

4. History of insurance in India

a) India: Modern insurance in India began in early 1800 or thereabouts, with agencies of foreign insurers starting marine insurance business.

The Oriental Life Insurance Co. Ltd	The first life insurance company to be set up in India was an English company
Triton Insurance Co. Ltd.	The first non-life insurer to be established in India
Bombay Mutual Assurance Society Ltd.	The first Indian insurance company. It was formed in 1870 in Mumbai
National Insurance Company Ltd.	The oldest insurance company in India. It was founded in 1906 and it is still in business.

Many other Indian companies were set up subsequently as a result of the Swadeshi movement at the turn of the century.

Important

The Insurance Act 1938 was the first legislation enacted to regulate the conduct of insurance companies in India. This Act, as amended from time to time continues to be in force. The Controller of Insurance was appointed by the Government under the provisions of the Insurance Act.

b) Nationalisation of life insurance: Life insurance business was nationalised on 1st September 1956 and the Life Insurance Corporation of India (LIC) was formed. There were 170 companies and 75 provident fund societies doing life insurance business in India at that time. From 1956 to 1999, the LIC held exclusive rights to do life insurance business in India.

c) Nationalisation of non-life insurance: With the enactment of General Insurance Business Nationalisation Act (GIBNA) in 1972, the non-life insurance business was also nationalised and the General Insurance Corporation of India (GIC) and its four subsidiaries were set up. At that point of time, 106 insurers in India doing non-life insurance business were amalgamated with the formation of four subsidiaries of the GIC of India.

d) Malhotra Committee and IRDAI: In 1993, the Malhotra Committee was setup to explore and recommend changes for development of the industry including the reintroduction of an element of competition. The Committee submitted its report in 1994. In 1997 the Insurance Regulatory Authority (IRA) was established. The passing of the Insurance Regulatory & Development Act, 1999 (IRDAI) led to the formation of Insurance Regulatory and Development Authority of India (IRDAI) in April 2000 as a statutory regulatory body both for life, non-life and health insurance industry. IRDA has been subsequently renamed as IRDAI in 2014.

Amending the Insurance Act in 2015, certain stipulations have been added governing the definition and formation of insurance companies in India.

An Indian Insurance company includes a company 'in which the aggregate holdings of equity shares by foreign investors, including portfolio investors, do not exceed forty-nine percent of the paid up equity capital of such Indian insurance company, which is Indian owned and controlled, in such manner as may be prescribed'.