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PERFORMANCE EVALUATION OF LIFE INSURANCE CORPORATION OF INDIA: A STUDY

KEY WORDS:

Moira Singh

Research Scholar, Panjab university, Chandigarh.

Amandeep Kaur Hundal

Assistant professor in Govt. College of Commerce and Management, Chandigarh.

ABSTRACT

A well-developed insurance sector promotes economic growth by encouraging risk-taking activity, and also has a great potential as a mobilizer of long term contractual savings. The later are crucially needed for infrastructural development. It is basic human traits to be averse to the ideas to taking risks. There is always an urge to minimize the risks and take protection against possible failure. Insurance is a form of risk management primarily used to hedge against the risk of contingent, uncertain losses. Insurance is defined as the equitable transfer of risk of a loss, from one entity to another, in exchange for payment. The life insurance corporation of india popularly known as "LIC of India " was incorporated on September 1st, 1956 by nationalizing 245 Indian as well as foreign companies. It was established 60 years ago with a view to provide an insurance cover against various risks in life. It is fully owned by the government of India and it s headquartering in Mumbai. LIC continues to be the dominant life insurer even in the liberalized scenario of the Indian insurance and is moving fast on a new growth trajectory surpassing its own past records. The present paper aims to throw a light various aspects relating to LIC of India.

INTRODUCTION

A well-developed insurance sector promotes economic growth by encouraging risk-taking activity, and also has a great potential as a mobilizer of long term contractual savings. The later are crucially needed for infrastructural development. It is basic human traits to be averse to the ideas to taking risks. There is always an urge to minimize the risks and take protection against possible failure. Insurance is a form of risk management primarily used to hedge against the risk of contingent, uncertain losses. Insurance is defined as the equitable transfer of risk of a loss, from one entity to another, in exchange for payment. For instance, in insurance segment, the insurance company tries to manage mortality (death) rates among the wide array of clients. An insurer is a company selling the insurance; the insured, or policyholder, is the person or entity buying the insurance policy .The amount to be charged for a certain amount of insurance coverage is called the premium. The Indian insurance companies act was passed in 1938. This act empowered the government of India to gather the necessary information about the life insurance and non-life insurance organizations operating in the Indian financial market. The triton insurance company Ltd formed in 1850 and was the first of its kind in the general insurance sector in India. Establishment in 1907, Indian mercantile insurance Ltd was the first company to handle all forms of Indian insurance. Insurance in modern form originated in the Mediterranean countries during 13th /14th century. Insurance is a contract where one party takes the responsibility of the risk of other party in exchanges of some fixed fee. As per this contract, the first party, which is taking the responsibility of risk of another party, promises to pay a fixed amount of money to the second party, either at the end of a fixed period or after happening of some event.

1. LIC of India:

The parliament of India passed the life insurance act on the 19th of June 1956. The life insurance corporation of india popularly known as "LIC of India " was incorporated on September 1st, 1956 by nationalizing 245 Indian as well as foreign companies. It was established 60 years ago with a view to provide an insurance cover against various risks in life. It is fully owned by the government of India and it s headquartering in Mumbai. Today LIC function with 2048 fully computerized branch offices, 113 divisional offices, 8 zonal offices, 1346 satellite offices and 1242 mini offices. LIC s wide area network covers 113 divisional offices and connects all the branches through a metro area network. LIC has tied up with some banks and service provider to offer on line premium collection facility in selected cities. LIC s ECS and ATM premium payment facility is an addition to customer convenience. With a vision of providing easy access to its policy holders, LIC has launched its satellite Sam park offices. The satellite offices are smaller and closer to the customer. The digital records of the

satellite offices will facilitate anywhere servicing and many other facilities in future. LIC continues to be the dominant life insurer even in the liberalized scenario of the Indian insurance and is moving fast on a new growth trajectory surpassing its own past records.

2. Review of literature

Srivastva, Arnica (2012) has done study on Indian life insurance industry the changing trend. The Secondary data extracted from the annual report of LIC and IRDA for the period of 2001-2007. She observed that the market share of LIC decreased after the entry of private insurer but it did not mean that growth of LIC go down. She explained that total revenue generated in 2007-08 by LIC was ₹ 149783.99 crore against just ₹ 51561.42 crore generated by all private insurer. The study also reveals that opening on the sector for private insurer broke the monopoly of LIC and bring in tough competition among the players. This competition resulted into innovations in products, pricing, distribution channels, and marketing in the industry.

Kumar K. Phanindra (2013) has done an analytical study of life insurance in Andhra Pradesh. The aim of the study was to highlight the growth of LIC for 2011-12. The Study reveals that in Andhra Pradesh number of policies sold out in life insurance sector stands at 3812609 out of which LIC issued a number of 3158102. It also observed that number of offices for LIC was 27 percent and 31 percent in Andhra Pradesh and India respectively.

Kumar Pardeep (2014) analyzed role of leadership in insurance sectors: a critical appraisal of LIC of India .He selected 107 respondents as sample and adopted chi-square test and constructed two hypotheses. The study reveals that all the three styles (Democratic, Autocratic, And FreeRein style) were followed in the organization. But the organization should focus more on the democratic styles in order to enhance overall performance. Leadership contributes a lot to the productivity of the organization. When the overall performance of the leadership styles in the organization was analyzed it was found that though they are effective but the organization should use various tools and techniques for making them more effective and the organization should pay more attention on the democratic leadership style.

Jha priti and et al (2015) attempted to analyses the role of LIC in life insurance. She collected secondary data from annual reports of LIC and research papers for 2005-13 and used percentage as statistical tool. The purpose of the study was to observe the role of LIC of India in life insurance industry. She concluded that there was an increasing trend in the growth rate of numbers of offices of LIC in total life insurance industry. It also observed that total premium

collected and market share of LIC decreased marginally from 85.75% to 69.78% in 2005-06 to 2010-11 respectively and after that it increase constantly.

Mishra and Mishra (2008) found that life insurance is different from other insurance in the sense that here the subject matter of insurance is life of human being .The insurer will pay the fixed amount of insurance at the time of death or at the expiry of certain period .At most important property of society or an individual further it was stated that new business in India has tremendously increasing during the period of 25 years.

Husain (2010) stated that over the last five LIC increased its offices by 0.37 times from 2197 offices in 2008-09. LIC of India recorded a significant growth in the first year premium income .It was suggested that LIC should continue increasing offices in rural areas as majority of population of India lives in villages and the corporation should strive to increase its business by issuing more and more policies in order to retain its market share in the competitive scenario **Choudhary, Sonika et al (2011)** has done study on life insurance industry in India. The purpose of the study was to identify the change in insurance sector in the light of Liberalization, Privatization, and Globalization. The secondary data collected from the annual Report of IRDA and LIC for the period 2006-11. The study reveals that LIC has consistent growth in the number of offices, in the number of individual agents and in the new business of life insurance during the period of the study.

Bedi, Harpreet Singh (2011) analyzed the overall performance of life insurance industry. The Secondary data collected from the RBI bulletin and annual report of LIC of India and statistical t-test and Anova used to validate the data .It was concluded that there was significant change in the investment strategies of LIC over the period 1980 to 2009. The study analyzes the overall performance of Life Insurance industry of India between pre and post economic era. The study reveals that there is tremendously growth in the performance of Indian Life Insurance industry and LIC due to LPG (liberalization, privatization and globalization) there is an increasing trend towards the investment in Stock market LIC from 60 percent to 93 percent from 1980 to 2009 due to the effective regulation of SEBI and increasing transparency of stock market.

Mohamd, P.Chilar (2012) in their research examined marketing strategies of Indian insurance companies. The secondary data collected from annual reports of IRDA and LIC for the period of 2006-11.The purpose of the study was to find out the market share of LIC of india in the insurance business .It observed that market share of LIC decreased by 12.11% from 81.42% and those of private insurance increased from 18.08% to 30.22% during the period of study.

3.Research Methodology

Methodology describes the research route to be followed the instrument to be used, universe and sample of the study for the data to be collected the tools and techniques of analysis used and pattern of deducing conclusion.

Research is a diligent and careful search for new knowledge through systematic, scientific and analytical approach in any branch of knowledge also helps to accept, reject or modify the existing facts or knowledge. The main aim is to eliminate vague, superstitions and dogmatic idea by reasoned, objective and scientific ideas. Methodology deals with selecting specific technical tools and techniques for collecting the data and analyzing them. It refers to various methods used by researcher right from data collection and techniques used for the same for interpretation and inferences.

Research methodology is nothing but how a particular research undertaken. The present study is related with the “performance evaluation of Life Insurance Corporation of India”.

3.1 Need of Study

Life insurance is a very significant in the life of all human beings. The present study has been carried out to analysis the various

aspects of life insurance and present situation of LIC plans. Life insurance is also an important form of social security. Now a days there has been growing acceptance of the view that business should be responsible to all the stakeholders i.e. shareholders, employees, consumers, governments, suppliers and society. Corporate social responsibility, if implemented in the true sense, helps in enhancing the quality of stakeholders and the society at large. There are various CSR initiatives undertaken by LIC such as Jana Shree Bima Yojana, Aam Admi Bima Yojana, Sworn Jayanti Gram Yojana,Siksha sahayog Yojana, Golden Jubilee Scholarship schemes etc., to uplift the unprivileged section of the society and also made an attempt to study the effect of CSR on life insurance business of LIC and on its various stakeholders, LIC as a responsible corporate citizen has been fulfilling its social responsibilities from time to time. In fact, most of the LIC investments are geared toward industrial growth, infrastructural growth and national growth. There are various CSR schemes of LIC offer life insurance under group policies to various groups such as employer, employees, professional and weaker sections of the society. In this present world human life becomes so risky. LIC is the only life insurer in public sector and all other are in the private sector. So it becomes imperatives to analyze the performance of largest public sector life insurer. The present study has been carried out to analyze the performance of LIC of India covering various aspects as:

New business, Business in force, Total premium, Market share, Total investment, Claims settlement procedures penetration and density, and corporate social responsibility etc. The present study is based on the secondary data which has been collected for the period of 2010-11 to 2014-15 from various annual report of LIC and IRDA.

3.2 Objectives of the Study

Objectives are the guidelines which certainly confines to the areas under which researcher proceeds and tries to achieve the purpose for which research is made. The specific objectives of present study are:-

- a) To know the market share of LIC of India.
- b) To analyzes the growth of LIC during the period of the study
- c) To evaluate the operating efficiency and service efficiency regarding claims settlement procedures of LIC of India.
- d) To suggest measure for the overall improvement in the performance of LIC of India.

3.3 Research Design

Research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure. There are seven types of research design which are experimental, descriptive, formulatives, cross- sectional, longitudinal, case study and comparatives design. The research design is the specification of techniques and processes for obtaining the required information. It is the overall operational pattern or framework of the projects which states what data is to be gathered from which sources by what processes. In facts the research design is the conceptual structure within which research is conducted. It constitutes the blueprint for the collection, measurement and analysis of data. A research design is the framework for the generations of the evidences that are suited both to certain set of criteria and to the research questions in which the investigator is interested. Generally the design which minimizes the bias and maximizes the reliability of the data collected and analyzed is considered a good design. The experimental design is really used in business research and here is not relevant for our topics. Descriptive-cum comparative research design has been used for the present study.

3.4 Collection of Data

After setting the research objectives a research plan have been developed to collect the required information. Required information may be collected by primary and secondary sources which are available for the present study.

Secondary Data: secondary data means data that are already

available i.e. they refer to the data which have already been collected and analysis for some other purpose. Secondary data may be abstracted from existing records, published or unpublished etc. newspapers, magazines, journals, periodical and government reports etc.

The present study is based on secondary data only. The relevant secondary data has been collected from the following sources:

Annual reports of LIC.
Annual reports of IRDA.

For the present study data has been collected for the year 2010-11 to 2014-15 from various annual reports of LIC and IRDA that are related to the LIC and insurance business. The information collected has been classified and analyze as per the requirements of the objectives of the study.

3.5 Statistical Analysis

The data so collected has been edited, tabulated and analyzed by various statistical techniques percentages methods like annual growth rate, total growth rate and percentage etc.

3.6 Important Term Used In Present Study

"Growth rate" provides information for the growth and it is calculated as:

$$\text{Growth rate} = \frac{\text{figure of current year} - \text{figure of previous year}}{\text{figure of previous year}} \times 100$$

"Total Growth Rate (TGR)" total growth rate is another important growth rate applied for the analysis of the performance of the corporation. The total growth rate is calculated with the formula:

$$\text{Growth rate} = \frac{P_n - P_0}{P_0} \times 100$$

P_0 = figure of the first year

P_n = figure of the last year

4. Data analysis

4.1 Total New Business

The total new business of the corporation contains total new business in India along with the total new business outside India. The information relating to the total new business of LIC is presented below in table.

Table: 4.1 Progress of Total New Business (₹ in Crore)

Year	Individual Business	Growth Rate (%)	All Group Insurance	Growth Rate %	Total Businesses	Growth Rate (%)
2010-11	444031.90	-	91859.89	-	535891.79	-
2011-12	497229.06	11.98	88799.85	-3.33	586028.91	9.35
2012-13	508458.41	2.25	113001.56	27.25	621459.97	6.04
2013-14	557709.40	9.68	176892.18	56.53	734601.58	18.20
2014-15	408679.65	-26.72	247447.94	39.88	656127.59	-10.68
TGR		-7.96		169.37		22.43

(Source: Annual report of LIC, various issues)

It is seen from the data furnished in above table that total new individual business declined from ₹ 444031.90 crore to ₹ 408679.65 crore in 2014-15, It is less than 1.08 times of the initial amount, while in the case of all group insurance, it rose from ₹ 91859.89 crore in 2010-11 to ₹ 247447.94 crore in 2014-15, registering a growth of 169.37 per cent. The total individual business shows negative growth rate -7.96% and in case of all group insurance has been total growth rate as 169.37%, which is

relatively high in comparison to new individual business. The total business of the corporation progressed in all the years except -10.68 % declines in 2014-15.

4.2.1 Progress On The Basis Of Business in Force:- "Business in force" means the accumulated value of the sum assured. It is calculated as the total value of the sum assured at the end of the previous year plus the value of new business during current year minus the claim paid during the year. The following table analyses the progress of business in force on the basis of data collected from annual reports of LIC for the period 2010-15. The various aspects taken into account are the business in force for individual business, group insurance business and total business.

Table: 4.2 Business in Force-Individual Insurance (₹ in Crore)

Year	Business In Force (India)		Business In Force (Abroad)		Total Business In Force	
	Sum Assured	Growth Rate (%)	Sum Assured	Growth Rate (%)	Sum Assured	Growth Rate (%)
2010-11	2331412.77	-	3041.22	-	2334453.99	-
2011-12	2672402.28	14.62	3607.40	18.62	2676009.68	14.63
2012-13	2993747.89	12.02	3928.13	8.89	2997676.02	12.02
2013-14	3316643.02	10.78	4520.67	15.08	3321163.68	10.79
2014-15	3502002.84	5.58	4543.35	0.50	3506546.19	5.58
TGR		50.20		49.39		50.20

Source: (Annual Report of LIC, Various Issues)

Table 4.2 depicts the progress of business in force-individual insurance of the corporation in India, abroad and total business in force along with growth rate, and total growth rate. It shows that the sum assured of business in force within India increased from ₹2331412.77 crore in 2010-11 to ₹3502002.84 crore in 2014-15, registering a growth of 50.20 percent, the annual growth rate varies from 5.58 percent to 14.62 percent, which shows a less steady growth rate.

On the other hand the sum assured abroad had a very marginal share in the total individual insurance –business in force. The sum assured increased from ₹3041.22 crore in 2010-11 to ₹ 4543.35 crore in 2014-15, thereby recording a growth of 49.39 percent. The annual growth rate variation has shown a fluctuation trend. It was lowest in 2014-15. It is clear from the table that the business in force in India had a dominating share in the total business corporation. The proportion of foreign business has been so little that it cannot affect the trend in total business of the corporation.

4.2.2 Business in Force-Group Insurance

The scheme-wise and member-wise analysis of business in force –group insurance is presented in the following table.

Table: 4.3 Business in Force-Group Insurance (Including Social Security)

Year	No.Of Schemes	Growth Rate (%)	No.Of Members (In Lakh)	Growth Rate (%)	Sum Assured (In Crore)	Growth Rate (%)
2010-11	127254	-	897.93	-	551432.89	-
2011-12	132296	3.96	951.42	5.95	602344.54	9.23
2012-13	135379	2.33	1047.16	10.06	665804.65	10.53
2013-14	133270	-1.55	1059.70	1.19	627930.43	-5.70
2014-15	137070	2.85	1060.06	0.03	708122.45	12.77
TGR		7.71		18.05		28.41

(Source: Annual Reports of LIC, On Various Issues)

It is apparent from the above table 4.3 that the total number of schemes which were 127254, recording a growth of 7.71%. It is noticed from the table that group insurance schemes in the term of sum assured increased from ₹551432.89 crore in 2010-11 to ₹

708122.45 crore in 2014-15, with total growth rate of **18.05 percent**. The annual growth rate had showed a fluctuating trend throughout the reference period. In the year 2013-14, it was negative at the rate of **-5.70 percent**.

4.2.3 Total Business in Force

The position of total business in force of the corporation including individual insurance and group insurance schemes is presented in the following table.

Table: 4.4 Total Business in Force of LIC (₹ in Crore)

Year	Individual Business	Growth Rate (%)	All Group Insurance	Growth Rate (%)	Total Business	Growth Rate (%)
2010-11	2334453.99	-	551432.89	-	2885886.88	-
2011-12	2676009.68	14.63	602344.54	9.23	3278354.22	13.59
2012-13	2997676.02	12.02	665804.65	10.53	3663480.67	11.74
2013-14	3321163.68	10.79	627930.43	-5.70	3948994.11	7.79
2014-15	3506546.14	5.58	708122.45	12.77	4214668.64	6.72
TGR		50.20		28.41		46.04

(Source: Annual Report of LIC, Various Issues)

It is apparent from the table 4.4 that total business of the corporation in India has increased steadily throughout during the period of the study. The total business in force of the corporation increased from **₹2885886.88 crore** in 2010-11 to **₹4214668.64 crore** in 2014-15. Total business in force of the corporation registered the total growth rate during the period was **46.04 percent**. It is also noticed that the annual growth rate was moderate, ranging from **6.72 percent** to **13.59 percent**. It is also clear from the analysis of data that the individual insurance contributed the major share in the total business in comparison to the group business.

4.3.1 Appraisal On The Basis Of Total Premium of LIC

Total premium income collected is one of the main indicators of the performance appraisal of life insurance business. Premium is the amount paid by insured or policyholders to insurer in lump-sum or in installments for obtaining the insurance cover. On the other hand "The amount of money to be collected for a certain amount of insurance coverage is called the premium".

It means the premium is the monetary value of the risk accepted by the insurers based upon duration of human life and it is the consideration against the risk under taken by insurer under a specified contract. The total premium includes regular premium, single premium, first year premium, and renewal premium. The first year premium is the total of regular premium and single premium and the total premium is the total of first year premium and renewal premium. The regular premium means, the premium which are paid by policyholders to secure the basic benefits under the policy.

Table: 4.5 Total Premium of LIC (₹ in Crore)

Year	Regular Premium	Single Premium	First Year Premium	Renewal Premium	Total Premium	Growth Rate (%)
2010-11	36265.36	50746.99	87012.35	116461.05	203473.40	-
2011-12	40194.54	41667.71	81862.25	1211027.03	202889.28	-0.29
2012-13	30313.52	46297.98	76611.50	132192.08	208803.58	2.92
2013-14	31904.49	58904.30	90808.79	146133.51	236942.30	13.48
2014-15	23112.20	55395.51	78507.71	161159.94	236942.30	-
TGR						16.44

(Source: Annual Report of LIC, Various Issues)

4.3.2 Market Share of Life Insurance Corporation in Total Premium:

The amount of money to be charged for a certain amount of insurance coverage is called the premium is the monetary value of the risk accepted by the insurer based upon duration of human life and it is the consideration against the risk undertaken by the insurer under a specified contract. The total premium includes regular premium, single premium, first year premium, and renewal premium. Market share of Life Insurance Corporation in total premium is presented in the following table.

Table: 4.6 Market Share of LIC in the Total Premium (In Percentage)

Year	Regular Premium	Single Premium	First Year Premium	Renewal Premium	Total Premium	Growth Rate (%)
2010-11	56.71	81.26	68.84	70.48	69.77	-
2011-12	64.58	80.58	71.85	69.91	70.68	1.30
2012-13	58.13	83.85	71.36	73.50	72.70	2.85
2013-14	60.88	86.72	75.34	75.34	75.39	3.70
2014-15	49.12	83.58	75.04	75.04	73.05	-3.10
TGR						4.70

(Source: Annual Report of IRDA, Various Issues)

The above Table shows that the market shares of LIC in regular premium, single premium, first year premium, renewal premium and total premium. On the basis of total premium income the market shares of LIC increased from **69.77 percent** in 2010-11 to **73.05 percent** in 2014-15. It is also noticed that the annual growth rate was low; ranging from **1.30 percent** in 2010-11 to **-3.10 percent** in 2014-15. Table shows the total premium growth of LIC is **4.70 percent** by comparing the initial period.

4.3.3 Appraisal On The Basis Of Annual Premium Receivables-New Business:

Annual premium receivable is the most important indicators of the performance evaluation of LIC. The term "New Business" means the amount of business secured in a given year. In actual practice, the proposers submit their proposals for insurance and corporation after through scrutiny of the proposal accepts the same and the contract becomes complete. Appraisal on the basis of annual receivables is presented in the following table.

Table: 4.7 New Business –Annual Premium Receivables (Individual insurance) (₹ in Crore)

Year	New Business (India)	New Business (Abroad)	Total New Business	Growth Rate (%)
2010-11	23586.25	27.82	23614.07	-
2011-12	25599.07	26.74	25625.81	8.51
2012-13	25502.53	28.19	25530.74	-0.37
2013-14	29199.58	28.15	29227.70	14.48
2014-15	19822.13	30.77	19852.90	-32.07
TGR				-15.92

(Source: Annual Reports of LIC, Various Issues)

Above table show that the annual premium receivable of new business within India decreased from **₹23614.07 crore** in 2010-11 to **₹19852.90 crore** in 2014-15, showing a declining trend by **-15.92 percent**. It is apparent from the table that the annual premium receivable abroad had a very marginal share in the total new individual insurance business of the corporation and the annual premium receivable from abroad increased from **₹27.82 crore** in 2010-11 to **₹30.77 crore** in 2014-15. The total growth rate has shown a wide fluctuation in 2012-13 and in 2014-15, when it is registered a downturn of **-0.37 percent** and **-32.07 percent** respectively.

4.3.4 Appraisal On The Basis Of Annual Premium Receivable-Business in Force:

Annual premium receivable- business in force is the most important indicators of the performance evaluation of LIC. "Business in force" means the accumulated value of the sum assured. It is calculated as the total value of the sum assured at the end of the previous year plus the value of the new business during current year minus the claim paid during the year. Appraisal on the basis of annual premium receivable- business in force is presented in the following table.

Table: 4.8 Business In Force –Annual Premium Receivables (Individual insurance) (₹ in Crore)

Year	Business In Force (India)	Business In Force (Abroad)	Total Business In Force	Growth Rate (%)
2010-11	119611.46(14.31)	159.08(9.68)	119770.54	-
2011-12	135068.71(12.92)	187.39(17.79)	135256.10	12.92
2012-13	148593.99(10.01)	199.96(6.70)	148793.95	10.00
2013-14	164725.05(10.85)	221.04(10.54)	164946.69	10.85
2014-15	170621.34(3.57)	219.27(-0.78)	170840.61	3.57
TGR	26.32	37.85		42.63

(Source: Annual Reports of Lic, Various Issues)

It is seen from the data furnished in above table that the business in force –individual insurance in India raised from ₹119770.54 crore in 2010-11 to ₹170840.61 crore in 2014-15, registering a growth of 26.32 percent in India and in abroad rose from ₹159.08 crore in 2010-11, registering a growth of 37.85 percent. Total business in force in case of annual premium receivable increased from ₹119770.54 crore in 2010-11 to ₹170840.61 crore in 2014-15. The total individual business in force progressed at an annual growth rate varied between 3.57 percent and 12.92 percent. The total individual business in force (abroad) shows negative annual growth by -0.78 percent in 2014-15 and highest growth 17.79 percent in 2011-12.

4.4 Performance Evaluation of Lic On The Basis Of Total Investment in India

The LIC has been investing its funds in different sectors of economy. The forms of investment include investment in loans, government securities, other investments i.e. share and debentures of companies, corporation etc. investment in India by LIC presented in the following table.

Table: 4.9 Investment in India by LIC (₹ in crore)

Year	Loans	Securities	Other investment	Total investment	Growth rate (%)
2010-11	85464.75	1146610.04	33045.41	1265120.20	-
2011-12	88379.64	1202321.95	56859.70	1347561.29	6.52
2012-13	93557.28	130674.45	83748.07	1484047.92	10.13
2013-14	100286.81	1499218.90	82264.11	1681777.81	13.32
2014-15	105957.10	1774092.55	63157.53	1943207.18	15.54
TGR					53.59

(Source: Annual Report of LIC, Various Issues)

The above table shows that the total investment of LIC business in India increased from ₹1265120.20 crore in 2010-11 to ₹1943207.18 crore in 2014-15. The annual growth rate of LIC registering total investment in India was found fluctuating. In the year 2014-15, the LIC business noticed a sudden increase of 15.54 percent. It is clear from the table that in the remaining year, the growth rate ranged from 6.52 percent to 15.59 percent. During the period of study, the LIC business in India registered the total growth rate (TGR) of 53.59 percent.

4.5.1 Total Death Claims (Individual and Group) Under Micro Insurance Portfolio

Total death claim means the total of individual and death claims under micro insurance portfolio. Total death claims shown in the following table. Under this table present the benefit amount of individual death claims paid and benefit amount of group death claims paid.

Table: 4.10 Total death claims (individual and group) under micro insurance portfolio (₹ In Lakh)

Year	Individual Death Claims Paid (Benefit Amount)	Group Death Claims Paid (Benefit Amount)	Total Death Claims Paid (Individual And Group) Benefit Amount.	Growth Rate (%)
2010-11	1174.12	19607.62	20781.74	-
2011-12	1540.40	40432.13	41972.53	101.96
2012-13	1954.95	42947.45	44902.40	6.98
2013-14	2005.35	43840.08	45845.43	2.10
2014-15	1817.67	41443.90	43261.57	-5.63
TGR				108.17

(Source: Annual Report of IRDA, Various Issues)

It is apparent from the above table that the total death claims of the corporation increased steadily throughout the period of under study period of 2014-15, which show negative rate of -5.63 percent as compared to 2013-14. The benefit amount of the individual death claim rose from ₹1174.12 lakh to ₹1817.67 lakh in 2014-15 and group death claims rose from ₹19607.62 lakh in 2010-11 to ₹41443.90 lakh in 2014-15. The benefit amount of the total death claims under micro insurance portfolio increased from ₹20781.74 lakh in 2010-11 to ₹43261.57 lakh

in 2014-15, which is 108.17 percent higher than 2010-11. The annual growth rate for total death claims (Benefit amount) was found fluctuating. In the year 2011-12, total death claims noticed a sudden down turn of 94.98 percent. During the whole period of the study the annual growth rate varied between -5.63 percent in 2014-15 to 101.96 percent in 2012-13.

4.5.2 Analysis of Total Claims (Maturity and Death) Settlement Procedure of LIC

If the insured survives up to the end of the policy term, then the maturity claim arises. Settlement of maturity claims is usually free from complications relating to the title, as policy money are paid to the life assured himself/herself. In case the policy is absolutely assigned, then the settlement is made in favors of the absolute assignee. When the insured dies before the date of the maturity, then that claim is known as death claim. Total claim settlement procedure of LIC shown in the following table (4.15).

The credibility and worth of an insurance corporation depends upon the facts how promptly it settles claims. Hence, it is obligatory to lay great emphasis on expeditions settlement of claims.

It is evident from the above table that the total Claims settled increased from ₹57490.29 crore in 2010-11 to ₹90458.16 crore in 2014-15, registering a growth of 57.34 percent. The annual growth rate varied from -0.79 percent in 2014-15 and also positive growth in the remaining four years.

Table: 4.11 Analysis of Total Claims Settlement of LIC

YEAR	Maturity		Death		Total claims settlement		Growth Rate (%)
	Number (in lakh)	Amount (in crore)	Number (in lakh)	Amount (in crore)	Number (in lakh)	Amount (in crore)	
2010-11	180.62	49412.63	9.54	8077.66	189.56	57490.29	-
2011-12	181.49	63346.03	9.56	8147.14	191.05	71493.17	2.46
2012-13	173.85	64630.13	9.78	9447.71	183.63	74077.84	3.61

2013-14	248.87	81424.54	10.13	9761.91	259.00	91186.45	23.09
2014-15	222.17	79365.71	10.15	11092.45	232.32	90458.16	-0.79
TGR							57.39

(Source: annual report of LIC, various issues)

4.6 Performance Appraisal On The Basis Of Customer Services

The performance of the life insurance companies with regard to the quality of customer services will be a deciding factor in future. Quality of insurance sector may be evaluated in terms of expedition s settlement of claims, delivery/transfer of policy documents and handling of grievances etc. the customer of LIC are not highly satisfied with services quality dimensions.

Table 4.12 outstanding Grievances of Life Insurances (As on 31st march)

Insurer/year	2011	2012	2013	2014	2015
LIC	66	165	544	NA	NA
Private	188	1117	680	1180	6109
Industry	254	1282	1224	1180	6109

(Source: Annual Report of IRDA, Various Issues)

The status of outstanding grievances of life insurers as presented in the above table. The table reveals that the number of grievances of LIC is increasing continuously after 2011, and it shows Zero number in the 2014 and 2015. Thus trend shows improvement in the outstanding grievances of LIC whereas that of private life insurers is found continuously increasing after 2011 from 188 to 6109 in 2015.

4.7 Social Security Schemes: There are various CSR schemes of LIC under group policies to various groups such as employer, employees, professional, and weaker sections of society. The main features of group insurance scheme are low premium and simple insurability conditions. Some of the group insurance schemes are group insurance schemes, group gratuity schemes, and integrated rural schemes; LIC also offers insurance coverage to people below poverty line under social security group s schemes. The relevant data is presented in the following table 4.17.

Table: 4.13 Claims under Social Security Schemes (No. of claims)

SCHEMES /YEAR	2010-11	2011-12	2012-13	2013-14	2014-15
JBY	45426	63426	-	-	-
AABY	40780	61056	130132	131863	123000
SGSY	279	496	475	41	34
SSGS	16369	11827	9082	6185	4681
KSSY	60	71	59	25	13
CI RIDER	37	45	28	43	75
TOTAL	102951	136921	139776	138157	127803

(Source: Annual Report of LIC, Various Issues)

Abbreviations:-

JBY- Janashree Bima Yojana, **AABY-** Aam Admi Bima Yojana. **AABY-** Aam Admi Bima Yojana, **SGSY-** Swarna Jayanti Gram Swarojgar Yojana. **SGSY-** Swarna Jayanti Gram Swarojgar Yojana, **SSGS-** Social Security Group Insurance Schemes, **KSSSY-** Krishi Shramik Samajik Suraksha Yojana, **CI RIDER-** Critical Illness Rider, **PMJDY-** Pradhan Mantri Jan Dhan Yojana.

Above table 4.13 shows the various social security schemes provided by Life Insurance Corporation. The total number of claims under various social security schemes increased from **102951** in 2010-11 to **127803** in 2014-15, recording a growth of **24.13** percent. Total numbers of claim paid have shown increasing trend up to 2012-13, however it declined in 2014-15 by **8.50** percent. The total numbers of claim paid in Aam Admi Bima Yojana during the period of the study are Maximum in comparison to other social

security schemes provide by LIC.

Table: 4.14 Settled under PMJDY since the Launch of the Scheme (August 2014 to March 2015) (No. of Claims)

Scheme/Year	2010-11	2011-12	2012-13	2013-14	2014-15
PMJDY	-	-	-	-	70

(Source: Annual Report of Lic, Various Issues)

PMJDY- Pradhan Mantri Jan Dhan Yojana. Above table 4.14 shows about PMJDY, a social security scheme which launched in August 2014, table shows 70 claims settled under this scheme since the launch of the schemes i.e. August 2014 to march 2015.

Table: 4.15 Amount Paid On Claims under Social Security Schemes (₹ in Crore)

SCHEMES/YEAR	2010-11	2011-12	2012-13	2013-14	2014-15
JBY	1468395	2059702	-	-	-
AABY	1315365	1978516	4241234	4356077	4102740
SGSY	2376	4311	4196	245	191
SSGS	84125	63192	52943	42383	39551
KSSY	1380	1884	1528	546	295
CI RIDER	860	920	570	860	1500
TOTAL	2872501	4108525	4300111	4400111	4144277

(Source: annual report of LIC, various issues)

Abbreviations:-

JBY- Janashree Bima Yojana.

AABY- Aam Admi Bima Yojana.

SJSY- Swarna Jayanti Gram Swarojgar Yojana.

SSGS- Social Security Group Insurance Schemes

KSSSY- Krishi Shramik Samajik Suraksha Yojana

CI RIDER- Critical Illness Rider

PMJDY- Pradhan Mantri Jan Dhan Yojana.

It is apparent from the table 4.15 that the total amount on claims paid under various social security schemes of the corporation in India increased rapidly throughout the Study period. It is also observed from the table that the trend of the growth noticed from **₹ 2872501 crore** in 201011 to **₹ 4144277** in 2014-15, registering a growth of **44.27 percent**. Total amount paid on claims in Aam Admi Bima Yojana during the period of the study are maximum in comparison to other security schemes provides by the corporation

Table: 4.16 Amount paid on Claims under PMJDY since the Launch of the Scheme (August 2014 to March 2015) (₹in lakhs)

Scheme/Year	2010-11	2011-12	2012-13	2013-14	2014-15
PMJDY	-	-	-	-	21

(Source: Annual Report of LIC, Various Issues)

Abbreviations:-

PMJDY- Pradhan Mantri Jan Dhan Yojana.

Above table 4.16 shows about PMJDY, a social security scheme which launched in 28 August 2014, table shows ₹ 21 lakh claims settled under this scheme since the launch of the schemes i.e. 28 August 2014 to 31st march 2015.

CONCLUSION

This paper is intended to bring about the conclusion on the basis of analysis carried out regarding different aspects of Life Insurance Business. During the period of the study, it was found that the growth of individual business had not been very consistent from 1957 to 1990. The annual growth rate ranged from **-7.88** percent to **38.51** percent in different years. During the period from 2001 to

2015 the total new business increased from ₹54061 crore in 1991 to ₹656127 crore in 2015, registering a growth of 1113.67 percent. During the entire period under observation, it has shown a continuously increasing trend except in 2005, 2007, 2008 and 2015. when it registered a downturn of (-9.09 percent, -23.08 percent, -31.84 percent and -10.68 percent) respectively.

1. **Corporate Social Responsibility:** - coming to social responsibilities of Life Insurance Corporation of India, it was found that the corporation undertook investment in socially oriented schemes. The investment has been made in schemes for generation and transmission of power, housing sector, water supply and sewerage projects, development of roads, bridges and road transport facilities to increase the social welfare of the people of the country. Moreover the corporation has generated huge funds to be invested in different sectors for economic development. The total investment in these sectors during 2014-15 was ₹34857.81 crore. The numbers of total claims under various social security schemes are 127803 and amount of total number of claims in ₹4144277 crore in 2014-15.
2. **Total New Business:** - The total growth rate from 2010-11 to 2014-15 has been (-7.96) percent for new business- individual insurance, 169.37 percent for new business all group insurance, and 22.43 percent for total new business. The share of total overseas new business to total new business has been almost insignificant (less than 0.5 percent during the period of the study). The new business individual insurance in India registered total downturn rate of -8.01 percent while the growth rate for overseas business had been 49.81 percent. So the new business individual insurance grew at faster rate outside India.
3. **Total Business in Force:** - The total growth rate for individual business in force in India has been found higher as compared to business in force out of India. The total growth rate for business in force- individual insurance has been high as compared to growth rate for business in force –group insurance.
4. **Premium Income of LIC:** - After the analysis of the study, it was found that the growth of total premium had not been very consistent from 2010-11 to 2014-15. The yearly growth rate ranged from -0.29 percent to 13.48 percent in different years and the total growth rate for total premium had been 16.44 percent during the same period. The market share of LIC in total premium increased from 69.77 percent in 2010-11 to 73.05 percent in 2014-15.
5. **Investment in India by LIC:** - Analysis of total investment of the corporation business in India shows that loans, securities and other investments increased from ₹1265120.20 crore in 2010-11 to ₹1943207.18 crore in 2014-15. The annual growth rate of LIC regarding total investment in India was found fluctuating. After the analysis of whole period of the study, the LIC business in India registered the total growth rate of 53.59 percent.
6. **Claims Settlement Procedures Of LIC:** - The analysis of the total death claims paid for different years increased from ₹20781.74 lakh in 2010-11 to ₹43261.57 lakh in 2014-15, recording a growth of 108.17 percent. The average overall outstanding claims have been highest 2.28 percent in 2010-11 to 2014-15. The death claims outstanding to death claims settled ratio have been highest 3.44 highest in 2010-11 totals outstanding claims to total claims settled ratio have been highest 2.42 percent in 2011-12.
7. **Customer Services:** - Customer of LIC are found unsatisfied with the services quality dimensions. The states of outstanding grievances of Life Insurance revealed that the number of grievances of LIC is highest 544 in 2013 and zero in two subsequently year i.e. 2014, 2015. Whereas that of private Life insurance players is found increasing, LIC will have to adopt consumer responsive strategies for delivering quality services.
8. **Investment in Social Sectors and Claims under Social Security Schemes:** - Analysis on the basis of equity, loans and debentures advanced to various entities for infrastructure and social purpose shown increased from ₹15235.94 crore to

₹34857.81 crore in 2014-15. It has increased by 128.78 percent over the period of 5 years. There are various social security schemes provided by LIC. LIC also offers insurance coverage to people below poverty line under social security group schemes. The total number of claims under social security schemes increased from 102951 in 2010-11 to 127803 in 2014-15, recording a growth of 24.13 percent. The amount on total number of claims paid has been increased from ₹2872501 crore in 2010-11 to ₹4144277 in 2014-15

SUGGESTIONS

On the basis of analysis and general observation the following suggestions are offered for LIC, which will be helpful in improving its performance.

1. LIC of India must increase their agents base to retain its dominating market share because agents are the backbone of the corporation. The increased number will not only help the corporation to faceted their visible presence in the market but also in turn help increasing their business volume too.
2. There is need to increase in the number of offices both in urban and rural areas which will help the corporation to increase their business and reach among the customers.
3. Operating and commission expenses ratio being high is a matter of serious concern. Therefor Life Insurance Corporation should take measures to reduce the operating and commission expenses for improving the overall profitability.
4. As the present mode of advertising of Life insurance products has not been found very effective. It requires re-look at the corporation. In order for the advertisement messages to reach the mental filter of the potential customers, the corporation should devise customized advertisements.
5. The rural insurance business has vast potential as it remained untapped to the extent it provides opportunities. New entrants may find it unattractive to tap the rural business. Therefore, LIC should move further towards rural areas with innovative and unique products with efficient delivery system. Village panchayats, post offices, co-operatives societies, NGOs and self-help group (SHGs) may helpful for tapping the rural insurance market.
6. The LIC should be selective in the recruitment of LIC agents after identification of training needs, the employees should be provided obtaining at regular intervals.
7. It suggested that settlement of claims were to be done within a specific time frame without delay.
8. There is need to develop innovative products with wide choice of price by LIC with a wide network of distribution channels in tune with fast changing technology, micro insurance schemes for low-income groups with wide choice for payment of premium for organized sectors and economically vulnerable sections of society.
9. Customer satisfaction enables any business to prosper and grow. LIC should focus on strengthening the level of customer satisfaction by providing quality services. LIC should develop consumer-oriented strategy for effective feedback to study the customer expectations as feedback is the best way of providing quality services.
10. Technology up-gradation is required on priority basis as total computerization is still in the process of implementation.
11. There is lack of awareness of insurance needs particularly in rural areas. Therefore, there is urgent need to launch mass awareness campaigns for insurance benefits and need in rural areas.
12. LIC should come up with new products which will attract the low income group people because in India low income group are more compared to high income group people.

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