Assistant Professor, Department of Commerce, Sri Ramakrishna College of Arts and Science (Autonomous), Coimbatore – 6.

Dr. N. Saranya*[5] *, A

ssistant Professor, Department of Commerce CA, KPR College of Arts Science and Research, Coimbatore.

Abstract

Insurance is necessary because the business environment, both in the life and non-life insurance sectors, is characterised by risk and unpredictability. In risk mitigation, it is essential, and it has grown into a method of protecting people's interests from financial loss and uncertainty through time. It may be regarded as a social device that helps to decrease or eliminate the danger of loss of life or property as a result of an accident. Because it ensures that a process runs smoothly, insurance contributes significantly to a society's economic development by maintaining process stability. Through the expansion of financial resources, the insurance business helps the development of financial institutions while also lowering the risk. As a result of this background, the emphasis of this article is on the prevalence and density of insurance in India.

Keywords: Insurance, Penetration and Density.

Introduction

The insurance industry in India has seen substantial growth over the last decade, thanks to the introduction of a wide range of complicated products and services. There has been a vigorous contest as a consequence, with a positive and healthy ending.. The insurance business in India is critical to the country's overall economic well-being. Consumers' savings chances are improved, their future is protected, and the insurance business benefits from the creation of a large pool of assets. With the assistance of these funds, the insurance business provides a considerable contribution to the financial markets, resulting in increased large-scale infrastructure development in India.

India's insurance penetration is now 3.7% of GDP, compared to the global average of 6.31%. In India, the life insurance industry is increasing at a rate of 11% to 12%. General insurance is rising at an annual rate of up to 18%. The average annual growth rate for solo health insurance is 35%. The government distributes money to the middle class and workers through

lowering taxes in the budget. This will assist the insurance industry as well, albeit in a more indirect manner, with the expectation of increased penetration. Experts inside the insurance business believe that an increase in government funding in the healthcare sector would aid in closing the large protection gap and making insurance more affordable. Rawal et. al (2021), Poongodi M et. al(2022), Poongodi M et. al (2021), Dhiman P et.al (2022), Sahoo S.K et.al (2022), K.A et. al(2022) , Dhanraj R.K et. al (2020), Poongodi M et. al (2019), Poongodi M et. al (2020), M. M. Kamruzzaman et. al (2014), M. M. Kamruzzaman et. al (2021), Md Selim Hossain et. al (2019), Mingju Chen et. al (2019)

Review of Literature

Rajender kandukuri (2015) this articles study about the development of India's Insurance penetration form the year 2001 (2.71%) upto year 2009 (5.20%). Because of legislative changes and unfavourable market circumstances, the penetration level decreased from 3.9 percent in 2013 to 3.3 percent in 2014. In 2015, the overall penetration rate was 3.4 percent, compared to a global average of 6.2 percent in the same year. An effort has been made in this paper to examine permeation throughout the globe with particular reference to the role.

Saurav Dash, Rudra P. Pradhan, Rana P. Maradana, Kunal Gaurav, Danish B. Zaki, Manju Jayakumar, (2017) this paper over the period 1980–2014, this study investigates the causal link between insurance penetration and per capita economic process in 19 European Union nations. IMP and the per capita incomes process are seen to have both unidirectional and bidirectional causation based on the findings. During the time period under consideration, these findings are often non-uniform among the nations of the Eurozone. The policy conclusion is that economic plans should take into account the inequalities that exist between the insurance industry and the per capita economic process in order to ensure that the Eurozone continues to expand in a sustainable manner.

Jayabrata Ghosh (2020) this article is an effort to demonstrate the movement of the volume of life insurance business in India as a result of the reformation of the sector in the year 2000, which had the goal of bringing in the private industry into the life insurance industry. In addition, a worldwide comparison of the situation of life insurance penetration and density in the year 2017-2018 is being conducted as part of this study.

Venkatesh Ganapathy (2021) A need for researching and assessing the insurance service supply chain exists, and the advantages of doing so are highlighted for the industry as a whole in this study. More research investigations are required to present a conceptual model to

describe the relevance of the blended supply chain notion in the insurance business and how this method might contribute to national health. The results, on the other hand, are normative in character.

Objectives of the study

- • To conduct research about the prevalence and density of insurance industry in India.
- • To do research on the Indian insurance industries, including life and non-life..

Research Methodology

This paper is fully based on secondary data and information published by several governmental and private institutions namely IRDAI Annual Report, policyholder.gov.in, outlook-asia-pacific, etc.

Insurance Penetration and Density

When calculating healthcare density, take into consideration the ratio of premium to population (per capita premium), and when calculating penetration, take into consideration the proportion of insurance costs to GDP. When a nation's insurance penetration and density are measured, it shows the rate of expansion of the insurance industry in that nation.

Life Insurance Sector

Since 2001, the insurance density of life insurance has increased from USD 9.1 to USD 55.7 per dollar of insured value in 2010. The trend was downward until the year 2013, after which it began to rise steadily. Since 2016, it has been steadily growing. It was estimated that the level of life insurance density was USD 58, and that the penetration had increased from 2.15 percent in 2001 to 4.60 percent in 2012. (2009). Since then, it has followed a downward pattern until the year 2014, and then an upward trend from 2015 to 2017. Following a little decrease in 2018, it was raised to 2.82 percent in 2019. This follows a tiny decrease in 2018.

Non-Life Insurance Sector

The penetration of the non-life insurance sector in the country has increased from 0.56 percent in 2001 to 0.94 percent in 2019, and the concentration has increased from USD 2.4 in 2001 to USD 19 in 2019. The infiltration of the non-life health coverage industry in the region has increased from 0.56 percent in 2001 to 0.94 percent in 2019.

Industry

This industry has recorded a rise in insurance penetration over the first decade of liberalization, with the rate rising from 2.71 percent in 2001 to 5.20 percent in 2009. Percentage of the population with internet access decreased, reaching 3.30 percent in 2014. In the period 2015 to 2019, insurance premiums increased from 3.76 percent to 3.76%. Since 2001, the insurance density has increased from USD 11.5 per 1,000 people to USD 64.4 per 1,000 people in 2010. This density has been decreasing up until 2016, then it began to grow starting in 2017.

Indian Insurance in the Global Scenario

During the year 2019, India's share of the global insurance industry was 1.69 percent (1.58 percent in 2018). Total insurance premium (both life and non-life) increased by 9.21 percent (6.9 percent inflation-adjusted adjusted real growth) in the year 2019, whereas global total insurance premium increased by 2.34 percent (2.9 percent inflation adjusted eal growth) in the same year (Uma Shankar Yadav, Nasir Mammadov, & Ravindra Tripathi, 2022).

Over the course of the year 2019, the percentage of life insurance business in total premiums was 46.34 percent, while the share of non-life insurance premiums was 53.66 percent worldwide. With a 74.94 percent share of the life insurance market, India ranked first in the world, while the non-life insurance sector accounted for 25.06 percent of the total.

Based on information given by Swiss Re, the life insurance industry in India ranks 10 out of 88 countries in which data is available. During the year 2019, India's share of the global life insurance market was 2.73 percent. Compared to the previous year, the life insurance premium in India climbed by 9.63 percent (7.30 percent inflation adjusted actual growth) in 2019, while the worldwide life insurance premium increased by 1.18 percent (2.20 percent inflation adjusted real growth).

During the year 2019, the Indian non-life insurance industry saw growth of 7.98 percent (5.70 percent inflation adjusted actual growth). 3.35 percent gain in the worldwide non-life premium was recorded over the same time period (3.50 percent inflation adjusted real growth). Non-life insurance premiums in India were 0.79 percent of worldwide non-life insurance premiums, placing India 15th in terms of non-life insurance market size in 2015.

COVID-19 Pandemic Crisis

Because of the crisis, the insurance industry will have a near 3 percent point deceleration in average annual worldwide premium growth in 2020 and 2021 compared to pre growth trajectory, according to sigma prediction.

The life insurance industry will be more adversely impacted than the non-life insurance industry. Despite the fact that worldwide life premiums growth slowed to 2.2 percent in 2019, it was still much higher than the 1.5 percent average of the preceding ten years. The crisis will cause life strong example to decelerate by 4.5 percent in 2020 and 2021, resulting in a 1.5 percent shrinkage of the overall market in those years. The need for group and individual savings businesses will increase as unemployment and wages rise, whereas the demand for individual mortality businesses should remain unchanged (Boikova A.V. 2020).

Premium increase in non-life insurance was 3.5 percent in 2019, which was somewhat higher than the 10-year average. Swiss Re forecast a 1.1 percentage point slowdown in premiums increase, resulting in an aggregate sector expansion of 1.6 percent for the 2020-21 period.

Conclusion

The insurance industry contributes significantly to the growth and shape of our country's economy. It is one of the chances for individuals to save money and invest in their future, as well as contributing to the growth of India's capital markets. India scored 10th in life insurance and 14th in non-life insurance when compared to other countries. When compared to the financial year 2020 (3.76%), the contribution of insurance to GDP has increased to 4.2 percent in the financial year 2021[7]. During the pandemic, insurance penetration in both the life and non-life insurance sectors increased. Life penetration has grown from 2.8 percent to 3.2 percent, while non-life penetration has climbed from 0.94 percent to 1 percent. In Future, we should expect tremendous changes in the Indian economy with implications for the person, sector, and nation.

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