

A Comparative Study of Private and Public Sector General Insurance Companies with respect to their Products

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ABSTRACT

The execution of open and private life guarantors as far as their number of new approaches issued; all out premium pay and piece of the overall industry in India. In year 1993 Malhotra Committee underscored on privatization of protection business, from that point forward there was imposing business model of LIC. In year 1999 the Insurance Regulatory and Development was built up to control and to secure the policyholder's enthusiasm of the protection business. It has been seen that private life back up plans put endeavors to improve its execution a seemingly endless amount of time after year and influenced the LIC from multiple points of view for introductory first decade.

1. Introduction

Life coverage business in India was nationalized by consolidating Life Insurance Corporation of India" (LIC) in 1956. After the Indian monetary change 1991 there was a critical improvement in the Indian protection division which is portrayed by Liberalization, Privatization and Globalization (LPG). In year 1993 the Malhotra Committee underlined on privatization of disaster protection business. The Indian protection industry was opened for private safety net providers in the year 1999, with the foundation of Insurance Regulatory and Development Authority Act (IRDA Act). Before advancement there was restraining infrastructure of Life Insurance Corporation of India (LIC). The section of privately owned businesses in extra security business breaks the syndication of LIC. The Insurance Regulatory and Development was set up to direct and to secure the policyholder's enthusiasm of the protection business. Indian life coverage is the quickest developing area, with numerous household and outside players. The administration of India permitted private back up plans in year 2000 with 26% outside direct venture. In the post progression period, the disaster protection area of India saw a huge development as there is sound challenge from numerous residential just as remote private safety net providers. There is huge development potential for disaster protection segment in India as we have enormous populace and still the Indian life coverage advertise is undiscovered. Further, it shows the development prospects and a colossal potential for life coverage business in the nation.

The execution of an economy is especially associated with the execution of the budgetary area of that economy. Money related area involve a significant fixing in any economy. The monetary area of India is picking up quality throughout the years and its commitment to development is overpowering. Protection industry goes about as a vital job in the monetary development of an economy. A solid protection advertise covers approach for efficient asset designation over the span of exchange of hazard and selection of investment funds. The Insurance business possesses a novel spot in a nation's economy. The starting point of protection business has been

created from the idea of shielding the interests of individuals from vulnerability by giving conviction of installment at a given possibility. In contrast to life coverage, non-life coverage isn't intended for returns however is insurance against possibilities, for example, mishaps, ailment, fire, robbery and so on (Kramer, 1996).

The non-extra security portion has been viewed as one of the quickly expanding areas in the budgetary administrations circle in India, in light of the fact that through this fragment every one of the dangers and money related harm brought about by an outsider can be eased. Numerous organizations have reserved into this portion which has developed exceptional challenge in the area (Joo, B.A.2005).

2. Review of literature

C. Barathi, C. D. Balaji and Ch. Ibohal Meithei (2011), in the exploration paper titled "Creative Strategies to Catalyze Growth of Indian Life Insurance Sector-an Analytical Review" have obviously talked about the effect of worldwide subsidence on the quickest developing Indian protection showcase. They discover the section of many privately owned businesses has made a change in outlook in protection advertising in India as far as items, levies; client administration and so forth. Chatterjee. P (2009) clearly said private safety net providers recorded 62% development rate in April-December 2008 against 45% in a similar time of last financial. ICICI Prudential, HDFC Standard, SBI Life and Bajaj Allianz are the prevailing players of the disaster protection division. LIC a market head recorded a decrease of 28% and specialists said the Industry has seen a sensible development notwithstanding the tight money related conditions. Kapse. S and Kodwani D.G (2003), in their article, contended that in the changing situation for the protection part there will be a decent open door for protection division to grow its market base. For this reason, there is have to improve the highlights of the protection items to make them increasingly fluid or transient plans could be expanded.

Krishnamurthy S, Mony. S, Jhaveri. N, Bakhshi. S, Bhat. S and Dixit M.R (2005), in their paper unmistakably clarified the status and development of Indian Insurance Industry after

progression and furthermore present future difficulties and openings connected with the Insurance. Rajasekar D and T.H.Kumari (2014), the dimension of entrance, especially in extra security, will in general ascent as salary levels increment. The piece of the overall industry of the whole private players has forcefully ascended with the section of private players in disaster protection showcase. This demonstrates the private players are doing great and are improving step by step, in this way influencing the execution of LIC.

Rao Divakara P (2015), Number of policies has in this way expanded a seemingly endless amount of time after year yet the execution of LIC has weakened and those of private players have been improved enormously. With each progressive year, private players are picking up the trust of people in general and have very effective in grabbing the business from LIC. Despite the fact that the pay of private insurance agencies is unimportant when contrasted and LIC yet then likewise the pace with which they are expanding their salary is colossal. Private insurance agencies are extending their business and will positively going to give an intense challenge to LIC in the coming days. LIC, being the most established player in the current protection advertise, has the greatest piece of the overall industry of 64.39% which was 99% in the year 1999-2000. We see that private insurance agencies are infiltrating in the client base of LIC. Private insurance agencies are giving an intense challenge to the LIC. Tripathi. S (2009), in his exposition report referenced that Private organizations are giving direct challenge to LIC, LIC is an overwhelming player even after privatization and wealth extent of protection development in the Indian market, LIC is having tremendous client base being an old monster are a portion of the primary discoveries of this investigation. He presumed that LIC is a most mainstream and driving brand however with forceful advertising approach; privately owned businesses are giving direct challenge to LIC.

Agell (2002) and Bertola (2004). All in all, the usage of open approaches, propelled by protection concerns, involves efficiency costs. Here, we feature three determinants of open and private protection arrangement. Right off the bat, open and private protection involve exchange costs, which assume a job like that of organization costs in the assessment configuration inquire about reviewed by Slemrod (1999). Furthermore, all protection is restricted by good danger, where the degree of this issue relies upon general society or private arrangement of protection. Thirdly, we consider communications with the advances advertise defects that past research has appeared to be significant to the attractive quality of redistribution (Bertola and Koeniger, 2007).

3. The product

Life coverage is presently the most prevalent instrument for the getting ready for the danger of less than ideal passing, the idea has been adjusted to converge with sparing vehicles to make extremely fascinating and able speculation item. Extra security items need to suit the prerequisites of client. The three noteworthy worries of any individual could Be-Dying too soon, living excessively long or Living with incapacity.

Life insurance products fundamentally provide for-

1. Risk Cover
2. Investment
3. Health Cover
4. Tax saving

There are four main types of insurance policies described as follows

1. **Term Insurance:** Term Insurance pays a passing advantage to the legitimate beneficiaries if the individual safeguarded, bites the dust amid the term of the strategy. Terms protection plans offer unadulterated hazard spread with no component of sparing.
2. **Whole Life Insurance:** The upside of entire disaster protection is that the approach, whenever kept current, covers you over your whole life, rather than term protection that covers you just for a specific term of years.
3. **Endowment Insurance:** Pure endowment is where the advantage is payable to the safeguarded just on survival of the predefined term.
4. **Annuities:** Annuities are a type of benefits in which an insurance agency makes a progression of intermittent installments to an individual or his or her wards over a quantities of years, as a byproduct of the cash paid to the insurance agency either in irregularity or portions.

4. Public sector company: life insurance corporation of india

The Life Insurance Corporation of India (LIC) is just a single open part Company in life coverage. It was made on first September, 1956, Over 245 insurance agencies and provident social orders were converged to make the state possessed Life Insurance Corporation. It is the biggest insurance agency in India with an expected resource estimation of 1560481.84 crore (US\$250 billion). it had all out life reserve of Rs.1433103.14 crore with all out estimation of approaches sold of 367.82 lakh that year.

Growth as a monopol

From its creation, the Life Insurance Corporation of India, which directed a syndication of requesting and selling disaster protection in India, made gigantic surpluses. The Corporation, which began its business with around 300 workplaces, 5.7 million strategies and a corpus of INR 45.9 crores (US\$ 92 million according to the 1959 conversion scale of about 5 for US\$1), had developed to 25,000 overhauling around 350 million approaches and a corpus of more than 800000 crore (US\$130 billion) before the finish of the twentieth century.

Liberalization post Y2K

The Indian Government left on a program to change the Insurance Sector and opened it up for the private part. Unexpectedly, LIC rose as a recipient from this procedure with powerful execution, but on a base generously higher than the private area. In 2013 the First Year Premium compound yearly development rate (CAGR) was 24.53% while Total Life Premium CAGR was 19.28% coordinating the development of the life coverage industry and furthermore beating general financial development.

Products and services

LIC offers an assortment of protection items to its clients, for example, protection plans, annuity plans, unlinked plans, extraordinary plans and gathering plans.

Operations

The LIC had 8 zonal workplaces, around 109 divisional workplaces, 2,048 branches and 992 satellite workplaces and corporate workplaces; it likewise has 54 client zones and 25 metro-zone administration center points situated in various urban communities and towns of India. It additionally has an availability of 1,337,064 individual operators, 242 Corporate Agents, 79 Referral Agents, 98 Brokers and 42 Banks for requesting extra security business from general society. As on 31 March 2012, LIC had 119,767 representatives, out of which 24,295 were ladies (20%).

Agency strength

LIC had 12, 78,234 agents as on 31 March 2012, out of which the number of active agents was 12, 14,111 (95%).

5. Private sector company

ICICI Prudential Life

ICICI Prudential Life Insurance Company is a joint endeavor between ICICI Bank, a chief monetary powerhouse, and prudential plc, a main global money related administrations bunch headquartered in the United Kingdom. ICICI Prudential was among the principal private segment insurance agencies to start tasks in December 2000 in the wake of getting endorsement from Insurance Regulatory Development Authority (IRDA). ICICI Prudential Life's capital stands at Rs. 4,793 crores with ICICI Bank and Prudential plc holding 74% and 26% stake separately. For the money related year 2013, the organization has accumulated absolute premium of Rs 13,538 crores. The organization has resources held over Rs. 77,393.09 crores. For as far back as a decade, ICICI Prudential Life Insurance has kept up its predominant position (on new business retail weighted premise) among private life safety net providers in the nation, with a wide scope of adaptable items that address the issues of the Indian client at each progression throughout everyday life. ICICI Prudential Life offers designs under the accompanying real need classifications: Term plans, Wealth plans, Retirement plans, Group plans, Rural plans.

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6. Other private companies that are in life insurance sector are as under:

- AEGON Religare Life Insurance
- Edelweiss Tokio Life Insurance Co. Ltd
- Aviva India
- Shriram Life Insurance
- Bajaj Allianz Life Insurance
- Bharti AXA Life Insurance Co Ltd
- Birla Sun Life Insurance
- Canara HSBC Oriental Bank of Commerce Life Insurance
- Star Union Dai-ichi Life Insurance
- DLF Pramerica Life Insurance
- Future Generali Life Insurance Co Ltd
- HDFC Standard Life Insurance Company Limited
- ICICI Prudential Life Insurance Company Limited
- IDBI Federal Life Insurance
- IndiaFirst Life Insurance Company
- ING Life Insurance
- Kotak Life Insurance
- Max Life Insurance
- PNB MetLife India Life Insurance
- Reliance Life Insurance Company Limited
- Sahara Life Insurance
- SBI Life Insurance Company Limited
- TATA AIA Life Insurance

7. Conclusion

The biggest insurance agencies in the Indian protection advertise and has turned out to be increasingly appealing for outside back up plans because of immersion of protection showcase in numerous remote nations. That is the reason Indian protection industry has turned into a developing industry with numerous local and worldwide players. Distinctive extra security organizations expanded the challenge in this industry. This dimension of rivalry has expanded the quantity of creative and appealing protection plans, better client benefits and expanded protection mindfulness in India. Colossal populace in our nation and a major undiscovered market has expanded its extent of development for next numerous years.

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