

Welcome all.

Students, I'll be taking up the topic **Brief history of insurance in India** From Unit 2 Introduction to insurance business.

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Outline of the topic.

- ❖ It includes the
 - Historic era of insurance in India.
 - Discuss the origin of life insurance and general insurance business in India.

Learning outcomes of the topic.

- ❖ The student will be able to
 - Recall the advent of life insurance and general insurance companies in India.
 - Name the insurance companies and its year of establishment.

Let us begin with the topic brief history of insurance in India.

Insurance has a deep rooted history in India.

There are different types of insurance like marine insurance, life insurance, fire insurance. These are the broad categories from which marine insurance is considered as the oldest form of insurance. It is as old as early civilization.

Actually, insurance is practiced in India in different ways. Meaning risk was covered in olden days as well and in different ways. Initially the Aryans through the village cooperatives started practicing insurance. Then Mediterranean merchants practiced in the 14th century through bottomry bonds.

Advent of the insurance business can be learned in two classifications.

- ❖ Life insurance and
- ❖ Marine insurance.

Let us move on to the advent of the life insurance business in India.

It shows

- Oriental Life Insurance Company at Calcutta or the Kolkata - In the year 1818
- Bombay Life Assurance Company - In the year 1823
- Mudras Equitable Life Assurance Society - In the year 1829

The year 1870 saw the enactment of British Insurance Act.

Then the last three decades of 19th century, the companies started were

- Bombay Mutual - In the year 1871
- Oriental Life - In the year 1874
- Empire of India - In the year 1897.

Now this doesn't mean there were only these companies in the last decade of the 19th century. Because this Era was dominated by the foreign insurance offices as well in India and it included Albert Life Insurance, Royal Insurance, Liverpool and London Globe Insurance.

Then in the year 1914, the 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 the government to collect statistical information about the insurance business in India and it was about the life and the non life insurance companies set up by Indians. The foreign insurers which were existing, including the Provident Insurance Companies. To protect insurance, the Public Insurance Act of 1938 was passed.

Activities of the insurer were controlled and this was very important to have some sort of control on the activities of the insurer. Because there were a large number of companies which were existing in India that Indian companies as well as the foreign companies and as a result there was high competition prevailing and unfair trade practices could be easily noticed. So therefore the major step taken by the Government of India was to nationalize the insurance business in 1956 and as a result, Life Insurance Corporation of India came into existence.

Next topic is the **General Insurance**

Let us see what history general insurance has or dates back to which era. The Industrial revolution in the Western countries commenced the seafaring trade. British started the trade through water transport and this trade started in the 17th century. And as a result, the general insurance entered in India as a legacy of British occupation,

First General Insurance company in India was Triton insurance company Limited in 1850 by the British. Then the Indian Mercantile Insurance Limited was set up by the Indian capital and started its business in the year 1907.

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

- ❖ National Insurance Company Limited,
- ❖ New India Insurance Company Limited,
- ❖ Oriental Insurance Company Limited,
- ❖ United India Insurance Company Limited

General Insurance Corporation of India was incorporated as a company in 1971 and it nationalized from 1st January 1973.

In conclusion, we can say the advent of life insurance and the general insurance business.

Life insurance sector includes the following

In the year 1912 Indian life Insurance Companies Act acted as the first statute to regulate life insurance business. In 1928, Indian Insurance Companies Act was enacted to enable the government to collect statistical information. In 1938, the Insurance Act was passed. Earlier legislation was consolidated and amended by the Insurance Act, with the objective of protecting the interest of ensuring the public.

In 1956, 245 Indian and foreign insurers and Provident societies were taken over by the central government. and nationalized the life insurance business.

And the general insurance sector in the year 1907 Indian Mercantile Insurance Limited set up the first company to transact all classes of general insurance business. In the year 1957 General Insurance Council Wing of Insurance Association of India framed Code of conduct for ensuring fair conduct and sound business practices. In 1968 Insurance Act was amended to regulate investment and set minimum solvency margins and the Tariff advisory committee.

In 1972, the General Insurance business was also nationalized.

These are the references for the topic

1. InsuranceManagement principles and practice by P. K. Bodla, and L. N. Garg
2. Insurance and Risk Management by P K Gupta.
3. Principles and practice of insurance by Perryasami

Website reference is given at the end of powerpoint presentation

Thank you.