Insurance business today, is one of the most potential financial sectors with the global insurance industry valued at approximately $ 2.5 trillion servicing both life and non-life markets. By life insurance it protects the human assets of the economy and by general insurance (also called non-life insurance or casualty and property liability insurance) it protects capital assets.

A decade back, it would have been pretty difficult for anyone to visualize the insurance industry, the way we have it today. The industry, as a whole, has undergone phenomenal transformation from the time businesses were tightly regulated, and concentrated in the hands of a few public sector insurers to now with more than 30 life and non-life insurance companies vying and competing with each other towards introducing innovative products, distribution channels and aggressive sales and marketing strategy to acquire major share in the pie.

The genesis of the insurance sector reforms can be traced to the adverse economic condition prevailing in India when the Reserve Bank of India had to mortgage gold abroad to borrow funds to fund the import of essential commodities and due to almost bankruptcy of foreign exchange reserves. The Government of India initiated economic reforms to contain the rot and introduced policies of deregulation, liberalization and globalization which paved the way for the rise of financial services in general and the insurance industry in particular.

That there is a huge potential in the insurance sector was realized by the Government way back in 2000, when it took a landmark decision to open up the domestic insurance market to private sector and foreign companies. Foreign players foresaw enormous potential in India and grabbed the opportunity with both hands by participating in most of these new companies despite the ceiling of 26% on foreign ownerships through the automatic route. Since, the first of the licenses for the companies in private sector was issued in October 2000, many more have joined the bandwagon increasing the insurance awareness and penetration in the vastly under insured country.

No modern economy can be conceived in the absence of insurance and India is no exception to this. With an annual growth rate of 15–20% and the largest number of insurance policies in force, the potential of the Indian insurance industry is mammoth. Globally, a hefty 92% of the world premium is generated by industrialized countries and a mere 8% is the contribution of emerging markets. The relationship between economic development and insurance can be explained both ways that a developed economy has a developed insurance market and vice versa.

The IRDA, the apex body for regulating insurance companies, by way of issuance of various regulations has been promoting insurance to act as a catalyst for social development. The insurance sector plays an important role in the socio-economic development of the nation by providing the twin advantages of providing social security to the insured and contributing to economic progress by investing in developmental projects. The segment of compulsory insurance has already attracted the foreign insurers to become partners in progress of the Indian insurance sector.

In such a scenario, the Cost & Management Accountants, (CMA's) by virtue of their expert knowledge in Finance and sound analytical skills, can perform multi-tasking as 'insurance professionals'. There are a plethora of services which the CMA's can render to the insurance companies in the capacities of insurance management, claims management, risk management, analysis of risk perception, underwriting management, risk assessment, loss assessment, development of customized financial models, financial advisors, cost advisors, financial planning and so on. The CMA's are expected provide invaluable service to the insurance companies by providing cost effective information and appropriate control measures in the best interests of their clients.

The CMA's role in risk management needs special mention. They can assist the management in four basic functions of risk management – identifying potential losses, evaluating potential losses, selecting the appropriate technique or combination of technique for handling losses; and administering the risk management plan. They can advise the management in identifying the existing and new risks associated with the business. The risk management plan should provide for managing the identified risks in responses to the changing economic environment.

India is a signatory to the WTO and is committed to open the insurance sector. This will enhance competition among the local and global players, which in turn, will develop a better understanding of customers' requirements. The ultimate beneficiaries, i.e. the customers will immensely benefit from new products, efficient services, economic pricing, integrated risk management and safe social security system.