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The Impact of Insurance Regulatory and Development Authority [IRDA]

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Abstract: *Insurance Regulatory and development Authority is an autonomous and statutory authority established by the Government of India, which has been provided whole authorities of the Controller of Insurance in order to regulate. Control and direct the different activities of the Insurance sectaries India.*

IRDA is engaged is bringing reforms in the different parts of the Insurance sector in India by way of regular monitoring, directing and controlling over different activities of the Insurance sector at the different places across the country, which can be directly observed by comparing in the previous scenario of the Indian Insurance sector to the present scenario.

Keywords: *Regulate, Reform, Maintaining, Directing.*

I. Introduction

A statutory authority as an autonomous body was established under the provision of IRDA by the Government of India with the objective of regulating, directing and controlling the Insurance sector for ensuring smooth functioning of the Insurance sector in India. This authority is called as "Insurance Regulatory and development Authority" Which came into existence with effect from 1st April 2000.

The IRDA being a National agency of the Government of India, there are numerous arrangements for taking corrective steps as to incorporate the emerging requirement of the Insurance sector in India.

II. Impact Over Regulation of Insurance Sector

There is great impact of IRDA in the overall regulation of the India Insurance sector. The IRDA is having close observation over the different activities of insurance sector in India in order to ensure the proper protection of the policyholders' interests and scope of regulation is constantly increasing.

III. Impact Over Policyholders Interests Protection

As far as the matter of protection of policyholders' interests is concerned, it is the core objective of the IRDA and IRDA is also trying its level best in this context. Thus, it is clear that the impact of IRDA over policyholders' interests' protection is significant.

IV. Impact Over Awareness to Insurance

IRDA is not only emphasizing over the introduction of different rules and regulations in the insurance sector in order to protect the interests of policyholders but also it is trying to make the activities of insurance sector transparent and taking different steps so as to increase the awareness of the society to the insurance.

V. Impact Over Customers Education

IRDA is attempting to make all the significant and material information associated with insurance products public and it has also made mandatory for the insurers to disclose all the secret information to the customers.

VI. Impact Over Insurance Market

The impact of IRDA over the insurance market is not hidden to any one of us. There is a great change in the insurance market whether with respect to insurance product, marketing, competition and customers' awareness.

VII. Impact Over Development of Insurance Product

One of the significant impacts of IRDA amongst its different impacts over the insurance sector is its impact over the development of insurance products. The IRDA has brought a revolution in the direction of development of insurance products. The development of ULIPs is the outcome of privatization of the insurance sector.

VIII. Impact Over Distribution Channel (Insurance Intermediaries) of Insurance Product

It is very natural phenomena that only good distribution (demand) can sustain the constant production (product development). Thus, IRDA has also given due attention towards the development of insurance intermediaries (Distribution Channel) in order to make available insurance to everyone.

IX. Impact Over Life Insurance Corporation of India

Life Insurance Corporation of India was a single player in the life insurance sector prior to the introduction of the IRDA and LIC of India had monopoly over the life insurance market. But now, there are twenty three other private life insurers apart from the LIC of India the existing life insurance market, therefore, the LIC of India has to make it so strong that it may compete with its rivals and secure its previous position in the market.

X. Impact Over Insurance Objective

The introduction of private players in the insurance sector has made the insurance sector diversified, dynamic and competitive, which has also brought an amazing change in the trends of policyholders and as a result insurance objective for the people of the society has been thoroughly changed.

XI. Impact Over Competition in the Insurance Sector

There was no competition term in the insurance market prior to the introduction of private players in the life insurance sector. It is a natural impact over insurance sector. Competition in the existing insurance market is gradually increasing.

XII. Impact Over Expenses of Insurers

There was nothing like competition in the insurance market before the introduction of private companies in the life insurance sector and as a result there was no need to expend huge money over different activities related to the insurance except over some fixed activities. Thus, competition has brought a great change in the expenditure size of the insurers.

XIII. Impact Over Contents of Insurance Product (Multipurpose Insurance Product)

At the outset, insurance was concerned with insurance not any other issue or requirement. But in the present market, insurance products are being designed and developed so that they may cater different other as much as the needs of the prospective customers apart from the core need of the insurance.

XIV. Impact Over Workforce (Employment Opportunity of Insurance Sector)

A gradual increase in the number of insurers in the insurance sector is creating competition amongst pre-existing insurers and this trend directly or indirectly demands a large workforce.

XV. Impact Over the Applied Technology in the Insurance Sector

Present age is the age of technology, so, normal usage of technology in the different activities of the insurance sector is quite natural but day by day introduction of different advanced technology in the insurance sector is motivated by the competition.

XVI. Impact Over Service and Facility Insurers

As far as impact over services and facilities of insurers is concerned, it is worth mentioning, particularly with respect to pre-existing insurers. Thus, the impact of IRDA over the services and facilities of insurers is good.

XVII. Impact Over Procedure of Insurance

Nowadays, getting insured has become very easy and it is available on the doorstep. Previously it was not as easy as it is today. Thus, as an important impact of IRDA, procedure of insurance has become very simple.

XVIII. Impact Over Saving and Investment Portfolio of Individual

Today's, insurance has become so popular and profitable mode of investment amongst the people of society that it has made a permanent place in the saving and investment portfolio of every one of us and in the absence of investment in the insurance, portfolio is not considered good.

XIX. Impact Over Selection Procedure of Insurance Agent

It was very easy to be an insurance agent for anyone prior to the introduction of the IRDA. But now, it is not a simple task and it has become too difficult, expensive and lengthy task and even it is not possible for everyone.

XX. Impact Over Pressure and Workload of Insurance Employee and Officers

The introduction of private sector companies in the insurance sector has infused the element of competition in the insurance sector and as a result pressure over the officers and employees of the existing insurance companies goes up and it is an endless process.

XXI. Impact Over Number of Insurers

As a result of the introduction of the IRDA in the insurance sector, private players got an opportunity to deal with insurance products in the Indian Insurance Market. India is one of the largest markets of the world and number of the insured persons is very nominal. Thus, there are numerous opportunities of development for the private insurers in the Indian Insurance Market and this is why a number of insurers are gradually increasing.

XXII. Impact Over Organisation Structure of Insurers

First of all, Introduction of IRDA has invited private players in the insurance sector and secondly it has imposed certain obligations over the insurers, which have forced the existing insurers to make changes in their organizational structures in order to carry out instructions and fulfilling the obligations.

XXIII. Impact Over Regulation Requirement in the Indian Insurance Sector

There is great need of a proper regulatory system in the present Indian Insurance Market in order to protect the interests of the policyholders at large and ensuring the proper functioning of the insurance sector. The lack of proper regulation in the

insurance sector might be a big challenge to the future of the nation and citizen as well. Therefore, at present proper and systematic regulation is very essential for the smooth operation of the insurance sector.

XXIV. Impact Over Government Responsibility

Regular increase in the number of insurers, the number of diversified products launched by them, increasing competition in the insurance sector, a huge amount of many individuals deposited with different insurers in the form of premiums and diversified activities of the insurers is making the government responsible to bring uniformity in the insurance sector.

XXV. Impact Over Banks and Post Offices

Today, insurance is not only a means of security from risks or uncertainties but also it is one of the most popular and common mode of saving and investment. It is the result of the activities of the present insurance market, which has diverted the flow of fund from the banks and post offices to the insurance industry.

XXVI. Impact Over Challenges of Insurance Agent

The introduction of many insurers in the insurance sector has increased the problems and challenges of the insurance agents. They have to devote their more time and resources in order to fulfil their target.

XXVII. Impact Over Individual Life's

The IRDA has put a great impression over the life of a common person of the society by way of developing an understanding of the insurance and creating a sense of responsibility among them.

XXVIII. Impact Over Selection of Different Alternative Source of Saving and Investment

The introduction of IRDA has opened up Indian Insurance Sector to the private players and it has created a competition in the insurance sector and as a result of competition amongst the insurers, different types of insurance products have been launched in the present insurance market, which have taken a form of alternative sources of saving and investment. Thus, it has affected the selection of different sources of saving and investment.

XXIX. Impact Over Share Market

Unit Linked Insurance Plans are result of the modern insurance market, which have been developed by the private insurers particularly to attract the customer towards them. This insurance product has made simple to raise funds by the companies and it has indirectly attached many people of the society to the activities of share market.

XXX. Impact Over Sale Insurance Policies

Increased numbers of insurers are also doing their level best to get their business along with existing insurers. Every insurer has its own market and hence, the insurance business is constantly growing up.

XXXI. Impact Over Indian Economy

Every economic activity in the country adds something more or less to the development of economy. Money invested in different types of insurance products in the form of premiums channelize the funds of a country for non-economic activity to economic activity and above all it makes available to the governments of a country in order to execute the different development related activities of the country. Thus, there is a great impact of IRDA in the economic development of the country.

XXXII. Conclusion

The creation of IRDA has brought revolutionary changes in Insurance sector In the last 10 years of its establishment the Insurance sector has seen tremendous growth when IRDA come into beginning only players in the Insurance industry where life Insurance Corporation (LIC) and General Insurance Company of India (GIC) however in the last decade 23 new players have emerged in the field of Insurance. The IRDA also successfully deals with any discrepancy in the Insurance sector.

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