



A STUDY ON INSURANCE PENETRATION AND DENSITY IN INDIA

Dr. Prashanth *

Abstract:

The insurance penetration across India at the end of the financial year 2019 stood at 0.9 percent. Compared to the financial year 2009, when the insurance penetration in the country was around 0.6 percent, this seemed to be an improvement. However, compared to the global average of 2.8 percent, India's insurance penetration is significantly low. Insurance penetration is the ratio of insurance premiums to the gross domestic product of the country. This paper highlights the Insurance Penetration and Density in India both Life and Nonlife. This paper employed secondary sources of data for its analysis. This paper is a descriptive paper

Key words: Penetration, Reflect, Density, Insurance and Development

Assistant Professor in Economics, Canara College, Mangalore, email:
prashanthkumble@gmail.com

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INTRODUCTION:

In financial year 2018, India's life insurance penetration stood at around 2.74 percent, while the non-life insurance penetration was much lower at 0.97 percent. Insurance penetration in the country consistently surged until 2009, when it was at its highest at 5.2 percent. India's life insurance penetration was 2.72 percent in 2016--comparable to Brazil (2.28 percent), China (2.34 percent) and the US (3.02 percent), but lower than South Africa (11.52 percent) and the world average (3.47 percent). These figures suggest that India is at par with other emerging markets. The penetration rate (also called penetration, brand penetration, or market penetration as appropriate), is the percentage of the relevant population that has purchased a given brand or category at least once in the time period under study. Insurance penetration is calculated as ratio of total insurance premiums to gross domestic product. While insurance penetration is measured as the percentage of the insurance premium to GDP, insurance density is calculated as the ratio of premium (in US \$) to the total population (per capita premium).

OBJECTIVE OF STUDY

- To analyse the growth level of insurance penetration and density
- To review the literature on insurance sector

RESEARCH METHODOLOGY

This paper highlights the Insurance Penetration and Density in India both Life and Nonlife. This paper employed secondary sources of data for its analysis. This paper is a descriptive paper. The online articles, papers and Reports were employed to collect review of literature and secondary data.

LITERATURE REVIEW

Dhananjay Rakshit (2017)¹The government made the insurance sector reforms in 2000 , the government has followed FDI insurance business. In this paper there are namely 2 important things need to be considered they are insurance density and insurance penetration these are the two factors that led the insurance investments to grow globally. The insurance investment created more trust and made each and every funds to be meaningful while and after investing.

Santhiya S.E & Ramalingam (L.P 2017)²Investing in insurance is one the factor to avoid the risk and while investing in insurance the investor need to know the complete

information about the insurance company policies and their rules. Investing in insurance not only provides fund for companies but also provides growth for economic development nationwide. There is some non-life insurance policies are that will help the investors to reclaim the losses they have been occurred.

Lucia podoaba (2015)³Insurance on accident and health premium have some of the benefits for the investors same way they have some rules which are need to be look up by the investors. Insurance and health premium have more effect than normal insurance as the investors are concerned regarding the health benefits more and funds will be returned will be huge format while the investing amount will also be more. These insurance are given more importance rather than other insurances.

B. Vimala & K. Alamelu (2018)⁴Insurance industries provide huge wealth and also helps to develop the economy of a particular country. There are several types of insurance they are health insurance, life insurance and non- life insurances etc. insurance creates more wealth and each and every individual may have insurance policies invested by them. Because the investors know how it will help to deal with future uncertainties and to manage the risk easily.

DATA INTERPRETATION

The insurance penetration and density analyses through the past 8 years statistical data.

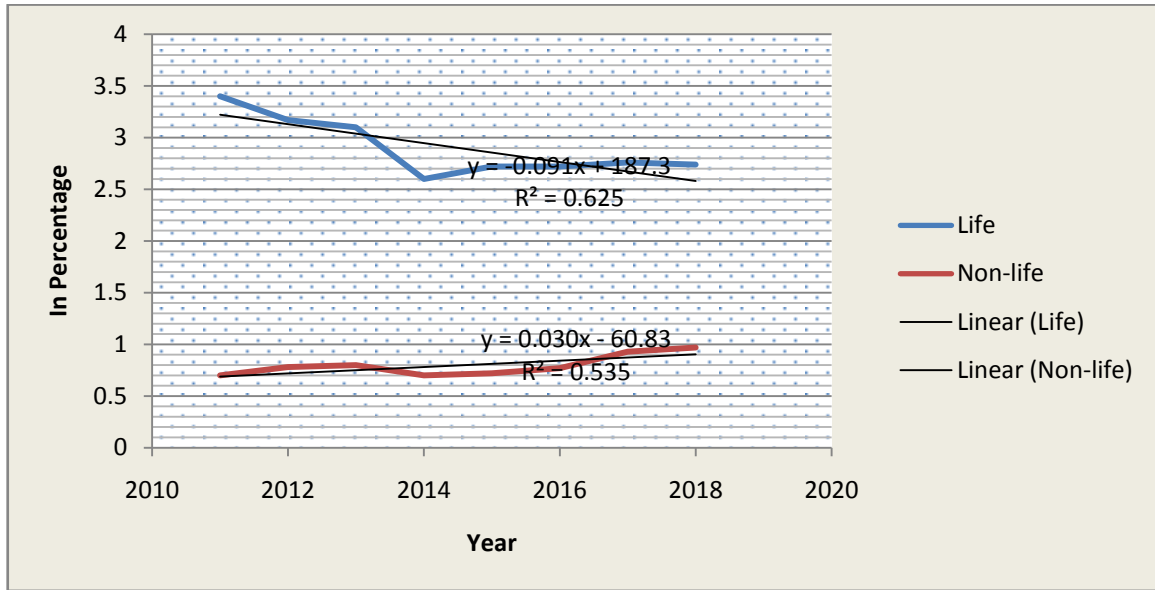
Table-1 Insurance Penetration and Density in India

year	Life		Non-life	
	Density (USD)	Penetration (Percentage)	Density (USD)	Penetration (Percentage)
2011	49.00	3.40	10.00	0.70
2012	42.70	3.17	10.50	0.78
2013	41.00	3.10	11.00	0.80
2014	44.00	2.60	11.00	0.70
2015	43.20	2.72	11.50	0.72
2016	46.50	2.72	13.20	0.77
2017	55.00	2.76	18.00	0.93
2018	55.00	2.74	19.00	0.97

Source: IRDAI Annual Report 2018-19(Swiss Re, Sigma, Various Issues).

Chart-1

Insurance Penetration in India

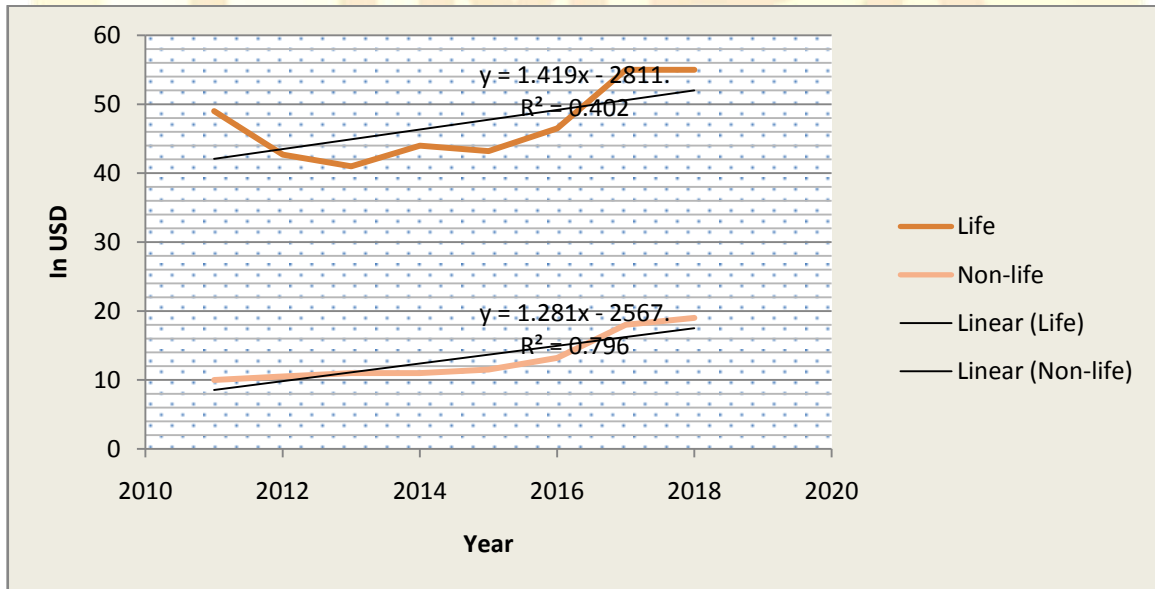


Source: Authors compilation.

It is deduced from Chart-1 that Life insurance Penetration regression line is showing declining trend where as Non-Life Insurance regression line is showing lightly increasing trend. These regression lines were generated by using past 8 years data.

Chart-2

Insurance Density in India



Source: Authors compilation.

It is deduced from Chart-2 that, both Life insurance and Non life insurance density regression lines are showing increasing trend.

CONCLUSION

Above table and charts shows Insurance penetration and density in India. In the year of 2011-2018 life Insurance penetration was 3.40%, non-life was 0.70% and density of life insurance was 49.00 USD, non-life was 10.00 USD in the year 2011 followed by penetration was 2.74% in Life Insurance and it was 0.97% in case of Non-life insurance in the year 2018. The density of life was 55.00USD, non-life was 19.00 USD, This outcome shows penetration in Life Insurance is having decreasing trend whereas it's having increasing trend in case of Non life insurance. However density is growing in both Life and Non life insurance from year of 2015 to 2018.

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