

Quadrant II – Transcript and Related Materials

Programme	: Bachelor of Commerce (First Year)
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Paper Title	: GE 1 Principles of Insurance
Unit	: Unit 2 Introduction to Insurance Business
Module Name	: Brief History of Insurance in India
Module No	: 06
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Notes :

Insurance has a Deep rooted history in India. In fact marine insurance is considered as the oldest form of insurance. It is as old as early civilisation. In olden days insurance was practiced in different ways in India.

Initially Aryans started managing risk through village cooperatives. Mediterranean merchants practised in 14th century through bottomry bonds.

Actual advent of insurance business can be learnt in two classifications:

- ✓ Life insurance
- ✓ Marine Insurance

Advent of Life Insurance Business in India is as follows:

Table 1: Company established

Year	Insurance Company
1818	Oriental life insurance company at Calcutta
1823	Bombay life assurance company
1829	Madras Equitable life assurance Society

These three companies were established one after the other where Oriental insurance showed the arrival of insurance business in India.

And later, In the year 1870 British Insurance Act was enacted.

Table 2: Companies in Last three decades of 19th Century

Year	Insurance Company
1871	Bombay Mutual
1874	Oriental life
1897	Empire of India

Actually this era (last three decades of 19th century) was dominated by Foreign Insurance offices, they were :

- ✓ Albert life assurance
- ✓ Royal Insurance
- ✓ Liverpool
- ✓ London Globe Insurance

In 1914, Government of India started publishing returns of Insurance companies in India.

Indian Life Assurance Companies Act 1912 was the first statutory measure to regulate life insurance business.

In 1928 , Indian Insurance Companies Act was enacted to enable Government to collect statistical information about life and non life insurance business by Indians , Foreign insurers including provident insurance companies.

To protect insurance public, Insurance Act 1938 was passed. Activities of insurer were controlled through the enactment of this act.

By this time large numbers of companies were prevailing in the market. There was a very high level of competition. Unfair trade practices could be clearly seen.

Therefore Government of India took a major step to nationalise insurance business in 1956.

The parliament of India passed the Life Insurance Corporation Act on 19th of June 1956 and Life Insurance Corporation of India was created on 1st September 1956.

Table 3: Important milestones in Life Insurance Business

Year	Life Insurance Sector
1912	Indian life Assurance Companies Act enacted as the first statute to regulate life Insurance Business
1928	Indian insurance Companies Act enacted to enable the Government to collect statistical information
1938	Earlier legislation consolidated and amended by the insurance Act with the objective of protecting the interest of insuring public
1956	245 Indian and Foreign insurers and provident societies taken over by Central Government and Nationalised

History of **GENERAL INSURANCE** dates back to industrial revolution in the west.

In India sea faring trade Commenced in 17th century. It came to India as a legacy of British Occupation. First General Insurance Company in India is Triton Insurance Company Ltd in 1850 by British. In 1907, Indian Mercantile Insurance Ltd started General Insurance Companies and Indian capital was made use of and started transacting its business.

Later 107 insurers were amalgamated and grouped into four companies, namely:

- ✓ National Insurance Company Ltd
- ✓ New India Assurance Company Ltd.
- ✓ Oriental Insurance Company Ltd.
- ✓ United India Insurance Company Ltd

General insurance Corporation of India was Incorporated as a company in 1972 and it nationalised with effect from **1st January 1973**

Table 4: Important milestones in General Insurance Business

Year	General Insurance sector
1907	Indian Mercantile Insurance Ltd set up the first company to transact all classes of general insurance Business
1957	General insurance Council, a wing of Insurance Association of India, frames a code of conduct for ensuring fair conduct and sound business practices
1968	Insurance Act amended to regulate investments and set minimum solvency margins and the Tariff Advisory Committee
1972	General insurance Business

In a nutshell, since ancient times insurance was existed in India. People were using some sort of protection against risk by way of village cooperatives, bottomry bonds for themselves. Since 1818, by setting up insurance company, some recognition was provided for insurance business in India.

This is the brief history of insurance in India. And today there are number of insurance companies in private sector as well along with public sector undertaking like LIC of India.

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