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Research Article

Revisiting Insurance Penetration and Insurance Density in India: An Analysis

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Abstract

Insurance penetration and insurance density are two prominent measures of the assessment of overall progress in the insurance sector of any country in the world. The Indian insurance industry has remained backward and underdeveloped for a long time due to many inherent reasons. The Indian insurance industry was exclusively controlled by private players during the pre-independence era. The government took over the control of the insurance sector from the private players after the independence of India. The Indian insurance sector remained under the exclusive control of the government for a long time until the introduction of the Insurance Regulatory and Development Authority of India [IRDAI] in 1999. The establishment of the IRDAI was recommended by the Malhotra Committee with the prime objective of making the Indian insurance industry competitive, dynamic, accessible and inclusive. The IRDAI came into existence in 2000 that paved the way for the introduction of private players into the Indian insurance sector. Thus, India has witnessed a 360-degree change in the insurance sector. Nationalization and privatization process of Indian insurance sector was primarily driven by the betterment and wellbeing of the mass. Indian insurance industry has observed a significant improvement in the sector during the post IRDAI period. However, Indian insurance sector could not optimally harness its underlying opportunities due to numerous explicit and implicit factors. The COVID-19 pandemic has played a charismatic role in the expansion of insurance outreach in India. But the current scenario of insurance penetration and density in India is not up to the mark. This scenario of Indian insurance industry implies immense growth potential in the sector ahead.

Keywords: Insurance Penetration, Insurance Density, Indian Insurance Industry, IRDAI, COVID-19 Pandemic, Privatisation, etc.

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Introduction

The life of an individual and an institution is full of risks in the contemporary world. Each one of us is exposed to a variety of explicit and implicit risks that make both life and the future uncertain indefinitely. Therefore, insurance has become an integral part and a fundamental need of both individuals and institutions. Thus, insurance has become a part and parcel of a successful life in modern society. Today, almost every individual wants to get his or her life and property insured with a suitable insurance policy for a sufficient sum assured. India is one of the fastest emerging economies and the most populous country in the world. However, India has remained backward in terms of insurance penetration and insurance density for a long time. Currently, insurance penetration in India is 4.20%, wherein life insurance penetration is 3.20% and non-life insurance penetration is 1.00%. Global insurance penetration stands at 6.90% wherein life insurance penetration is 3.00%

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and non-life insurance penetration is 3.90%. Thus, the current position of India in life insurance penetration is better than that of the current position of the world. But India is far behind in non-life insurance penetration as compared to the current scenario of the world. Currently, the insurance density of India is 78 USD, wherein life insurance density is 59 USD and non-life insurance density is 19 USD. The current value of global insurance density is 809 USD wherein life insurance density is 360 USD and non-life insurance density is 449 USD. India's life insurance density is around one-sixth of the global life insurance density while India's non-life insurance density is approximately one-twenty fifth of the global non-life insurance density. India's insurance density is roughly one-tenth of the global insurance density. Thus, the level of insurance density of India is nowhere against the global insurance density i.e., India's insurance density is far behind the global insurance density. There are numerous inherent overt and covert factors liable for the poor insurance density in today's India. The factors responsible for the lower insurance density are low disposable income and saving, ever-growing inflation, higher cost of living, sharp rise in healthcare expenditure, poor financial literacy, etc.

Review of Literature

Insurance is a mechanism that offers financial security with peace of mind, which is essential and equally important in everyone's life. However, it is quite an ironic situation that insurance company persuades people to buy insurance policies, but people hardly take the initiative to buy insurance policies in India. The basic reason behind the prevailing scenario in India is that the majority of Indians do not have a good understanding of insurance and its significance. India is one of the least insured countries in the world. India has lower insurance penetration than other Asian and BRICS countries. The life insurance penetration in India is better than many larger economies of the world. The level of insurance penetration in India can be accelerated by enhancing access, availability, affordability, and awareness of insurance (Kumar, 2014).

The insurance penetration and density were lower, and private sector insurance companies were non-existent prior to the establishment of the Insurance Regulatory and Development Authority [IRDAI] in post-independent India. There is a great role of IRDAI in scaling up the insurance penetration and insurance density in India. Insurance penetration and insurance density have been consistently increasing since the introduction of the IRDAI in India. The ever-growing number of insurance companies has led to wider awareness through consumer education that has resulted in growth in insurance penetration and density in India (Prasad & Sharma, 2017).

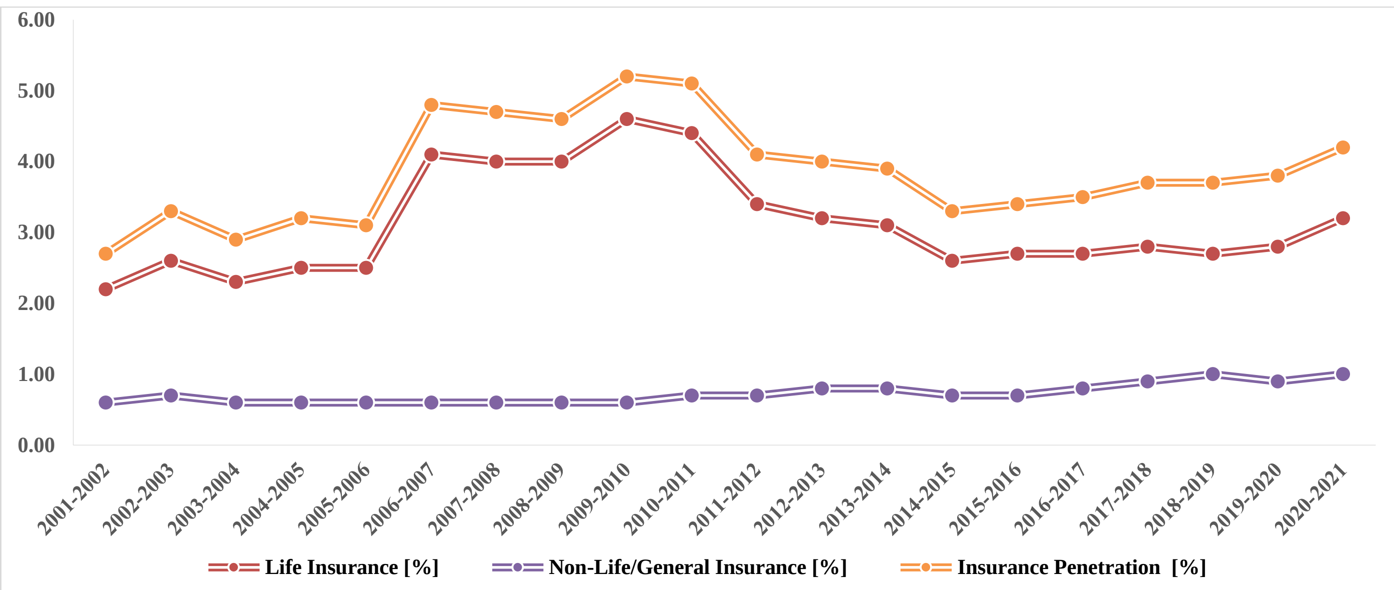
More than two-thirds population of India is out of the coverage of life insurance. A large population of India is absorbed in the unorganized sector. People working in the unorganized sector are exposed to higher risks that could be minimized and managed through insurance. Insurance penetration, insurance density, and annual premium growth rate are three well-recognised measures to understand the insurance coverage scenario at the international level. Death or disability because of an accident is covered by the personal accident insurance policy. Policies issued under Pradhan Mantri Surksha Bima Yojana [PMSBY], Pradhan Mantri Jan Dhan Yojana [PMJDY], and Indian Railways Catering and Tourism Corporation [IRCTC] are personal accident insurance policies (Singh, 2019).

The COVID-19 pandemic has developed an understanding of the significance of financial security, especially the role of life insurance in the life of an individual. India has reached the global average in terms of life insurance penetration. Insurance penetration is likely to go up in the years to come. Indian life insurance sector is expected to grow at a 9 percent CAGR by 2027. India is the world's tenth-largest life insurance market and ahead of the UK and China. The share of insurance agents in the life insurance business cannot be overtaken by the bancassurance channel but direct-to-consumer [D2C] channels have immense potential. However, direct-to-consumer distribution channels are still in their nascent phase in India ('Life Insurance Penetration', 2022).

According to data and analytics firm GlobalData, the Indian general insurance industry is positioned to increase its compound annual growth rate by 2022. The Indian insurance industry is expected to grow at around 10 percent by 2026. Motor insurance is the second largest general insurance segment in India. COVID-19 pandemic has negatively impacted motor insurance on account of lower vehicle sales led by economic slowdown. Insurance penetration in Indian non-life insurance industry is significantly low as compared to the corresponding global figure ('Indian General Insurance', 2022).

Insurance penetration in India has increased to 4.20 percent in the financial year 2020-2021, with life insurance penetration at 3.20 percent and non-life insurance penetration at 1.00 percent. However, the insurance density in India has reached the level of 78 USD during the financial year 2020-2021. There had been a significant impact of COVID-19 pandemic on health insurance sector in India, which resulted a substantial transformation in the health insurance sector. Health insurance sector has been digitalised altogether. The Indian health insurance industry has witnessed a drastic growth in the sales volume of health insurance policies. The market share of private sector insurance companies in the non-life and health insurance market has reached the level of almost 50 percent. According to S&P Global Market Intelligence Data, India is the second largest insurance technology market in Asia Pacific region. COVID-19 pandemic did a miracle that life insurance advertisement can never do and as result of which life insurance penetration in India has slightly surpassed the global average (Singh, 2022).

Graph 1: Insurance Penetration Scenario of India



Source: *IRDA's Annual Report*

It is an undeniable fact that COVID-19 has done a wonderful work by creating an amazing awareness among people and sensitising society towards life and health insurance products, which has not been done by the expenses incurred on the promotion of insurance products by insurance companies. However, a lot more needs to be done to accelerate insurance penetration in India. The level of insurance penetration in India is far behind the global insurance penetration. Many initiatives are yet to be taken to build up the confidence of customers in the insurance industry and increase customers' access to insurance. The Indian life insurance market is primarily driven by conventional insurance products. Conventional or traditional insurance product refers to a life insurance product which is primarily savings-oriented and secondarily risk cover oriented. COVID-19 pandemic has enabled society to understand the significance of risk cover element of life insurance. Thus, it has shifted the investment perspective of life insurance to risk cover perspective ('Insurance Penetration', 2022).

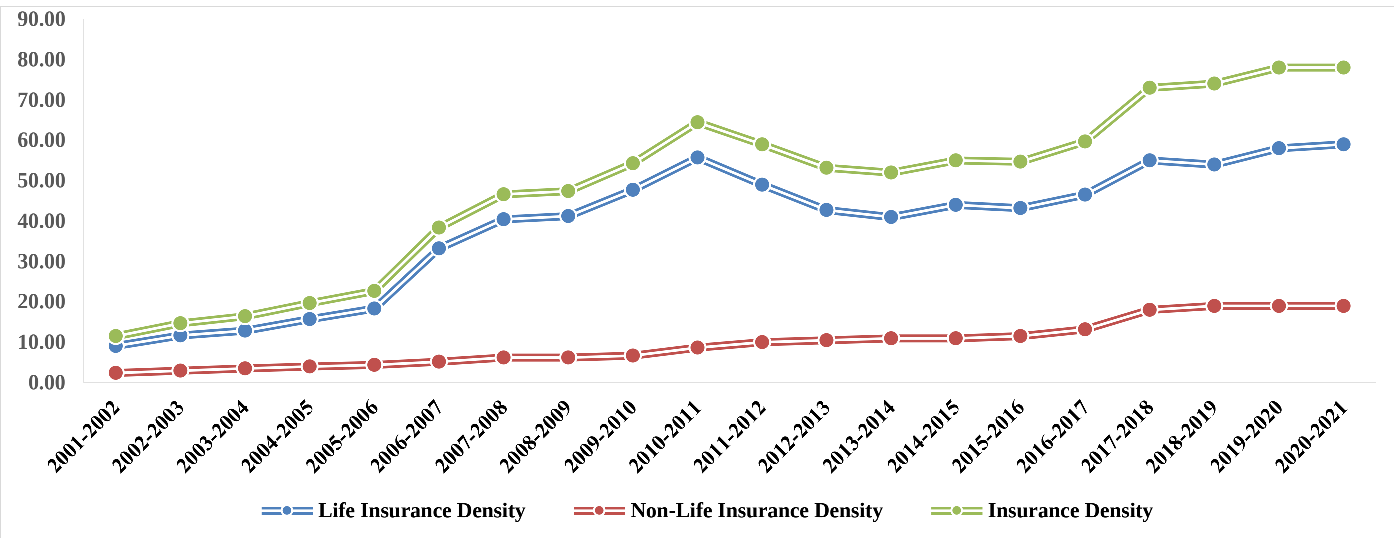
Digitalisation has become the call of the hour across the business world. Companies lagging behind in digitization will not remain any more competitive in the market. The COVID-19 pandemic has accelerated the pace of digitalization across the insurance industry. Indian insurance industry has been rapidly transforming itself via introduction of digitalization in the insurance sector owing to a large number of smartphone users and pandemic driven change in the insurance sector. Insurtechs are consistently simplifying insurance products and its distribution channels to make insurance products more accessible and affordable (Patro, 2022). Life and health insurance penetration remains low in India in comparison to global scenario. It has become essential to restructure and redesign distribution of insurance products through combination of conventional and modern channels ('Insurance Penetration', 2022).

Indian insurance industry has been growing at a fast pace. Insurance penetration and density remains low as compared to global figures. This scenario uncovers the fact that a large population of the country is still out of the coverage of insurance protection. The Indian insurance industry has transitioned from an exclusive state dominated insurance sector to a competitive insurance sector. However, public sector insurance companies continue to hold a significant share in the Indian insurance industry. Indian insurance industry has observed 360 degree change in the sector. Liberalisation has positive impact on life insurance and total insurance penetration. However, its impact on non-life insurance sector is negative and insignificant as well. The demonetization 2016 has positive effect on insurance sector. The uninsured rural population and the urban poor have to be brought under the ambit of insurance coverage. Pradhan Mantri Jan Arogya Yojana, Pradhan Mantri Suraksha Bima Yojana, Pradhan Mantri Jeevan Jyoti Bima Yojana, and Pradhan Mantri Fasal Bima Yojana have positive impact in the expansion of insurance coverage in the country (Bandopadhya et al., 2022).

Indian insurance industry has observed a sharp growth in insurance penetration during last two decades. Many factors, including change in regulatory framework, introduction of technology, and awareness to insurance, can be attributed to this development in the insurance sector. India is the tenth largest life insurance market of the world. Customer experience, product distribution cost, and product innovation are three major areas of disruption for the insurers. Product innovation and introduction of technology in the sector can address the problems of accessibility, availability, and affordability while improving customer's experience (Khan, 2022). Higher insurance premium is one of the biggest factors responsible for the lower insurance penetration in India. Lower level of awareness and understanding among people to insurance, insignificant return on investment in insurance, information asymmetry, etc. are other major reasons for lower insurance penetration in India. Inclusive growth in health insurance is possible only when universal health insurance coverage is the priority of government. The COVID-19 pandemic has made people understand that access to affordable healthcare and health insurance is essential to protect the society from financial crisis and keep economy functional and progressive. Indian insurance industry is full of opportunities and its potential could be could be optimally harnessed by offering affordable insurance products to the citizens (Roy, 2022).

Though Indian insurance industry has been continuously growing for the last two decades but its growth is not up to the mark and its share in the global market is not very significant. The higher insurance cost is one of the biggest reasons for the poor insurance penetration in the country. Therefore, larger population of the country is either underinsured or uninsured. More than two-third population of India resides in rural belt. However, insurance coverage in rural part of India is significantly low. Thus, rural India should be the next target to accelerate the insurance footprint in India. The introduction of technology in the insurance sector may prove immensely helpful in scaling up insurance penetration in India. Innovation in insurance products, like the introduction of small ticket or bite-sized insurance products, may prove worthy in resolving the issue of affordability in the insurance sector. The promotion of consumer education and awareness has been the most neglected part at the end of insurers in India. So, it has become unavoidable for insurance companies to take the initiative to make consumers well informed and aware. The pandemic has clearly visualised the significance of health insurance in the life of an ordinary individual. This pandemic-generated opportunity can be exploited to accelerate insurance penetration further in India (Ganatra, 2022).

Graph 2: Insurance Density Scenario of India



Source: *IRDA's Annual Report*

Life insurance penetration in India has reached to the level of global figure but non-life insurance penetration is just one-fourth of the global figure. Poor awareness and access to insurance are the major factors liable for the lower insurance penetration in India. The COVID-19 pandemic and ever growing healthcare expenses have made the society understand the value of life insurance and health insurance in the life of an individual. A large population of India is still uninsured or underinsured (Gandhi, 2022). India is one of the least insurance penetration countries of the world. Insurance penetration can be enhanced in the country by displaying the bright features of insurance to the society. The bite sized insurance policies have potential to demonstrate the significance of insurance in one's life. The introduction of technology in the insurance field i.e. insurtech can play a substantial role in wider accessibility and availability of bite sized insurance policies. Taking all the prevailing factors into the consideration, it can be inferred that India has potential to accelerate the insurance penetration ahead (Gupta, 2022). India has been an underinsured country for a long time. Term insurance is purely a risk cover life insurance plan that has a great demand in online insurance market. The COVID-19 pandemic played a substantial role in the growth of insurance industry in a short span of time as it has significantly raised the level of awareness and understanding among people to life insurance plans (Telawane, 2023).

India is the most populous country and one of the fastest emerging economies of the world. Indian insurance industry is growing at a compounded annual growth rate of over 10-15 percent. This scenario can be attributed to ever growing awareness in the society to the significance of insurance and increasing disposable incomes.

Indian insurance industry has public sector and private sector insurers. Public sector and private sector insurers have been functioning in the independent India for around seven decades and two decades respectively. Indian insurance industry includes seven public sector insurance companies [i.e. Life Insurance Corporation of India, General Insurance Corporation of India, New India Assurance, National Insurance, Oriental Insurance, United Indian Insurance, and Agriculture Insurance Company]. Indian life insurance industry is the fastest emerging insurance industry in India that holds three-fourth share in the Indian insurance market. Health insurance is the second largest insurance market followed by motor insurance market in India. India is one of the fastest emerging insurance technology markets of the world. Insurance technology i.e. insurtech fuels the administration, creation, and distribution of insurance products. U. S. based insurtech companies could harness the inherent opportunities of Indian insurance market by making insurance accessible, affordable, and available for everyone. The Indian insurance industry paves the way for numerous opportunities for U.S. businesses that is evidenced by Indian government's approval for foreign companies' investment in Indian insurance companies up to 49%. U.S. technology companies can prove helpful in providing innovative solutions and in managing risk and expanding insurance business across the country (International Trade Association, 2023).

According to the estimate of the World Bank, two-third population of India lives in rural areas. The rural India has a small number of buyers and sellers of insurance products. The fundamental reasons behind lower insurance penetration in India are lack of insurance awareness, information asymmetry, lower return on investment in insurance, etc. COVID-19 pandemic has accelerated level of awareness among public to health insurance. According to India Fintech Report 2022, Indian insurance industry have rapidly adopted technologies to offer insurance products to public. Human interaction is inevitable in the distribution of insurance products, despite of greater technological advancement in the insurance industry. Therefore, combination of technology and human touch is essential to ensure the growth of insurance industry. The prospect of Indian insurance industry seems to be very attractive led by numerous changes in the sector. According to a study of Swiss Re, Indian insurance industry is on the verge of becoming sixth largest insurance market of the world. Despite of technological advancement in the insurance sector, human interaction remains an integral element of insurance penetration in India. Therefore, PhyGital [Physical and Digital i.e., Offline and Online combination of insurance distribution] is the way forward to cater the growth needs of insurance sector ahead (Mishra, 2023).

According to a reply in response to a question raised in the Lok Sabha, health insurance has roughly one third share in the overall general insurance penetration in India during 2021-2022 financial year, and 520 million persons are covered by health insurance. Health insurance penetration in India is very poor despite of numerous initiatives taken by the government to promote health insurance in the country. It is because of limited outreach, lack of awareness and education. The poor healthcare infrastructure and relatively lower understanding of health insurance policies in backward areas of India compel people to spend more on healthcare. Out of pocket medical expenditure is very high in India. Health insurance is a mechanism that enables one to afford the access to quality healthcare services (Srivats, 2023).

According to a study, majority of insurance products being sold in India are saving component dominated and they have just a small risk cover component. Therefore, Indians are insignificantly covered by insurance. Insurance penetration in India has increased to 4.20 percent during the last twenty years. Government interventions and a conducive regulatory environment in the country have led to a substantial growth in the insurance industry. Insurance density in India has increased to around eight times in the last two decades. The US is the largest insurance market in the world followed by China and Japan. COVID-19 pandemic led greater awareness to risk has accelerated demand for life and health insurance products ('Insurance Market', 2023).

Objective of Study

This research article is primarily driven by following objectives:

- To analyze the insurance penetration and density scenario of India and the world.
- To study the relationship between Indian and global figures of insurance penetration and density.
- To underline the inherent factors of current scenario of insurance penetration and density in India.
- To suggest ways out to improve insurance penetration and density in India.

Research Methodology

This research article is an analytical research study. It is based on secondary sources of facts and figures. Different online and offline research articles, newspaper articles, magazine articles, and Insurance Regulatory Development Authority of India's annual reports have been accessed to complete this research article. Compound annual growth rate (CAGR) and Karl Pearson's coefficient of correlation have been applied to analyze the secondary data collected under the study. Graphs and tables have been used to represent the data collected under the study. SPSS and Excel have been used to analyze and present the data.

Period of Study

This research study is based on the facts and figures of last two decades from 2001-2002 to 2020-2021. Thus, last twenty year data have been used under this research article.

Hypotheses of Study

This research study has following hypotheses:

H_{o1}: There is no relationship between Indian and global life insurance penetration.
H_{o2}: There is no relationship between Indian and global non-life insurance penetration.
H_{o3}: There is no relationship between Indian and global insurance penetration.
H_{o4}: There is no relationship between Indian and global life insurance density.
H_{o5}: There is no relationship between Indian and global non-life insurance density.
H_{o6}: There is no relationship between Indian and global insurance density.
H_{o7}: There is no relationship between Indian life and non-life insurance penetration.
H_{o8}: There is no relationship between Indian life and non-life insurance density.
H_{o9}: There is no relationship between Indian life insurance penetration and density.
H_{o10}: There is no relationship between Indian non-life insurance penetration and density.

Insurance Sector Growth Metrics

The following measures are well known and widely used metrics to study growth across the insurance industry:

Insurance Penetration

Insurance penetration is the ratio between the insurance premium and country's GDP. Insurance Penetration is measured as the percentage of insurance premium to GDP i.e. ratio between insurance premium and GDP, which can be stated as follows:
Insurance Penetration= [Insurance Premium/GDP] x 100

Insurance Density

Per capita insurance premium is also known as insurance density. Insurance Density is calculated as the ratio of insurance premium to population, which can be stated as follows:
Insurance Density= [Insurance Premium/Population]

Insurance Penetration and Density across India and the World

- **Life Insurance Penetration**

Table 1. Life Insurance Penetration: India and World

Year	Life Insurance Penetration [Percentage]	
	India	World
2001-2002	2.20	4.70
2002-2003	2.60	4.80
2003-2004	2.30	4.60
2004-2005	2.50	4.60
2005-2006	2.50	4.30
2006-2007	4.10	4.50
2007-2008	4.00	4.40
2008-2009	4.00	4.10
2009-2010	4.60	4.00
2010-2011	4.40	4.00
2011-2012	3.40	3.80
2012-2013	3.20	3.70
2013-2014	3.10	3.50
2014-2015	2.60	3.40
2015-2016	2.70	3.50
2016-2017	2.70	3.50
2017-2018	2.80	3.30
2018-2019	2.70	3.30
2019-2020	2.80	3.30
2020-2021	3.20	3.30

Source: *IRDAI Annual Report*

Note: Figures rounded off

Life insurance penetration in India has been growing at compound annual growth rate of around 2% during the last two decades. However, the same has been falling down at the compound annual growth rate of around 2% at the international level. Thus, growth in life insurance penetration in India is positive that is a sign of good prospects in the Indian life insurance sector. Globally, demand for the life insurance products is shrinking.

- **Non-Life Insurance Penetration**

Table 2. Non-Life Insurance Penetration: India and World

Year	Non-Life Insurance Penetration [Percentage]	
	India	World
2001-2002	0.60	3.10
2002-2003	0.70	3.40
2003-2004	0.60	3.50
2004-2005	0.60	3.40
2005-2006	0.60	3.20
2006-2007	0.60	3.00

2007-2008	0.60	3.10
2008-2009	0.60	2.90
2009-2010	0.60	3.00
2010-2011	0.70	2.90
2011-2012	0.70	2.80
2012-2013	0.80	2.80
2013-2014	0.80	2.80
2014-2015	0.70	2.70
2015-2016	0.70	2.80
2016-2017	0.80	2.80
2017-2018	0.90	2.80
2018-2019	1.00	2.80
2019-2020	0.90	3.90
2020-2021	1.00	4.10

Source: *IRDAI Annual Report*

Note: Figures rounded off

Non-life insurance penetration in India has been growing at the compound annual growth rate of around 2.50%. The compound annual growth rate of non-life insurance penetration at international level is around 1.50%. Thus, compound annual growth rate of non-life insurance penetration in India is higher than that of global figure by 1%. This manifests that the growth rate of non-life insurance in India is better than the world. It is also a sign of good prospects in the Indian non-life insurance market.

- **Insurance Penetration**

Table 3. Insurance Penetration: India and World

Year	Insurance Penetration [Percentage]	
	India	World
2001-2002	2.70	7.80
2002-2003	3.30	8.10
2003-2004	2.90	8.10
2004-2005	3.20	8.00
2005-2006	3.10	7.50
2006-2007	4.80	7.50
2007-2008	4.70	7.50
2008-2009	4.60	7.10
2009-2010	5.20	7.00
2010-2011	5.10	6.90
2011-2012	4.10	6.60
2012-2013	4.00	6.50
2013-2014	3.90	6.30
2014-2015	3.30	6.20
2015-2016	3.40	6.30
2016-2017	3.50	6.30
2017-2018	3.70	6.10

2018-2019	3.70	6.10
2019-2020	3.80	7.20
2020-2021	4.20	7.40

Source: *IRDAI Annual Report*

Note: Figures rounded off

The overall insurance penetration in India has been growing at the compound annual growth rate of over 2%. However, the overall insurance penetration in the world has been declining at the compound annual growth rate of one-third percentage. Indian insurance market has been manifesting a good growth momentum against the global scenario of insurance penetration. This implies that Indian insurance industry has a good growth potential ahead.

- **Life Insurance Density**

Table 4: Life Insurance Density: India and World

Year	Life Insurance Density [USD]	
	India	World
2001-2002	9.10	235
2002-2003	11.70	247
2003-2004	12.90	267
2004-2005	15.70	292
2005-2006	18.30	300
2006-2007	33.20	331
2007-2008	40.40	358
2008-2009	41.20	370
2009-2010	47.70	341
2010-2011	55.70	364
2011-2012	49.00	378
2012-2013	42.70	373
2013-2014	41.00	366
2014-2015	44.00	368
2015-2016	43.20	346
2016-2017	46.50	353
2017-2018	55.00	353
2018-2019	54.00	370
2019-2020	58.00	379
2020-2021	59.00	360

Source: *IRDAI Annual Report*

Life insurance density in India has been growing at the compound annual growth rate of around 10% while it is around 2% at the world level. The double digit compound annual growth rate in the life insurance density in India indicates a good sign of growth in the insurance sector. However, compound annual growth rate of life insurance density at the international level is relatively much lower as compared to the scenario of India.

- **Non-Life Insurance Density**

Table 5. Non-Life Insurance Density: India and World

Year	Non-Life Insurance Density [USD]	
	India	World
2001-2002	2.40	158
2002-2003	3.00	176
2003-2004	3.50	203
2004-2005	4.00	220
2005-2006	4.40	219
2006-2007	5.20	224
2007-2008	6.20	250
2008-2009	6.20	264
2009-2010	6.70	254
2010-2011	8.70	263
2011-2012	10.00	283
2012-2013	10.50	283
2013-2014	11.00	285
2014-2015	11.00	294
2015-2016	11.50	276
2016-2017	13.20	285
2017-2018	18.00	297
2018-2019	19.00	312
2019-2020	19.00	439
2020-2021	19.00	449

Source: *IRDAI Annual Report*

Non-life insurance density in India has been growing at the compound annual growth of around 11% while it is slightly over 5% at global level. The compound annual growth of non-life insurance density is higher than that of the life insurance density in India. However, growth rate of insurance density [including life and non-life insurance density] in India is in double digit. It manifests that both the life insurance density and non-life insurance density have been growing significantly during the last two decades.

- **Insurance Density**

Table 6. Insurance Density: India and World

Year	Insurance Density [USD]	
	India	World
2001-2002	11.50	393
2002-2003	14.70	423
2003-2004	16.40	470
2004-2005	19.70	512
2005-2006	22.70	519
2006-2007	38.40	655
2007-2008	46.60	608

2008-2009	47.40	634
2009-2010	54.30	595
2010-2011	64.40	627
2011-2012	59.00	661
2012-2013	53.20	656
2013-2014	52.00	652
2014-2015	55.00	662
2015-2016	54.70	621
2016-2017	59.70	638
2017-2018	73.00	650
2018-2019	74.00	682
2019-2020	78.00	818
2020-2021	78.00	809

Source: *IRDAI Annual Report*

Insurance density in India has been growing at the compound annual growth rate of around 10% while it is slightly less than 4% at the world level. Higher growth rate in Indian insurance density implies that there is a tremendous growth opportunities for the insurance players in the Indian insurance market ahead.

Data Analysis and Discussion

S.No.	Hypotheses	Level of Significance	Karl Pearson Correlation	P-value	Hypothesis Testing Result [Null Hypotheses Accepted or Rejected]
H_{o1}	There is no relationship between Indian and global life insurance penetration.	0.05	**0.02**	**0.924**	**Accepted**
H_{o2}	There is no relationship between Indian and global non-life insurance penetration.		**0.18**	**0.442**	**Accepted**
H_{o3}	There is no relationship between Indian and global insurance penetration.		**-0.16**	**0.492**	**Accepted**
H_{o4}	There is no relationship between Indian and global life insurance density.		**0.91**	**0.000**	**Rejected**

H_{o5}	There is no relationship between Indian and global non-life insurance density.		**0.88**	**0.000**	**Rejected**
H_{o6}	There is no relationship between Indian and global insurance density.		**0.91**	**0.000**	**Rejected**
H_{o7}	There is no relationship between Indian life and non-life insurance penetration.		**-0.21**	**0.383**	**Accepted**
H_{o8}	There is no relationship between Indian life and non-life insurance density.		**0.83**	**0.000**	**Rejected**
H_{o9}	There is no relationship between Indian life insurance penetration and density.		**0.45**	**0.047**	**Rejected**
H_{o10}	There is no relationship between Indian non-life insurance penetration and density.		**0.93**	**0.000**	**Rejected**

There is no relationship between Indian and global life insurance penetration which signifies that Indian life insurance penetration and global life insurance penetration are independent of each other i.e., global life insurance penetration has no impact on Indian life insurance penetration.

There is no relationship between Indian and global non-life insurance penetration which implies that Indian non-life insurance penetration and global non-life insurance penetration are independent of each other i.e., global non-life insurance penetration does not influence Indian non-life insurance penetration.

There is no relationship between Indian insurance penetration and global insurance penetration which indicates that Indian insurance penetration and global insurance penetration are independent of each other i.e., global insurance penetration has no bearing on Indian insurance penetration.

Thus, Indian insurance penetration and global insurance penetration [including life insurance penetration and non-life insurance penetration] are not associated with each other in any manner. This why global insurance penetration has no impact on Indian insurance penetration.

There is a strong relationship between Indian life insurance density and global life insurance density that signals that Indian life density and global life insurance density are not independent of each other i.e., global life insurance density has a strong influence on Indian life insurance density.

There is a strong relationship between Indian non-life insurance density and global non-life insurance density that conveys that Indian non-life insurance density and global non-life insurance density are not independent of each other i.e., global non-life insurance density has a strong influence on Indian non-life insurance density. There is a strong relationship between Indian insurance density and global insurance density that heralds that Indian insurance density and global insurance density are not independent of each other i.e., global insurance density has a strong impact on Indian insurance density.

Thus, Indian insurance density and global insurance density [including life insurance and non-life insurance density] are closely associated with each other. Therefore, global insurance density has a strong influence on Indian insurance density. This might be because of the direct impact of international insurance premium on Indian insurance premium.

There is no relationship between life insurance penetration and non-life insurance penetration in India which indicates that life insurance penetration and non-life insurance penetration in India are independent of each other i.e., life insurance penetration does not influence non-life insurance penetration or vice versa in India.

There is a strong relationship between life insurance density and non-life insurance density in India which implies that life insurance density has a strong impact on no-life insurance density in India i.e., life insurance density and non-life insurance density are not independent of each other. This might be because of strong association between change in life insurance premium and non-life insurance premium.

There is a strong relationship between life insurance penetration and life insurance density in India which signals that life insurance penetration in India has a strong impact on life insurance density in India i.e., life insurance penetration and life insurance density are strongly associated with each other in India.

There is a strong relationship between non-life insurance penetration and non-life insurance density which manifests that non-life insurance penetration has a strong influence on non-life insurance density in India i.e. non-life insurance penetration and non-life insurance density are strongly and positively associated with each other in India.

Thus, there is a direct and strong relationship between insurance penetration and insurance density in India i.e., insurance penetration is positively associated with insurance density in India. It heralds that the level of insurance penetration determines the level of insurance density i.e., good insurance penetration is the indicator of good insurance density in the country.

Factors Responsible for Lower Insurance Penetration and Density in India

India has been backward in terms of insurance penetration and insurance density for a long time. There are many explicit and implicit factors owing to the current scenario of insurance penetration and insurance density in the country. The major factors responsible for the lower insurance penetration and insurance density in India are poor financial literacy, lower income and saving, higher cost of living, strong and sharp inflation, unaffordable healthcare expenses, unemployment, poverty, inadequate social security measures, etc. However, the fundamental reasons behind the lower insurance penetration and density in India are higher insurance premium and lower per capita disposable income and saving, and absence of effective universal insurance policy and social security measures in the country.

Conclusion

It has been rightly articulated that insurance is an embodiment of preparedness, offering a safety net when life takes an unexpected turn. This quote states that there is a great role of insurance in the life of an individual and institution as well. The significance and role of insurance can no more be underestimated. However, India has been remained backward in terms of insurance coverage and adequacy for a long time. The current scenario of insurance in India has its own explicit and implicit reasons owing to its different underlying social, economic, political and psychological factors. Currently, India's insurance penetration is approximately 50% of the global insurance penetration, and Indian's insurance density is almost 10% of the global insurance density. The current status of India is relatively good in terms of life insurance penetration and density. But India's position in non-life insurance segment is very poor against the global non-life insurance scenario. India's non-life insurance penetration is roughly 25% of the global non-life insurance penetration and India's non-life insurance density is approximately 4% of the global non-life insurance density. The per capita life insurance premium i.e., life insurance density of India is far behind the global life insurance density while India's life insurance penetration is very close to the global life insurance penetration. The per capita non-life insurance premium i.e. non-life insurance density of India is negligible against the global non-life insurance density but India's non-life insurance penetration is almost one-fourth of the global non-life insurance penetration. Thus, the current scenario of India in life insurance and non-life insurance segments heralds good growth potential in the Indian insurance industry ahead.

Indian insurance market has immense opportunities for further significant growth in the sector. However, Indian insurance sector needs proper planning, advance preparation, utmost priority to harness the prevailing opportunities and underlying growth potential of the sector. Moreover, governments and policymakers have to work in mission mode with full commitment and enthusiasm to ensure the utmost insurance coverage to the citizens of the country. For this purpose, government needs to work on awareness, availability, accessibility and affordability of insurance products. Many initiatives can be taken to spread awareness to insurance in the society. Public and private sector companies may be allowed to participate in the insurance business with reasonable restrictions and regulations in order to ensure the wider availability of insurance products. Different online, offline and composite channels may be developed to ensure hassle free and holistic distribution of insurance products. Government may work on the development of bite sized insurance, subsidized insurance, customized insurance, compulsory insurance, and universal insurance in order to address the issue of affordability in wider distribution of insurance across the country.

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