

Performance of Insurance Industry in India: A Critical Analysis

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INTRODUCTION

In India economic activities are being propelled by the process of globalization, which has integrated regional economics societies and cultures driven by a global network of communication transportation and trade. In general as economics become more connected to other economics, not only the opportunities have increased but competitors also has increased to significant extend through liberalization has facilitated cross border capital flow an form of flow of investment similarly the lives of people also changed so insurance industry is very important in India.

Specific contribution of insurance industry and the process of economic growth both in developed and developing countries as well as to the well being of poor in particular.

INSURANCE INDUSTRY IN INDIA

It is the feeling of common man in India that insurance is a mechanism for managing the risk. There is good empirical and theoretical evidence that insurance sector influence economic development of India (Monalisa Ghosal, 2012; Anit Kumar Chakra Barth, 2006)

The insurance industry in India consists of 52 insurance companies of which 24 are in life insurance business and 28 are non-life insurance.

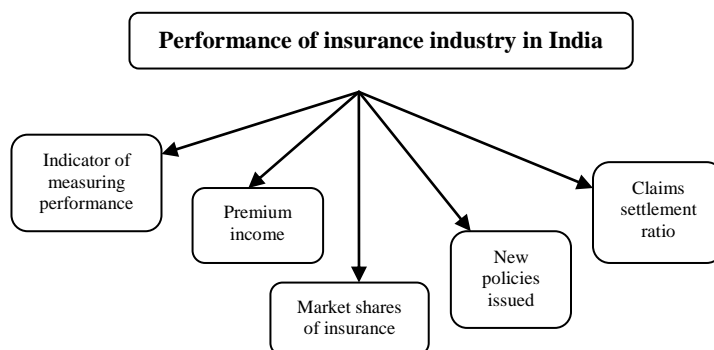
However the annual report 2012-13 of the IRDA observed that the prospects of life insurance business in India are still not satisfactory.

INTERNATIONAL COMPARISON

The negligible growth rate and contribution of life insurance industry in India can be attributed to the low insurance penetration and density compare to other country India have a still low growth.

India has the lowest insurance penetration and density when compared to the selected countries in the world. They are even low compared to the world average. It can be observed that in unites states the non-life insurance penetration and density are high and in Switzerland the non life insurance density.

Insurance density accounts for around 83.0 percent of the total density.



Premium income

There are 53 insurance companies operating in India as on march 2014 of which 24 are in insurance business and 28 are in non life insurance business and GIC is the sole national reinsurer.

The total premium income recorded in the insurance industry has been increasing in the recent years.

Market shares

Market shares on the basis of premium income of life and non-life insurance industry in India. The share of public sector has decline compare to a private sector.

Market shares of private insurers have increased both in life and non life insurer. Here private sector has done good performance.

New policies issued

The no of policies issued represent the spreading capacity of the insurance industry by attracting the people toward the insurance products.

Claim settlement ratio

The performance of life insurance industry primarily depends on two important factors one is underwriting and other is settlement of claim.

Life insurance contact is an agreement wherein insurer agree to pay a certain sum to insurer upon happening of an event specify upon a policy and upon nature and condition of policy.

CONCLUSION

It is quite clear from the above discussion that the insurance penetration and density is very low compared to the global position and that exists in the developed countries.

The claims settlement ratio, one of key indicator for measuring the operational efficiency of insurance. Industry shows that LIC has fared well in terms of high settlement ration of individual and group death claims, compared to private insurer.

REFERENCES

- [1] Management and business studies Vol:3, No.4 PP413-422
- [2] IRDA (Act)
- [3] The insurance Act,1938