



Management

## **LIFE INSURANCE INDUSTRY IN INDIA-AN OVERVIEW**

**Dr. N. Senthilkumar <sup>\*1</sup>, K.Selvamani <sup>2</sup>**

<sup>\*1</sup> Assistant Professor & Research Supervisor, PG & Research Dept. of Commerce, Kandaswami Kandar's College, P-Velur, Namakkal, INDIA

<sup>2</sup> Ph.D. Scholar in Commerce, PG & Research Dept. of Commerce, Kandaswami Kandar's College, P-Velur, Namakkal, INDIA

DOI: <https://doi.org/10.5281/zenodo.192289>

### **ABSTRACT**

*The first insurer of life was the marine insurance underwriters who started issuing life insurance policies on the life of master and crew of the ship, and the merchants. The first insurance policy was issued on 18th June 1583, on the life of WILLIAM GIBBONS for the period of 12 months. The oriental life insurance company is the first insurance companies in India which is started on 1818 by Europeans at Kolkata. The Indian Life Assurance Companies Act, 1912 was the first statutory measure to regulate life business. In 1928, the Indian Insurance Companies Act was enacted to enable the Government to collect statistical information about both life and non-life business transacted in India by Indian and foreign insurers including provident insurance societies. In 1938, with a view to protecting the interest of the Insurance public, the earlier legislation was consolidated and amended by the Insurance Act, 1938 with comprehensive provisions for effective control over the activities of insurers. In 1956 the life insurance companies was nationalized. The LIC absorbed 154 Indian, 16 non-Indian insurers as also 75 provident societies—245 Indian and foreign insurers in all. The LIC had monopoly till the late 90s when the Insurance sector was reopened to the private sector.*

### **Keywords:**

*New policy of LIC, Growth of LIC, Market Share of LIC.*

**Cite This Article:** Dr. N. Senthilkumar, and K.Selvamani, "LIFE INSURANCE INDUSTRY IN INDIA-AN OVERVIEW" International Journal of Research – Granthaalayah, Vol. 4, No. 10: SE (2016): 30-36.

## **1. INTRODUCTION**

At present 24 life insurance companies in India. Out of which one is Life Insurance Corporation of India is the public sector Insurance Company in India and 23 private Life insurance companies in India. The main aim of life insurance companies to share the risk of day to day life

of human beings. It provide safety and security from the unexpected event like Death, old age benefit, Disability, illness or business risks (unexpected and uncertain) i.e. fire, earthquake, theft, accident etc. life insurance industry in India performing various economics activities such as manufacturing, trading, banking, transportation and insurance. The Government India allowed Foreign Direct Investment up to 49%. The insurance sector is divided into two:

- 1) Life insurance
- 2) General insurance.

Private insurers in India have recorded impressive growth of 26% in annualized new business premium for the month of May 2016. Life Insurance Corporation of India (LIC) recorded a growth of 22% (year-on-year).All the insurance companies in India functioning under the control of insurance regulatory and development authority of India.

## **2. OBJECTIVES OF THE STUDY**

- To know the growth of public and private life insurance sector in India
- To analyze the market share of life insurance in India.
- To find out the claim settlement ratio of various insurance sector in India
- To know the new life insurance policies of LIC 2016.
- To study the major private life insurance players in India.

## **3. LIMITATION OF THE STUDY**

- The study is based on secondary methods of data collection.
- The data are not sufficient to study
- The study was covered limited number of topics only

## **4. MAJOR PRIVATE LIFE INSURANCE PLAYERS IN INDIA**

There are top 10 private life insurance companies in India.

- Life Insurance Corporation Of India
- ICICI Prudential life Insurance
- Bajaj Allianz life Insurance
- HDFC Standard life Insurance
- Max life insurance
- SBI life insurance
- Kotak life insurance
- Birla Sun life insurance
- Star Union Dai-ichi life insurance Co.Ltd.
- PNB Metlife Insurance

## **5. NEW POLICIES OF LIFE INSURANCE CORPORATION OF INDIA**

The LIC has launched four types of new insurance policies up to September 2016. The policies names are:

- 1) Jeevan pragati.
- 2) Jeevan Labh plan.
- 3) Bima diamond
- 4) Jeevanshikhar

### ***5.1.JEEVAN PRAGATI***

This plan was introduced by Life insurance Corporation of India on 03.02.16. Jeevan pragati is a non-linked, with profit endowment assurance plan, where death sum assured automatically increases after every five years during the term of the policy.

#### ***FEATURES OF JEEVAN PRAGATI PLAN***

- Jeevan pragati is a non-linked, with profit, savings cum protection.
- It provides the risk coverage of 10 times of the sum assured.
- It provides loan facility to their policyholders.
- Jeevan pragati premium payment mode depends upon the sum assured of maturity and the age of life assured.

### ***5.2.JEEVAN LABH***

It was introduced by Life insurance Corporation of India on 04.01.2016.LIC Jeevan Labh plan who is non linked limited premium paying endowment plan.

#### ***FEATURES OF JEEVAN LABH PLAN***

- Higher return due high bonus
- Payment of premium paid by policyholders less than maturity year
- This plan more useful for child's education and marriage
- It will provide accident benefit also
- Payment of premium for policyholders are exempted from income tax under 80C
- Maturity amount of this plan is tax free under 10 (10D).

### ***5.3.BIMA DIAMOND***

This year from 01.09.2016 LIC of India is celebrating its diamond jubilee year, on this occasion, LIC has also launched new close ended life insurance plan "BIMA DIAMOND". The plan was launched by Hon'ble finance minister Shri Arun Jaitley on 1st September 2016 at Mumbai. LIC's Bima Diamond is a Non-linked, with profits, limited premium payment money back plan. It provided money back at an interval of every 4th year. LIC's Bima Diamond provided extended life cover up to the half of the policy term after the completion of the policy term. This policy is available for sale up to 31 August 2017.

### 5.4.JEEVANSHIKHAR

LIC is launching a limited period plan called Jeevan Shikhar (Table No.837). This will be available from January, 2016 to the maximum period of 120 days. This plan is mainly issued for salaried individuals to save their tax purpose.

#### THE FEATURES OF THIS PLAN

- It is a single premium plan.
- Insurance cover will be 10 times of your premium. If your premium is Rs.2,00,000, then the sum assured will be Rs.20,00,000.
- It is a typical endowment plan.
- Minimum maturity sum assured must be Rs.1,00,000. There is no maximum limit.

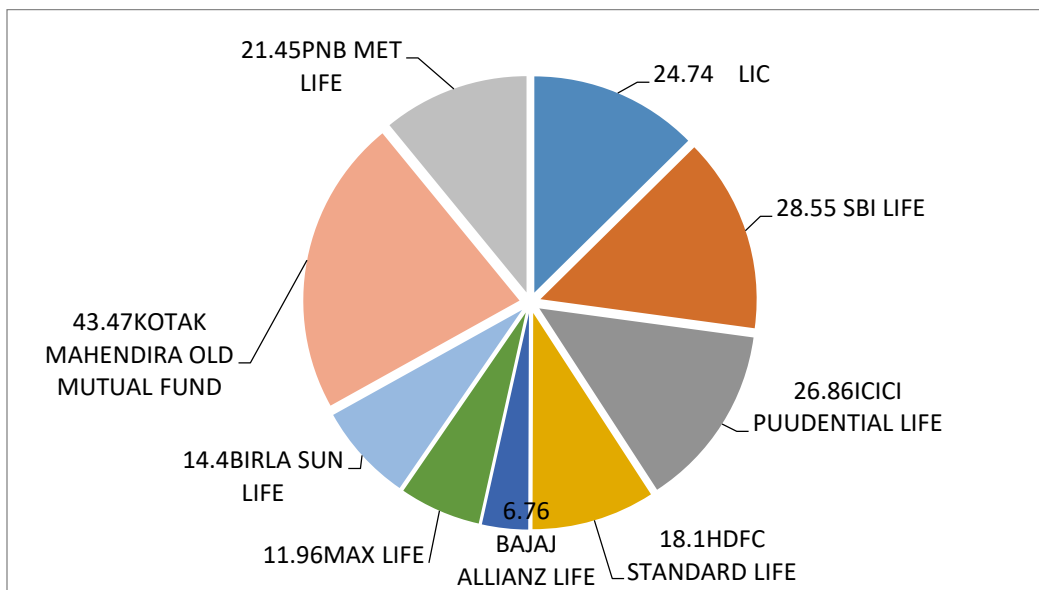
#### Plan Parameters

Name of the plan	Plan No	Minimum age at entry	Maximum age at entry	Policy term	Mode of payment	Minimum basic sum assured under a policy	maximum basic sum assured under a policy	Loan	Surrender
1.Jeevan pragati	838	12 Years Completed	45 Nearest Birthday	12 to 20 Years	yearly, Half Yearly, Nil on Quarterly & Monthly	Rs.1,50,000	No limit	<b>After 3 Years</b>	After 3 years of full premium payment
2. Jeevan Labh	836	8 Years Completed	59 Years	16(10), 21(15), 25(16)	Yearly, Half Yearly, Quarterly, Monthly	Rs.2,00,000	No Limit	<b>After 3 Years</b>	After 3 years of full premium payment
3.BIMA DIAMOND	841	14 Years Completed	65 years	16(10), 20(12) 24(15) years	Yearly, Half Yearly, Quarterly, Monthly	Rs.1,00,000	<b>Rs.5,00,000</b>	<b>NIL</b>	After 3 years of full premium payment
4.Jeevan shikhar	837	6 Years Completed	45 years (Nearest Birthday)	15 Years	One Time (Single Premium)	Rs.1,00,000 in multiple of 20,000)	No limit	<b>After 3 months</b>	After 3 month (70 of Single premium in 1st Year, 90% from 2nd Year Onwards)

### 6. GROWTH OF LIFE INSURANCE SECTOR IN INDIA 2015-16

LIC is the world largest insurance company in India. LIC's first year premium income grew 24.7% in 2015-16., according to data from Hyderabad based Insurance Regulatory and development Authority. Although Kotak Mahindra old mutual fund and SBI is the fast growing

private life insurer in India. The life insurance sector comprising 24 players mopped up RS.58,286 .40 Crores new business premium collected during the period April 2016-september 2016.The Indian life insurance industry are expecting 12-15% growth in the financial year 2016-17,according to an ICRA paper analysing the performance of nine insurance companies in India., one in the public sector and eight in the private sector. The growth of major private life insurance companies from March 2015-16 are given below.



Source: robo to cond/light/13pt

**7. IRDA CLAIM SETTLEMENT RATIO IN 2015- 2016 YEAR FOR INSURERS:**

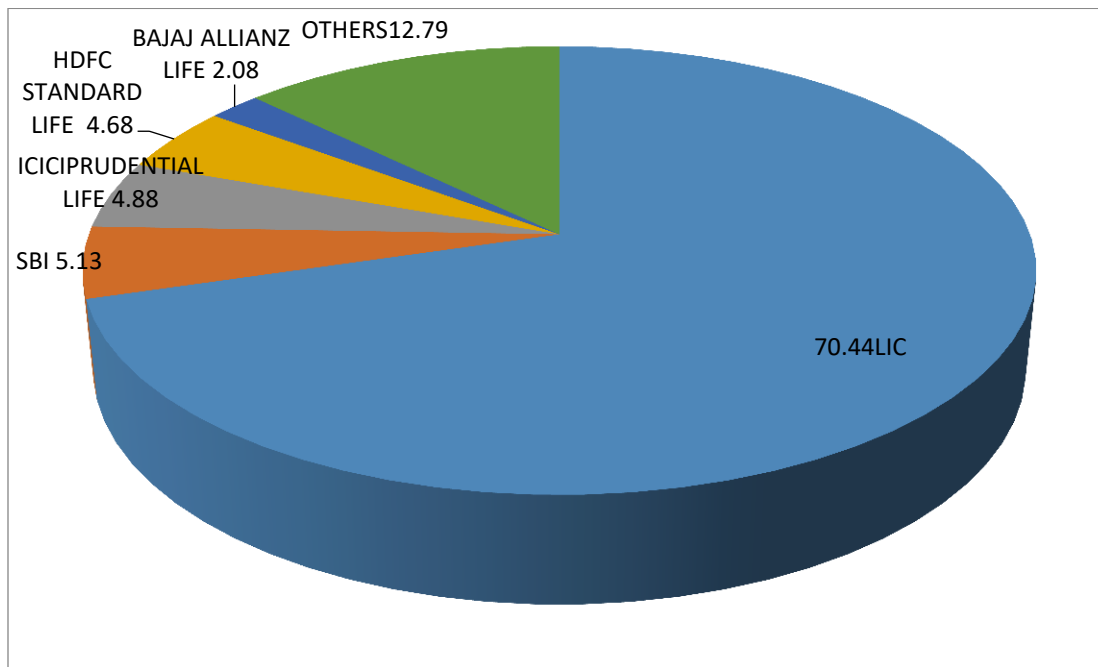
The Max life insurance company has a good CSR (Claim Settlement Ratio) in 2015-2016. This can only to the rejected 1.5 percent of the claims among the 91.5% of the settled claims in 30 days.

The HDFC life insurance has plenty of claims in pending with the rejection of 4.35%. The pending claims are in 14% and the settled claims are 76% within 30 days.

S.No	Name of the life insurer	NO.OF.POLICIES	BENEFIT AMOUNT
1.	Bajaj Allianz	91.85%	80.98%
2.	Birla sun life	95.30%	87.10%
3	HDFC standard life insurance	90.50%	65.55%
4	ICICI prudential life insurance	93.80%	79.56%
5	Kotak Mahindra life insurance	90.73%	82.15%
6	LIC	98.19%	95.51%
7	MAX LIFE	96.03%	93.59%
8	PNB metlife	92.86%	85.70%
9	SBI life insurance	89.43%	83.72%

## 8. MARKET SHARE OF LIFE INSURANCE COMPANIES FROM MARCH 2015- MARCH 2016

The life insurance corporation of India hold 70.44% market share in India from March 2015 to March 2016. The SBI hold 5.13% of market share in India which is the largest market share among private life insurer in India. The other major players of private life insurer market shares percentage are given in chart.



Source: robo to cond/light/13pt

## 9. CONCLUSION

The life insurance industry plays an important role in improving national economy. The private life insurer offers various new policies to attract their policyholders. In modern competitive era human beings suffering a lot of health problem. Life insurance Corporation of India and IRDA must concentrate in introducing new plans for facing health problem of day to day activities of human beings. Life insurance Corporation of India should educate importance of insurance to general public through the agent and corporate social responsibility activity.

## 10. REFERENCES

- [1] [www.policybazaar.com](http://www.policybazaar.com)
- [2] [www.ibef.org](http://www.ibef.org)
- [3] [www.irdai.gov.in](http://www.irdai.gov.in)
- [4] [www.licindia.in](http://www.licindia.in)
- [5] *Elements of insurance- Dr.A.murthy.*

- [6] Merton, R. C. (1977). *An analytic derivation of the cost of deposit insurance and loan guarantees an application of modern option pricing theory. Journal of Banking & Finance, 1(1), 3-11.*
- [7] Regi, S. B., & (2014). *Global Financial Crisis-Impact In India. Journal Of International Academic Research For Multidisciplinary, 2 (1), JIARM.*
- [8] Regi, S. B., & Franco, C. E. (2014). *Reforms In Insurance Sector In India-A Empirical Study. Review Of Research, 3 (9), 1, 5.*
- [9] Regi, S. B., & Franco, C. E. (2014). *ROLE OF COMMERCIAL BANK IN THE GROWTH OF MICRO AND SMALL ENTERPRISES. Golden Research Thoughts, 3 (7), 1, 5.*
- [10] Rothschild, M., & Stiglitz, J. (1976). *Equilibrium in competitive insurance markets: An essay on the economics of imperfect information. In Foundations of Insurance Economics (pp. 355-375). Springer Netherlands.*