

INFORMATION BULLETIN

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The Insurance Laws (Amendment) Bill, 2008

The Insurance Sector performs the important functions of providing risk cover for various risks and mobilising savings for investment. Investments are necessary for the economic development of a country and are sourced from savings. Life insurance in particular is a major instrument for the mobilization of savings of people, particularly from the middle and lower income groups. Life insurance companies accumulate funds through small amounts of premium paid by individuals. These funds are invested in ways that contribute substantially to the economic development of the country. The system of insurance provides numerous direct and indirect benefits to individuals and their families as well as to industry and commerce, to the community and the nation as a whole. The rising importance of insurance in a globalised world is evident from the increased number of players in both the domestic and international markets. India, being one of the fastest-growing economies in the world and an attractive foreign investment destination, has the potential to significantly expand its insurance industry. Constantly rising disposable incomes, coupled with the high potential demand for insurance offerings, has opened many doors for insurers in India, some of whom have foreign partners.

The Insurance Act, 1938 provides the legal framework for the insurance business in the country. *The General Insurance Business (Nationalisation) Act, 1972* nationalised the general insurance business in India and provided for the acquisition and transfer of shares of Indian general insurance companies, in order to serve better the needs of the economy, by securing the development of general insurance business in the best interest of the public. The insurance industry has grown tremendously since the establishment of the *Insurance Regulatory and Development Authority (IRDA) vide IRDA Act, 1999* and opening up of the insurance business to the private sector. The number of insurance companies has increased from six nationalized companies in 1999 to fifty-two as at the end of September 2013, of which twenty-four are in the life insurance business and twenty-seven are in non-life insurance business in addition to the General Insurance Corporation (GIC), which is the sole national reinsurer.

Insurance has had a very positive impact on India's economic development. The sector is gradually increasing its contribution to the country's GDP, which is being ploughed into the infrastructure sector in the form of increased investments each year. Insurance has also given the employment scenario in India a boost by providing direct as well as indirect employment opportunities. Due to the healthy performance of the Indian economy, the share of life insurance premiums in the Gross Domestic Savings (GDS) of the household sector has increased since 2001, with some recent adverse impacts due to the economic slowdown. This increased contribution

from the household Gross Domestic Savings has been embedded into the economy, generating higher growth.

The *Insurance Regulatory and Development Authority Act, 1999* paved the way for establishment of the Insurance Regulatory and Development Authority (IRDA) to protect the interest of holders of insurance policies and to regulate, promote and ensure orderly growth of the insurance industry and for matters connected therewith or incidental thereto. *IRDA* is playing a very important role in India's insurance industry which has seen an increase in the number of insurers — both in the life and non-life sectors, growth in insurance penetration and density, increase in number of policies issued and increase in the speed of claims settlements.

In the *changed scenario of wider participation and evolution of new, modern practices*, amendments to the existing insurance laws were proposed. At the instance of the Insurance Regulatory and Development Authority (IRDA), the Law Commission of India took up for examination the Insurance Act, 1938 and the Insurance Regulatory and Development Authority Act, 1999 and submitted its 190th Report to the Government on 1 June 2004. While making specific recommendations in the areas which relate to legal issues, the Law Commission opined that in respect of a few areas like (i) Provisions relating to Investments (Sec. 27, 27A and 27B); (ii) Sufficiency of Assets (Sec. 64VA); (iii) Insurance Surveyors (Sec. 64UM); (iv) Tariff Advisory Committee (Sec. 64UA and ULA); and (v) Shareholders' Fund and Policyholders' Fund (Sec. 49) a detailed examination by experts in the respective fields would be necessary to consider any changes.

Accordingly, the IRDA constituted a Committee of Experts (KPN Committee) under Shri K.P. Narasimhan (Ex-Chairman, LIC) on 7 March 2005 to specifically examine these fields. The Committee submitted its report to IRDA on 26 July 2005. The reports of the Law Commission and the KPN Committee were examined by the IRDA which forwarded its recommendations on amendments to Insurance laws to the Government on 16 March 2006. The Government thereafter consulted the Life Insurance Corporation of India (LIC), General Insurers Public Sector's Association of India (GIPSA) and General Insurance Corporation of India (GIC). After due consultations as above, a proposal to amend the Insurance Act 1938, General Insurance Business Nationalisation Act, 1972 and the IRDA Act, 1999 was considered and approved by the Cabinet in its meeting held on 30 October 2008. Accordingly, the Insurance Laws (Amendment) Bill, 2008 was introduced in Rajya Sabha on 22 December 2008. The Bill, as introduced was referred to the Standing Committee on Finance (2008-09) the same day for examination and report. However, the Committee could not complete examining the Bill and present the report thereon owing to the dissolution of the Fourteenth Lok Sabha. Following the constitution of the Fifteenth Lok Sabha, the Bill was again referred to the Standing Committee on Finance on 14 September 2009, which presented its Report to the Parliament on 13 December 2011 and on the same day it was laid in the Rajya Sabha. The Committee made 34 recommendations, of which the Government accepted 24 recommendations fully, two partially and did not accept eight of them. A recommendation by the Standing Committee that the foreign equity investment cap should be retained at 26% and not be raised to 49% as proposed in the Bill was not accepted by the Government. Accordingly, the Government introduced 88 official amendments, which were approved by the Union Cabinet on 4 October 2012. Subsequently, the Government approved 11 additional official amendments to the Bill along with earlier 88. One of the crucial amendments related to incorporating the provision regarding safeguarding of Indian ownership and control relating to enhancing of foreign equity cap in an Indian insurance company and making the foreign equity investment cap explicitly composite.

Key Features of the Insurance Laws (Amendment) Bill, 2008

The Insurance Laws (Amendment) Bill, 2008 along with the proposed official amendments relate *inter alia* to the following:

- It seeks to amend three Acts namely, *the Insurance Act, 1938*; *the General Insurance Business (Nationalisation) Act, 1972*; and *the Insurance Regulatory and Development Authority (IRDA) Act, 1999*;
- It proposes that the foreign equity cap on the aggregate holdings of equity shares by foreign investors, including portfolio investors in an Indian Insurance Company will be kept at 49% of the paid up equity capital of such Indian Insurance Company with safeguards such as Indian ownership and control, in such manner as may be prescribed. This has been done in order to meet the growing capital requirements of the insurance sector;
- The definition of 'health insurance business' has been revised to clearly stipulate that health policies would cover sickness benefits on account of domestic as well as international travel;
- With a view to serve the interest of the policy holders better, the period during which a policy can be repudiated on any ground, including misstatement of facts etc., has been confined to three years from the commencement of the policy and thus no policy would be called in question on ground of misstatement after three years;
- The General Insurance Corporation and the Insurance Companies will be permitted to raise capital from the market to meet future capital requirements, provided that the Government's shareholding would not be allowed to come below 51 per cent at any point of time;
- To permit foreign re-insurers to open branches only for re-insurance business in India;
- To make provision for absolute and conditional assignments of life insurance policies;
- To entrust responsibility of appointing insurance agents to insurers and IRDA to regulate their eligibility, qualifications and other aspects;
- To make life insurance policy unchallengeable on whatsoever ground after three years of issue of the policy and limiting the grounds for challenge during the period within three years;
- To delete provisions relating to Tariff Advisory Committee (TAC) in view of the de-tariffing of rates and premiums *w.e.f.* 1 January 2007;
- To provide for making Life Insurance Council and General Insurance Council as self-regulating bodies by empowering them to frame bye laws for elections, meetings, levy and collection of fees from its members;
- To provide for permanent registration of the insurers with annual renewal fee and right to cancel the registration on breach of conditions specified by the IRDA;
- The appointment of agents is proposed to be done by insurance companies subject to the agents meeting the qualifications, passing of examinations etc. as specified by IRDA.
- Mechanism for appeal against the orders of IRDA has been defined. The Securities Appellate Tribunal will be the Appellate Authority.
- The insurer is proposed to be made responsible for all the acts and omissions of its agents including violation of code of conduct and be liable to a penalty.
- It is proposed to prohibit soliciting and procuring of insurance business through principal agent, special agent and multilevel marketing.
- To include "corporate agent" in the definition of "insurance intermediaries" in the IRDA Act.

It is viewed that the enactment of the Bill will help remove some of the archaic and redundant provisions in the legislation, facilitate meeting of the capital requirements of the sector and provide IRDA enhanced flexibility and empowerment to discharge its functions more effectively.

Some Amendments to the Insurance Laws (Amendment) Bill, 2008

A Comparative Chart

		Existing Act	Bill (as introduced)	2014 amendment(s) as reported by Select Committee of Rajya Sabha
I	Foreign shareholding	(Direct and indirect) should not exceed 26% of paid-up equity capital of an Indian insurance company.	(Direct and indirect) should not exceed 49% of paid-up equity capital of an Indian insurance company.	Shareholding of foreign investors (including portfolio investors) should not exceed 49% of paid-up equity capital of an Indian insurance company, <i>which is Indian owned and controlled, in such manner as may be prescribed.</i>
II	Power of insurer to call a life insurance policy into question	No life insurance policy can be called into question after 2 years on the ground of misstatement.	No life insurance policy can be called into question after 5 years from the date of commencement of risk on the ground of (i) fraud, and (ii) misstatement of or suppression of a material fact regarding the life expectancy of the insured.	No life insurance policy can be questioned on any grounds after 3 years from the date of commencement of risk. In case of fraud, the onus of disproving lies on the beneficiaries in case the policy holder is not alive.
III	Health Insurance Business	No separate definition.	Defines "health insurance business" as contracts which provide for sickness benefits or medical, surgical or hospital expense benefits, whether in-patient or out-patient on an indemnity, reimbursement, service, prepaid, hospital or other plans basis including assured benefits, long term care, overseas travel cover and personal accident cover.	Defines "health insurance business" as contracts which provide for sickness benefits or medical, surgical or hospital expense benefits, whether in-patient or out-patient travel cover and personal accident cover.
IV	Operation of foreign insurers in India	A registered foreign insurer can conduct insurance business in Special Economic Zone (SEZ).	An unregistered foreign insurer can conduct insurance business in an SEZ. A foreign insurer may be allowed to carry on the business of re-insurance in India through its branch office. The Bill also proposed to realign the definition of foreign insurers allowed to operate in SEZs	Deletes these provisions of the Bill and reinstates provisions of the Act.

	Clause 108	Section 25 of the General Insurance Business (Nationalisation) Act, 1972 states that foreign insurers cannot issue insurance policies in India without prior government permission.	Prior permission of IRDA required, except for the properties situated in SEZs.	Prior permission of IRDA is required.
	Clause 72	The Act has certain provisions regarding foreign insurers operating in India, e.g. reciprocal regulations, furnishing of documents to IRDA and maintenance of books of account, registers, etc.	The Bill deletes these provisions.	The amendment maintains these provisions.
V	IRDA's power to withhold or cancel registration of an insurer	IRDA shall withhold or cancel registration of a foreign insurer if he has been debarred by his country to carry on insurance business.	IRDA may withhold or cancel registration of an insurer if his foreign partner in a joint venture has been debarred by its country to carry on insurance business.	IRDA may withhold registration of an insurer if his foreign partner in a joint venture has been debarred by its country to carry on insurance business.
		IRDA shall cancel the registration of an insurer either wholly or in so far as it relates to a particular class of insurance business, as the case may be, if its business or a class of the business has been transferred to any person or amalgamated with the business of any other insurer.	IRDA may suspend or cancel registration of an insurer, either wholly or in so far as it relates to a particular class of insurance business, as the case may be, if its business or a class of the business has been transferred to any person or amalgamated with the business of any other insurer.	IRDA may suspend or cancel registration of an insurer, either wholly or in so far as it relates to a particular class of insurance business, as the case may be, if its business or a class of the business has been transferred to any person or amalgamated with the business of any other insurer without the approval of the Authority.
VI	Capital requirements	Minimum equity capital is Rs 100 crores for life insurance or general insurance and Rs 200 crores for a person exclusively in the business of re-insurance.	It is Rs 50 crores for a person exclusively in the business of health insurance.	Same as the Act.
		The statutory deposits with RBI and preliminary expenses incurred in the formation and registration of the company shall be excluded in calculation of paid - up equity capital of an insurer.	The preliminary expenses and statutory deposits with RBI shall be included while calculating the equity capital of any insurer.	The preliminary expenses incurred in the formation and registration of an insurer shall be excluded in calculation of its paid - up equity capital.

VII	Assignment and transfer of insurance policies	A transfer or assignment of a life insurance policy needs to be communicated to the insurer. The insurer cannot reject a transfer or assignment.	The insurer may reject a transfer or assignment if it believes that the transfer or assignment is: (i) not <i>bona fide</i> , or (ii) is not in the interest of the policy-holder, or (iii) is not in public interest.	The insurer may reject a transfer or assignment if the Party believes that the transfer or assignment is: (i) not <i>bona fide</i> , or (ii) is not in the interest of the policy-holder, or (iii) is not in public interest, or (iv) is for the purpose of trading of insurance policy.
VIII	IRDA's power to make regulations	IRDA can make regulations regarding certain subjects.	The Bill further permits IRDA to make regulations regarding various matters, including the manner of payment of benefits to the nominee.	The amendment removes the power to make regulations regarding the manner of payment of benefits to the nominee. It additionally permits IRDA to make regulations regarding: (i) determination of preliminary expenses that may be excluded for calculation of the paid-up equity capital for the insurers, (ii) maintenance of records of policies and claims, (iii) manner and form of issuance of policies in electronic form, (iv) code of conduct for insurance agents, (v) academic qualifications and code of conduct for surveyors and loss assessors, and (vi) the period for which a person may act as a surveyor or loss assessor.
IX	Raising of capital by public sector general insurers	No existing provision.	The Bill permits the General Insurance Corporation and other public sector general insurers to raise capital for increasing their business in rural and social sectors, to meet solvency margin and for other purposes.	The amendment specifies that government shall always maintain at least 51% shareholding in these insurers.

Select Committee on Bills

When a Bill comes up before a House for general discussion, it is open to that House to refer it to a Select Committee of the House or a Joint Committee of the two Houses. A motion has to be moved and adopted to this effect in the House in which the Bill comes up for consideration. In case the motion adopted is for reference of the Bill to a Joint Committee, the decision is conveyed to the other House requesting them to nominate members of the other House to serve on the Committee. The Select or Joint Committee considers the Bill clause by clause just as the two Houses do. Amendments can be moved to various clauses by members of the Committee. The Committee can also take evidence of associations, public bodies or experts who are interested in the Bill. After the Bill has thus been considered, the Committee submits its report to the House. Members who do not agree with the majority report may append their notes of dissent to the report.

Select Committee on the Insurance Laws (Amendment) Bill, 2008

The Select Committee on the Insurance Laws (Amendment) Bill, 2008 consisting of 15 members was constituted by adoption of a Motion, moved in the Rajya Sabha by the Minister of Finance, Corporate Affairs and Defence on 14 August 2014, with instructions to report to the Rajya Sabha by the last day of the first week of the next Session. Beside other issues, the proposed hike in the Foreign Direct Investment (FDI) limit in the insurance sector from the present level of 26% to 49% was one of the main reasons for referring it to the Committee. The Committee held 9 sittings in all. Considering the importance and wide scope of the Bill, the Committee strongly felt the need for hearing various organizations/stakeholders including some regulators in the financial sector, viz. IRDA, SEBI & RBI as well and heard a total of 117 witnesses, who gave their suggestions on the Bill. After deliberating at length on various provisions of the Bill and hearing the views and suggestions, it took up clause-by clause consideration and adopted the draft Report in its sitting held on 8 December 2014 and finally, presented it to the Rajya Sabha on 10 December 2014.

Observations/recommendations of the Committee

- In view of the increasingly globalized economy and expanding global financial flows, involving liberalized foreign investment (including in India) in various fields like manufacturing, banking, etc. for growth and development, the Committee agreed with the provisions of the Bill to increase the foreign equity investment cap to 49%.
- The Committee recommends that the composite cap of 49% should be inclusive of all forms of foreign direct investment and foreign portfolio investments. The Committee is also of the view that incremental equity should ideally be used for expansion of capital base so as to actually strengthen the insurance sector and that the term “control” must be defined in the Act itself by adding the following explanation:

“Explanation — The term “control” shall include the right to appoint majority of the directors or to control the management or policy decisions including by virtue of their shareholding or management rights or shareholders agreements or voting agreements.”
- On the definition of ‘re-insurance’ as proposed in the Bill, the Select Committee recommends that it may be modified in clause 3(xi) of the Bill to read as under: “re-insurance” means the insurance of part of one insurer’s risk by another insurer who accepts the risk for a mutually acceptable premium.
- The Committee recommends that the provision of cancellation should be exercised by the Authority with abundant caution so as to avoid unnecessary hardship and penalization of a good company and consequently its policy holders, especially when the shortcoming may be due to circumstances beyond its control.
- The Committee was unanimous that a reduction in the paid up equity capital in health insurance sector as compared to the life and general insurance, would encourage non-serious players to enter the field. The Committee therefore strongly recommends that capital requirements to ensure health insurers of adequate capacity to provide

these critical services to all citizens of the country may be retained at the level of Rs. 100 crores and health insurance be given the utmost priority. The Committee also feels that IRDA in consultation with the Medical Council of India should formulate regulations to ensure that malpractices in the health insurance sector such as unnecessary investigations, procedures, hospitalization could be avoided to create a healthy vibrant health insurance sector.

- The Committee feels that the powers currently envisaged in the Bill to be retained with the Government, may not be interfered with. IRDA should be free to formulate regulations subject to Act and Rules.
- The Committee also agrees with the spirit of the amendment to provide redressal to the aggrieved through an appeal with the Securities Appellate Tribunal.
- The Committee is of the opinion that in light of judgements of the Apex Court, two types of nominees *i.e* beneficiary nominee and collector nominee may not be required and hence the Government may in consultation with the Law Ministry and IRDA appropriately modify the definition of a nominee to remove ambiguity or subsequent litigation.
- With regard to determining the commission etc. of agents and intermediaries the Committee recommends that there should be incorporation of a proviso after Section 40(2) which reads as follows:

“Provided that while making regulations under Section 40(1) and 40(2) of the Act, IRDA shall take into account the interests of the agents and other intermediaries concerned.”

- The Committee recommends that flexibility may be given to IRDA to prescribe the broad architecture for determination of the expenses of an insurer in any financial year as regards the remuneration to their agents/intermediaries, as it may require continuous monitoring and modifications due to the ever changing dynamics of the insurance market. The Committee also recommends that adequate protective mechanism may be instituted by IRDA to ensure that the commission due to the agents for business done is protected through regulations and their commission structure should be determined by IRDA depending on market conditions.
- Further, on the issue of insurers bearing responsibility for their agents the Committee appreciates the argument cited by the Insurance companies and the view of the Government. It, however, feels that the insurance companies cannot absolve themselves from the acts of omission and commission of the agents. It therefore recommends that a middle path could be taken by the Authority in exercising provisions related to quantum of penalty, while giving due thought to extenuating circumstances.
- The Committee is of the opinion that there is merit in the contention of both LIC and IRDA that once a policy is liable to be repudiated on grounds of mis-statement or deliberate concealment of vital facts, refund of premium cannot be claimed. The

Committee however feels that to protect the interests of policy holders adequate provision should be made so that there is no scope for its misuse by the insurance companies and policy holders are not victimized for minor aberrations.

- The Committee advocates that adequate safeguards/regulations be institutionalized by IRDA for fixation of penalties so that there is minimum scope for subjective interpretation and they do not act as a deterrent to well-meaning companies from entering the insurance sector.
- The Committee is of the opinion that the regulations to be drafted and adopted by IRDA, subsequent to the Bill, becoming an Act should not give unbridled and arbitrary powers to IRDA. The Committee also recommends for inclusion of a person from the insurance industry in the Securities Appellate Tribunal so that expert opinion of the industry is also taken into consideration.

Insurance Penetration and Density in India

The measure of insurance penetration and density reflects the level of development of insurance sector in a country. While insurance penetration is measured as the percentage of insurance premium to GDP, insurance density is calculated as the ratio of premium to population (per capita premium).

During the first decade of the insurance sector liberalization, the sector has reported consistent increase in insurance penetration from 2.71 per cent in 2001 to 5.20 per cent in 2009. However, since then, the level of penetration has been declining and reached 3.96 percent in 2012. This indicates that during the past three years, the growth in insurance premium is lower than the growth in national GDP. A similar trend was observed in the level of insurance density which reached the maximum of USD 64.4 in the year 2010 from the level of USD 11.5 in 2001. During the year under review 2012-13, the insurance density was USD 53.2.

The insurance density of the life insurance business had gone up from USD 9.1 in 2001 to reach the peak at USD 55.7 in 2010. During 2012-13, the level of life insurance density was only USD 42.7. Similarly, the life insurance penetration surged from 2.15 per cent in 2001 to 4.60 per cent in 2009. Since then, it has exhibited a declining trend reaching 3.17 per cent in 2012.

Over the last ten years, the penetration of non-life insurance sector in the country remained steady in the range of 0.5-0.7 per cent. However, its density has gone up from USD 2.4 in 2001 to USD 10.5 in 2012.

INTERNATIONAL COMPARISON OF INSURANCE DENSITY*

(In US Dollar)

Countries	2011**			2012**		
	Total	Life	Non-Life	Total	Life	Non-Life
Australia	4094.0	2077.0	2017.0	3922.3	1987.7	1934.7
Brazil	398.0	208.0	189.0	414.2	225.5	188.7
France	4041.0	2638.0	1403.0	3543.5	2239.2	1304.3
Germany	2967.0	1389.0	1578.0	2804.6	1299.3	1505.3
Russia	303.0	8.0	295.0	182.4	12.1	170.3
South Africa	1037.0	823.0	215.0	1080.9	882.3	198.6
Switzerland	8012.0	4421.0	3591.0	7522.1	4121.1	3401.1
United Kingdom	4535.0	3347.0	1188.0	4350.2	3255.8	1094.4
United States	3846.0	1716.0	2130.0	4047.3	1808.1	2239.2
Asian Countries						
India#	59.00	49.00	10.00	53.20	42.70	10.50
Japan	5169.0	4138.0	1031.0	5167.5	4142.5	1024.9
Malaysia	502.0	328.0	175.0	514.2	329.9	184.3
Pakistan	8.0	4.0	4.0	8.7	5.3	3.4
China	163.0	99.0	64.0	178.9	102.9	76.0
Singapore	3106.0	2296.0	810.0	3362.0	2471.8	890.2
South Korea	2661.0	1615.0	1045.0	2785.4	1578.1	1207.3
Sri Lanka	33.0	15.0	18.0	32.9	14.8	18.2
Thailand	222.0	134.0	88.0	266.2	156.5	109.7
World	661.00	378.00	283.00	655.70	372.60	283.10

Source: IRDA Annual Report 2012-13

* Insurance density is measured as ratio of premium (in US Dollar) to total population

** Data pertains to the calendar year 2011 and 2012.

Data relates to financial year 2011-12 and 2012-13.

INTERNATIONAL COMPARISON OF INSURANCE PENETRATION*

(In per cent)

Countries	2011**			2012**		
	Total	Life	Non-Life	Total	Life	Non-Life
Australia	6.0	3.0	3.0	5.6	2.8	2.8
Brazil	3.2	1.7	1.5	3.7	2.0	1.7
France	9.5	6.2	3.3	8.9	5.6	3.3
Germany	6.8	3.2	3.6	6.7	3.1	3.6
Russia	2.4	0.1	2.3	1.3	0.1	1.2
South Africa	12.9	10.2	2.7			
Switzerland	10.0	5.5	4.5	9.6	5.3	4.3
United Kingdom	11.8	8.7	3.1	11.3	8.4	2.8
United States	8.1	3.6	4.5	8.2	3.7	4.5
Asian Countries						
India#	4.1	3.4	0.7	4.0	3.2	0.8
Japan	11.0	8.8	2.2	11.4	9.2	2.3
Malaysia	5.1	3.3	1.8	4.8	3.1	1.7
Pakistan	0.7	0.4	0.3	0.7	0.4	0.3
China	3.0	1.8	1.2	3.0	1.7	1.3
Singapore	5.9	4.3	1.5	6.0	4.4	1.6
South Korea	11.6	7.0	4.6	12.1	6.9	5.3
Sri Lanka	1.2	0.6	0.6	1.2	0.5	0.7
Thailand	4.4	2.7	1.7	5.0	3.0	2.1
World	6.6	3.8	2.8	6.5	3.7	2.8

Source: IRDA Annual Report 2012-13

* Insurance penetration is measured as ratio of premium (in US Dollar) to GDP (in US Dollar)

** Data pertains to the calendar year 2011 and 2012.

Data relates to financial year 2011-12 and 2012-13.

INSURANCE PENETRATION* AND DENSITY IN INDIA**

Year	Life		Non-Life		Industry	
	Density (USD)	Penetration (percentage)	Density (USD)	Penetration (percentage)	Density (USD)	Penetration (percentage)
2001	9.1	2.15	2.4	0.56	11.5	2.71
2002	11.7	2.59	3.0	0.67	14.7	3.26
2003	12.9	2.26	3.5	0.62	16.4	2.88
2004	15.7	2.53	4.0	0.64	19.7	3.17
2005	18.3	2.53	4.4	0.61	22.7	3.14
2006	33.2	4.10	5.2	0.60	38.4	4.80
2007	40.4	4.00	6.2	0.60	46.6	4.70
2008	41.2	4.00	6.2	0.60	47.4	4.60
2009	47.7	4.60	6.7	0.60	54.3	5.20
2010	55.7	4.40	8.7	0.71	64.4	5.10
2011	49.0	3.40	10.0	0.70	59.0	4.10
2012	42.7	3.17	10.5	0.78	53.2	3.96

Source: IRDA Annual Report 2012-13

* Insurance penetration is measured as ratio of premium (in US Dollar) to GDP (in US Dollar)

** Insurance density is measured as ratio of premium (in US Dollar) to total population

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