

# Survey on Company and Sector Wise Share (%) Of Non-Life Insurers in India

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**Abstract – Indian economy has been on a consistent high growth path in recent years and GDP growth in 2005-06 is estimated at 8.1 percent. The industrial sector has recorded a growth of 9.4 percent and agricultural sector too has bounced back showing a growth rate of 2.3 percent. The service sector has grown at 9.9 percent, and the investment climate remained buoyant for the second consecutive year. The growth of the economy is also witnessed in the insurance industry. The insurance industry mirrored the overall vigorous performance of the economy and grew at approximately 21 percent during the current year<sup>13</sup>. However, given the low insurance penetration and insurance density in the country when compared to USA, Europe, Australia and many Asian countries, substantial growth can be expected in the coming years.**

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## INTRODUCTION

The business of life insurance in India in its existing form started in India in the year 1818 with the establishment of the Oriental Life Insurance Company in Calcutta, which failed in 1834. However, the success of Indian life insurance can be traced back roughly to the second decade of the nineteenth century when the Madras Equitable began transacting life insurance business in the Madras Presidency in 1829. After that, it was a rather dull phase with regard to the growth in life insurance enterprises. Till the 70s of the nineteenth century, insurance had found no real place in the scheme of things and only certain European companies operating in parts of India did life insurance business on some scale. But Indian enterprise in this sphere later began to expand and in the last three decades of the nineteenth century the following companies were started in the Bombay Presidency: a) Bombay Mutual Life Assurance Society (1871), b) Oriental Life Assurance Company (1874) and c) Bharat Insurance Company (1896). Few other companies were also set up in other parts of India. However, this period was dominated by foreign insurance offices, which did good business in India, namely – Albert Life Assurance, Royal Insurance, Liverpool and London Globe Insurance

## REVIEW OF LITERATURE

The history of general Insurance dates back to the Industrial Revolution in the West and the consequent growth of sea-faring trade and commerce in the 17th

century. It came to India as a legacy of British occupation. British and other foreign Insurance companies through their agencies in India transacted this business. The General insurance business in India can trace its roots to the Triton Insurance Company Ltd., the first general insurance company established in the year 1850 in Calcutta by the British.

## INSURANCE DURING NATIONALIZED ERA: 1956-2000

The nationalization of life insurance is an important step in our march towards a socialist society. Its objective is to serve the individual as well as the state. The first step towards nationalization of life insurance was taken on 19 January 1956 by the promulgation of the Life Insurance (Emergency Provisions) Ordinance, 1956. Out of 145 Indian insurance companies, as many as 103 had their head offices in the four cities of Bombay, Calcutta, Delhi and Madras. When the Corporation was constituted on 1 September 1956, it integrated into one organization and controlled business of 245 different units, Indian and foreign, which were engaged in the transaction of life insurance business in India.

## MATERIAL AND METHOD

After liberalization, there are four public sector and six private sector insurers which have been operating in non-life insurance market. Later on in December 2002, two more private sector insurers

The performance up to financial year 2010 provides a view of how the non-life industry in India has performed over the years, and contributing to the insurance industry as a whole. It can be seen from the following analysis.

**Table 1**  
**Share of Non-Life Insurance Business in India**  
(Rs. In crore)

Sr.No.	Particulars	2009-10	2008-09	2007-08	2006-07	2005-06	2001-02
1	Total GDP (Life + Non-Life)	83511.94	70481.70	43329.42	34716.41	31259.62	27523.35
2	GDP of Non-Life Insurance Sector	25341.54	21007.70	18039.55	16061.33	14324.73	12383.41
3	Market Share of Non-Life Insurance Sector (%)	30.34	29.80	41.63	46.26	45.83	44.99

Source: Annual reports of IRDA, IRDA Journals. (From December 2005-March 2010) Website of IRDA ([www.irda.org](http://www.irda.org)), and Compiled from annual reports of mentioned companies: National Insurance, Oriental, New India, United India, Royal Sundaram, Bajaj Allianz, ICICI Lombard, Reliance, Tata AIG, IFFCO-TOKIO, Chalamandalam and HDFC Chubb.

Table 1 highlights the share of non-life insurance sector in total gross direct premium of insurance sector in India from financial year 2005-20010.

It is quite visible from the table that the gross direct premium of non-life insurance business is souring every year over the study period from financial year 2005-06 (Rs.12383.41 crore) to 2009-10 (Rs.83511.94 crore). The market share of non-life insurers grows from financial year 2005-06 (44.99%) to 2006-07 (46.26%), but after that there is a decline from financial year 2007-08 (41.63%) to 20082009 (29.80%). In the current financial year the non-life insurance industry advances slightly and reaches to 30.34 percent of the share in the market.

Table 2 shows the gross premium of all the non-life insurers in India along with the index of growth from the financial year 2005–10. The level of the gross premium is continuously climbing in the non-life industry. Over the years, the public sector insurers contribute maximum premium value to non-life business than the private sector insurers. But considering the growth level, the private sector insurers have been showing tremendous growth rate year on year. During the financial year 2005-06, the

non-life industry had two new entrants in the private sector, namely, Chalamandalam General Insurance and HDFC Chubb General Insurance. The public sector Export Credit and Guarantee Corporation (ECGC) got itself registered with the IRDA in the year 2005-06. In the financial year 2004-05, the growth rate of both the sectors is tremendously high (public-13.59% and private- 6904.96%), but in the year 2005-03,6the premium volume declines with a much higher growth rate in both the sectors (public- 5.57% and private 193.43%) as compared to previous year. Thereafter, the growth rate of established insurers is keep on fluctuating up and down whereas the growth rate of private insurers is on the rise every year.

In the current financial year the growth rate of private insurers (24.05%) is more than three folds of public insurers (7.18%). Among established insurers, the New India which ranks at top in premium contribution over the years shows a huge decline in growth rate year on year in year 2005-06 as compared to previous years, whereas the National insurance which shows decline in premium contribution and growth rate in financial year 2007-08, rises up with accretion of Rs. 141.23 crore, showing growth rate of 4.0 percent against -7.27 percent of the previous year.

Among all public insurers the United India shows highest growth rate of 12.85 percent followed by Oriental Insurance of 12.13 percent. Among new insurers the Reliance shows marvellous growth rate of 365.15 percent which is highest among private insurers. On the other side ICICI Lombard contributes maximum accretion of Rs.1458.34 crores with a growth rate of 91.60 percent. The HDFC Chubb which is continuously adding premium volume over the years is showing with the addition of new insurers who are playing a significantly more dominant role, in the current fiscal, in terms of expanding premium income growth, it is expected that the non-life insurance industry would continue to grow at the current rates. The non-life industry never had it so good, as now, with growth rate of 24.05 percent, and high premium incomes growing so fast.

**Table 3**  
**Company and Sector wise Share (%) of Non-Life Insurers in India**

Sr. No.	Insurers	2009-10-	2008-09	2007-08	2006-07	2005-06	2001-02
<b>Public Sector</b>							
1	National	14.46	16.77	21.06	21.11	20.17	19.70
2	Oriental	15.61	16.79	16.73	17.63	19.57	20.18
3	New India	19.31	22.81	23.34	25.19	27.37	33.90
4	United	14.04	15.02	16.32	19.10	20.72	22.46
	Total	63.43	71.39	77.45	83.04	87.83	96.24
5	ECGC	2.31	2.75	2.86	2.77	2.63	
	Sub - Total (A)	65.74	74.14	80.31	85.81	90.46	96.24
<b>Private Sector</b>							
5	Royal Sundaram	2.28	2.18	1.83	1.61	1.29	0.57
6	Bajaj Allianz	6.68	6.11	4.74	2.99	2.09	1.15
7	ICICI Lombard	12.04	7.59	4.84	3.03	1.50	0.22
8	Reliance	2.98	0.77	0.90	1.00	1.30	0.62
9	Tata - AIG	3.16	2.92	2.61	2.20	1.68	0.63
10	IFFCO - TOKIO	5.18	4.26	2.81	2.03	1.51	0.57
11	Cholamandalam	1.22	1.05	0.94	0.60	0.10	-
12	HDFC - CHUBB	0.72	0.98	1.02	0.73	0.07	-
	Sub - Total (B)	34.26	25.86	19.69	14.19	9.54	3.76
	Grand - Total (A+B)	100.00%	100.00%	100.00%	100.00%	100.00%	1.00

Source: Compiled from data of Gross Premium of health portfolio and non-life insurers from annual reports of mentioned companies: National, Oriental, New India, United India, Royal Sundaram, Bajaj Allianz, ICICI Lombard, Reliance, Tata-AIG, IFFCO-TOKIO, Cholamandalam and HDFC Chubb and IRDA Journals (From December 2002- March 2007).

Table 3 reveals the company and sector wise market share of all non-life insurers in total non-life business in India, over the study period. It is clear from the table that though the overall non-life market is on the rise, but the shares of both the public and the private sector insurers are differing a lot in their contribution. The market share of new insurers has moved up from 3.76 percent in 2005-06 to 34.26 percent in 2009-10 displaying spectacular performance with an improvement of almost ten percent over the last year. The wide disparity in the quantum premium increases of each player is perhaps indicative of the premium growth strategies of each before detariffing of rates sets in. The hunger for relentless market expansion by all the insurers is something that is a significant and a definite gain of liberalizing the insurance market. It is clearly seen that from financial year 2005-06 to 2009-10, the market share of public sector insurers is keep on falling, whereas the share of private insurers has

registered increasing trend over the study period. Among public sector insurers, the New India Assurance ranks at the top with maximum market share over the years, and among private sector insurers, the ICICI Lombard is at the top with highest market share over the period, whereas all other insurers fluctuate up and downs with their market shares over the years.

## CONCLUSION

The induction of new insurers has changed the market scenario which is now more vibrant and more demanding for better customer services. The non-life public sector insurers have been rather slow to respond to the evolving competition. The private insurers buoyed up by their success will not allow the established insurers any room to manoeuvres. The going is tough as future cannot be a continuation of the past.

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