



The Products of Lic of India are Most Preferred by the Life Insurance Customer an Analytical Study (With Special Reference to Raipur Division)

KEYWORDS

LIC of India, private players , market share

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ABSTRACT In India life insurance is synonym to LIC of India. LIC of India was a monopoly up to the year 1999. In the year 2000 with the globalization and privatization of the insurance sector, the private players also entered the insurance industry challenging the monopoly of LIC of India. In 2000-2001 LIC had a 99.98% market share and private players only 0.02% market share but in the year 2012-2013 LIC's market share is 72.7% and total private players share is 27.3%. Although % of market share of LIC has declined but the overall business of LIC has increased tremendously. This is possible only when the customers prefer the products of LIC of India over and above the products of other private players of the insurance industry. The present study was conducted on 650 respondents out of which 500(77%) are customers of LIC of India and remaining 150(23%) are customers of private insurance companies. The correlation of above leads to the conclusion that products of LIC are most preferred by the insurance customers.

INTRODUCTION:

Life insurance industry has grown tremendously. Due to privatization the monopoly of LIC has been broken and new private players have entered the market. Although the number of private players is increasing day by day yet no one is sacrificing their business. The overall insurance net is increasing day by day. All the players are doing their best to grab the existing as well as the new market share. The insurance awareness is spreading all over India. Aggressive marketing strategies are being adopted. New riders are being provided over and above the old riders in today's risky environment to attract customers. Post privatization LIC as well as the other private players have grown substantially, which can be stated on the basis of insurance density and the life insurance penetration %. The life insurance density was 9.1 USD in 2001-2002 which was 42.7% in 2012-2013.

Objective:

The study is undertaken to understand the preference of the customers towards the insurance products and the insurer of their choice whether LIC or other private players.

Limitations of study : The study is restricted to Raipur division.

Proposed Research Methodology

Sources of data : Primary and secondary data

Sampling Frame : 793 respondents

Sampling design : Random convenience sampling

Research Hypothesis : The products of LIC are most preferred by the customers.

Growth of LIC

LIC was the only player in the life insurance industry up to the time of privatization and globalization of Indian life insurance industry. It was felt that LIC would suffer on the entry of private players but the reverse is observed. To study the growth of LIC only the new business premium income is under consideration because the private players will not have any renewal premium in the initial years so to make the data comparable we consider only the first year premium (including single premium) and not the total premium.

Table 1
GROWTH OF FIRST YEAR PREMIUM

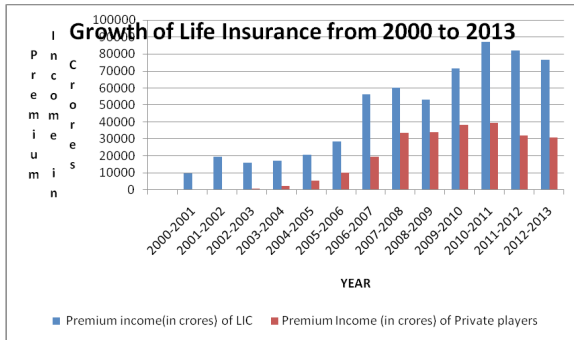
Year	Premium income(in crores) of LIC	Annual Growth (in %)	Premium Income (in crores) of Private players	Annual Growth (in %)
2000-2001	9701	-----	6.45	-----
2001-2002	19589	101.93	269	4061.7
2002-2003	15977	-18.44	966	251.65
2003-2004	17348	8.58	2441	152.74
2004-2005	20653	19.05	5565	127.99
2005-2006	28516	38.07	10270	84.55
2006-2007	56224	97.17	19426	89.16
2007-2008	59997	6.71	33716	73.56
2008-2009	53179	-11.36	34152	1.29
2009-2010	71522	34.49	38372	12.36
2010-2011	87012	21.66	39386	2.64
2011-2012	81862	-5.92	32104	-18.49
2012-2013	76612	-6.41	30750	-4.22

Table 1 Sources : IRDA ANNUAL Report 2012-2013

2012-2013	208803.58	78398.9	287202.49
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Table 2 Source : IRDA ANNUAL Report 2012-2013

Graph No. 1



In 2000 -2001 LIC has a premium income of 9701 in crores of rupees where as that of the private players in aggregate had only Rs. 6.45 crores . In 2010-2011 the premium income showed a high of Rs.87,012 crore for LIC and 39,386 in crores of rupees for the private players. In 2012-2013 LIC's 1st year premium in crores of rupees was 76,612 and Rs. 30750 crores for private sector. Although LIC in comparison to other private players shows an increasing trend but on a % basis in 2012-2013 LIC had a negative growth of -6.41% and the private players a negative growth of -4.22%.

GROWTH OF TOTAL BUSINESS ANALYSIS

The growth of total business analysis is done on the basis of total life insurance premium The total life insurance premium means the aggregate of the regular premium, single premium, renewal premium , first year premium. Considering Table 2 and graph 2.

Table 2 Growth of total business

Year	LIC	PRIVATE PLAYERS	TOTAL
	Rs. In Crores	Rs. In Crores	Rs. In Crores
2000-2001	34892.02	6.45	34898.47
2001-2002	49821.91	272.55	50094.46
2002-2003	54628.49	1119.06	55747.55
2003-2004	63533.43	3120.33	66653.75
2004-2005	75127.29	7727.51	82854.8
2005-2006	90792.22	15083.54	105875.76
2006-2007	127822.84	28253	156075.76
2007-2008	149789.99	51561.42	201351.41
2008-2009	157288.04	64497.43	221785.47
2009-2010	186077.31	79369.43	265447.25
2010-2011	203473.4	88165.24	291638.64
2011-2012	202889.28	84182.83	287072.11

Graph No. 2

Based on the data of table 2 ,its analysis shows that the LIC and the private players have shown an increase from 2000-2001 to 2010-2011 there being a dip in the business in 2011-2012 again picking up in 2012-2013 by LIC. But the overall volume of total business of LIC and private players has increased.

TOTAL BUSINESS MARKET SHARE ANALYSIS

Table 3 has been worked out .

% of LIC to total business = Share of LIC/Total *100

% of share of private to total business = Share of private players/total *100

% of share of LIC to total = 49821.91*100/50094.46= 99.46%

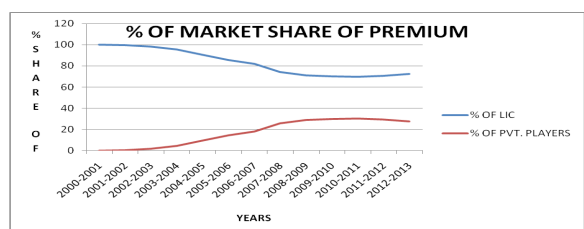
Table No. 3

TOTAL BUSINESS MARKET SHARE

YEAR	% OF LIC	% OF PVT. PLAYERS	LIC (Rs .in Crores)	PRIVATE PLAYERS(Rs .in Crores)	TOTAL(Rs. in Crores)
2000-2001	99.98	0.02	34892.02	6.45	34898.47
2001-2002	99.46	0.54	49821.91	272.55	50094.46
2002-2003	97.99	2.01	54628.49	1119.06	55747.55
2003-2004	95.32	4.68	63533.43	3120.33	66653.75
2004-2005	90.67	9.33	75127.29	7727.51	82854.8
2005-2006	85.75	14.25	90792.22	15083.54	105875.76
2006-2007	81.9	18.1	127822.84	28253	156075.76
2007-2008	74.39	25.61	149789.99	51561.42	201351.41
2008-2009	70.92	29.08	157288.04	64497.43	221785.47
2009-2010	70.1	29.9	186077.31	79369.43	265447.25
2010-2011	69.78	30.22	203473.4	88165.24	291638.64
2011-2012	70.67	29.32	202889.28	84182.83	287072.11
2012-2013	72.7	27.3	208803.58	78398.9	287202.49

Table 3 Source : IRDA ANNUAL Report 2012-2013

Chart No. 3



Through the above table 3 and chart 3 we study the market share of LIC and other private players. In 2001-2002 LIC had 99.46% share of market and private players in its

initial stage was having 0.54% share . In 2010-2011 % of market share of LIC was 69.78 and of private players it was 30.22% . On the basis of total premium income the market share of LIC increased An analysis of the data in the table shows that the LIC and the private players have shown an increase from 2000-2001 to 2010-2011 there being a dip in the business in 2011-2012 again picking up in 2012-2013 by LIC .

Data Analysis : The primary data was collected from 650 respondents in Raipur division. Out of which 500 respondents are customers of products of LIC of India and remaining 150 respondents are customers of other private insurance companies in the insurance industry.

Question asked was "Do you have a life insurance policy if yes from which insurance company?"

The results for the above were given in a tabular form.

Table No. 4

Number of customers of LIC	Number of customers of other private life insurance company	Total number of customers
500	150	650

Table 4 Source : Primary data

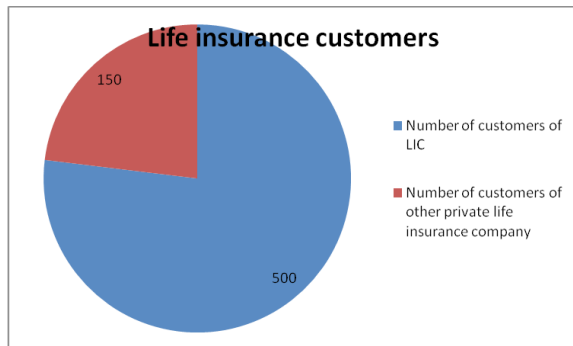


Chart 4 Showing number of customers of LIC and other Private life insurance

The data was collected from 650 respondents at random ,out of which 500 respondents were customers of LIC of India that is 77% of respondents. On the other hand 150 respondents were customers of other private insurance

companies representing 23% of the respondents .The researcher on this basis interprets that there is a strong preference of insurance customers for LIC of India, products.

Conclusion : The life insurance customers are still inclined towards the LIC of India and are still not very conversed with the other private players in the insurance industry, the LIC of India remains to be the leader as can be seen from the data taken from the Annual Report of IRDA 2012-2013. The primary data collected from respondents also indicates that the customers of life insurance prefer LIC of India over other private players.

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