3

Insurance Market in India

Opportunities and Challenges[1]

Debaditya Mohanti | Satish V. Hegde

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3.1. Introduction

The insurance sector plays a crucial role in an economy's macroeconomic development, a fact long acknowledged in global policy discourse. One of the earliest recognitions of this role can be found in the proceedings of the United Nations Conference on Trade and Development (UNCTAD, 1964). In India, the insurance industry has evolved dynamically, with total insurance premiums rising significantly in comparison to several global counterparts.

Despite this growth, insurance penetration and density in India remain relatively low. For the fiscal year 2022–23, insurance penetration stood at 3.7%, and insurance density was USD 95 (Insurance Regulatory and Development Authority of India (IRDAI, 2024). These figures, especially when compared to other countries, highlight the largely uninsured status of a significant segment of India's population and indicate the existence of a substantial insurance gap. The limited penetration is often attributed to factors such as household budget constraints, adverse selection, moral hazard, and issues of affordability.

Although India's insurance penetration and density remain below global benchmarks—both in the life and non-life segments—recent trends indicate a slow but steady increase. Over the years, the sector has undergone considerable transformation, catalysed by a series of policy and institutional reforms. These include the nationalisation of life and general insurance businesses, the establishment of the Insurance Regulatory and Development Authority (IRDA), liberalisation measures permitting private and foreign players, and the relaxation of foreign investment norms. These developments have shifted the sector from a state-controlled monopoly to a competitive, market-driven industry.

As of 2024, India's insurance industry comprises 73 insurers, including 26 life insurance companies and 47 non-life insurers, such as reinsurers and specialised insurers (IRDAI, 2024). The life insurance segment continues to dominate the Indian market, accounting for 74.1% of total premiums, with the non-life segment contributing the remaining 25.9% (IRDAI, 2024). Over the past 17 years, the sector has witnessed a compounded annual growth rate (CAGR) of approximately 16.5%. Nevertheless, in 2024, India accounted for only about 2% of the global insurance market, underscoring the sector's underdevelopment relative to more advanced economies, despite the extensive reform efforts.

This chapter seeks to provide a comprehensive examination of the development and performance of the Indian insurance sector, while also addressing the key challenges it currently faces. Section 3.2 discusses the history and evolution of the Indian insurance sector. Section 3.3 presents an overview of India's position within the global insurance landscape,

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highlighting its comparative performance and emerging role in international markets. Section 3.4 follows with an analysis of insurance penetration and density, which serve as important indicators of the sector's reach and growth potential. Section 3.5 explores the business and financial performance of the life insurance segment, offering insights into market dynamics and operational efficiency. Section 3.6 shifts focus to the general, health, and specialised insurance segments, assessing their respective contributions and financial outcomes. Finally, Section 3.7 identifies the principal challenges confronting the Indian insurance industry and concludes with observations on potential policy directions and sectoral reforms.

3.2. History and Evolution of the Indian Insurance Sector

The insurance industry in India has a long history, with its origins traceable to the 19th century. During this early period, the market was predominantly served by British insurance companies, which were primarily concentrated in major urban centres (Gupta et.al. 2016). A significant regulatory milestone came with the Indian Insurance Companies Act of 1928, which empowered the government to collect statistical data on both life and non-life insurance businesses operated by Indian and foreign insurers, including provident societies. This laid the groundwork for more comprehensive oversight. The Insurance Act of 1938 marked the first all-encompassing legislation in the sector, aiming to consolidate previous laws and safeguard policyholders' interests by enhancing regulatory control over insurers (Hasan, 2015). At the time, the sector was largely dominated by foreign players. In the post-independence period, the Life Insurance Corporation of India (LIC) was established in 1956 through the nationalisation of 245 entities—including 154 Indian insurers, 16 foreign insurers, and 75 provident societies—via a government ordinance (Chandrapal, 2019). The rationale behind this move was to address the growing number of insurers, rising competition, and accusations of malpractice. During this phase, insurance products were mostly viewed as tax-saving instruments (Gupta et al., 2016).

Following the nationalisation of the life insurance sector, the general insurance business was similarly brought under government control through the General Insurance Business (Nationalisation) Act (GIBNA), 1972. As a result, the General Insurance Corporation (GIC) was established as a private company under the Companies Act, 1956, and 107 insurers (63 domestic and 44 foreign) were consolidated into four subsidiaries fully owned by the GIC (GIC, 2017). A significant shift occurred in 1993 when the Government of India formed the Malhotra Committee, headed by former Reserve Bank of India Governor R. N. Malhotra. The committee was tasked with evaluating the structure and functioning of the insurance sector and recommending reforms to increase efficiency and competitiveness. Two major recommendations emerged: (i) allowing private and foreign companies to enter the Indian insurance market through joint ventures, and (ii) establishing an autonomous regulatory authority—the Insurance Regulatory and Development Authority (IRDA)—to oversee the sector.

Subsequently, the IRDA was established as an autonomous entity in 1999 and as a statutory body in 2000. This development formally ended the monopolies held by LIC and GIC, as the IRDA Act of 1999 opened the insurance sector to private and foreign players. In August 2000, foreign ownership of up to 26% was permitted (IRDAI, 2007). The IRDA was entrusted with promoting competition in the insurance market to enhance consumer satisfaction, broaden product offerings, and reduce premiums, while also ensuring financial stability (Hasan, 2015). In the decades that followed, India's insurance landscape was influenced by broader global trends such as deregulation, intensified competition, the introduction of innovative distribution channels, and the convergence of banking, insurance, and securities services (Nayak & Mishra, 2014). To align with these international developments, the Government of India initiated several reforms aimed at strengthening and integrating the insurance sector into the global financial system. One of the most notable regulatory developments occurred with the passage of the Insurance Laws (Amendment) Bill in 2015, which introduced major reforms

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to the Insurance Act, 1938; GIBNA, 1972; and the IRDA Act, 1999. These reforms, along with product regulations implemented after 2010, contributed to changes in margins, product mix, and market behaviour. Furthermore, the adoption of an open architecture model for bancassurance in 2016 marked the emergence of a new, potentially transformative distribution channel (BCG & FICCI, 2017).

The IRDAI also passed a notification in 2002 outlining regulations for corporate agencies. Under these guidelines, banks were permitted to serve as agents for one life and one non-life insurer, enabling them to offer insurance products to their customer base. Given India's large middle-class population—estimated at over 200 million—and an expansive banking infrastructure, bancassurance is considered a viable strategy for improving insurance penetration, especially in a high-saving society such as India (Popli & Popli, 2015). Nevertheless, despite this potential, insurance penetration and density remain relatively low—a topic discussed in more detail in the subsequent sections.

A more recent structural reform was proposed in the Union Budget for 2018–19, which called for the merger of three public sector general insurance companies: National Insurance Company Limited, United India Insurance Company Limited, and Oriental Insurance Company Limited. The goal of the proposed merger was to achieve cost rationalisation, optimise resource utilisation, unlock enterprise value, and increase operational efficiency (Press Information Bureau [PIB], 2018). However, as of now, a definitive timeline for this merger has yet to be announced (Lok Sabha, Parliament of India, 2019).

3.3. Indian Insurance in the Global Scenario

India's insurance sector is among the fastest-growing globally. According to a recent Swiss Re report, India—currently ranked tenth globally—is projected to be the fastest-growing insurance market among G20 countries over the next five years (Swiss Re Institute, 2024). This optimistic outlook is attributed to factors such as robust economic growth, increasing disposable incomes, a young demographic profile, heightened risk awareness, greater digital penetration, and ongoing regulatory reforms. Notably, India, alongside Canada and Brazil, expanded its share of global insurance premiums in the previous year. Within Asia, five countries feature in the global Top 20 rankings, collectively accounting for 22% of the global market share.

Despite this positive trajectory, the Indian insurance market faced a temporary deceleration, influenced by elevated inflation levels and changes in tax regulations for high-value policies (Swiss Re Institute, 2024). In the fiscal year 2023–24, life insurance premium volumes registered a modest real growth of 0.6%. In contrast, the non-life insurance segment demonstrated more robust performance, with real premium growth of 7.9% as shown in Table 3.1. The increasing demand for term life insurance is projected to support further real premium growth, estimated at approximately 5% in the near term.

TABLE 3.1

Growth in Real Premium by Region in the World in 2023

(in per cent)

Regions	*Life (%)*	*Non-Life (%)*	*Total (%)*
Advanced Markets	-0.7	3.6	2
Emerging markets	7.8	5.3	6.6
Asia-Pacific	3.1	3.6	3.3
India	0.6	7.9	2.4
World	1.3	3.9	2.8

Source: *Swiss Re Sigma World Insurance Report* (No. 03/2024).

The Swiss Re Sigma Report projects global non-life insurance premiums to grow by 3.3% in real terms in 2024, primarily due to sustained hard market conditions (Swiss Re Institute, 2024). In 2023, premiums increased by 3.9%, a significant recovery from the 0.8% growth recorded in 2022. This acceleration was largely driven by rate hardening in advanced markets, as insurers raised prices in response to elevated claims levels. However, as claims inflation moderates, premium growth is expected to ease, with a forecasted growth rate of 2.6% for 2025. The

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projected growth will likely be supported by continued rate hardening in personal lines and strong pricing momentum in commercial lines.

The motor insurance segment, in particular, is expected to maintain its positive trajectory in 2024, following a rebound in premium growth to 5.9% in 2023, which ended three consecutive years of contraction. Conversely, health insurance premiums may decline due to the expiration of pandemic-related support policies in the United States, potentially offsetting gains in other business lines. Overall, the profitability of the non-life insurance sector is anticipated to improve, with easing inflation expected to reduce claims severity.

Health insurance accounts for nearly half of global non-life insurance premiums. In 2024, health premiums are projected to grow by 3% in real terms. This growth is supported by wage increases and rising healthcare costs that continue to outpace consumer price index (CPI) inflation, thereby maintaining upward pressure on health insurance pricing (Swiss Re Institute, 2024). Property insurance premiums are also expected to expand by 4.7% in 2024, reflecting the continuation of hard market conditions, following a 6.1% increase in 2023.

In the life insurance segment, Swiss Re forecasts global real premium growth of 2.5% in 2024, with total life insurance premiums expected to reach USD 4.7 trillion by 2034, up from an estimated USD 3 trillion in 2024. In advanced economies, this growth is expected to be driven by the savings business, as higher interest rates increase the attractiveness of savings-oriented life insurance products. In emerging markets, life insurance penetration is anticipated to rise further, propelled by a growing middle-income class seeking retirement and long-term financial planning solutions.

Overall, with sustained momentum in both life and non-life sectors, global insurance premiums are projected to grow by 3.2% in real terms in 2024, reaching USD 7.6 trillion. However, a moderation to 2.6% real growth is forecasted for 2025.

According to Sigma data, the United States continues to be the world's largest insurance market, with total premiums exceeding USD 3 trillion in 2023–24. China ranks second, with premiums totalling USD 724 billion (Swiss Re 2024). The United Kingdom has moved into third position, surpassing Japan, which now ranks fourth. France, Germany, and South Korea have maintained their respective positions in the global rankings, though each experienced a decline in market share due to negative growth and currency depreciation.

TABLE 3.2

Insurance Penetration – India vs World

(in per cent)

Regions	*Life Insurance*		*Non-Life Insurance*		*Total (Life + Non-Life)*	
	2022	*2023*	*2022*	*2023*	*2022*	*2023*
India	3	2.8	1	1	4	3.7
World	2.8	2.9	4	4.2	6.8	7

Source: *Swiss Re Sigma World Insurance Report* (No. 03/2024).

Note: The data for India is for 12 months (April 2023 – March 2024, FY2023–24), whereas global data is for the calendar year 2023.

3.4. Insurance Penetration and Density

Insurance penetration and density are widely recognised indicators used to evaluate the maturity and development of the insurance sector within an economy. Insurance penetration is defined as the ratio of total insurance premiums to gross domestic product (GDP). In contrast, insurance density refers to the per capita insurance premium, representing the ratio of premium to population.

In 2023–24, India's overall insurance penetration was recorded at 3.7%, a slight decline from 4.0% in 2022–23. The life insurance segment experienced a marginal drop in penetration, decreasing from 3.0% to 2.8%. In contrast, the non-life insurance segment maintained a steady penetration rate of 1.0% for both years. Trends in India's insurance penetration over time are shown in Table 3.3 and Figure 3.1.

Insurance density in India demonstrated a modest increase in 2023–24, rising from USD 92 in the previous year to USD 95, as shown in Table 4. Specifically, non-life insurance density grew from USD 22 to USD 25, whereas

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TABLE 3.3
Insurance Penetration in India

(in per cent)

Year	*Life*	*Non-Life*	*Total*
2014–15	2.6	0.7	3.3
2015–16	2.7	0.7	3.4
2016–17	2.7	0.8	3.5
2017–18	2.7	0.9	3.7
2018–19	2.8	1.0	3.8
2019–20	2.8	0.9	3.8
2020–21	3.2	1.0	4.2
2021–22	3.2	1.0	4.2
2022–23	3.0	1.0	4.0
2023–24	2.8	1.0	3.7

Source: Swiss Re, *Sigma World Insurance Report*, various issues.

TABLE 3.5
Insurance Density in India

(in USD)

Year	*Life*	*Non-Life*	*Total*
2014–15	44	11	55
2015–16	43	12	55
2016–17	47	13	60
2017–18	55	18	73
2018–19	55	19	74
2019–20	58	19	78
2020–21	59	19	78
2021–22	69	22	91
2022–23	70	22	92
2023–24	70	25	95

Source: *Swiss Re, Sigma World Insurance Report*, various issues.

life insurance density remained stable at USD 70. This upward trend in insurance density has been consistent since 2016–17, reflecting gradual improvements in premium affordability and distribution as shown in Table 3.5 and Figure 3.2.

According to the *Swiss Re Sigma World Insurance Report* (2024), global insurance penetration and density in the life segment were 2.9% and USD 361, respectively. For the non-life segment, these figures were 4.2% and USD 528. In aggregate, global insurance penetration and density

TABLE 3.4
Insurance Density – India vs World

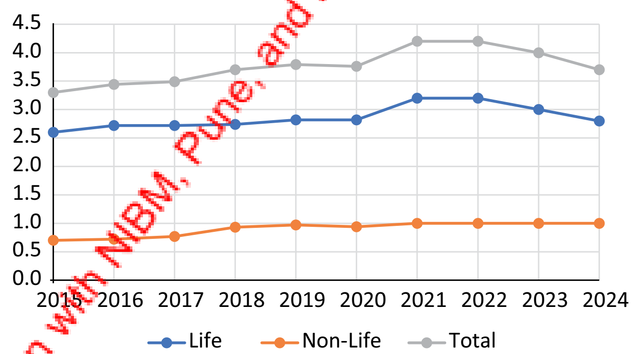
(in USD)

Region	*Life Insurance*		*Non-Life Insurance*		*Total (Life + Non-Life)*	
	2022	*2023*	*2022*	*2023*	*2022*	*2023*
India	70	70	22	25	92	95
World	354	361	499	528	853	889

Source: *Swiss Re Sigma World Insurance Report* (No. 03/2024).

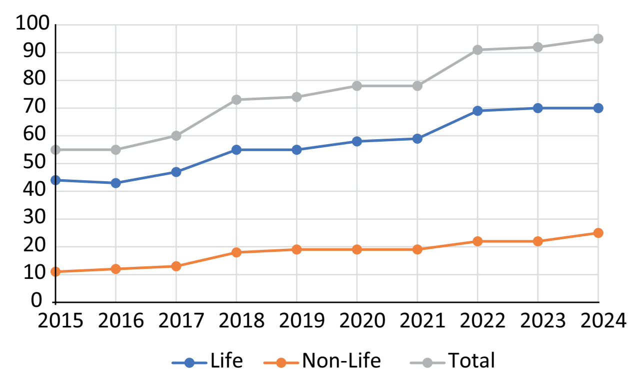
Note: India's data is for FY2023–24 (April 2023 to March 2024); global data is for calendar year 2023.

FIGURE 3.1
Insurance Penetration in India (in per cent)



Source: Swiss Re, *Sigma World Insurance Report*, various issues.

FIGURE 3.2
Insurance Density in India (in USD)



Source: Swiss Re, *Sigma World Insurance Report*, various issues.

stood at 7.0% and USD 889, respectively, in 2023. Estimates of insurance penetration and density in India, as compiled from various editions of the Swiss Re Sigma reports, are summarised in the accompanying tables.

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3.5. Business Performance of the Life Insurance Sector

The Indian life insurance market has demonstrated consistent premium growth over recent years. In 2023–24, the life insurance industry reported a total premium income of ₹8.30 lakh crore, reflecting a year-on-year growth of 6.06% as shown in Table 3.6. The private sector life insurers recorded a robust premium growth of 15.05%, whereas the public sector life insurer reported a marginal growth of 0.23%.

TABLE 3.6

Total Premium of Life Insurers (₹ Crore)

Year	*Public Sector*	*Private Sector*	*Industry Total*
2022–23	4,74,668	3,07,836	7,82,504
2023–24	4,75,752	3,54,178	8,29,929

Source: IRDA Annual Report 2023-24 (IRDAI 2024).

Renewal premiums accounted for 54.41% of the total premium underwritten in 2023–24, while new business premiums contributed the remaining 45.59%. The growth rate for new business premiums was recorded at 1.93%, compared to 9.79% for renewal business. Single premium products continued to form a significant portion of the total premium, especially for the public sector insurer, where they constituted 38.60% of total premiums. For private sector life insurers, the corresponding share was 22.38%.

The Life Insurance Corporation of India (LIC) remains the only Indian life insurer conducting business overseas. In 2023–24, LIC collected ₹476.25 crore in premiums from its international operations. In terms of product classification, non-linked products contributed ₹7.08 lakh crore—accounting for 85.36% of the total premium underwritten—while linked products comprised the remaining 14.64%. Traditional (non-linked) product lines grew by 4.56%, whereas linked products experienced a significantly higher growth rate of 15.73%.

The life insurance segment constituted 79.88% of the total life insurance premium portfolio, while the pension and annuity segments collectively accounted for 19.74%. During the year, life insurers issued a total of 291.77 lakh new individual policies. Of these, the public sector insurer accounted for 203.93 lakh policies (69.89%), while private sector life insurers issued 87.84 lakh policies (30.11%). The private sector insurers reported a 9.23% increase in policy issuance compared to the previous year, whereas the public sector insurer witnessed a slight decline of 0.18%. Overall, the industry achieved a growth rate of 2.48% in new policy issuance.

Financial Performance of Life Insurers

As of 31 March 2024, the total paid-up capital of the life insurance sector in India stood at ₹37,073 crore, marking a 6.05% increase compared to the previous year. This growth was primarily driven by a capital infusion of ₹980 crore into Tata AIA Life Insurance Company Limited, along with a combined investment of ₹429 crore by three new entrants—Acko Life Insurance Limited, Credit Access Life Insurance Limited, and Go Digit Life Insurance Limited. Additionally, eight other life insurers contributed a total of ₹707 crore in fresh capital. Consequently, the net increase in paid-up capital for the fiscal year 2023–24 amounted to ₹2,116 crore.

During the same period, two private sector life insurers raised ₹299.50 crore under other forms of capital. As of 31 March 2024, the total capital raised under this category amounted to ₹5,231.50 crore. The life insurance industry recorded a 59% increase in total investment income (comprising both policyholder and shareholder income), including capital gains and other revenues, reaching ₹6.19 lakh crore. This surge was led by a 220.12% increase in investment income by private sector life insurers, while the public sector life insurer reported a more moderate growth of 21.29%.

In terms of profitability, 18 life insurance companies reported positive earnings for 2023–24. The industry's aggregate profit after tax (PAT) rose by 10.79%, from ₹42,788 crore in 2022–23 to ₹47,407 crore in 2023–24. The public sector life insurer posted a profit increase of 11.75%, whereas private sector life insurers collectively registered a 5.32% rise in profits. Dividend payouts for the year included ₹1,549.83 crore from

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private sector insurers and ₹4,427.50 crore from the public sector life insurer (including interim dividends).

IRDAI issued the Expenses of Management of Insurers Transacting Life Insurance Business Regulations, 2023, which established allowable limits for expenses of management based on product type, premium paying term, and policy duration. Out of 26 life insurers, 17 complied with these regulatory limits. Eight insurers exceeded allowable expense limits for participating and non-participating (including linked) business; their requests for regulatory forbearance are currently under review. Overall, the industry reported total management expenses of ₹1.40 lakh crore, representing 16.94% of total premium income.

Commission expenses also increased significantly in 2023–24. Life insurers paid ₹51,524 crore in commissions, reflecting a 21.74% rise over the previous year, despite overall premium growth of only 6.06%. As a result, the commission expense ratio (commission expenses as a percentage of premium) rose from 5.41% in 2022–23 to 6.21% in 2023–24. Operating expenses of life insurers decreased slightly by 0.45% to ₹89,044 crore. The operating expense ratio (operating expenses as a percentage of gross premium underwritten) improved, declining from 11.43% in 2022–23 to 10.73% in 2023–24.

3.6. Business Performance of the General, Health, and Specialized Insurance Sectors

In the fiscal year 2023–24, the non-life insurance industry in India underwrote a total direct premium of ₹2.90 lakh crore, representing a growth of 12.76% over the previous year. Public sector general insurers contributed ₹90,252 crore, an increase of 8.88% from ₹82,891 crore in 2022–23. Private sector insurers, including standalone health insurers, collectively underwrote ₹1.88 lakh crore in premiums, up from ₹1.58 lakh crore in the previous year.

Among the 24 private non-life insurers (including standalone health insurers) operating during 2023–24, all reported an increase in premium underwritten compared to the previous fiscal year. Specialised insurers underwrote gross direct premiums amounting to ₹11,211 crore. Market share distribution indicates that public sector general insurers accounted for 35.03% of the total, while private sector insurers contributed the remaining 64.97%.

Three public sector insurers—excluding United India Insurance Company—are engaged in underwriting business outside India. The total premium underwritten abroad by these companies reached ₹3,939 crore in 2023–24, compared to ₹3,434 crore in 2022–23, reflecting a growth rate of 14.72%.

Within the non-life insurance domain, the health insurance segment emerged as the largest contributor, accounting for 40.29% of the total premium underwritten, up from 38.02% in 2022–23. The segment registered a year-on-year growth of 19.50%, slightly lower than the 21.32% recorded in the previous year. The motor insurance segment followed, reporting a 12.91% annual growth, with premium collections rising from ₹81,280 crore in 2022–23 to ₹91,780 crore in 2023–24. Consequently, the motor segment's share in total premiums slightly increased to 31.68%, compared to 31.64% in the previous year.

Other non-life segments showed mixed performance. The fire insurance segment experienced a growth of 7.27% in premium collections, while the marine insurance segment reported a modest increase of 0.65% in 2023–24.

Financial Performance of General, Health, and Specialised Insurers

As of March 31, 2024, the combined paid-up capital of all non-life insurers in India stood at ₹42,245 crore, reflecting an increase from ₹40,375 crore in the previous fiscal year. During 2023–24, general and health insurers collectively infused ₹1,870 crore in equity capital. Of this, private sector general insurers contributed ₹1,065 crore, while standalone health insurers added ₹805 crore. In addition to equity capital, general insurance companies raised ₹1,687 crore under Other Forms of Capital during the year. The cumulative total under this category amounted to ₹6,014 crore as of March 31, 2024.

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Commission and operating expenses constituted a significant portion of the total expenditure. Gross commission expenses for 2023–24 were as follows: ₹7,359 crore for public sector general insurers, ₹26,235 crore for private sector general insurers, ₹5,940 crore for standalone health insurers, and ₹66 crore for specialised insurers. Together, these amounted to ₹39,601 crore. The operating expenses of non-life insurers declined to ₹38,653 crore in 2023–24 from ₹54,862 crore in 2022–23, representing a reduction of 29.55%. The breakdown of operating expenses was: ₹14,658 crore for public sector general insurers, ₹17,482 crore for private general insurers, ₹5,765 crore for standalone health insurers, and ₹747 crore for specialised insurers.

During 2023–24, one private insurer remained within the exemption period under the Expenses of Management (EoM) norms, as it had not completed five years of operations. Among the remaining insurers, 16 were compliant with the regulations, while 15 were non-compliant and their applications for forbearance are under review. Additionally, Reliance Health Insurance Ltd.'s business portfolio was transferred to Reliance General Insurance Co. Ltd. Two newly licensed insurers—Narayana Health Insurance Limited and Galaxy Health and Allied Insurance Company Limited—had not commenced operations during the year.

The investment income of all non-life insurers grew by 13.62%, rising to ₹44,129 crore in 2023–24 from ₹38,839 crore in the previous year. The sector-wise breakdown of investment income growth was as follows: public sector insurers (3.40%), private sector insurers (24.49%), standalone health insurers (37.74%), and specialised insurers (10.66%). Underwriting losses for non-life insurers declined to ₹28,555 crore in 2023–24, from ₹32,797 crore in 2022–23—a reduction of 12.93%. Public sector insurers accounted for 66% of the total underwriting losses, amounting to ₹18,862 crore. Private sector insurers contributed ₹10,758 crore. Standalone health insurers reported an increased underwriting loss of ₹723 crore, up from ₹529 crore in the previous year. In contrast, specialised insurers registered an underwriting profit of ₹1,788 crore, slightly higher than the ₹1,747 crore in 2022–23.

The aggregate profit after tax (PAT) for the non-life insurance sector rebounded sharply to ₹10,119 crore in 2023–24, compared to a net loss of ₹2,566 crore in 2022–23. Public sector companies recorded a modest profit of ₹157 crore. The PAT for private sector general insurers, specialised insurers, and standalone health insurers stood at ₹5,983 crore, ₹3,063 crore, and ₹915 crore, respectively. In terms of dividend distribution, public sector general insurers paid ₹318.06 crore in dividends. Six private sector general insurers collectively paid ₹1,403.50 crore, while specialised insurers paid ₹40 crore. Standalone health insurers did not declare any dividends during the fiscal year 2023–24.

3.7. Conclusion

India's insurance sector is poised for unprecedented growth, projected to become the sixth-largest market globally in the next decade (IRDAI). With the regulator's ambitious vision of achieving 'Insurance for All' by 2047, the focus will be on expanding financial security to underserved and low-income segments. Supported by an estimated 14% annual growth in insurance premiums over the coming years (Swiss Re), the sector has a significant opportunity to bridge critical gaps, including an 83% mortality protection gap and a 91% protection gap against natural catastrophes (Swiss Re, 2024). This transformative growth path underscores the sector's potential to strengthen economic resilience and ensure broader financial inclusion across India.

The sector has undergone a significant transformation, evolving from a fragmented and largely foreign-dominated market in the pre-independence era to a regulated, competitive, and increasingly diversified financial industry. Key policy interventions such as nationalisation, liberalisation, and the establishment of the Insurance Regulatory and Development Authority of India have played a pivotal role in shaping its trajectory. Despite this progress, India's position in the global insurance land-

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scape remains modest, accounting for a small share of the global insurance market.

The sector continues to exhibit low penetration and density rates relative to developed and emerging economies, indicating an untapped potential that remains constrained by structural and behavioural barriers. Nevertheless, both the life and non-life segments have demonstrated notable growth in recent years. The life insurance sector remains dominant, supported by a broad product base and strong institutional players. Simultaneously, the general, health, and specialised insurance segments are expanding rapidly, driven by regulatory support, evolving consumer needs, and technological innovation. Addressing challenges related to financial literacy, distribution reach, and affordability will be essential to enhancing inclusion and deepening market penetration. The Indian insurance sector is thus poised for long-term growth, provided strategic reforms and inclusive practices are sustained.

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