



A Comparative Study of Public & Private Life Insurance

KEYWORDS

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ABSTRACT *The insurance sector, along with other elements of marketing, as well as financial infrastructure, have been touched and influenced by the process of liberalization and globalization in India. The customer is the king in the market. Life insurance companies deal in intangible products. With the entry of private players, the competition is becoming intense. In order to satisfy the customers, every company is trying to implement new creations and innovative product characteristics to attract customers. In this research paper, an attempt is made to analyse the performance of public and private life insurance companies in India.*

INTRODUCTION

Life Insurance is a professional service which is characterized by high involvement of the consumers, due to the importance of tailoring specific need, the variability of the products available, the complexity involved in the policies and processes and ultimately the need to involve the consumer in every aspect of the transaction. Life insurance more fondly known as Life Assurance has, in recent times ceased to be only a 'Protection' or 'Legacy' for the family and has turned into an important investment outlet. India's economic development made it a most lucrative Insurance market in the world. Before the year 1999, there was monopoly state run Life Insurance Corporation of India (LIC) transacting life business. Today, there are 24 private life insurance companies are available. The competition LIC started facing from these companies were threatening to the existence of LIC .since the liberalization of the industry the insurance industry has never looked back and today stand as the one of the most competitive and exploring industry in India. In this paper, an attempt is made to analyse the performance of public and private life insurance companies in India.

OBJECTIVES OF THE STUDY

The objective of the present study is to compare the performance of public and private life insurance companies.

The performance of public and private life insurance companies.

Life Insurance Corporation of India (L.I.C.I) dominated the Indian Life Insurance market. But the situation drastically changed since the beginning of the year 2000. With the development of the IRDA Act in 1999, private players started entering into the life insurance market. At the end of the FY 20011-12there were 24 life insurance companies (inclusive of 1 public sector player, L.I.C.I) operating in India. The 21 private life insurers enjoy a market share of 32.90%.

HYPOTHESES OF THE STUDY

For the purpose of this study, the following null hypotheses are formed" There is no significant difference in the growth rate of fresh business premium between public and private life insurance companies." There is no significant difference in the growth of number of new policies issued among public and private life insurance companies." There is no significant difference in the growth rate of total life insurance premium among public and private life insurance companies.

RESEARCH METHODOLOGY

The research article is based upon descriptive as well as exploratory research. Secondary sources of data collection have been adopted for the study. The relevant and required data are collected from the text books, national and international articles, as well as annual reports of LIC,

Market Share: The market share of different players in the gross direct premium. The performance of insurance companies can be examined further by looking at the trend.

Type of Research: Exploratory & Descriptive

Data Sources: Completely Secondary Based

DATE COLLECTION ANALYSIS

The study is based upon secondary data which has been collected from annual reports of IRDA, IRDA journal and Life Insurance Today. Besides, a few websites have also been consulted. The data used in the paper covers the period from 2006-07 to 2011-12. For the analysis of data, statistical tools like percentages, ratios, growth rates and coefficient of variation have been used.

COMPANY ANALYSIS

In December 1999, a bill was passed in the parliament with the passage of Insurance Regulatory and Development Authority for its reform process. However with the setting up of IRDA, the government has once again deregulated the sector by opening it for the private players.

Table 1 shows the details of registered private life insurers in India as on July, 2012

Serial No	Registration no	Date of Registration	Name of the Company
1	101	23.10.2000	HDFC Standard Life Insurance Company Limited (HDFCStd.)
2	104	15.11.2000	Max New York Life Insurance Company Limited (Max New York)
3	105	24.11.2000	ICICI Prudential Life Insurance Company Limited (ICICI Pru.)
4	107	10.1.2001	Kotak Mahindra Old Mutual Life Insurance Limited (Kotak Mahindra)
5	109	31.1.2001	Birla Sun Life Insurance Company Limited (Birla Sun Life)
6	110	12.2.2001	Tata AIG Life Insurance Company Limited (Tata AIG)
7	111	30.3.2001	SBI Life Insurance Company Limited (SBI Life)
8	114	2.8.2001	ING Vysya Life Insurance Company Private Limited
9	116	3.8.2001	Bajaj Allianz Life Insurance Company Limited (Bajaj Allianz)
10	117	6.8.2001	Metlife India Insurance Company Limited (Metlife)
11	121	3.1.2002	AMP Sanmar Insurance Company Limited (now it is Reliance Life Insurance Company Limited (Reliance)
12	122	14.5.2002	Aviva Life Insurance Company India Private Limited (Aviva)

13	127	6.2.2004	Sahara India Insurance Company Limited (Sahara)
14	128	17.11.2005	Shriram Life Insurance Company Limited (Shriram)
15	130	14.07.2006	Bharti AXA Life Insurance Company Limited (Bharti AXA)
16	133	4.9.2007	Future General India Life Insurance Company Limited (FutureGeneral)
17	135	19.12.2007	IDBI Fortis Life Insurance Company Limited (IDBI Fortis)
18	136	16.01.2011	Canara HSBC Oriental Bank of Commerce Life Insurance Company Limited (Canara HSBC)
19	138	27.6.2008	Aegon Religare Life Insurance Company Limited (Aegon Religare)
20	140	27.6.2008	DLF Pramerica Life Insurance Company Limited
21	512	completed its 50 years	Life Insurance Corporation of India (LIC)
22	142	09.07.2010	Star Union Dai-ichi Life Insurance Co Ltd.
23	143	05/11/2009	India First Life Insurance Company Ltd.
24	147	10.05.2011	Edelweiss Tokyo Life Insurance Co. Ltd.

SUGGESTION

The commission needs to advocate competition in market. The commission needs to enquire in detail about reasons behind such anti competitive behaviour of life insurance market.

Revised ULIP norms create minor effects in insure premium growth, by Silicon India- 02 Feb 2011 .

The commission needs to advocate the government to remove such sovereign guarantee to give the life insurance a free market and level playing field.

The opinion given by the commission under section 49(1) shall not be binding upon the central government in formulating such policy. Under section 49(3) the commission shall also take measures for the promotion of competition advocacy, creating awareness and imparting training about competition issues.

CONCLUSION

Life insurance has today become a mainstay of any market economy since it offers plenty of scope for garnering large sums of money for long periods of time. Though privatization of the insurance sector is feared to affect the prospects of the LIC, the study shows that the LIC continues to dominate the sector. Private sector insurance companies also tried to increase their market share. Private life insurers used the new business channels of marketing to a great extent when compared with LIC. Investment pattern of LIC and private insurers also showed some differences. Solvency ratio of private life insurers was much better than LIC in spite of big losses suffered by them. Lapsation ratio of private insurers was higher than LIC and servicing of death claims was better in case of LIC as compared to private life insurers.

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