The globalisation of financial services and liberalisation of the economy has created rippling effects on the Indian insurance market. Indian insurance industry has started to reveal its actual potential after the reforms were undertaken in 1999 as a bold step by the Government of India on the basis of the recommendations of the Malhotra Committee, 1993. The reforms led to the opening up of the sector for private companies' participation with provision for limited foreign equity exposure. We have now a decade of experience of the public and private sector together operating in the market.

The insurance market has grown at a rapid pace after opening up. The growth can be attributed to the aggressive entry of the private sector. The public sector too has prepared itself for the challenge by redrawing its priorities and revamping its strategies. Indian insurance market which was underdeveloped, in respect of insurance penetration and insurance density, compared to many other similar economies has begun to show signs of improvement, although there is still, a long way to go.

A plethora of new and innovative products catering to changing requirements of the economy have flooded the market which has empowered the customer with sufficient choices at his disposal and thus encouraged healthy competition in the industry. In order to facilitate insurance coverage to the rural areas and vulnerable sections of the society, IRDA has come up with necessary regulations from time to time relating to rural and social sector obligations, micro-insurance etc.
The market share figures indicate that private insurers are gaining foothold over the market which is an eye-opener for the public insurers. In order to retain their position in the market, public sector insurance companies, who have already improved their efficiency compared to the pre-reform period; need to devise better strategies to gear themselves up for a fierce competition ahead. The reforms have had a substantial impact not only on the Gross Direct Premium and market share but also on the underwriting results, net retentions, incurred claims, operating expenses, investment incomes, net earnings, product development and rural and social sector business of the public sector as well as private sector general insurance companies. The changing insurance dynamics present many opportunities for insurers who have to carve out well designed strategies to realise the full market potential.

The present study is an endeavour to identify the possible factors that led to reforms in the insurance sector in India and to examine the impact of reforms on the Indian general insurance industry. For this purpose, a comparative evaluation of the performance of public sector general insurance companies before and after reforms has been done followed by a comparative evaluation of the performance of public and private sector general insurers during the post-reform period. Also, an attempt has been made to calculate the efficiency of general insurers using Data Envelopment Analysis. Finally, suggestions have been offered on the basis of the gaps identified for improvement in the overall performance of general insurance industry in India.
This thesis is primarily intended to serve as an important piece of document for the IRDA and the general insurance companies operating in India. Besides, it is also hoped that the thesis shall provide a vista of new initiatives to the graduates, M.Phil. and Ph.D. scholars who intend to conduct research on the reforms in Indian economy in general and insurance in particular. This thesis is just a humble attempt on my part to contemplate a wider understanding of the emerging trends and the changing role of Indian insurance sector, thus, benefitting the community to a greater extent.

Sweta Sharma