

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF FINANCIAL SERVICES  
**RAJYA SABHA**  
**UNSTARRED QUESTION No. 877**  
ANSWERED ON – 03.12.2024

**STATUS OF INSURANCE SECTOR IN INDIA**

877 Shri Narain Dass Gupta:

Will the Minister of Finance be pleased to state:

- (a) The current status of the insurance sector in India, including the number of registered insurance companies and their growth over the past five years;
- (b) the measures taken by Government to promote the growth of insurance companies, especially in rural and underserved areas;
- (c) the impact of digital technology on the insurance industry, including innovations in customer service and policy distribution;
- (d) the steps being implemented to enhance consumer awareness and education about insurance products; and
- (e) the measures being taken by Government to encourage foreign investment in the insurance sector to further boost its growth?

**ANSWER**

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE  
(SHRI PANKAJ CHAUDHARY)

(a) India's insurance market is one of the fastest-growing globally, currently at number 10. Insurance penetration (measured as the percentage of insurance premium to GDP) and density (calculated as the ratio of premium to population) in India were 3.7 per cent and USD 95 in 2023-24 respectively.

As at 31st March, 2024, there are a total of 73 insurers and reinsurers operating in the Indian insurance sector.

The data on growth of insurance (Life, General and Health) industry in the preceding five years is as under:-

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Total Premium Rs	7,61,827	8,27,446	9,13,314	10,39,398	11,19,612
Growth (%)	12.43	8.61	10.38	13.81	7.72

(b) During the last two years, various steps have been taken to promote healthy growth of the insurance industry by rationalizing the regulatory framework and reducing the compliance burden of regulated entities.

1. Reforms focused on facilitating product launches, flexible capital raising, efficient management of expenses, expanding distribution channels, enhancing reinsurance accessibility and facilitating entry of new players.

2. IRDAI introduced revamped regulations providing insurers with greater flexibility in managing expenses and to promote ease of doing business. This allows additional expense allowances for insurers towards rural sector business and for issuing policies under various government flagship schemes or other specified schemes.
3. Modifications are effected to the statutory rural and social sector obligations with an aim to enable insurance inclusion at the gram panchayat level, ensuring that even the remotest areas are covered. This will ensure that underserved communities gain access to crucial insurance products, reducing vulnerabilities and supporting economic stability.
4. IRDAI introduced the State-level Insurance Plan (SIP), intended to accelerate last-mile delivery of insurance services while utilizing the unique opportunities offered by each state.
5. IRDAI, is working towards establishing 'Bima Trinity' which include; Bima Sugam, an insurance e-market place, to facilitate digital marketing and service, Bima Vistaar, a benefit based parametric product and Bima Vahak, a woman centric localised insurance sales force for enhancing insurance inclusion and awareness with a focus on rural areas, with each gram panchayat having a 'vahak' to sell and service simple insurance products.

**(c)**

1. The insurance industry has embraced technology in various aspects, including policy solicitation, issuance of insurance policies in electronic form, servicing, distribution and claim settlements. This includes leveraging digital infrastructure such as UPI, Account Aggregators, Central KYC Registry, digi-locker, and Aadhaar-based KYC / life certificate verification for a more efficient and customer-friendly experience.
2. Various new tech-enabled products are being developed in the insurance sector.
3. Customer grievances and complaints are being managed digitally for their quick and efficient disposal through IRDAI's Bima Bharosa portal. Further, the Bima Bharosa portal, contains web link for unclaimed amount which provides an option to the policyholder / beneficiary to search for an amount lying unclaimed on his / her part.

**(d)** IRDAI has taken the following measures in order to increase the consumer awareness and education about the insurance products:

- i. The Insurers and Insurance Councils are advised to actively promote awareness campaigns on various aspects of insurance including types of insurance products, service aspects, etc.
- ii. Insurers are mandated to seamlessly display prominently on their website the premium calculator which provides premium chargeable for any person.
- iii. Insurers are mandated to display prominently the following on their website, at the minimum;
  - a) List of products on offer and products withdrawn
  - b) the prospectus for each product on offer for sale
  - c) Turn-around time for policy servicing
  - d) Procedures to be followed by the policyholder for claim settlement.

1. To further incentivize insurers to invest in insurance awareness, IRDAI allowed insurers to spend an additional 5% of expenses for management of both life and general insurance.
2. In addition to the above, NCFE a non-profit company, jointly promoted by RBI, SEBI, IRDAI and PFRDA is conducting financial awareness and consumer training programmes (FACTs) on insurance, banking and securities market on periodic basis.

**(e)** The insurance Sector was opened for the Foreign Investors with FDI limit up to 26% in the year 2000. The said limit was increased to 49% in the year 2015 and to 74% in the year 2021.

The FDI in the insurance industry has registered a CAGR of 7.5 per cent in the preceding five years. Further, the insurance industry has infused a paid-up capital of Rs 96,016.54 Crore as at 31<sup>st</sup> March, 2024, out of which 32.67 % i.e., Rs 31,365.57 crore is Foreign Direct Investment.

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