CHAPTER-: I

Introduction
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I. Introduction

Human life is full of risks. The effective solution of reducing the burden of these risks or losses is “Insurance”. Insurance is described as a social device to reduce or eliminate risks of loss to life and property. It is a provision, which a prudent man makes against inevitable contingencies, loss or misfortune. No one can predict when an accident will occur or a fire will break out or a ship will sink. Therefore to avoid risks, insurance is necessary. Insurance works on the basic principle of risk-sharing. The Principle meaning of insurance is to share the loss of each member of society on the basis of probability of loss to their risk. It is the method to provide security against losses to the insured.

Insurance provides financial protection against a loss arising out of happening of an uncertain event. Premium is collected by insurance companies which also act as trustee to the pool. A person can avail this protection by paying premium to an insurance company. The systematic pool is created through contributions made by persons seeking to protect themselves from common risks. Any loss to the insured in case of happening of an uncertain event is paid out of this pool.

Basically, insurance is a sum of money as a premium is paid by the insured in considerations of the insurer bearing the risk of paying a large sum upon a given contingency. The compensation will be made in a certain definite sum i.e. loss or the policy amount whichever may be and the payment is made only upon a contingency.
**Definitions**

The definitions for the term Insurance are grouped into three given pattern are mentioned below:-

- **Fundamental Definitions**: Fundamental definitions look at insurance purely as “A device to minimise and compensate losses arising out of various hazards to the economic and business activities in a specific or global economic system” the perception changes in accordance with the various socio-economic developments.

- **General Definitions**: These are conceived by writers who perceive insurance as an instrument to manage and mitigate various risks associated with human activities, including one's own life.

  In other words, for an individual or a business. “Insurance is an economic device, which at a relatively specific and negligible cost, substitutes a large and unspecified financial loss, a loss one would had to absorb but for the existence of insurance.”

- **Contractual Definitions**: Contractual definitions perceive “Insurance as a legally enforceable contact of indemnity to indemnify losses that occur due to the occurrence of the given contingencies insured against.” As the contract is between the parties competent to contract, it has legal enforcement and is subject to the various national and international laws in force at the time and place of the occurrence of the event leading to the loss."
Insurance Contract

The International Accounting Standards Board (IASC) while circulating the International Financial Reporting Standards for Insurance (IFRS) in March 2004 stated the definition of insurance contract given below:

"A contract under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if specified, uncertain future event (the insured event) adversely affects the policyholder." As insurance is a contract of good faith, the proponent is bound to fully disclose to the insurer all information about the contract and not only that which the proponent thinks necessary. The Non-disclosure, suppression, misrepresentation of information, or intention to defraud etc., which is leading to the materialisation of contract in insurance will be an automatically discharge the insurer from all contractual liabilities.

The organisation agrees to pay fixed premium and in return the insurance company agrees to meet any losses which fall within the terms of the policy. This is the risk transfer mechanism and which is one of immense value not only to the industry but also to individuals. The contract that makes it obligatory for the insurer to pay the claim based on a specific, insured future event that adversely affects the insured or the policyholders, and other instruments that do not transfer significant insurance risk will be treated as financial instruments under the relevant international accounting standards norms of the country.

II. Origin and History of Insurance

Origin

The Insurance appears simultaneously with appearances of human society. There are two kinds of economies in human societies: Money Economics (With market, Money, Financial instrument and so on) and the other is non money or Natural Economics. (Without money, market, financial instrument and so on) the second type is more ancient from the first.
In such an economy and community, it is said insurance in form of people helping each other. The method of transferring or distributing was practiced by the Chinese and Babylonian traders long ago by traveling treacherous river rapid they would redistribute waves across many vessels to limit the loss due to single vessel’s capsizing.

The Babylonians developed a system which was recorded in famous code of Hammurabi 1750 BC and practiced by early Mediterranean sailing merchants, if a merchant received a loan to fund his shipments, he would pay the leader an additional sum in exchange for leader guarantee to cancel the loan should the shipment be stolen. Achaemenian Monarchs were the first to insure their people and made it official by registering the insuring process in governmental notary offices.

**History**

Thousands of years later, the inhabitants of Rhodes invented the concept of the general average. Merchant whose goods were being shipped together would pay a proportionally divided premium which was used use to reimburse any merchant whose goods were jettisoned during the storm and sinking. In 600 AD the Greeks and Romans introduced health and life insurance. Separate insurance contracts were invented in Genoa in the 14th Century for the insuring pools backed by pledges of landed estates.

Insurance became more sophisticated in post Renaissance Europe, and specialized varieties of development. Towards the end of 17th century, London’s growing importance as centre for trade increase demand for marine insurance. Mr. Edward Lloyd opened coffee house, which become a popular haunt of ship owners, merchants, ship captains, and thereby reliable sources of latest shipping news. Today, Lloyd coffee house remains a leading source in marine insurance.
Insurance regulation formally began in India through the passing of two acts, the Life Insurance Companies Act of 1912 and the Provident Fund Act of 1912. However the first comprehensive legislation was introduced with the Insurance Act of 1938 that provided strict state control over insurance business in the country. The decision of nationalization of life insurance business took place in 1956 when 245 India and foreign insurance provident societies were first merged and then nationalized. It paved the way towards the establishment of Life Insurance in order to raise the much needed funds for rapid industrialization and self-reliance in heavy industries. General Insurance followed suit and in 1968. The Insurance Act was amended for social cause to control over the general insurance business. Subsequently in 1973, Non-life insurance business was nationalized and the General Insurance Business (Nationalization) Act. 1972 was promulgated.5

During the period 1972-1991 awareness emerged that the unprecedented developments in science and application technologies led to major issue of change in the insurance sector in India. The Indian government understood that Indian insurance development is not possible in isolation and various private insurance companies should enter the insurance market in India by allowing free flow of investments, technical know-how and manpower for development in insurance sector in India.

**Indian Insurance – Global context since 1991**

Since 1991, the economic reform in India opened up the insurance market to private companies in terms of global context. The process of globalisation in insurance sector involved the gradual removal of exchange barriers and free flow of insurance services, along with wider access to information and technology services for insurance sector in India lead to expansion of insurance business in India. Globalisation and liberalisation process benefited the Indian insurance market. It opened new investment opportunities for life and pension fund managers, and with it came regulations governing the solvency and investment norms to safeguard the interest of the policyholders. Indian insurance market became a competitive market, companies started to offer better yield to policyholders and annuitants.
This also brought sophistication in the process of portfolio management techniques to the Indian insurance sector. The government of India appointed the Malhotra committee in 1993, which recommended private sector to enter in Indian insurance market. Government accepted recommendations, and allowed private sector to offer insurance cover to Indian citizens as per IRDA act 1999.

Benefits to insurance sector are mentioned below:-

- Customers got alternatives and access to more innovative products. Exposing the insurance sector to competition that benefited the customers in terms of availability of a plethora of products, both in the life and general insurance sectors, and also got advantage of competitive prices on policies issues with improved customer services.

- Agents and brokers became professional to insurance sector services. agents and brokers got specific target set by insurance companies. This lead to the availability of better services and competitive product development.

- The process of selling insurance product became more effective and widespread. the insurance industry introduced alternative channels of awareness mediums through the technology expansion in India, thereby it lead to overall benefits to the customers and insurance companies.

- The opening up of the Indian insurance industry in 2000 to private companies resulted in the inflow of foreign capital into the country and resulted in better employment opportunities in India.

- Overall growth in product pricing, service quality, and technology advancement lead to professionalism and development to insurance sector India.
The following table briefly depicts the Chronological Evolution of the Insurance Sector in India are mentioned below:-

**Table 1.1**

**Chronological Evolution of Insurance Industry in India**

<table>
<thead>
<tr>
<th>SR. NO.</th>
<th>YEARS</th>
<th>EVENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1818</td>
<td>The first insurance company, Oriental Life Insurance Co. was established in Calcutta.</td>
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<tr>
<td>2</td>
<td>1870</td>
<td>The first insurance company, Bombay Mutual Life Insurance Society, was formed.</td>
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<tr>
<td>3</td>
<td>1907</td>
<td>The Indian Mercantile Insurance Limited was formed.</td>
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<tr>
<td>4</td>
<td>1912</td>
<td>Life Insurance Companies Act and the Pension Fund Act of 1912. Beginning of formal insurance regulations.</td>
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<tr>
<td>5</td>
<td>1928</td>
<td>The Indian Insurance Companies Act was passed to collect statistical data on both life and non-life.</td>
</tr>
<tr>
<td>6</td>
<td>1938</td>
<td>The Insurance Act of 1938 was passed; there was strict state supervision to control frauds.</td>
</tr>
<tr>
<td>7</td>
<td>1956</td>
<td>The Central Government took over 245 Indian and foreign life insurers as well as provident societies and nationalized these entities. The I.I.C Act of 1956 was passed.</td>
</tr>
<tr>
<td>8</td>
<td>1957</td>
<td>The code of conduct by the General Insurance Council to ensure fair conduct and ethical business practices was framed.</td>
</tr>
<tr>
<td>9</td>
<td>1972</td>
<td>The General Insurance Business (Nationalization) Act was passed.</td>
</tr>
<tr>
<td>10</td>
<td>1991</td>
<td>Beginning of economic liberalization.</td>
</tr>
<tr>
<td>11</td>
<td>1992</td>
<td>The Malhotra Committee was set up to complement the reforms initiated in the financial sector.</td>
</tr>
<tr>
<td>12</td>
<td>1994</td>
<td>Detarifllcation of aviation, liability, personal accidents and health and marine cargo products.</td>
</tr>
<tr>
<td>13</td>
<td>1999</td>
<td>The Insurance Regulatory and Development Authority (IRDA) Bill was passed in the Parliament.</td>
</tr>
<tr>
<td>14</td>
<td>2000</td>
<td>IRDA was incorporated as the statutory body to regulate and register private sector insurance companies. General Insurance Corporation (GIC), along with its four subsidiaries, i.e., National Insurance Company Ltd., Oriental Insurance Company Ltd., New India Assurance Company Ltd. and United India Assurance Company Ltd., was made India’s National reinsurer.</td>
</tr>
<tr>
<td>15</td>
<td>2005</td>
<td>Detarifllcation of marine hull.</td>
</tr>
<tr>
<td>16</td>
<td>2006</td>
<td>Relaxation of foreign equity norms, thus facilitating the entry of new players.</td>
</tr>
<tr>
<td>17</td>
<td>2007</td>
<td>Detarifllcation of all non-life insurance products except the auto third-party liability segment.</td>
</tr>
</tbody>
</table>

Source: - Report Indian Insurance Industry (CII)  
(Confederation Indian Industry) Sept 2010 Edition Pg 06
The given table showed the Chronological Evolution of the Insurance Sector in India from the period 1818 to 2007. The table shows the important years and its events for insurance sector in India.

III. Indian Insurance Market

India’s rapid rate of economic growth over the past decade has been one of the most significant developments in the global economy. This growth traces its origin in the introduction of economic liberalization in the early 1990s, which has equipped India to exploit its economic potential and substantially raise the standard of living of its people. Together with other financial services, insurance services contributed 7% growth to the country’s GDP in 2009. A well-developed and evolved insurance sector is a boon for economic development as it provides long-term funds for infrastructural development and concurrently strengthens the risk-taking ability of the country. Further, insurance has been a notable employment generator, not only for the insurance industry, but has also created significant demand for a range of associated professionals such as brokers, Insurance advisors, agents, underwriters, claims managers and actuaries.

By the nature of its business, insurance is closely linked to saving and investing. Life insurance, funded pension systems and non-life insurance have accumulated a significant amount of capital over time, which can be invested productively in the economy. The mutual dependence of insurance and capital markets plays an instrumental role in channeling funds and investment capabilities to argument the development potential to Indian economy. India’s growing consumer class, rising insurance awareness, increasing domestic savings and investments are among the most critical factors that have positively driven the market penetration of the insurance products among its consumer segments.
However, there are large untapped areas, which have yet not benefited from the upside of insurance. Imparting financial literacy, incentivizing Indian households to transfer savings from physical assets to financial assets and taking the distribution network to rural areas are expected to help many more individuals within the insurance ambit. While insurance penetration in India is higher than that in countries such as China and Brazil, India still has a considerably long way to go.

The insurance industry market in India has visibly progressed since the time when businesses were tightly regulated and concentrated in the hands of a few public sector insurers. The shift from public sector to private sector has brought about major changes to the industry. The new era of insurance development has seen the entry of international insurers, the proliferation of innovative products, distribution channels, and the raising of supervision standards.

Three Important phases for Indian insurance market are mentioned below:

- The period post-sector liberalization, which is called as Phase I, has witnessed an unprecedented surge in the sales of insurance products, with the industry recording 24.2% in annualized premium equivalent during financial year 2000 - 2005. The insurance industry, in its first phase of development, has been relying on regular capital infusions from the promoters as its lifeline. High new business strain and expanding distribution networks have resulted in accounting losses across the industry. In order to meet their commitment towards claim settlement and reserve creation, promoters, have been into Investing additional capital, resulting in “Cash Burn.” The trade off between “Growth” and “Profitability” was heavily inclined.

- The next four to five years can be termed as Phase II, which saw players focus on an expanding product range, developing innovative products and building a robust distribution channel. During this period i.e. financial year 2005 –2009, the industry grew at 25.9%. Insurers were shifting weight from the Phase I philosophy of “Growth versus Profitability” to the Phase II
mantra of “Profitable Growth.” As a result, the focus shifted from “Growth” to “Profitability,” with product pricing becoming more rational based on more conservative assumptions. Product innovation continued and traditional policies gained some foothold in an otherwise ULIP driven market.

- The Indian life insurance industry stands at the threshold of launching its Phase III growth. The phase is marked by bringing the industry to a stable position, ensuring “Stable Profitable Growth.” Most large players will look to decelerate the pace of distribution growth and increase their focus on the retention of channel partners as well as improve channel productivity.

The insurance companies are working towards improving persistency in general insurance market. IRDA has introduced certain regulations to help improve disclosures, profitability and capital as well as ensure consumer protection. Further, the regulator is amid finalizing the norms for the Initial Public Offering (IPO) of insurance companies. In a sector where none of the players are listed, the IPO of insurance companies could be a milestone in the future growth of the sector. Risk management plays a very critical role in the insurance business. The government, regulator and the insurance companies are now focused on maintaining a favorable environment for sustainable growth, higher contribution of the industry to economic development and the increasing reach of insurance to the underdeveloped areas of the country. India is fast emerging as one of the world’s most dynamic insurance markets with significant untapped potential. The insurance sector plays a critical role in a country’s economic development. It acts as a mobilizer of savings, a financial intermediary, a promoter of investment activities, a stabilizer of financial markets and risk managers.

The life insurance sector plays an important role in providing risk cover, investment and tax planning for individuals; the non-life insurance industry provides a risk cover for assets. Health insurance and pension systems are fundamental to protecting individuals against the hazards of life, and India, as the second-most populous nation in the world, offers significant potential for that type of cover.
Furthermore, fire and liability insurance are essential for corporations to safeguard infrastructure projects and investment risks. Private insurance systems complement social security systems and add value by matching risk with price prospective. The appropriate risk pricing is one of the most powerful tools for setting the right incentives for the allocation of resources, a feature which is the key to a fast-developing country such as India. By the nature of its business market, insurance is closely related to savings and investing tools. Life insurance and non-life insurance accumulates a significant amount of capital over time, which can be invested productively in the economy. The growing demand for insurance around the world continues to have a positive effect on the insurance industry across all economies. India, being one of the fastest-growing economies (even in the current global economic slowdown), has exhibited a significant increase in per capita and disposable income. Increasing disposable income, coupled with the high potential demand for insurance offerings, has opened many doors for both domestic and foreign insurers in the Indian insurance markets.

Government intervention in the insurance market takes many forms which are direct and indirect. Its stated purposes are always noble – to protect consumers, to offers products not offered by the private markets, to raise revenue to support the worthwhile social objectives, or to ensure orderly, well functioning markets. Various factors influence regulatory policies and behavior. These factors include market problems that regulators are seeking to rectify, ideology, special interest, and regulatory resources. Other factors sometimes distort regulations. Often, private interest or special interest groups exert undue influence on regulation to serve their own interest at the expenses of the consumers and national welfare for country.

For example, established interest might support government actions that bars entry and diminishes competition from new insurers – both national and foreign. The resulting restrictions might be cloaked in guise of “Protecting the Consumers,” “Protecting the National Interest” or “Protecting Domestic Jobs” but consumer or national economy are harmed by such restrictions. Special interest groups typically are better informed, financed, and organized than consumers, so their views often predominate.
Regulation unduly influenced by special interest is characterized by:-

- Restrictions on entry of new national and especially foreign insurers.
- Suppression of price and product competitions.
- Control of inter-industry competitions from those selling similar or complementary products.  

Insurance regulations (IRDA) that exhibits these characteristics is likely to be subject capture by special interest, with the result that both individual and commercial insured are penalized through high prices, lack of product innovations and poor product choices. The different regulatory approaches reflect different interests in the mind of insurer during purchase of insurance policies.

The insurance market in India during 1950s, there were 154 Indian insurers, 16 foreign insurers and 75 provident societies were operating in the country and insurance business was solely concentrated in urban areas and was confined mostly to the higher strata of the society. The main objective of nationalizing insurance industry was to spread the insurance cover and make it available to the lower segment of the society.

Insurance Industry growth in India was minimal in 1960s and 1970s due to the factors like low saving, low investment, inadequate infrastructure and high levels of illiteracy, low rate of capital formation. However, the positive changes in economy during 1980s resulted in higher growth rate of industrialization, infrastructure, saving rate and capital formation which resulted in tremendous growth in the insurance industry.

The liberal insurance market has the objective that a market oriented economy has for its insurance industry is the same as that which it has for other industries which is an efficient allocation of society’s scare resources. The society desires an economic system that leads to continuous innovation and improvement. These objectives are most likely to be achieved through reliance on competitive markets.
The need for reforming the industry was felt during the early 1990s for providing better comprehensive coverage to the Indians and to increase the flow of long term financial resources to finance the growth of infrastructure. Insurance penetration in India was considered to be very low to the extent only 6.50 crore people were being covered.

Even in terms of per capita premium. India was unsatisfactory in comparison with Asian countries and holds better position after liberalization in India. The recommendation for opening the insurance sector to private players was for improving the service standards, extending insurance coverage to larger sections of the population with eye on improving long term saving growth. With insurance bill passed in 1999, the Indian insurance sector saw host of private players enters the markets with multinational as their partners. A statutory regulator was incorporated in April 2000, (IRDA) to basically protect the policy holders and for regulating the market for orderly growth by framing regulation and registering the insurance companies.  

Nature of Insurance Market and Market Power

Nature of Insurance Market

Insurance market characteristics are mentioned below:

1. **Sharing of Risk:** Insurance is a device to share the financial losses which might befall on an individual or his family on the happening of a specified events. The loss arising from these events if insured are shared by all the insured in the form of premium collected.

2. **Co-operative device:** Insurance is a co-operative form of distributing a certain risk over a group of persons who are exposed to it. It is impossible to compensate all the losses from one’s own capital. So, a group of persons may be brought together voluntarily or through publicity or through solicitation of the
agents. A large number of persons agree to share the loss arising due to particular risk is called insurance co–operative device.

3. Value of Risk:- The risk is evaluated before insuring to change the amount of share called premium or considerations. It becomes the basis of insurance contract. Higher premium may be charged if there are expectations of more losses. So, the probability of loss is calculated at the time of insurance contract with individuals.

4. Amount of Payment:- The amount of payment depends upon the value of loss occurred due to particular insured risk provided insurance cover is there up to the amount. In life insurance, a fixed amount is paid on the happening of some uncertain event or on the maturity of the policy. It is immaterial in life insurance what the amount loss was at the time of contingency. In Property and general insurances, the amount of loss as well as the happening of loss is required to be proved.

5. Large Number of Insured Persons:- To spread the insurance loss immediately, smoothly, and cheaply, large number of persons should be insured. The co–operation of a small number of persons may also be insurance but it will be limited to smaller area. The cost of insurance to each member may be higher, so it may be unmarketable. Therefore, to make the insurance cheaper, it is essential to insure large number of persons or property because the lesser would be the cost of insurance will lead to lower the premium rates. In order to function successfully, insurance should be joined by a large number of persons.

6. Based upon certain market principles:- Insurance is a legal contract between the insurer and the insured under which the insurer promises to compensate the insured financially within the scope of the insurance policy contract. The insured promises to pay fixed rate of premium to the insurer. Insurance is based upon certain fundamental principles which are utmost good faith, indemnity, contributions, insurable interest etc. These are the basis for successful operations of insurance plan in India.
Market Power

Indian market consists of few companies doing insurance business. Indian insurance companies acquire market power to sell their products under the circumstances of limited competition existing among the few sellers operating in Indian market, with the approval of IRDA. Market power for insurance companies in India shows the ability of few sellers to influence the price of product and services offered by various insurance companies in India.

Limited insurance companies often attempt to gain the market power through price discrimination, and product differentiations in the insurance market. Insurance regulators IRDA become concerned about price discriminations, when the insurer’s offered various discounts on their products to the customers and it lead to underlying situations of loss experience or extra expenses liabilities to companies. Thereby companies should be careful before adopting price discriminations measures on their products. The product differentiation preference stems from differences in product quality, service, reputation, convenience, or other attributes. Insurance companies can differentiate its products at minimum cost of expenses from its competitors keeping in mind the interest of customer. Insurance companies can get higher profits.

The Path towards Competitive, Solvent Insurance Markets

In today’s globally competitive financial service world, the nature and specific features of each government intervention into its insurance market should be reassessed to ensure that every aspect is essential and is accomplishing its goal at minimum market disruption in light of the country economic, political, and social situation. The most common rationale for government intervention into insurance market is to protect buyers in economic terms to rectify the market imperfections. To do this, insurance regulations should seek to ensure that quality and reasonably priced products are available from reliable insurers. The important role of the government is to promote fair competition to achieve these goals, while protecting the buyers from misleading, collusive, and other competitive practices.
It is important that (IRDA) governmental role is to ensure that insurers are reliable. India has to promote two goals for having competitive and solvent insurance market are mentioned below:-

- Firstly, Insurance regulations should have traits like adequacy, impartiality, minimal intrusiveness and transparency.
- Secondly structuring the insurance market that better serve the country’s interest, regulatory reform should reflect certain principles that are designed to ensure competitive, solvent, and fair Indian insurance market in India.

Indian insurance market in India has seen major changes over the past decade. The number of players, mode of distribution, regulatory changes, and technological improvements together with the healthy economic growth has all propelled the market to where it is poised today.

IV. **Insurance Regulatory and Development Authority (IRDA)**

The Insurance Regulatory and Development Authority (IRDA) were constituted as an autonomous body to regulate and develop the business of insurance and reinsurance in the country in terms of the Insurance Regulatory & Development Authority Act. 1999. The Authority was constituted on 19th April, 2000 vide Government of India's notification no. 277. The key objective of the Authority is to promote market efficiency and ensure consumer protection. The authority has been required by law, under Section 20 of the IRDA Act, to furnish an annual report on its performance and other related issues to the Central Government. The authority consists of a chairman, five full-time members and four part-time members.
The Primary objective mission statement of IRDA is as follows:-

**Objective Mission Statement of IRDA**

- To protect the interest and secure fair treatment to policyholders.

- To bring about speedy and orderly growth of the insurance industry (including annuity and superannuation payments), for the benefit of the common man, and to provide long term funds for accelerating growth of the economy.

- To set, promote, monitor and enforce high standards of integrity, financial soundness, fair dealing and competence of those it regulates.

- To ensure that insurance customers receive precise, clear and correct information about products and services and make them aware of their responsibilities and duties in this regards.

- To ensure speedy settlement of genuine claims, to prevent insurance frauds and other malpractices and put in place effective grievance redressal machinery.

- To promote fairness, transparency and orderly conduct in financial markets dealing with insurance and build a reliable management information system to enforce high standards of financial soundness amongst market players.

- To take action where such standards are inadequate or ineffectively enforced.

- To bring about optimum amount of self-regulation in day to day working of the industry consistent with the requirements of prudential regulation.

The Insurance Regulatory and Development Authority has been entrusted with the duty to protect the interest of holders of insurance policies and to regulate, promote and ensure orderly growth of the insurance industry.
The Authority envisions better insurance coverage to the Indian citizens besides augmenting the flow of long-term financial resources to finance the growth of infrastructure. Simultaneously, various efforts are also on for the spread of insurance in social and rural sectors of India.

Various efforts are on to bring the Indian insurance market to international standards in areas of financial viability, competence, technology and prudential regulations. The IRDA believes that this approach will adequately address the requirements in regard to the twin objectives of policyholder protections and market insurance company’s developments.

The Insurance (Amendment) Bill, 2001

The Insurance (Amendment) Bill, 2001 was introduced in the parliament in August 2001 and has been referred to the standing committee on finance to enforce certain necessary conditions is mentioned below:

I. Co-operative societies are being recognised to carry on insurance business. They will also be subject to the same capital and solvency requirements as is the case with the new companies.

II. The training requirements in the case of corporate agency are being modified as the existing norms prescribing all directors to undergo training and passing of an examination as per the Insurance Act 1938, are restrictive and putting constraints on the growth of corporate agency business in the country.

III. Section 40 of the Insurance Act is being modified wherein a portion of the premium received from a customer, can be paid as remuneration to an insurance intermediary who has been defined to include insurance brokers and consultants. The institution of broker is expected to improve market penetration by enabling designing and marketing of customised policies based on global best practices and experience.
It will also enhance the efficiency in the conduct of insurance business with the scaling down of transaction costs.

IV. The introduction of these amendments a new channel of distribution will open, which will increase the geographical spread for selling insurance products. Banks and other organisations are expected to take up corporate agency of the insurance companies and associate themselves in the selling of insurance policies under the assurance model.

V. A provision is being introduced in Section 49 of the Insurance Act, wherein respect of the participating policies, the element of surplus that would be available to the policyholders will be 90% and to the shareholders, will be 10%.

VI. A sub-section is being added Sector 64 VB, authorising the IRDA to prescribe various methods of payment of premium, without changing the basic requirement that the premium should be paid before the insurer goes on risk. This amendment will enable payment of premium through credit cards or through internet and will facilitate the insurance customers to have an easier mode of payment of premium.

A large number of insured now hold such cards and they shall find it extremely convenient to use these for the purpose of payment of premium. This will also result in increase in the coverage of insurance business for implementation of objectives and principles IAIS (International Association for Insurance Supervisors). IRDA is a member of the International Association for Insurance Supervisors. India stands committed to the various measures and efforts undertaken by the IAIS in order to improve supervision in the functioning of the insurance markets. The IAIS has issued a set of core principles of insurance supervision and these principles have been followed, under the relevant legal framework to achieve the objectives of the regulation described above.
IRDA has always endeavored to harmonize its regulations and guidelines with these principles in order to conform to the best global standards suitably adapted to meet local requirements. Policyholders' protection regulations, which the draft regulations on protection of policyholders' interest and has prescribed certain 'do's and don'ts' for insurers, intermediaries, and insured in respect of selling of insurance policy, filling up of proposal forms, claims procedure, and policyholder's servicing parameter etc.

**Insurance Association and Insurance Councils**

IRDA has revamped the Insurance Association and Insurance Councils and all the players are now the members of the Insurance Association and the respective General and Life Insurance Councils. In addition to the insurers, representative of policyholders have been inducted and two members of the authority are members of the executive committee of each council. The Councils shall be responsible to aid, advise, and assist insurers for setting up standards of conduct and sound practice in order to render efficient service to the holders of insurance policies. They are also required to advise the authority in the matter of controlling the expenses of insurers in respect of commissions and other expenses, besides bringing to the notice of the authority the case of any insurer acting in a manner prejudicial to the interests of policyholders. Partnering with domestic institutions, IRDA has a planned and structured approach in the regulation and development of the insurance market. It has partnered with the Indian Institute of Management, Bangalore for training and research.

It has assistance from the National Insurance Academy, Chambers of Commerce and other institutions by organising seminars where the members of the authority have shared their perspectives on the challenges and opportunities of the liberalised insurance market place as well as their regulatory implications in India.
Functions of IRDA

The statutory functions of the Insurance Regulatory and Development Authority’s functions include:-

- Registration (licensing) including renewal of registration of insurance companies.
- Licensing of insurance intermediaries like agents, surveyors and loss assessors, third party administrators, health services, brokers etc.
- Accreditation of agent’s training institutions.
- Monitoring all non tariff products ("file and use") including pricing of products, terms and conditions thereof etc.
- Supervision of the functioning of the companies and intermediaries including review of company annual statements.
- Formulation of regulations enforcement of discipline.
- Market conducts surveillance.
- Consumer education and assistance.

Statutory Function of the Authority Ensured in the Section 14 Insurance Regulatory and Development Authority Act, 1999

A. Issue to the applicant a certificate of registration, renew, modify, withdraw, suspend or cancel such registration.

B. Protection of the interests of the policy holders in matters concerning assigning of policy, nomination by policyholders, insurable interest, settlement of insurance claim, surrender value of policy and other terms and conditions of contracts of insurance.
C. Specifying requisite qualifications, code of conduct and practical training for intermediary or insurance intermediaries and agents.

D. Specifying the code of conduct for surveyors and loss assessors.

E. Promoting efficiency in the conduct of insurance business.

F. Promoting and regulating professional organisations connected with the insurance and re-insurance business.

G. Levying fees and other charges for carrying out the purposes of this act.

H. Calling for information, undertaking inspection, conducting enquiries and investigations including audit of the insurers, intermediaries, insurance intermediaries and other organisations connected with the insurance business.

I. Control and regulation of the rates, advantages, terms and conditions that may be offered by insurers in respect of general insurance business not so controlled and regulated by the Tariff Advisory Committee under section 64U of the Insurance Act, 1938 (4 of 1938). Thereby all motor vehicle insurance is managed under TAC with regulations of IRDA.

J. Specifying the form and manner in which books of account shall be maintained and statement of accounts shall be rendered by insurers and other insurance intermediaries.

K. Regulating Investment of Funds by insurance companies.

L. Regulating maintenance of the margin of solvency.

M. Adjudication of disputes between insurers and intermediaries or insurance intermediaries.

N. Supervising the functioning of the Tariff Advisory Committee.
O. Specifying the percentage of premium income of the insurer to finance schemes for promoting and regulating professional organizations.

P. Specifying the percentage of life insurance business and general insurance business to be undertaken by the insurer in the rural or social sector.

Q. Exercising such other powers as may be prescribed by IRDA.

- **Role to Develop Insurance Market by IRDA**

The IRDA Authority has taken a pro-active role in the establishment of a vibrant insurance market in the country. The market regulation by prudential norms, the registration of players who have the necessary financial strength to withstand the demands of a growing and nascent market, the necessity to have fit and proper persons in-charge of businesses, the implementation of a solvency regime that ensures continuous financial stability.

The presence of an adequate number of insurers is required to provide competition and choice to customers. All these steps lead to the establishment of a regime committed to an overall development of the market.

The development of the insurance market and improvement in the insurance density and insurance penetration leading to an adequate social security and health protection, the authority has prescribed rural and social sector norms in respect of insurance business being underwritten by the companies. The companies have also been devising covers addressed to specific sectors in the economically weak population.

Insurers have been asked to retain bulk of the premium within the country and to exhaust local market capacity before reinsuring abroad. The reinsurance regulations have tried to ensure that local market capacity is enhanced on a continuous basis. The authority is also examining the prospects of expanding the reinsurance market in India by encouraging the setting up one or more reinsurance companies in the private sector.
The authority, even at the time of grant of registration to the new companies has made it a practice to specify, in suitable cases, the establishment of branches and offices of the insurers in places where activities are on a low key. Development of products including group policies to cater special categories has been the important features for the development of the market.

Solvency laws require insurance companies to operate in a prudential manner to ensure the regular functioning of insurers and their ability to discharge liability to customers in time and in adequate measure. Consumer protection policy requires companies to sell insurance products at defensible and competitive costs, as well as to treat consumers fairly. The IRDA authority is conscious of the fact that each of these factors has to be given due importance and recognition for a sustained development of the market.

Future Role of the Government towards Markets

In the future role of government in Indian insurance market, it is believed that India is improving economic fundamentals which will support faster growth in per capita income in the coming years, which will translate into stronger demand for insurance products. It is also worthwhile to note that it generally takes longer for life insurance demand to reach saturation than non-life insurance (in terms of rising income elasticity). Based on the growth assumption provided by Swiss Re Economic Research & Consulting, it can be seen that the window of opportunity in India’s insurance market will remain wide open for a prolonged period of time. India is widely expected to remain one of the fastest growing emerging insurance markets in the world.17

The mobility of people, ideas, information and financial capital means that government should take more careful note of the economic consequences of their regulation and tax decisions in future. The effect would seem to be drive regulation and taxation towards convergence. Markets, governments, and businesses value consistency in government policy. Inconsistency hobbles the competitiveness of national firms and markets.
Deregulation will permit deeper financial services integrations that will call for greater integration of financial services regulations. The idea of deregulation will continue to yield less government involvement in many aspects of financial service operation in India. Thereby there should be enhanced regulation in selected areas, especially in solvency, competition of law, and market conduct. The government will have to evolve new standard for dealing with innovative risk financing alternatives. A nation tax system should not be basis for allocating international risk bearing capacity. Tax and regulatory arbitrage are problems that in times of liberalized international financial services market should cure.

New forms of protectionism must be addressed in 21st Century. It should be behind the border measures that impede true equality of competitive opportunity for foreign entrants and that hinder liberalization efforts should become a centre stage of issues in the international trade agenda and ultimately multilateral services negotiations. The effective means of addressing these issues is to embed regulatory principles to those set into general agreement on trade and services. These principles could be the basis against which national governments and trading partners assessed regulation.

Mutual regulation recognition is most probably the next step along the road to regulatory convergence. Certainly regulatory cooperation will increase, especially as offshore electronic marketing grows. It is to be observed that the future reasoned regulation that efficiently addresses market imperfections and liberalize markets. Indian government along with IRDA should help to ensure that the insurance will play a larger role in individual, business, national economic security and prosperity of India.

V. General Insurance in India

The General Insurance Business in India was nationalised by General Insurance Business (Nationalisation) Act. 1972 (GIBNA). The Government of India (GOI), through Nationalisation took over the shares of 55 Indian insurance companies and the undertakings of 52 insurers carrying on general insurance business.
General Insurance Corporation of India (GIC) was formed in pursuance of Section 9(1) of GIBNA. It was incorporated on 22 November 1972 under the Companies Act, 1956 as a private company limited by shares. GIC was formed for the purpose of superintending, controlling and carrying on the business of general insurance. As soon as GIC was formed, GOI transferred all the shares it held of the general insurance companies to GIC. Simultaneously, the nationalized undertakings were transferred to Indian insurance companies.

After a process of mergers among Indian insurance companies, four companies were left as fully owned subsidiary companies of GIC were:- (1) National Insurance Company (Year of establishment 1906) (2) The New India Assurance Company (Year of establishment 1973) (3) The Oriental Insurance Company, (Year of establishment 1947) (4) United India Insurance Company (Year of establishment 1938). The next landmark took place on 19th April 2000, when the Insurance Regulatory and Development Authority Act, 1999 (IRDA) came into force. This act also introduced amendment to GIBNA and the Insurance Act, 1938. An amendment to GIBNA removed the exclusive privilege of GIC and its subsidiaries carrying on general insurance India. In November 2000, GIC is reconstituted as the Indian Reinsurer and through administrative instruction: its supervisory role over subsidiaries was ended.

The General Insurance Business (Nationalisation) Amendment Act 2002 (40 of 2002) coming into force from March 21, 2003 GIC ceased to be a holding company of its subsidiaries. Their ownership were vested with Government of India.¹⁸
The structures of Indian Insurance market in India are mentioned below:

![Chart No: - 1.1; Structure of Indian Insurance Market in India](http://gicofindia.com.hist)

The above table shows the Insurance Industry in India with division between Life Insurance and Non Life Insurance. General Insurance which is further subdivided into Motor Insurance, Fire Insurance, Health Insurance and Marine Insurance.

As a result of insurance sector reforms, GIC became the sole Re-Insurer in India. It will be extremely critical to develop systems that will ensure accurate pricing of products, adequate training of underwriters and sales force. GIC has to concentrate on improvement of low insurance penetration, increase urbanization and awareness schemes on general insurance to consumers. It will finally lead to expansion of general insurance business in India. On the whole, while the short term scenario for the general insurance sector appears to be challenging, especially during slow down and uncertain periods, although the long term prospects definitely present ample opportunities for key growth drivers in growing economy.
VI. Overview of Vehicle Insurance in India

The process of re-opening of general insurance sector had begun in early 1990s and the last decade and more has seen it opened up substantially. The insurance was to further complement the reforms initiated in the financial sector. The period from 2000 – 2009, there were about 24 General Insurance companies including the ECGC (Export Credit Guarantee Corporation) and Agriculture Insurance Corporation of India is operating in the country with the approval of IRDA.\textsuperscript{19} According to Indian Brand of Insurance Equity Foundation 2010 reports the insurance industry in India is estimated for life insurance is a ₹ 35,000 Cr industry; Non-life insurance is a ₹ 560 Cr, out of which 56 % accounted for by the motor and health segments.\textsuperscript{20}

The Vehicle Insurance in India operates under the regulation of General Insurance Corporation in association with Public Insurance and the Private Insurance Companies. The guidance of IRDA. establishment in 1999 is mandatory for all vehicle insurance business. During the period 2000 to 2009 there were 18 Vehicle Insurance Companies which were registered with IRDA, comprising of 4 Public Insurance companies and 14 Private Insurance companies.

The classification on coverage and types of vehicle insurance operating in India are mentioned below:-

- **Coverage for Vehicle Insurance Policies offered by Insurance Companies** \textsuperscript{21}

There are basically major two different vehicles Insurance covers mainly operating in India are mentioned below:-

1. Full Cover and Comprehensive Vehicle Insurance Policy.

2. Third party Vehicle Insurance Policy.
1. Full Cover and Comprehensive Vehicle Insurance Policy - Cover implies that the rider and vehicle is insured against loss or damage of the vehicle along with a personal accident cover for individual owner while the person is driving, traveling, mounting or even dismounting from the vehicle. Again, the vehicle is insured against all kind of calamities: be it natural calamities disasters as floods, earthquake, typhoon’s, hurricane’s, storm, rockslide’s, landslide’s and so on or man-made calamities such as theft, burglaries, accidents caused externally, malicious acts, terrorist activities, riots or even strikes. The vehicle insurance also has a damage insurance coverage under the comprehensive coverage policy, wherein own damage part of the insurance covers any damages / theft (total or partial) of the car or any other vehicles. The comprehensive cover also provides Zero Depreciation Cover which offers full claim coverage on the value of parts replaced, without any deduction for depreciation of vehicles assets.

2. Third party Vehicle Insurance Policy - Covers property damage as well as personal injury. It means that individuals are insured against legal liability that may arise due to accidental damage (caused by your vehicle to the third person). In this policy coverage are basically insured against death or injury caused by person vehicle to pedestrians, to other passengers of other vehicle on road. Private vehicle passengers and pillion riders are also covered under this scheme. Third party insurance cover for personal injury also includes the person who is also insured against death or injury to other vehicle’s driver, conductor helper or any other person associated with the operation of the vehicles.
- **Types of Vehicle Insurance offered by Insurance Companies**

  The types of Vehicle Insurance prominently operating in India are mentioned below:-

1. **Motor Car Insurance**

   This is the fastest growing segment in the insurance sector as car insurance is mandatory while buying a new car. Major car manufacturers are tying up with leading insurance companies to provide quick insurance to its customers. Car insurance covers loss or damage by accident, fire, lightning, riots, earth quake, hurricane, terrorist attacks, explosion, theft, third party’s claims and damages (like liability for third party injury or death, third party property and liability to paid driver). On payment of appropriate additional premium it covers loss or damage to electrical or electronic accessories and other significant items by providing Zero depreciation insurance policies for premium cars.

2. **Two Wheelers Insurance**

   Two wheeler insurance is another type of popular auto insurance in the India. It is governed by the Indian Motor Tariff. This insurance provides protection against natural and man made calamities like:- Fire, rockslide, landslide, storm, hurricane, flood, earthquake, burglary, theft, riots or any damage caused to the vehicle in transit by road, air, inland waterway or rail. This kind of accident cover can also be opted for passengers. It also protects against legal liabilities arising due to third party’s injury/death or damage caused to its property.
3. Commercial Vehicle Insurance

This type of insurance covers all those vehicles which are not used for personal purpose. Trucks, buses, heavy commercial vehicles, light commercial vehicles, multi utility vehicles, agricultural vehicles, ambulances etc are covered under this insurance. The premium is calculated on the basis of the make and model of the commercial vehicle, place of registration, year of manufacture, current showroom price and whether the insurer is individual or corporate. Insurance Companies in collaboration with the automobile manufacturing companies chalk out different kinds of easy and less complicated plans for safe and easy insurance policy and the claim procedure of accident, theft, and legal liability for claim procedure depending on the policy issued by the vehicle insurance company operating in India along with regulation of IRDA provisions.

VII. Challenges, Opportunities and Issues of Indian Insurance Sector

The Indian Insurance Industry sector influences the growth and development of an economy in several ways. The availability of insurance can mitigate the impacts of risk by providing products which help organizations and individuals to minimize the consequences of risk and has a positive effect on industry growth as entrepreneurs are able to cover their risks. In the absence of a full range of insurance products and/or deficient products in terms of coverage and scope, the risk-taking abilities would be hampered and chances are that the economic activities would turn out to be high-risk activities. The implications of leaving various risks uncovered can be significant and the impact of losses can be devastating creating a huge burden on the governments. Therefore, a strong and competitive insurance industry is considered imperative for economic development and growth in India. The challenges, opportunities and issues concerning Indian insurance sector plays a critical role in India.
The challenges, opportunities and issues towards insurance sector are mentioned below:-

- **Challenges of the Indian Insurance Sector**

The critical challenges for the Insurance sector are mentioned below:-

- The process of reforms has enhanced competition, provided a choice to the customers, triggered innovative ways and means to carry out insurance activities, improved the efficiency level of the industry, and increased the coverage of insurance in terms of density and penetration. The obliged insurers provides the needs of social and rural sectors, and increase awareness about the necessity of insurance is a critical challenge for insurance companies.

- The general insurance sector has shown mixed performance perhaps due to the inherent nature of the business. While the private sector of the general insurance companies has the challenging task to set good standards for claims settlement, the public sector insurers are yet to show resilience in the changed environment.

- Growth in Bancassurance is major challenge for all insurance companies. Synergies of the two financial services - banking and insurance, if implemented correctly will benefit stakeholders such as banks, insurance companies and customers.

- Concentration to expand insurance business in rural areas is key challenge for all insurance companies in India.

- The insurance industry along with the regulation of IRDA has the challenging task to observe well framed rules and regulations for the Indian insurance market and avoid a situation where the regulator is obliged to introduce on-the-spot or ad hoc directions. IRDA should have systemic solutions that have a better chance of success in strengthening the market.

- IRDA also has the challenging role to play in the years to come in ensuring that each and every Indian citizen is approached with the right advice to cover the risk to his / her life and protect the family from adverse financial circumstances.
Insurance products can easily be copied thereby limiting differentiation at the product level is essential. In such a scenario, competitive challenging advantage is to understand the process of constant product innovation, cost effective distribution, and quality of service delivery. This will allow the insurer to differentiate the overall value proposition offered to the customer and to adopt a pricing model based on the perceived value as against discounting.

It is challenge for all insurance companies to understand growing need of expectations from customers in terms of product and services rendered by insurance companies.

Industry challenges in India for insurance business is to commoditisation in personal line products, heightened competition in the market by innovative products and variety of new services offered to consumers in India.

It is a challenge for any insurance business organization to attract qualified and capable persons to join and work with them to sell the insurance products in the competitive environment. Agents could enhance the possibility of success by understanding the needs of the customer and then sell insurance products to its potential customers.

It is a challenge for insurance companies to have multiple distribution channels services which includes brokers, agents, corporate intermediaries, bank branches, and marketing process through internet to attract maximum consumers.

Consumer education about the product and services offered by various insurance companies is key challenge for all insurance companies.

Challenging factor for insurance companies on the use of technology will play a strategic role in providing a competitive edge, be it in adding design, administrating of products, and building life long customer relationship.

Challenge to insurance market growth is through an integrated approach services which includes creating awareness about insurance, enhancing reach through cost effective distribution, and meeting customer needs through product innovation.
• **Opportunities of Indian Insurance Industry**

The Indian Insurance Industry has been derived by numerous opportunities as IRDA has controlled the entire regulation of Indian Insurance Business. India’s insurance market will continue to experience major changes as its operating environment is increasingly deregulates the process of business mechanism. On the one hand, a mix of new products, new delivery systems and a greater awareness of risk will generate growth. On the other hand, competition will remain intense as private sector insurers and those about to enter India seek to win market share from the more established public sector entities.

The opportunities are mentioned below:-

- Insurance industry is one of the fastest growing sectors in India and it provides a wide range of growth opportunities by expanding insurance business in India through product innovations and services given to its customers.

- Improving the acceptability opportunities of product range to cater the needs of middle class populations on health insurance, motor insurance, fire insurance, and marine insurance.

- All insurance companies should concentrate on the opportunity of product development, so that it could meet the regular requirement of customers in the insurance market.

- The insurance companies should enhance the opportunity of integrated approach services which includes creating awareness about insurance, enhancing reach through cost effective distribution, and meeting customer needs in the insurance market.

- Insurance companies should look for opportunity to cover untapped market, such as rural market to expand its business in India.

- The opportunity factors for all insurance companies are the requirement to increase the necessity of more risk focused approach on its products offered in the market.
Growth in investment for public and private insurance companies is a major challenge for all insurance companies operating in India. Today there is 26% of FDI investment in insurance companies and it could increase to 49% if the insurance bill in parliament gets it clearance soon. It would lead to expansion in insurance business and will create more of insurance related employment opportunities in India.

The general insurance sector appears to be challenging, given the fact that the industry is yet to gain a secure foothold post of detariffing the insurance sector, so that the long term prospects presents ample opportunities for growth.

- **Issues of Indian Insurance Sector**

The insurance industry has witnessed radical changes since the opening of the market to private players. The entry of private players plays a critical part in insurance industry, resulting in strong premium growth; improved marketing focus along with product innovations. The primary issue is to improve the insurance awareness in the country by way of promoting new cost effective distributions channels. The issue of identifying more of non-governmental organisations, self help group, and micro finance institutions to be included as micro insurance agents to cater the needs of customers in the market. IRDA issue of alignment of regulations & supervision across sectors plays critical role in India. Insurance industry has to be aware on technology development issue and its associated risks.

- **Key Issues of Insurance Industry**

The key issues of insurance industry are mentioned below:-

- The issue of insurance industry is to encourage fair pricing of products by having an appropriate incentive structure, forward looking approach, and effective response to general customers is extremely necessary for insurance market.
An insurance policy protects the buyer at some cost against financial loss arising from a specified risk. Different situations and different people require different mix of risk — cost combinations. The distribution cost is causing the product cost to increase on regular basis, thereby issue of new cost effective distribution channels need to be identified by insurance sector in India.

Issue of promoting Tele – marketing and internet based technology marketing of insurance products need to be encouraged by various insurance companies in India.

Issue of the insurance products and its services, where the insurance companies should offer innovative products and superior quality of services mainly to attract maximum customers.

Issues of insurance companies is to provide the consumers with clear information about the products and need to be kept appropriately informed before, during and after the point of sale of insurance products.

Licensing of agents and brokers are required to check their indulgence in activities such as twisting, fraudulent practices, rebating and misappropriation of funds are the critical issues of IRDA.

Another issue is the role of information technology. The business of selling life and non life insurance requires assessing the profile of the customer and then assigning the right policy for the customer. The process is facilitated by a database and is completely driven by information technology.

Final issue is the need of the nation and its people to have insurance cover for assets and life will always prevail and privatization of insurance is now a reality towards further liberalization of Indian economy. With the opening up of the industry after reforms, private sector operators in collaboration with their overseas partners are likely to bring in more of professional and focused approach.
Summary

The first chapter is about Introduction of Insurance Concept and Definition, Origin and History of Insurance, Indian Insurance Market, Insurance Regulatory and Development Authority in Insurance Business (IRDA), General Insurance in India, and Overview of Vehicle Insurance in India. Challenges, Opportunities and Issues of Insurance Sector in India.

The first segment is about the General Introduction Insurance, which analyzes its concepts, definitions and insurance contracts. The second segment is about history and origin of insurance in world arena. The third segment explains the Indian insurance market, market power, and path towards competitive, solvent insurance markets. The fourth segment is about Insurance Regulatory and Development Authority (IRDA), objective statement of IRDA, Insurance (Amendment) Bill, 2001, Insurance Association and Insurance Councils, and the functions of IRDA. Role to develop insurance market by IRDA, and future role of the government towards market.

The fifth segment is about the general insurance market origin and its structure set up in India. The sixth segment provides an overview of vehicle Insurance in India under which the analysis is about coverage for vehicle insurance policies offered by insurance companies, and types of vehicle insurance offered by insurance companies. The seventh segment is about challenges, opportunities and issues of Indian insurance sector.

In order to conclude, the first chapter is about the insurance sector in world arena with relation to the Indian insurance market. the role of IRDA in insurance market is mentioned in chapter. The vehicle insurance and its overview are explained in details. The challenges, opportunities and issues of Indian insurance sector are the final segments mentioned in chapter.
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