

## **The present scenario of life insurance corporation of India**

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**Abstract:** *The Insurance industry is going through drastic changes. Innovative plans, electronic insurance and minimal role of agents all have contributed towards the modernization of insurance industry in India. Now we can have the option of digitalized insurance policies. There are various players in insurance market competing for delivering satisfaction to the policyholders. This article will through ample light on the recent trends and developments in insurance industry in India.*

### **Introduction**

Risk is inherent part and parcel of our lives. None of us know what is going to happen to us in the future but what we do know is that accidents happen. This is the simple idea that the insurance industry is founded on. The insurance industry in India has changed swiftly in the turbulent economic environment throughout the world. Indian insurance companies have become competitive in nature and are undoubtedly serving customers in manifold ways. One of the important contractual savings institutions is life insurance which provides multi dimensional services having a significant impact on economic growth.

During April 2015 to March 2016 period, the life insurance industry recorded a new premium income of Rs 1.38 trillion (US\$ 20.54 billion), indicating a growth rate of 22.5 per cent. India's life insurance sector is the biggest in the world with about 360 million policies which are expected to increase at a Compound Annual Growth Rate (CAGR) of 12-15 per cent over the next five years. The insurance industry plans to hike penetration levels to five per cent by 2020.

### **Objective of the Study**

1. To study the present scenario of Indian insurance industry.
2. To study the Government initiatives for the development of Indian insurance Industry.
3. To suggest measures for improving the scenario of insurance industry in India.

### **Research Methodology**

The research design is of Descriptive in nature & Secondary data is collected from different published reports and document, IRDA Annual Reports and relevant online sources.

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Any remaining errors or omissions rest solely with the author(s) of this paper.

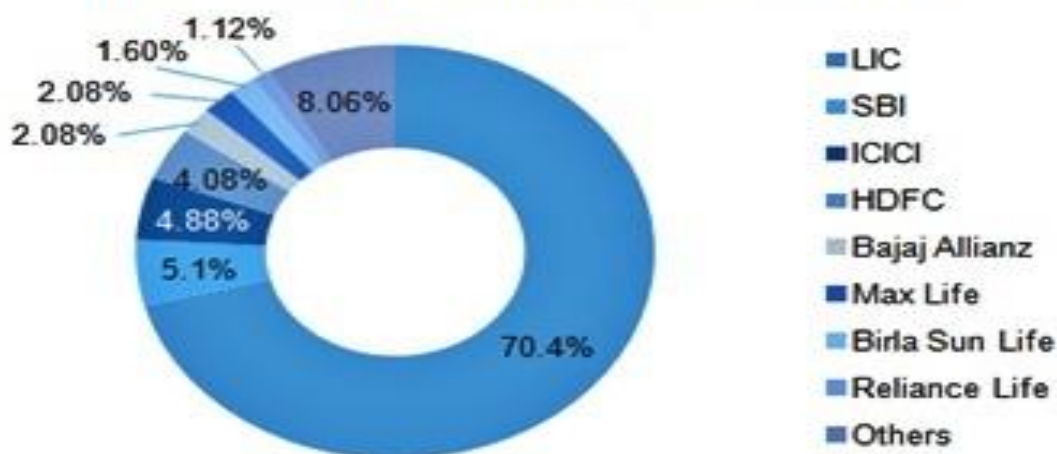
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### Recent Trends

The insurance industry of India consists of 53 insurance companies of which 24 are in life insurance business and 29 are non-life insurers. Among the life insurers, Life Insurance Corporation (LIC) is the sole public sector company.

As of 2016, life insurance sector has 29 private players in comparison to only four in FY02. With 70.4 per cent share market share in FY16, LIC continues to be the market leader, followed by SBI (5.1 per cent), ICICI (4.9 per cent) and HDFC (4.1 per cent).

### Major companies market share in terms of life insurance premium collected (FY16)



Source: TechSci Research, LIC - Life Insurance Corporation of India

### Growth in Life Insurance Premiums (US\$ billion)



Source: Insurance Regulatory and Development Authority, TechSci Research  
 Note: CAGR - Compound Annual Growth Rate, Figures as per latest data available

The life insurance companies amassed a total of Rs. 87,344 crore for the period 1<sup>st</sup> April – 31<sup>st</sup> October 2016 through first year premium collection. The premium collection for the previous year for the same period was Rs. 66,997 crore, making the increase around 30 per cent.

SBI Life Insurance have seen a 5 per cent growth in their net profits in the first half of this financial year. The current figure stand at Rs. 428.17 crore, while it was reported to be Rs. 407.98 crore during the same period last year. The new business premium of the company also rose by 77 per cent to stand at Rs. 4,644 crore during the April-September period.

The profit After Tax (PAT) for SBI life insurance has increased by 4.94 per cent. The current PAT is Rs. 428.17 crore. SBI Life's Asset under Management also increased from Rs. 74,554 crore to Rs. 87,784 crore. The same trend can be observed in new business premium which increased from Rs. 2,626 crore to Rs. 4,644 crore. There has been a growth of 26 per cent in the collection of renewal premiums.

In an effort to make the claim approval process easier, Max Life Insurance has introduced a new service called 'Insta Claim'. With the help of this service, eligible customers can get their claims approved within one day. This initiative was taken to make the claim approval process faster, transparent and smooth. However this service will be applicable for only those cases where the claim amount is less than Rs. 25 lakh.

In one of the biggest news related to the insurance industry, a suspected merger between HDFC Life and Max Life Insurance Company Limited (MLIC) has come to a sudden halt. The main reason for the halt is that Max India was looking to merge Max Life Insurance with Max Financial Services and then the demerge the insurance division to transfer to HDFC Life.

Due to great performance of the general insurance business, the profits for Bajaj Financial Services has increased by 30.5 per cent. There has also been a rise of 42 per cent in gross written premium. The current value for gross written premium is Rs. 2,179 crore. However in the case of Bajaj Allianz Life Insurance, there has been drop in its net profit.

### **Government Initiatives**

The Government of India has taken a number of initiatives to boost the insurance industry. Some of them are as follows:

Service tax on service of life insurance business provided by way of annuity under the National Pension System regulated by Pension Fund Regulatory and Development Authority (PFRDA) being exempted, with effect from April 01, 2016.

IRDA has formulated a draft regulation, IRDAI (Obligations of Insurers to Rural and Social Sectors) Regulations, 2015, in pursuance of the amendments brought about under section 32 B of the Insurance Laws (Amendment) Act, 2015. These regulations impose obligations on insurers towards providing insurance cover to the rural and economically weaker sections of the population.

The Government of India has launched two insurance schemes as announced in Union Budget 2015-16. The first is Pradhan Mantri Suraksha Bima Yojana (PMSBY), which is a Personal Accident Insurance Scheme. The second is Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY), which is the government's Life Insurance Scheme. Both the schemes offer basic insurance at minimal rates and can be easily availed of through various government agencies and private sector outlets.

The Uttar Pradesh government has launched a first of its kind banking and insurance services helpline for farmers where individuals can lodge their complaints on a toll free number.

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The select committee of the Rajya Sabha gave its approval to increase stake of foreign investors to 49 per cent equity investment in insurance companies.

Government of India has launched an insurance pool to the tune of Rs 1,500 crore (US\$ 220.08 million) which is mandatory under the Civil Liability for Nuclear Damage Act (CLND) in a bid to offset financial burden of foreign nuclear suppliers.

Foreign Investment Promotion Board (FIPB) has cleared 15 Foreign Direct Investment (FDI) proposals including large investments in the insurance sector by Nippon Life Insurance, AIA International, Sun Life and Aviva Life leading to a cumulative investment of Rs 7,262 crore (US\$ 1.09 billion).

### **Conclusion and Suggestions**

It is very vital for the insurance companies to survive in the globally competitive scenario. They have to adapt themselves with the turbulent environment. This industry is going to face more challenges due to change in economy and employment. More no of players around the world have planned to enter into India looking to the potential available here. Probably understanding the customer expectation and attitude for this product is the important. There is time to re-engineer the business model.

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