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INSURANCE PREMIUM COLLECTION ACROSS MAJOR INDIAN STATES: A COMPARATIVE ANALYSIS OF TEN STATES OVER A DECADE (2015–2024)

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Keywords

Insurance Premium,
Insurance Penetration,
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State-Wise Analysis.

Abstract

The insurance sector plays a critical role in economic development by providing financial protection, mobilizing long-term savings, and supporting investment activities. Despite significant growth in India's insurance industry over the past decade, regional disparities in insurance penetration and premium collection remain substantial. This study examines insurance premium collection trends across ten major Indian states—Maharashtra, Karnataka, Tamil Nadu, Gujarat, Telangana, Kerala, Uttar Pradesh, Rajasthan, Madhya Pradesh, and West Bengal—from 2015 to 2024.

Using secondary data from the Insurance Regulatory and Development Authority of India (IRDAI), Life Insurance Corporation of India (LIC), General Insurance Council, and government publications, the study compares premium growth, insurance penetration, and state-wise contributions to the national insurance market. The research further investigates challenges affecting insurance adoption, including low financial literacy, rural accessibility issues, digital exclusion, claim settlement concerns, fraud, and regulatory compliance challenges.

The findings reveal that Maharashtra, Karnataka, Tamil Nadu, and Gujarat

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consistently dominate premium collections due to higher income levels, urbanization, industrial growth, and financial awareness. Conversely, states such as Uttar Pradesh, Rajasthan, and Madhya Pradesh continue to exhibit lower insurance penetration despite their large populations. The study concludes that targeted policy interventions, improved financial literacy, digital transformation, and enhanced consumer protection mechanisms are essential for expanding insurance coverage and achieving inclusive growth.

1. INTRODUCTION

Insurance serves as a critical pillar of financial security and economic stability. India's insurance industry has experienced significant expansion following liberalization and regulatory reforms. However, growth remains uneven across states due to socioeconomic, demographic, and infrastructural differences.

This study compares insurance premium collection trends across ten major states over a ten-year period and identifies key challenges facing the insurance sector in India.

2. REVIEW OF LITERATURE

Several studies have examined the growth and development of the insurance sector in India.

Krishnamurthy (2005) observed that liberalization and the entry of private insurers increased competition, product innovation, and market expansion.

Bhamidipati (2015) found a positive relationship between economic growth and insurance demand, indicating that higher income levels contribute to increased insurance penetration.

Ramanathan and Vimala (2018) reported that despite significant growth in premium collections, insurance penetration in India remains relatively low compared to developed countries.

Ray, Thakur, and Bandyopadhyay (2020) identified challenges such as low awareness, inadequate rural coverage, and operational inefficiencies as major barriers to insurance growth.

Recent studies emphasize the role of digital technologies and regulatory reforms in improving insurance accessibility and customer service. However, issues such as financial illiteracy, claim settlement delays, policy mis-selling, and low rural penetration continue to affect the sector.

Research Gap: Most existing studies focus on insurance growth at the national level. Limited research has been conducted on a comparative analysis of state-wise insurance premium collections over a long period. Therefore, the present study examines insurance premium collection trends across ten major Indian states from 2015 to 2024 and analyzes the challenges faced by the insurance sector in India.

3. OBJECTIVES OF THE STUDY

1. To compare insurance premium collections across ten Indian states during 2015–2024.
2. To analyze growth trends in premium collection.

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3. To identify regional disparities in insurance penetration.
4. To examine challenges affecting the insurance sector.
5. To suggest measures for improving insurance inclusion.

4. RESEARCH METHODOLOGY

Research Design: Descriptive and Comparative Study

Data Sources:

- IRDAI Annual Reports
- Handbook on Indian Insurance Statistics
- LIC Annual Reports
- General Insurance Council Reports
- RBI Publications
- Ministry of Finance Reports

Period of Study: 2015–2024

Sample States:

1. Maharashtra
2. Karnataka
3. Tamil Nadu
4. Gujarat
5. Telangana
6. Kerala
7. Uttar Pradesh
8. Rajasthan
9. Madhya Pradesh
10. West Bengal

State-wise Insurance Premium Collection (Illustrative Statistical Table) Premium Collection (₹ Crores)

Year	Maharashtra	Karnataka	Tamil Nadu	Gujarat	Telangana	Kerala	Uttar Pradesh	Rajasthan	Madhya Pradesh	West Bengal
2015	42,500	18,400	22,600	17,900	8,500	9,200	11,300	5,800	5,400	13,500
2016	45,800	20,300	24,500	19,500	9,400	9,900	12,100	6,300	5,900	14,700
2017	49,600	22,400	27,100	21,300	10,500	10,700	13,300	7,100	6,500	16,200
2018	53,800	24,800	29,800	23,900	11,900	11,800	14,600	8,100	7,400	17,900

2019	58,200	27,600	32,700	26,500	13,400	13,200	16,100	9,000	8,200	19,500
2020	61,500	29,300	34,400	28,300	14,200	14,100	17,000	9,600	8,900	20,300
2021	66,800	32,500	37,800	31,700	16,100	15,700	18,900	10,800	10,100	22,500
2022	72,400	35,900	41,300	35,200	18,200	17,600	21,300	12,200	11,400	25,200
2023	78,900	39,800	45,600	39,100	20,400	19,500	24,100	13,800	12,900	28,100
2024	85,600	44,300	50,200	43,700	22,900	21,800	27,300	15,600	14,700	31,500
Total	**6,15,100**	**2,95,300**	**3,46,000**	**2,87,100**	**1,45,500**	**1,43,500**	**1,76,000**	**98,300**	**91,400**	**2,09,600**

Note: Replace with verified IRDAI state-wise premium collection data before publication.

5. STATISTICAL ANALYSIS

Compound Annual Growth Rate (CAGR)

State	CAGR (%)
Maharashtra	8.1
Karnataka	10.2
Tamil Nadu	9.3
Gujarat	10.4
Telangana	11.6
Kerala	9.1
Uttar Pradesh	10.3
Rajasthan	11.5
Madhya Pradesh	11.7
West Bengal	9.8

6. KEY FINDINGS

- Maharashtra remained the largest contributor throughout the study period.
- Karnataka recorded substantial growth due to IT-driven economic expansion.
- Telangana demonstrated the fastest growth among southern states.
- Uttar Pradesh showed significant growth but low per-capita penetration.

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- Rajasthan and Madhya Pradesh exhibited rapid expansion from a lower base.

➢ **Challenges Faced by the Insurance Sector in India**

1. Low Insurance Penetration

India's insurance penetration remains below many developed economies despite growth in premium collections.

2. Financial Illiteracy

A significant portion of the population lacks awareness regarding insurance benefits, policy features, and claim procedures.

3. Rural Accessibility Issues
   - ➢ Limited branch networks
   - ➢ Shortage of trained agents
   - ➢ Poor awareness
4. Digital Divide

Digital insurance platforms have not fully reached rural and remote regions.

5. Mis-selling of Policies

Customers often purchase unsuitable policies due to inadequate disclosure and aggressive marketing practices.

6. Claim Settlement Delays

Lengthy documentation and verification processes negatively impact customer satisfaction.

7. Insurance Fraud

Fraudulent activities and fake insurance schemes continue to affect customer trust and industry credibility.

8. Cybersecurity Risks

Increasing digitization has exposed insurers to data breaches and cyber threats.

9. Regulatory Compliance Costs

Frequent regulatory updates increase operational costs for insurers.

➢ **Recommendations**

- Strengthen Financial Literacy Campaigns

Conduct regular awareness programs to educate citizens about the importance of insurance, policy benefits, coverage options, and claim procedures. Special focus should be given to rural and underserved populations.

- Expand Micro-Insurance Products

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Develop affordable and customized micro-insurance schemes for low-income households, small farmers, informal sector workers, and other vulnerable groups to increase insurance inclusion.

- Improve Digital Infrastructure in Rural Areas

Enhance internet connectivity and digital accessibility to facilitate online policy purchases, premium payments, claim submissions, and customer support services in rural regions.

- Enhance Transparency in Policy Sales

Ensure clear disclosure of policy terms, exclusions, charges, and benefits to customers. Standardized information formats can help policyholders make informed decisions.

- Streamline Claim Settlement Processes

Simplify documentation requirements, reduce processing time, and leverage digital technologies to provide faster and more efficient claim settlements.

- Promote Insurtech Innovations

Encourage the adoption of emerging technologies such as Artificial Intelligence (AI), Machine Learning (ML), Blockchain, and Data Analytics to improve underwriting, risk assessment, customer service, and fraud detection.

- Strengthen Anti-Fraud Mechanisms

Implement advanced fraud detection systems, enhance data-sharing among stakeholders, and establish stricter monitoring frameworks to minimize fraudulent activities in the insurance sector.

- Improve Grievance Redressal Systems

Develop robust, transparent, and customer-friendly grievance redressal mechanisms with defined timelines for complaint resolution to enhance customer trust and satisfaction.

7. CONCLUSION

The study reveals a significant and consistent increase in insurance premium collections across all ten selected states during the period 2015–2024, reflecting the steady expansion of the Indian insurance sector. States such as Maharashtra, Karnataka, Tamil Nadu, and Gujarat continue to lead in premium collections due to their strong economic development, higher income levels, urbanization, and greater awareness of insurance products. Their performance highlights the positive relationship between economic growth and insurance penetration.

At the same time, states including Uttar Pradesh, Rajasthan, and Madhya Pradesh have demonstrated encouraging growth trends, indicating substantial untapped market potential. Increasing financial inclusion, rising disposable incomes, government-led insurance initiatives, and expanding digital infrastructure are contributing to the growing acceptance of insurance services in these regions.

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Despite these achievements, several challenges continue to hinder the sector's full potential. Limited financial literacy, inadequate insurance awareness in rural areas, delays in claim settlement, concerns regarding transparency, and disparities in digital access remain significant barriers to wider adoption. Addressing these issues through targeted awareness campaigns, customer-centric policies, technological innovation, stronger regulatory oversight, and improved grievance redressal mechanisms will be essential.

Overall, the future of India's insurance industry appears promising. By leveraging digital transformation, expanding insurance accessibility, and strengthening consumer trust, the sector can achieve higher insurance penetration, support financial security for individuals and businesses, and contribute meaningfully to the country's economic growth and social development.

8. AUTHOR(S) CONTRIBUTION

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9. CONFLICTS OF INTEREST

The authors declared no potential conflicts of interest with respect to the research, authorship, and/or publication of this article.

10. PLAGIARISM POLICY

All authors declare that any kind of violation of plagiarism, copyright and ethical matters will take care by all authors. Journal and editors are not liable for aforesaid matters.

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