

Life Insurance in Karnataka: A Colonial Legacy Sanjana C.P.

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ABSTRACT:

In the history of mankind the concept of “Risk” is not new. To live a better life man has to face more challenges and take risks. Since the birth of civilizations humans have tried to manage different kinds of risks like loss of men and material, health problem, assets etc.. Human’s search for security has led to different ideas and concepts since the ancient times but this was given importance on a large scale only in the modern times. This mostly developed in the western world. With the advent of East India Company, it introduced a number of changes in the political, administrative, economic aspects of the country. Some of it were also taken up by the local princely states which were indirectly under the control of the British. One such state was the Princely state of Mysore. Mysore was under the indirect rule of the British hence any reforms introduced by the British was brought into effect in Princely Mysore state also. By the second half of 1800s many private insurance companies were established in different parts of the country. It was the Dewan of Mysore K Sheshadri Iyer introduced insurance in Mysore for the security of Government officials in 1891. Since then insurance as an industry has been growing both in public and private sectors in Karnataka and in India. The Mysore state life insurance which began in colonial period continues to thrive in Karnataka after independence as a major public sector undertaking providing compulsory insurance for the government employees in the name of Karnataka Government Insurance Department. The concept of modern insurance as a way of risk management and a tool for security of men and material in the state of Karnataka is a form of colonial legacy.

KEYWORDS:

Life Insurance, British Administration, Princely Mysore, Mysore State Life Insurance, Karnataka Government Insurance Department.

INTRODUCTION

The modern age in Europe led to geographical discoveries. The Europeans loved adventure and went on to discover new lands which were till then considered unknown. They also discovered new sea routes to countries which they were having trade relations. As a result of it colonies

were established in various parts of the world by different European powers. Even in India although many colonial powers tried to establish their supremacy it was the British who were successful in becoming the colonial power in India. The British after establishing themselves firmly began to introduce certain changes in social, political, administrative, economic spheres. These changes transformed the Indian socio-political and economic fabric of the country. Especially in the financial administration new modifications were introduced which had substantial impact on the native state and its citizens. Many of the native states which were indirectly under the control of the British introduced the changes that were brought by the British elsewhere in India. Some of the changes might have had unfavourable impact on the subjects like that of revenue policy and some other with a neutral effect and some even to an extent was useful. One example of such policy was the introduction of Life Insurance by the Princely state of Mysore in 1891. The modern concept of Insurance was brought to India by the British. Later it was picked up by the native states and introduced in their territory. Insurance though introduced during the British rule its legacy continues even today. Hence it is important to understand the history of such a scheme which is regarded as security for life. This paper is an attempt to trace the history of Life insurance in Karnataka.

The Beginning of Insurance in India

When the British came to India they began to indulge in trade and built factories and forts in major centres like Calcutta, Bombay and Madras. Some of the officers came to India along with their family and settled here but the hot summer, contagious diseases like malaria, cholera and other things created problems for the officers. There were insurance offices only in England and even the premium was also very high which made it difficult for them to get insurance from England. But there was a demand for insurance by the officers. Later on in 1818 the first insurance company was established in 1818 in Calcutta. "A group of Europeans pioneered the establishment of Oriental Life Insurance Society to afford relief to distressed relatives of Europeans who died shortly after remnants of General Ochterlony's man staggered back to Calcutta following a successful but costly operation against the recalcitrant Gurkhas and there prevailed a pall of gloom among the bereaved widows and orphans."¹ Later on insurance companies were established in other Presidencies like

Bombay and Madras also. "In May 1823 another insurance company named 'Bombay Life Assurance Company' was established in Bombay."² "The 'Madras Equitable' company was established in 1829 in Madras presidency".³ Thus insurance companies were established in major British Presidencies by the first half of 1800s. Later on it was expanded across British India. Initially it was established by Europeans and it gave insurance only to the lives of Europeans and Indians were excluded. Later on even Indian lives were insured. There was a proposal by the Government in early 1870s to start a Government Insurance Service but later on the idea was dropped as it was not feasible in the country at that time.

By the second half of 1800 even natives also started Insurance companies across India. One of the prominent insurance company was the Oriental Life Assurance Company in Bombay established in 1874 to insure the lives of Indians. Indian Life Assurance Company Ltd established in 1892 in Karachi. The Swadeshi movement gave impetus for Indians to establish some more insurance companies for Indians. Because of the growth of numerous insurance companies the Government of India had to pass a legislation to control growth of companies and hence passed The Indian Life Insurance Companies Act 1912. Later on in 1938 a new Insurance Act was passed by the Government of India. According to this Act the post of Superintendent of Insurance was created he had executive powers. Though the Government of India did not establish a government insurance company it passed certain acts time to time to regulate the insurance business in British India.

Insurance in Princely Mysore

The introduction of insurance in the country was considered much earlier by the Government of India around 1873. There was a demi official circular by the Government of India to all the major provinces of British India like Hyderabad, Agra, Indore, Madras, Bombay, Bengal, Punjab, North Western Frontier Province, Mysore and Culcutta to send their opinion on the desirability of establishment of Life Insurance by the Government of India. From Mysore The Chief Commissioner of Mysore after collecting the opinion from all the three divisions of the state wrote a letter to the Secretary, Department of Finance, Government of India on 22nd December, 1875 stating that there if the high premium rates and some other issues relating to claims, statistics of mortality were fixed then the introduction of insurance can be considered. But in due course of time

all the opinions of the provinces were rejected because the Government of India feared that the natives would not take the insurance and it would be difficult to manage the business. Hence the proposal to introduce insurance was rejected by the Government of India.

But in Mysore banking and insurance service was offered by certain private joint stock companies. According to the Administration Report of Mysore of 1891– 1895 some of the joint stock companies registered offered insurance service. They were “Mysore Life Insurance Co.Ltd registered in 1883 with an objective of insuring lives”, Mysore Hindu Life Insurance Co.Ltd registered in 1883 having an objective of insuring lives.” “Chikkaballapur Life Insurance co Ltd registered in 1885 insuring lives and providing banking services.”⁴ There were other insurance companies offering insurance service in costal region also and oldest being the “Mangalore Roman Catholic Pioneer Fund Ltd., established in Mangalore in 1888 under the patronage of Bishop of Mangalore”⁵

But insurance came to prominence when the Mysore State itself evolved a mandatory insurance scheme to the Government servants. It was for the first time proposed by Dewan K Sheshadri Iyer in 1889. It was a compulsory insurance scheme for public servants. A draft was introduced which included the major features of the scheme like the premium amount, the minimum and maximum age for taking the scheme etc. After debated and discussions the Mysore state life insurance came into effect on 1st December 1891.The insurance scheme was compulsory for all public servants who were entering the service after the scheme was inaugurated. In case of officers already in service enrolling to insurance was optional. Ten per cent of the pay of the officer was deducted as premium amount. The minimum age to get insurance was 21 and the maximum was 45.In 1894 insurance was also extended to female employees till then which was only meant for male public servants. As the scheme became popular it was also extended to general public in 1915.

In addition to Government life insurance business there were other joint stock companies in Bangalore which offered insurance. Some of the prominent companies were Asiatic Government Security Life and the General Assurance Co. Ltd (1913), Reliance Assurance Co.Ltd (1923), Mysore Insurance Company Ltd (1933) Bangalore urban district Gazetteer phone. Mysore became one of the pioneer states in the country to introduce insurance to public. Even during the two world wars the Mysore

State life insurance business was running profitably.

Karnataka Government Insurance Department (KGID)

It was this Mysore Government Life insurance public branch that after independence continued to provide insurance service. In 1956 insurance act was passed which nationalised the insurance business in India. Since 1956 it has been providing compulsory insurance service to the state government employees.

CONCLUSION

After the British established themselves as colonial powers in India they introduced several changes in different aspects of Indian society to serve their interest. Likewise there was change introduced in administration, education, judiciary and other aspects there was a transition in Indian finance system with the introduction of a modern banking system, currency and coinage, taxation, insurance systems. Hitherto these were existing in India a modern way was introduced, institutions were formalised, a separate law to govern them was initiated.

The word Legacy according to Oxford dictionary is “a situation that exists now because of the events, actions etc that took place in the past.” Even after so many years of independence there are certain colonial aspects which are still being used like that of April 1st being the beginning of financial year in India even today. The systems and institutions like civil services, modern judicial system, modern banking and insurance systems are still a part of life in the country. Hence the modern insurance industry is a colonial legacy, taken up by the Mysore princely state and is still continuing in India. The insurance industry in the state has a history of more than a century. Though in the beginning there was ignorance about it among the natives its importance in securing lives was understood. What began as a scheme for the public servants in Mysore soon was extended to masses also. The insurance industry became more popular during the world war period as people wanted some sort of security for their family and themselves during a period of uncertainty. In the post independence period the union Government knowing the importance of insurance passed a legislation in 1956 to nationalise the industry. Hence the public and private insurance business in the country is a colonial legacy.

Endnote:

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