Chapter 3

Indian Life Insurance Sector: An Overview

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Indian Life Insurance Sector: An Overview

3.1 Introduction
The evolution of the concept of “Insurance” is just fascinating! The concept has undergone major changes and subjected to a variety of regulations over the period of years. What has started off as a mere sharing of risk among a few individuals has today developed beyond imagination offering different types of insurance to different people. It will be interesting to trace the history of insurance and its development.

3.2 Evolution of Insurance
The earliest instance of distribution of risk was practiced by the Babylonian traders as far back as in 1750 BC. The system developed by the Babylonians in the famous Code of Hammurabi and followed by the ship merchants. Under the system, if a merchant receives a loan to fund his shipment, he would pay the lender an additional sum in exchange for the lender’s guarantee to cancel the loan should the shipment be stolen. Later, the concept of ‘general average’ came into being and under this merchants whose goods were being shipped together would pay proportionate premium and this would be used to reimburse any merchant whose goods were damaged during storm or sinkage.
It was the Greeks and Romans who took the lead in introducing the origins of health and life insurance during 600 AD when they organized guilds called “benevolent societies”. These societies acted to care for the families and funeral expenses of members upon death. Thus, the burial clubs were used as a form of life insurance, providing funeral expenses for members and later payments to the survivors.

3.2.1 Insurance in Britain

Towards the end of the seventeenth century, the growing importance of London as a centre for trade led to rising demand for marine insurance. In 1688, Mr. Edward Lloyd opened a coffee house in London, popularly known as “Lloyd’s Coffee House” where ship merchants, ship owners and underwriters met to transact business and share shipping news. It became the meeting place for parties wishing to insure cargoes and ships, and those willing to underwrite such ventures. By the end of the 18th century, Lloyd’s had progressed into one of the first modern insurance companies. Even today, Lloyds of London remains the leading market for marine and other specialist types of insurance.

Insurance, as we know it today can be traced to the Great Fire of London, which took place in the year 1666 devouring about 13,000 houses. This disaster
prompted the thought of insurance on properties and buildings. Mr. Nicholas Barbon opened an office in London specifically with the purpose of insuring buildings. It was in the year 1680 that he established England’s first fire insurance company called “The Fire Office”, that offered insurance protection to brick and frame homes.

The rapid growth of British commerce saw the development of insurance business in the 17th and 18th centuries. The first mortality table based on the statistical laws of mortality and compound interest was constructed by the astronomer Edmond Halley in the year 1693. The table was later corrected in 1756 by Joseph Dodson with differential rate of premium according to the age of the proponent. Previously, the rate had been the same for all ages.

### 3.2.2 Insurance in the United States

The first insurance company in the United States provided fire insurance and was formed in Charles Town (now called Charleston), South Carolina, 1732. It was Benjamin Franklin who helped to popularize and make standard the practice of insurance, particularly against fire in the form of perpetual insurance. In 1752, he founded the Philadelphia Contributionship for the insurance of houses from loss by fire. Subsequently, fire insurance corporations
were formed in New York City in 1787 and in Philadelphia in 1794. Franklin’s company was the first to make contributions towards fire prevention.

The first life insurance corporation in America was sponsored by Presbyterian Synod of Philadelphia in the year 1759 for the benefit of Presbyterian ministers and their dependents. After 1840, with the decline of religious prejudice against the practice, life insurance entered a boom period. This was the period when the classification of various types of risks had begun. The growth in the business of insurance had also necessitated changes in managing the funds. The New York fire of 1835 called attention to the need for adequate reserves to meet the unexpectedly large losses and the Massachusetts was the first State to enact a law for the companies in 1837 making it mandatory to maintain such reserves. The great Chicago fire of 1871 emphasized the costly nature of fires in structurally dense modern cities. This led to the evolution of ‘Reinsurance’ whereby losses are distributed among many companies. The Workmen’s Compensation Act of 1897 in Britain required employers to insure their employees against industrial accidents. Public liability insurance, fostered by legislation, made its appearance in the 1880s and it attained major importance with the advent of the automobile. The regulation of this industry by the governments started since the late 19th century. Various regulations were being enacted in different countries regulating the business.
3.2.3 Insurance in India

The insurance sector in India has witnessed a full circle from being an open competitive market to nationalization and back to a liberalized market again. Tracing the developments in the Indian insurance sector reveals the full turn witnessed by the industry over a period of about two centuries.

Historically speaking, the concept of insurance in India dates back to the age of Manu. The fact that ships in ancient India was loaded with shipments of different merchants rather than that of a single merchant was also a method of spreading the risk, which is the basis of insurance. Some organized form of insurance was seen during the period of Mughals when the soldiers were given a kind of annuity based on the contribution made during their service. The Joint Family System, prevalent in India also envisaged financial security and sharing of risk and hence similar to the concept of insurance.

However, Iyengar (2007) states that the business of life insurance in India in its existing form started in India in the year 1818 with the establishment of the Oriental Life Insurance Company in Calcutta. It was conceived as a means to provide for English Widows. Later on, Indians were also covered by the Company. By 1868, 285 companies were doing business of insurance in India. These companies were, however, insuring mainly European lives. Those
Indians who were offered insurance cover were considered more risky for coverage and were accepted with an Extra premium of 15 to 20 percent.

3.3 Indians in Insurance Business

Pioneering efforts of reformers and social workers like Raja Ram Mohan Roy, Dwarakanath Tagore, Ramatam Lahri, Rustomji Cowasji and others led to entry of Indians in insurance business. The first Indian insurance company to start the operations was “Bombay Life Assurance Society” in 1870 extending coverage of Indian lives at standard rates. Later on, in the year 1874, “Oriental Government Security Life Insurance Company” was established in 1874 with Sir Phirozshah Mehta as one of its founder directors and later emerged as a leading Indian Insurance Company.

The general insurance business in India, on the other hand, can trace its roots to the Triton Insurance Company Ltd., the first general insurance company established in the year 1850 in Calcutta by the British. In 1907, the Indian Mercantile Insurance Ltd. set up, the first company to transact all classes of general insurance business.

3.4 Kinds of Insurance

Insurance can be broadly classified into two viz. Life insurance and Non-Life Insurance or General insurance. In fact, insurance other than life is included in
the category of general insurance. Life insurance is different from other insurances. Under life insurance, the subject matter of insurance is life of human being. In life insurance, unlike in general insurance, the promise has to be redeemed sooner or later. The amount payable in general insurance depends on the extent of damage and insurance coverage, and has to be determined through surveys and assessment. The amount payable on a claim arising in life insurance is mentioned in the policy. General insurance is a one year contract where as life insurance contracts are long period contracts. Long term nature of the life insurance policy results in a long lasting relationship between the insurer and the customer.

3.4.1 Life insurance

Life insurance is a contract that pledges payment of an amount to the assured (or his nominee) on the happening of the event insured against. Life insurance ensures that one’s family will receive financial support in his absence. Put simply, life insurance provides his family with a sum of money should something happened to him. It protects his family from financial crisis. In addition to serving as a protective cover, life insurance acts as a flexible money-saving scheme, which empowers him to accumulate wealth. Life insurance also triples up as an ideal tax-saving scheme.
3.5 Indian Insurance Industry

As per IRDA Annual Report 2013-14, there were fifty two insurance companies operating in India; of which twenty four were in the life insurance business and twenty eight were in non-life insurance business. In addition, General Insurance is the sole national re-insurer. Among the twenty four life insurance companies, the LIC was the only public sector company and the other twenty three were in the private sector. Among the twenty eight non-life insurance companies, four companies were in the public sector and twenty four were in the private sector.

Life insurance industry recorded a premium income of Rs 3,14,283 crores during 2013-14 as against Rs 2,87,202 crores in the previous financial year, registering a growth of 9.43 per cent (0.05 per cent growth in previous year).
While private sector insurers posted 1.35 per cent decline (6.87 per cent decline in previous year) in their premium income, LIC recorded 13.48 per cent growth (2.92 per cent growth in previous year). While renewal premium accounted for 61.72 per cent (62.62 per cent in 2012-13) of the total premium received by the life insurers, first year premium contributed the remaining 38.28 per cent (37.38 per cent in 2012-13). During 2013-14, the growth in renewal premium was 7.85 per cent (3.88 per cent in 2012-13). First year premium registered a growth of 12.07 per cent in comparison to a decline of 5.78 per cent during 2012-13.

**Figure 3.2 Total Premiums of Life Insurers**

*Source: IRDA Annual Reports 2010-14 [Rupees in Crores]*
3.6 Insurance Penetration and Density

The potential and performance of the insurance sector is universally assessed with reference to two parameters, viz., insurance penetration and insurance density. These two are often used to determine the level of development in a country. Insurance penetration is defined as ratio of premium underwritten in a given year to the Gross Domestic Product (GDP).

When we look into the history of life insurance industry in independent India, it essentially covers two periods – the pre-liberalization period (1947-2001) and the post-liberalization period (2001 onwards). The pre-liberalized market was a monopoly, with only one player the state run Life Insurance Corporation of India. The post liberalization period is witnessing multiplayer industry with as many as 24 players are operating. The growth in the number of policies sold in a Financial Year had increased from 9.23 lakhs to 199 lakhs in the pre-liberalisation period.

In the post liberalization period the number of policies sold showed a growth from 199 lakhs to 532 lakhs as on 2010. The life insurance penetration at the end of the pre-liberalisation period was 1.77 percent and it was 4.6 percent in the Financial Year 2010. The number of life yet to be insured was 90 percent at the end of the pre-liberalisation period and it was 80 percent in the Financial
Year 2010. The insurance industry has grown at a CAGR (Compound Annual Growth Rate) of 22 percent during 2000-2013.

The insurance penetration in India, which surged consistently till 2009-10, has slipped since 2010-11 on account of slowdown in life insurance premium as compared to the growth rate of the Indian economy. Life insurance penetration had consistently gone up from 2.15 percent in 2001 to 4.60 percent in 2009, before slipping to 4.40 percent in 2010, 3.40 percent in 2011 and further slipping to 3.17 percent in 2012.

Insurance density is defined as the ratio of premium underwritten in a given year to the total population (measured in USD for convenience of comparison). Total population of India in 2001 was 1.02 billion and it was 1.21 billion in 2011 and estimated as 1.22 billion in 2012. (www.censusindia.gov.in).

India has reported consistent increase in insurance density every year since the sector was opened up for private competition in the year 2000. However, for the first time in 2011, there was a fall in insurance density. The life insurance density in India has gone up from USD 9.1 in 2001 to USD 42.7 in 2012 though it reached the peak of USD 55.7 in 2010.
3.3 Insurance Penetration and Density in India

Source: Swiss Re. Sigma Insurance Research

3.6.1 Life Insurance Penetration

Penetration level of life insurance is measured as the ratio of premium to Gross Domestic Product. The international comparison of life insurance penetration is presented in table 3.1.
## Table 3.1

### International Comparison of Insurance Penetration

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Source: Compiled from Annual Reports of IRDA
Note: 1. Insurance penetration is measured as ratio of premium to GDP
     2. Data relates to calendar years
Table 3.1 explains Life Insurance penetration in the global perspective. Life insurance penetration is measured as a ratio of the insurance premium to the Gross Domestic Product (GDP) in percentage terms. As is evident from the Table 3.1, there is an increasing trend in the life insurance penetration in India and has more than double from 2.15 percent in 2001 to 4.6 percent in 2009, but declined to 3.2 percent in 2012. The figures are impressive if a comparison is made with other fast developing nations like Brazil, Russia and China but still, India is far behind developed nations like Japan, United Kingdom and United States of America. The world wide penetration of life insurance has declined from 4.68 percent in 2001 to 3.7 percent in 2012.

Figure 3.4 shows a comparison of life insurance penetration in BRICS countries and the world. It shows an increasing trend of life insurance penetration from 2001 to 2002, it has declined among the BRICS countries and the world when it reached 2012.

Figure 3.5 shows a comparison of life insurance penetration of India with the world. From 2001 to 2005, the life insurance penetration of India was approximately half of the world penetration. From 2006 onwards, the life insurance penetration of India has reached almost the same level of world penetration and in 2009 and 2010 life insurance penetration in India had overtook the world penetration.
Figure 3.4
Life Insurance Penetration in BRICS Countries and the World

Source: Compiled from Annual Reports of IRDA
Note: 1. Insurance density is measured as ratio of premium to GDP
   2. Data relates to calendar years
3.6.2 Life Insurance Density

Level of life insurance density is measured as the ratio of premium to total population. The international comparison of life insurance density is presented in table 3.2.
## Table 3.2

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Source: Compiled from Annual Reports of IRDA

Note: 1. Insurance density is measured as ratio of premium to total population
2. Data relates to calendar years

**INTERNATIONAL COMPARISON OF INSURANCE DENSITY (USD)**
Table 3.2 explains Life Insurance density in the global perspective. Life insurance density is measured as a ratio of premium to total population. Life insurance Density has witnessed an impressive growth from 9.1 USD to 55.7 USD in the post reform period ie from 2001 to 2010 and then showed a diminishing trend. United Kingdom tops in terms of life insurance density on 2008, but in 2012, Japan came to the top position regarding insurance density. As is evident from the table, despite a massive growth in the Life Insurance Density in India in the post reform period, it is disproportionately small when compared to the world average.

Figure 3.6 shows a comparison of life Insurance density in BRICS countries and the world. Life Insurance density of India was very low when compared to South Africa and world. Conversion factor might also pose a difficulty in the inferences drawn from the figures, though the converted figures show a rapid growth till 2010 and a decline thereafter.

Figure 3.7 shows a comparison of life insurance density of India with the world. As is evident from the table, even though there was steady increase in the life insurance density in India in the post reform period, still it is disproportionately small in comparison to the world average.
Figure 3.6
Life Insurance Density in BRICS Countries and the World (USD)

Source: Compiled from Annual Reports of IRDA
Note: 1. Insurance density is measured as ratio of premium to total population
    2. Data relates to calendar years
3.7 Need for Life Insurance

Life insurance ensures the insurer’s family a financial support in his absence. In addition to serving as a protective cover, life insurance acts as a flexible money-saving scheme which empowers him to accumulate wealth. Life
insurance also triples up as an ideal tax-saving scheme. Life insurance is a unique investment that meets multiple needs of an investor.

From an investor’s point of view, an investment can play two roles- asset appreciation or asset protection. While most financial instruments have the underlying benefit of asset appreciation, life insurance is unique in that it gives the customer the reassurance of asset protection, along with a strong element of asset appreciation. The core benefit of life insurance is that the financial interests of one’s family remain protected from circumstances such as loss of income due to critical illness or death of the policy holder. Simultaneously, insurance products also have a strong inbuilt wealth creation proposition. The customer therefore benefits on two counts and life insurance occupies a unique space in the landscape of investment options available to a customer.

### 3.8 Key Benefits of Life Insurance

Today, there is no shortage of investment options for a person to choose from. Modern day investments include gold, property, fixed income instruments, mutual funds and of course, life insurance. Given the plethora of choices, it becomes imperative to make the right choice when investing your hard-earned money. Life insurance is a unique investment that helps you to meet your dual needs - saving for life's important goals, and protecting your assets.
3.9 Human Life Value

Beyond all doubt, human life is invaluable. There is a certain worth that can be attributed to the financial support one offer to his parents, spouse or children. This worth is referred to as Human Life Vale (HLV). In other words, Human Life Value is the present value of one’s future earnings. As a thumb rule, one should have an insurance cover of around 5 to 10 times of his annual income. One should calculate his Human Life Value so that he can accordingly invest in insurance plans that provide his family with adequate finances and hence security in his absence. Human Life Value is determined by three factors: age; current and future expenses; and current and future income.

3.10 Regulation of Insurance Business in India

Insurance regulation formally began in India with the passing of the Life Insurance Companies Act of 1912 and the Provident Fund Act of 1912. Several frauds during 20’s and 30’s sullied insurance business in India. By 1938 there were 176 insurance companies. The first comprehensive legislation was introduced with the Insurance Act of 1938 that provided strict State control over insurance business. The insurance business witnessed a faster growth after independence. Indian companies strengthened their hold on this business but despite the growth that was witnessed, insurance continue to remain as an urban phenomenon. The Government of India in 1956, brought together over
240 private life insurers and provident societies under one nationalized monopoly corporation and LIC was born.

The (non-life) insurance business, however, continued to thrive with the private sector till 1972. Their operations were restricted to organized trade and industry in large cities. The general insurance industry was nationalized in 1972. With this, nearly 107 insurers were amalgamated and grouped into four companies – National Insurance Company, New Indian Assurance Company, Oriental Insurance Company and United India Insurance Company. These were subsidiaries of the General Insurance Company (GIC).

### 3.11 Insurance Sector Reforms

In 1993, a Committee headed by former Finance Secretary and RBI Governor R.N. Malhotra, was formed to evaluate the Indian insurance industry and recommended its future direction. The Malhotra committee was set up with the objective of complementing the reforms initiated in the financial sector. The reforms were aimed at “creating a more efficient and competitive financial system suitable for the requirements of the economy keeping in mind the structural changes currently underway and recognizing that insurance is an important part of the overall financial system where it was necessary to address the need for similar reforms”. The Committee submitted its report in 1994. The committee emphasized that in order to improve the customer services and
increase the coverage of the insurance, industry should be opened up to competition. But at the same time, the committee felt the need to exercise caution as any failure on the part of new players could ruin the public confidence in the industry.

Hence, it was decided to allow competition in a limited way by stipulating the minimum capital requirement of Rs. 100 crores. The committee felt the need to provide greater autonomy to insurance companies in order to improve their performance and enable them to act as independent companies with economic motives. For this purpose, it was proposed to set up an independent regulatory body.

The Government of India liberalized the insurance sector in March 2000 with the passage of the Insurance Regulatory and Development Authority (IRDA) Bill, lifting all entry restrictions for private players and allowing foreign players to enter the market with some limits on direct foreign ownership. Under the current guidelines, there is a 26 percent equity cap for foreign partners in an insurance company. There is a proposal to increase this limit to 49 percent. The IRDA since its incorporation as a statutory body in April 2000 has been framing regulations and registering the private sector insurance companies and has put in a frame work of globally compatible regulations encompassing diverse areas of insurance. Thus the private players have been allowed entry in
India once again both in Life and Non-life sectors. This competition saw the emergence of various innovations in the product range, effective use of technology, improved customer service, customer education, identification of marketing niches, etc.

Insurance which evolved as a mere risk sharing entity among group of individuals has undergone vast transformation over the years. Today, insurance sector is one of the leading industries across the globe registering a faster growth and has become a major driving factor in boosting the economy.

3.12 Industry participants – Life Insurance

The participants in the Indian Life Insurance Industry are briefly mentioned in this segment of the report. Both the public and private life insurers form part of the discussion.

3.12.1 Life Insurance Corporation of India (LIC)

The Life Insurance Corporation of India was created on 1st September, 1956 by passing Life Insurance Corporation Act on 19th of June 1956 by the Parliament of India with the objective of spreading life insurance widely and in particular to the rural areas with a view to reach all insurable persons in the country, providing them adequate financial cover at a reasonable cost. LIC had 5 zonal offices, 33 divisional offices and 212 branch offices, apart from its corporate
office in Mumbai in 1956. Since all life insurance contracts are long term contracts and during the currency of policy it requires a variety of services need was felt in the years to expand the operations and place a branch office at each district head quarter. Re-organization of LIC took place and large numbers of new branch offices were opened. As a result of re-organization servicing functions were transferred to the branches, and branches were made accounting units. As on 31st March 2014, LIC functions with 2048 fully computerized branch offices, 113 divisional offices, 8 zonal offices, 992 satellite offices and the corporate office. LIC’s Wide Area Network covers 119 divisional offices and connects all the branches through a Metro Area Network. LIC has tied up with some banks and service providers to offer on-line premium collection facility in selected cities. LIC’s ECS and ATM premium payment facility is an addition to customer convenience. Apart from Kiosks and IVRS, Info Centres have been commissioned at Mumbai, Ahmedabad, Bangalore, Chennai, Hyderabad, Kolkota, New Delhi, Pune and many other cities. With a vision of providing easy access to its policy holders, LIC has launched its satellite sampark offices. LIC continues to be the dominant life insurer even in the liberalized scenario of Indian insurance and is moving fast on a new growth trajectory surpassing its own past records. From about Rs. 200 crores of new business in 1957 the LIC crossed Rs.1,000 crores in the year 1969-70 and it
took another 10 years for the Corporation to cross Rs.2,00,000 crores mark of new business. By 1985-86, LIC had crossed Rs.7,00,000 crores sum assured on new policies. LIC has issued over one crore policies during 2012-13 posting a healthy growth rate of 16.7 percent over the corresponding period of the previous year. On the basis of total premium income, the market share of LIC increased from 72.70 per cent in 2012-13 to 75.39 per cent in 2013-14.

3.1.2.2 Bajaj Allianz Life Insurance Co. Ltd

Bajaj Allianz is a joint venture between Bajaj Finserv Ltd. and Allianz SE. The company was established in 2001 with Pune as head quarters. Bajaj Finserv Ltd has 74 percent and Allianz SE, the German multinational company has 26 percent stake in the company. The new business premium collected by the company was Rs.29.9 billion during 2012-13 and registered a profit of 8.6 billion as on 31st March, 2013. The total AUM as on 31st March, 2013 was Rs.380 billion.

3.1.2.3 Birla Sun Life Insurance Co.Ltd

Established in 2000, with registered office in Mumbai, Birla Sun Life Insurance Co. Ltd (BSLI) is a joint venture between Aditya Birla Group, a well known Indian conglomerate and Sun Life Financial Inc, one of the leading international financial services organizations from Canada. BSLI has a customer base of over two million policy holders and has attained recognition
as the third Most Trusted Life Insurance Company in the ‘Most Trust Brands’ survey 2013 conducted by Brand Equity (The Economic Times Group) with Neilsen. It has an extensive distribution reach in over 500 cities through its network of over 550 branches, more than 1,05,000 empanelled advisors and over 100 partnerships with corporate agents, brokers and banks. It has total assets under management of Rs.22,300 crores and a capital base of over Rs.2,200 crores as on 30th September, 2013.

3.12.4 HDFC Standard Life Insurance Co. Ltd.

Established in 2000 with registered office in Mumbai, HDFC Life is a joint venture between Housing Development Finance Corporation Limited (HDFC), India’s leading housing finance institution and Standard Life plc, the leading provider of financial services in the United Kingdom. HDFC Ltd holds 72.37 percent and Standard Life (Mauritius Holding) Ltd 26 percent of equity in the joint venture, while the rest is held by others. HDFC Life continues to have one of the widest reaches among new insurance companies with about 500 branches in India touching customers in over 900 cities and towns. HDFC Life has a strong presence in its existing markets with a strong base of Financial Consultants. It had a paid up capital of Rs.1,995 crores and Assets Under Management of Rs.50,258 crores as on 31st March 2013. HDFC Standard Life has registered a profit of Rs.45 crores in the Financial Year 2012-13.
3.12.5 ICICI Prudential Life Insurance Company Ltd.

ICICI Prudential Life Insurance Co. Ltd. is a joint venture between ICICI Bank and Prudential plc, a leading international financial services group headquartered in the UK. Started operations in December 2000, ICICI Prudential Life’s capital stands at Rs.4,796 crores as on 31st March, 2014 with ICICI Bank and Prudential plc holding 74 percent and 26 percent respectively. The company has assets under management of over Rs.7416.64 crores and Rs.149.6 crores of profit after tax as on 31st March 2013. It had a market share of 7 percent in the industry and 18.5 percent in the private industry as on 31st March 2013.

3.12.6 Exide Life Insurance Company Ltd.

Exide Life Insurance Company Ltd. (formerly ING Vysya Life Insurance Company Ltd.) commenced operations in 2001. The company is 100 percent owned by Exide Industries Ltd. and manages 10 lakhs customers across India and manages over Rs.7,000 crores in assets.

3.12.7 Max Life Insurance Company Ltd.

Max Life Insurance, one of the leading life insurers is a joint venture between Max India Ltd. and Mitsui Sumitomo Insurance Company Ltd., Japan. Max India Ltd. is a leading Indian multi-business corporate, while Mitsui Sumitomo
Insurance is a member of MS & AD Insurance Group, which is amongst the top general insurers in the world. In the financial year 2012-13 Max Life Insurance ranked fourth among private life insurers with a market share of 8.5 percent. The company has been one of the fastest growing life insurance companies with total revenue of Rs.6,639 crores and profit before tax of Rs.860 crores for the financial year 2012-13. As on 31st March 2013, Max Life Insurance had assets under management of Rs.20,458 crores.

3.12.8 PNB Met Life India Insurance Company Ltd.

PNB Met Life India Insurance Company Ltd. is a joint venture between Met Life International Holding Inc., Punjab National Bank, Jammu & Kashmir Bank Ltd., M.Pallonji and Co. Pvt. Ltd. and other private investors, with Met Life International Holding Inc and Punjab National Bank being the majority share holders. PNB Met Life was previously known as Met Life India Insurance Co. Ltd and has been present in India since 2001. PNB Met Life is present in over 150 locations across the country and serves customers in more than 7000 locations through its banking partnership with Punjab National Bank, Jammu & Kashmir Bank and Karnataka Bank Ltd.

3.12.9 Kotak Mahindra Old Mutual Life Insurance Ltd.

Kotak Mahindra Old Mutual Life Insurance Ltd. is a 74: 26 joint venture between Kotak Mahindra Bank Ltd., its affiliates and Old Mutual plc. The
company started operations in 2001, covers over 8 million lives and is one of the fastest growing insurance companies in India. Established in 1985, the Kotak Mahindra Group is one of India’s leading financial services conglomerates. The consolidated balance sheet of Kotak Mahindra Group is over Rs.1.22 lakh crores and the consolidated net worth of the Group stands at Rs.19,076 crores as on 31\textsuperscript{st} March 2013.

3.12.10 SBI Life Insurance Company Ltd.

SBI Life Insurance is a joint venture between State Bank of India and BNP Paribas Cardif. SBI owns 74 percent of the total capital and BNP Paribas Cardif the remaining 26 percent. Established in 2001, SBI Life Insurance has an authorized capital of Rs.2,000 crores and a paid up capital of Rs.1,000 crores. In Kerala, SBI Life is a major private life insurer with a market share of over 26.9 percent. It has 59 full service branches and a strong distribution network of 7,500 insurance advisors. It had total AUM of Rs.58,480 crores as on 31\textsuperscript{st} March 2013.

3.12.11 Tata AIA Life Insurance Company Ltd.

Tata AIA Life Insurance Company Ltd. (Tata AIA Life) is a joint venture company, formed by Tata Sons and AIA Group Ltd (AIA). Tata Sons holds a stake of 74 percent and AIA holds 26 percent. The Company started operations
on April, 2001. AIA Group Ltd. and its subsidiaries comprise the largest independent publicly listed pan Asian life insurance group.

3.12.12 Reliance Life Insurance Company Ltd.

Reliance Life Insurance Company Ltd. is a joint venture between Reliance Capital of the Reliance Anil Dhirubhai Ambani Group and Nippon Life Insurance Company of Japan with 74 percent and 26 percent stake respectively. The company started its operations on October 7, 2011. The company has over 9 million policy holders with a strong distribution network of over 900 offices with over 1,00,000 advisors as on 31st March 2013. The company sold over 5,75,000 policies during 2012-13 with total managed funds valuing to Rs.18,328 crores and collected Rs.4,238 crores total premium and Rs.1,934 crores new business premium as on 31st March 2013.

3.12.13 Aviva Life Insurance Company India Ltd.

Aviva Life Insurance Company Ltd. is a joint venture between Dabur groups with 74 percent stake and Aviva plc. with 26 percent stake. Aviva is UK’s one of the largest insurers and one of Europe’s leading providers of life and general insurance. The company had a paid up capital of Rs.2004 crores, 134 branches spreading across nearly 1000 towns and cities and sales force of 14,000 Financial Planning Advisors as on 31st March 2013.
3.12.14 Sahara India Life Insurance Company Ltd.

Sahara India Life Insurance Company Ltd. is the first wholly Indian owned life insurance company in the private sector. It started its operations on 30\textsuperscript{th} October 2004 with a paid up capital of Rs. 157 crores.

3.12.15 Shriram Life Insurance Company Ltd.

Shriram Life Insurance Company is the joint venture between the Shriram Group with 74 percent stake and Sanlam Life Insurance Ltd. with 26 percent stake. Shriram Group is one of the largest and well respected financial services conglomerates in India. Sanlam Life Insurance Ltd., a part of the Sanlam Group is one of the largest providers of life insurance in South Africa with 3.2 million individual policies under administration.

3.12.16 Bharati AXA Life Insurance Company Ltd.

Bharati AXA Life Insurance Company Ltd. is a life insurance player that was started in 2006. It brings together strong financial expertise of the Paris head quartered AXA group and Bharati Enterprises – one of India’s leading business groups with interests in telecom, agricultural business, financial services and retail. The joint venture has a 74 percent stake from Bharati and 26 percent stake from AXA.
3.12.17 Future Generali India Life Insurance Company Ltd.

Future Generali is a joint venture between India’s leading retailer Future Group and Italy based insurance major Generali. The company was incorporated in 2006. Generali Group is a leading player in the global insurance and financial markets.

3.12.18 IDBI Federal Life Insurance Company Ltd.

IDBI Federal Life Insurance Company Ltd. is a joint venture of IDBI Bank, India’s premier development and commercial bank, Federal Bank, one of India’s leading private sector banks and Ageas, a multinational insurance company of Europe. In this venture, IDBI Bank owns 48 percent equity while Federal Bank and Ageas own 26 percent each. As on 31st December 2013, the Company issued nearly 5.5 lakhs policies with a sum assured of over Rs.32,110.48 crores.


Canara HSBC Oriental Bank of Commerce Life Insurance Company Ltd. was launched on 16th June 2008 and is a joint venture between Canara Bank (holding 51 percent), HSBC Insurance (Asia Pacific) Ltd. (holding 26 percent) and Oriental Bank of Commerce (holding 23 percent).
3.12.20 Aegon Religare Life Insurance Company Ltd.

Aegon, an international provider of life insurance, pensions and asset management, Religare, India’s leading diversified financial services groups and Bennett, Coleman and Company, India’s largest media conglomerate have come together to launch Aegon Religare Life Insurance Company.

3.12.21 DHFL Pramerica Life Insurance Company Ltd.

DHFL Pramerica Life Insurance Company Ltd. is a joint venture between Dewan Housing Finance Corporation Ltd.(DHFL), India’s second largest private sector housing finance company and Prudential International Insurance Holdings Ltd., a fully owned subsidiary of Prudential Financial Inc., a financial services leader head quartered in the US. DHFL Pramerica Life Insurance Company Ltd., which was earlier known as DLF Pramerica Life Insurance Company Ltd. started operations in India on 1st September, 2008.

3.12.22 Star Union Dai-ichi Life Insurance Company Ltd.

Star Union Dai-ichi Life Insurance Company Ltd. is a joint venture of Bank of India, Union of India and Dai-ich Life, a leading life insurance company of Japan. ‘Dai-ichi’ in Japanese means ‘first’ which is derived from its founding philosophy of always putting the customer first. The Company was established in February, 2009.
3.12.23 India First Life Insurance Company Ltd.

India First Life Insurance Company Ltd is one the country’s youngest life insurance company promoted by two large public sector banks – Bank of Baroda and Andhra Bank along with UK’s leading risk, wealth and investment company Legal and General. The company launched operations nationwide in March 2010. The Company has covered over 2.7 million lives and over Rs.6,500 crores of assets as on 31st December, 2013.

3.12.24 Edelweiss Tokio Life Insurance Company Ltd.

Established in 1996, Edelweiss Tokio Life Insurance Company Ltd. is a new generation insurance company set up with a startup capital of Rs.550 crores. The Company is a joint venture between Edelweiss Financial Services and Tokio Marine Holding Inc.

3.13 Conclusion

An overview of the life insurance sector in India and the industry participants shows that it is a highly competitive segment with due potential for growth. But the customer behaviour and perception towards life insurance products needs to be assessed along with this. Next chapter provides an understanding of customer behaviour and perception towards life insurance products.
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