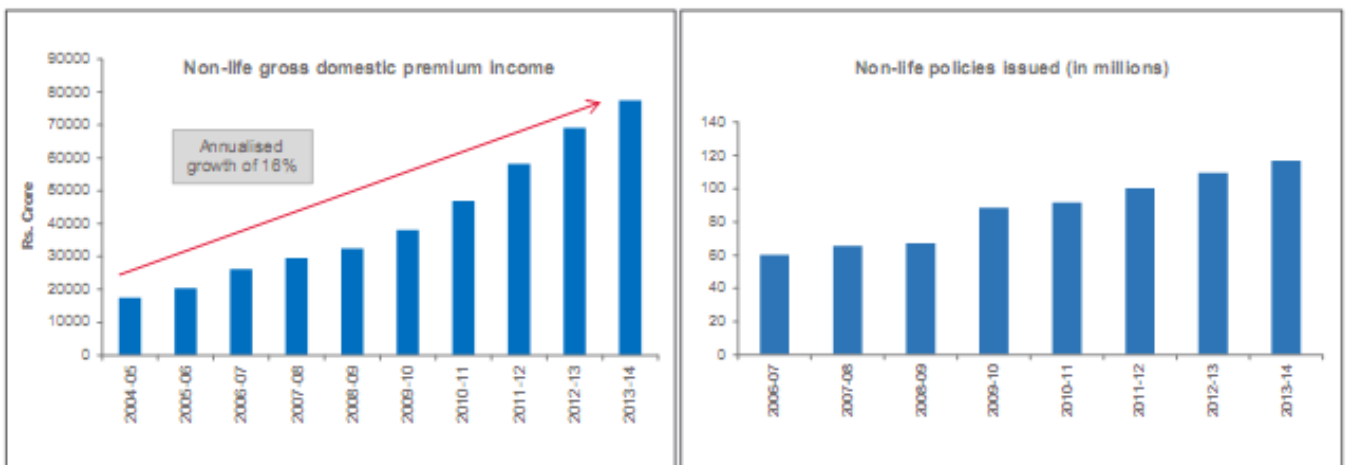


Figure 3: Growth of non-life insurance  
Source: General Insurance Council Yearbook, 2013-14

India shares a little spot in the worldwide non-life industry. Despite the fact that India's portion of the worldwide non-life industry is a minute 0.7%, development as far as premium is higher than that in both high level and developing business

sectors. In any case, India's non-disaster protection premium to GDP proportion is an extremely low 0.8% compared with the worldwide proportion of 2.8%.

Table 2: Non-life premium volume in USD (bn) (Source: Swiss Re Sigma, World Insurance Report0)

Region/Country	2014	2004
Advanced economies	1707	1247
Emerging markets	417	148
Asia	425	181
India	15	4
World	2124	1395

#### 5. MOTOR INSURANCE DOMINATES IN INDIA

Thus, India's non-extra security industry is overwhelmed by engine protection (44%), trailed by wellbeing (25%). Engine OD premium has developed at 14.2% CAGR between 2006-07 and

2013-14, while engine TP premium has developed at a higher CAGR of 24.2%. The expenses are supposed to ascend because of the normal development in deals of homegrown vehicles and utility vehicles (11-13% CAGR from 2014-15 to 2019-20, in the

wake of recording 6% CAGR in the last 5 years) [1].

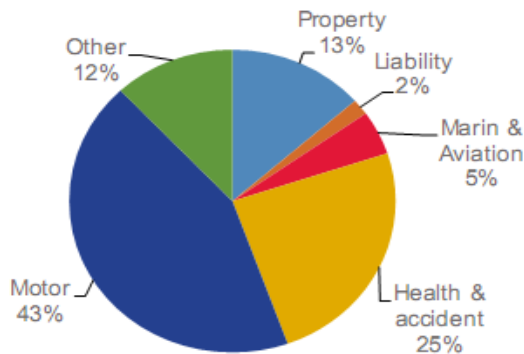


Figure 4: Segment wise share of non-life insurance in India (Source: General Insurance Council Yearbook, 2013-14)

**The key Products to Focus in the International Market:**

As per current market situation as finished up by the IRDA the generally speaking non-life coverage premium in genuine circumstances (barring expansion) denoted an increase of 2.16 in the year 201216. "The worldwide viewpoint report has demonstrated that there would be a chance to go amiss towards the developed Asian nations and China would rank second biggest protection market after U.S.A and this cycle will go on till 202317"[11].

**6. BRIEF INTRO TO MICRO-INSURANCE**

Micro-insurance has demonstrated that there would be a chance to go amiss towards the developed Asian nations and China would rank second biggest protection market after U.S.A and this cycle will go on till 202317"[11].

Table 3: Micro-insurance V/S Macro-insurance

Parameters	Micro-insurance	Macro-insurance
Payment schedule	Flexible payment schedule	Rigid payment schedule
Premium	Minimum premium Decided according to the financial status of the policy holders	Premium according to the product tariff rates.

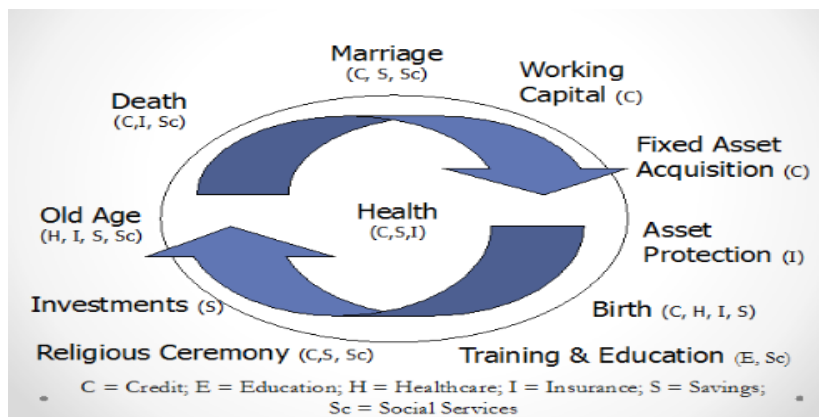


Figure 3: A brief intro to micro-insurance

**6.1 Scope of Indian General Insurance Companies in to International Market**

India, being one of the biggest economies in the global market is being designated as the 10th largest country in terms of premium collection amongst 88 countries but is the framework sufficiently capable to challenge with the insurance agency in unfamiliar market in the global gathering? With roughly around 40% of motor vehicles not being insured and 20% of inputs to GDP MP is from the Indian general insurance companies which are nurturing at a fast[9,10,11].

Figure 3: Premiums Market Share

**7. SUGGESTIONS**

"SEBI was to be given the control for Uli's. In the time of 2010 the competition between the IRDA and SEBI was settled out and it was presumed that the IRDA would be the solitary domain to have superiority over the ULI's, but this would create an extensive chaos for the foreign general insurance companies. While getting to into the unfamiliar market is that the General protection businesses might need to go into association or joint endeavor with the elements wandering into unfamiliar markets"[3,5]

**8. CONCLUSION**

The Indian General Protection market to take a push forward towards these economies through the AIFTA and let their economy gain and get a benefit procuring market through risk capital investment in the Insurance market. Till date we have observed foreign insurance companies engaging into Indian markets and having share of 24% of FDI being allowed in the Indian market with being foreign capital in the Indian market. The prime motive being Insurance is not a Product that essential manufacture price it is a contract to indemnify the loss or peril.

**REFERENCES**

[1] Go swami, P. (2007), "Customer Satisfaction with Service Quality in the General Insurance Industry in India," Isai Journal of Management Research, vol.2, pg-331-342,  
 [2] Goal, K. (2004), "Growth of Private Insurance companies," journal of economics, vol.3, pg. No.233-241, <http://business.highbeam.com/436091/article-1G1-197342226/private-insurance-companies-shows-continued-strong>  
 [3] Jain, A.K. (2004), "Indian General insurance industry: After LPG," The Journal of Insurance Institute of India, Vol.XXX, July-Dec.2004, Page No.53.

- [4] Krishnamurthy, S. (2005), "Insurance Industry in India: Structure, Performance, and Challenge," vol.30 No.3,pg 85-96,
- [5] Rajendra, R, ,Natarajan,(2009), "The Impact of LPG on General Insurance Corporation of India,"
- [6] Rao, S. (2000), "The Indian Insurance Industry the Road Ahead," Journal of Insurance Chronicle Vol.III, Issue-I, Jan.2007, Page No.31. [www.icssr.org/rao2000/insurance.htm](http://www.icssr.org/rao2000/insurance.htm)
- [7] Ray, Subcases and Pathak A. (2006), "Strategizing the Exposure Mix in Various Communication Channels for Enhancing Visibility in the Indian Insurance Industry," Isai Journal of Management Research, Vol. 5, No. 10, pp. 7-17.
- [8] sasidharn, S.(2005), "Insurance Sector in India," [http://www.indianmba.com/Occasional\\_Papers/OP85/op85.html](http://www.indianmba.com/Occasional_Papers/OP85/op85.html)
- [9] Sinha, Tapen. (2005), "The Indian Insurance Industry: Challenges and Prospects" Institute Technologic Autonomy de México (ITAM) - Division of Actuarial Science, Statistics and Mathematics; Nottingham University Business School.[http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=792166](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=792166)
- [10] Sinha, Ram Pratap. (2007), "Productivity and Efficiency of Indian General Insurance Industry" ,ICFAI Journal of Risk & Insurance, Vol. 4, No. 2, pp. 33-43, April 2007.
- [11] Annual Reports of GENERAL INSURANCE (from 1999 – 2008).