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CHAPTER – 3
THEORETICAL FRAMEWORK

3.1 INTRODUCTION

This chapter consists two parts. The first part presents the theories relevant to the research questions and the second part presents an overview of insurance.

In the first part, an attempt has been made to create a theoretical background so as to justify the objective of the study to measure customer satisfaction by the service of life insurance companies, etc. The brief outline of the quality dimensions of the service provided by the life insurance companies have been covered which helps to develop conceptual model.

The second part consists three parts. The first part presents a fundamental of insurance like meaning, definition, nature, functions, and type of insurance. It also focuses on need of life insurance, role of life insurance, attributes of life insurance, product of life insurance and an appraisal of insurance market. The second part focuses on IRDA and the third part presents a brief overview of insurance companies.

3.2 CUSTOMER

Customer is a person who receives a product or service from another who may be a person or group of people. Customer is a person who buys a product or service and the person who uses a product or service is called Consumer. It may be possible that a customer may be a consumer but a consumer may not be a customer.

In an organization, a customer is either internal or external. Internal customer refers to the staff or employees whereas external customer refers to stakeholders of organization, clients, consumers, and citizens who are directly or indirectly involved with the organization. It is very important to identify the type of customer while measuring customer satisfaction.
Mahatma Gandhi⁸ says that “A customer brings us his wants. It is our job to handle them properly and profitability—both to him and us.”

In this study, customers are the subscribers of life insurance services in Surat District.

3.3 SATISFACTION

Satisfaction is a fulfillment of desire, expectations and requirements. It becomes satisfaction, when experience meets expectations. Satisfaction is one type of pleasure after the experience. The concept of satisfaction may mean different to different people. Some definitions of satisfaction are as follows:

Oliver (1981) defined “satisfaction as a summary psychological state resulting when the emotion surrounding disconfirmed expectations is coupled with the consumer’s prior feelings about the consumption experience.”

Oliver (1997) pointed out that “satisfaction encompasses more than mere fulfilment. It describes a consumer’s experiences, which is the end state of a psychological process. Satisfaction has become a central concept in modern marketing thought and practice.”

According to Boselie, Hesselink, and Wiele (2002) “satisfaction is a positive, affective state resulting from the appraisal of all aspects of a party’s working relationship with another.”

Bitner & Zeithaml (2003) stated that “satisfaction is the customers’ evaluation of a product or service in terms of whether that product or service has met their needs and expectations.”

3.4 CUSTOMER SATISFACTION

In today’s competitive market, customer satisfaction is a key element of business strategy. Customer satisfaction is a goal of all business activities. It is related to a specific product or services. It is based on customer’s expectation, experience and performance of the product or service.

Customer satisfaction is a feeling of satisfaction that comes when perceived performance of a product or service is compared. When the perceived performance of

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a product or service reaches higher than the expectations, the customer is satisfied and when the perceived performance remains less than the expectations, the customer is dissatisfied. Hence, it can be said that customer satisfaction is an outcome of performance of a product or service.

3.4.1 Definitions of Customer Satisfaction

The definitions of customer satisfaction given by various scholars are as follows:

Khirallah (2005) defines customer satisfaction as “A customer's perception that his/her needs, wishes, expectations, or desires with regard to products and service have been fulfilled.”

According to Schiffman et al. (2005) “Customer satisfaction is customer perception regarding a particular product/service according to his/her already set expectation.”

Bitner et al. (2003) stated that “Customer satisfaction is the customers’ evaluation of a product or service in terms of whether that product or service has met their needs and expectations.”

According to Boselie et al. (2002) “satisfaction is a positive, affective state resulting from the appraisal of all aspects of a party’s working relationship with another.”

Cacioppo (2000) defines “Customer satisfaction as the state of mind that customers have about a company when their expectations have been met or exceeded over the lifetime of the product or service.”

Kotler (1997) defines Customer satisfaction as follows: “Satisfaction is a person's feelings of pleasure or disappointment resulting from comparing a product's perceived performance (or outcome) in relation to his or her expectations.”

Brown (1992) defines Customer satisfaction as “the state in which customer needs, wants and expectations throughout the product or service's life are met or exceeded resulting in repeat purchase, loyalty and favorable word-of-mouth.”

According to Tse et al. (1988) “Customer satisfaction is defined as an evaluation of the perceived discrepancy between prior expectations and the actual performance of the product.”
3.4.2 Perception of Customer Satisfaction

The use of the term customer satisfaction depends upon the concern it may be addressed to i.e. “Customer Concern” or “Organization Concern”. In other words, the term can be either used from the point of view of service user or service provider. While one wants to measure customer satisfaction, he/she must be clear with this term as well as the concern it addresses.

In this study, the term customer satisfaction is related to “Customer Concern”.

3.4.3 Characteristics / Nature of Customer Satisfaction

The customer satisfaction depends critically on how satisfaction is conceptualised hence before measuring customer satisfaction, it is very important to determine its characteristics/nature. Customer satisfaction may be cumulative or transaction specific. From the cumulative perceptive, customer satisfaction is conceptualised as an overall evaluation of a product or service. It is based on purchase and consumption experiences over a time period. While from the transaction point of view, customer satisfaction is based on a one time evaluation of a product or service. It is exactly related with post-purchase evaluation decision of a service or product. Moreover to measure the actual level of satisfaction of a customer, cumulative satisfaction is more useful and reliable than transaction-specific as it is based on series of purchase and consumption occasions rather than just one occasional transaction.

In this study, those customers’ satisfaction is going to be measured by who have used life insurance service from at least last twelve months. And so this research treats customer satisfaction as cumulative perceptive.

3.4.4 Response of Customer Satisfaction

According to some scholars, satisfaction is a cognitive assessment which involves a comparison of perceived product or service with expectations. To compare, some scholar says that satisfaction represents an emotional or affective state of mind, where they believe that satisfaction is formed through the process of service delivery where customer encounters service experience which affects their emotions. While some scholars have a combine view that satisfaction is both cognitive and emotional. They
insist that customer does not only evaluate the service mentally but also attached emotionally with service.

In this study, customer satisfaction is conceptualized as both cognitive and affective as researcher believes that customers express their satisfaction with cognitively and emotionally.

**3.5 SIGNIFICANT OF CUSTOMER SATISFACTION**

It is widely accepted that keeping an existing customer is far less costly than getting new customers. It is also strongly accepted that they can hold customers only when they are satisfied. Hence, looking at the competitive market, all types of organizations come to understand the importance of customer satisfaction.

On the other part, dissatisfied customer tells more people about his/her dissatisfaction and divert them towards other organizations as the word of mouth has a greater impact on rational people. Hence, there is a strong link between customer satisfaction and customer retention because customer satisfaction leads to customer loyalty which leads to recommendation and profitability. And so, customer satisfaction has therefore become the key operational goal for many organizations. Moreover, the organizations have a belief that investment in customer satisfaction, customer relationship and quality of products or services leads an organization to reach its goal.

**3.6 SIGNIFICANT OF CUSTOMER SATISFACTION MEASUREMENT**

The measurement of customer satisfaction is an analytical and predictive tool for any organization which leads the organization to evaluate its abilities and capabilities to meet customer’s expectation, desire and needs effectively. It is a process of getting into the customer’s mind and obtaining valuable feedback so as to improve organization’s weakness and give its best to the customers. It is used by the product or service provider, i.e. organization, to demonstrate its customer-centric philosophy to win customer’s attention so they could talk in favor of an organization. Moreover, it is also very useful to compare the performance of business.
3.7 CUSTOMER SATISFACTION MEASUREMENT SCALES

Customer satisfaction is all about measuring attitudes of a particular customer towards the product or service. The method which researcher wants to use is an extremely important aspect. The most popular and commonly used scales to measure customer satisfaction are “Likert scale” and “Verbal scale”.

Likert scale is designed to measure degrees of agreement with a statement. On the other hand, similar in principal to Likert scale, Verbal scale uses to describe degrees of the attitude being measured. Likert scale starts from Strongly Disagree to Strongly Agree while Verbal scale starts from Very Dissatisfied to Very Satisfied or Very Unimportant to Very Important.

In this research, both the scales have been used. Verbal scale has been used to measure customers’ satisfaction and also to find out important factors whereas Likert scale has been used to measure customers’ perception.

3.8 CUSTOMER SATISFACTION MEASUREMENT DIMENSIONS

Customer satisfaction is related to different dimensions of multiple experience with product or service provider. The main focus of most of the definitions related to customer satisfaction rely on quality of product or service offering. But satisfaction can also be related to other non-quality factors of product or services viz. business reputation, price performance, policies of an organization, outlook of an organization etc. So, the selection of the dimensions depends upon the researcher and his/her purpose.

In this research, to measure customer satisfaction, service quality dimensions are considered. Service quality dimensions are related with employees’ performance and response. Five dimensions are concerned for service quality.

3.8.1 Service Quality Dimensions

Five dimensions of service quality have been taken into consideration namely tangible, reliability, responsiveness, assurance and empathy. This dimensions are developed by Parasuramana et al. in 1991 based on the results of an emperical study on five service companies including an insurance company too. These dimensions are as follows:

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1. Tangible

Tangible refers to the physical appearance of the facility which includes materials, equipment and personnel which enhances the image of the company and provides a more positive image in the way the customer perceives the service. Statements regarding tangible are as follows:

TA1: They are well present.
TA2: They are never too busy to respond to your request.
TA3: They understand your problems.
TA4: They are capable to solve your problems.
TA5: Their solutions to problems are appropriate.

2. Reliability

Reliability is the organization’s ability to perform service dependably and accurately. It means that the company fulfills its promises with regard to the delivery of the service, the price and solving the customer's problems. Statements regarding reliability are as follows:

RE1: They keep their promises in time.
RE2: They handle your problems sincerely.
RE3: You can fully depend on them.
RE4: They maintain accurate record of your service usage.
RE5: They perform the service right the first time.

3. Responsiveness

Responsiveness includes paying attention to the customer, and dealing with the customer's complaints and problems in a timely manner i.e. responsiveness is willingness to help and respond to customers’ needs. Responsiveness is being flexible with the customer and trying to accommodate the customer's demands and performing the service without delay. Statements regarding responsiveness are as follows:

RS1: They tell you exactly when service will be performed.
RS2: They provide service without delay.
RS3: They are always willing to help you.
RS4: They give their customers short waiting time or fast service rotate.
4. Assurance

Assurance is the ability of employee of the service provider to inspire confidence and trust in the customer as well as employee's knowledge and courtesy which inspires confidence in them. Having trust and confidence in the employee leads to the customer having more trust in the company itself. Statements regarding assurance are as follows:

AS1: They are honest.
AS2: Their behavior fills confidence in their customers
AS3: They are consistently polite with their customers.
AS4: The company provides support so they can perform their job well.

5. Empathy

Empathy is the ability to understand customer needs and to give personal attention by showing the customer that the service providers care about him/her because they know how valuable he/she is to the business. It is very important to build a relationship with the customers to understand their needs and providing him/her with personalized services. Statements regarding empathy are as follows:

EM1: They give individual attention on you.
EM2: They understand your specific needs.
EM3: They keep you informed about services.
EM4: They have their customers’ best interest in heart.

3.9 CUSTOMER LOYALTY

According to Aydin et al. (2005), “Customer loyalty has been divided into attitudinal loyalty and behavioral loyalty. Attitudinal loyalty describes customer’s attitude toward loyalty by measuring customer preference, buying intention, supplier prioritization and recommendation willingness; on the other hand, behavioral loyalty relates to shares of purchase, purchasing frequency.”

Oliver (1996) defines customer loyalty as follows: “Customer loyalty is a deeply held commitment to rebury or repertories a preferred product or service consistently in the future, despite situational influences and marketing efforts having the potential to cause switching behavior.”
Reichheld et al. (1990) and Reichheld (1996) have studied customer lifetime value and the value of building customer loyalty by listening to their complaints, anticipating their defection, and understanding why customers move to competitors. Customers remain loyal because of the value they receive from the supplier.

3.10 RECOMMENDATION

Recommendation is a preference given by the customers to others as a word of mouth to use the product or service which he/she has used. Recommendation is affected by customer’s satisfaction as well as customer’s loyalty. Generally satisfied or loyal customers recommend other about service or product which he/she has used and unsatisfied or disloyal customers generally do not prefer to recommend others about the service or product which he/she has used.

3.11 CONCEPTUAL FRAMEWORK

It has been found from the literature that all service quality dimensions influence to customer satisfaction. By considering this, a conceptual framework has been developed with the justification which is shown in Figure No. 3.1

Based on the literature review, a five level analysis has been employed to draw causal inferences regarding the postulate relationship among the studied variables.

Level one investigated a relationship between overall service quality and service quality dimensions.

Level two spotlights on a relationship between customer satisfaction and service quality dimensions.

Level three focuses on a relationship between customer satisfaction with overall service quality.

Level four investigated a relationship between customer loyalty with overall service quality and customer satisfaction,

Level five investigated a relationship between recommendation with overall service quality, customer satisfaction and customer loyalty.
Figure No. 3.1
Conceptual Framework

Overall Service Quality with Service Quality Dimensions

Customer Satisfaction with Service Quality Dimensions

Customer Satisfaction with Overall Service Quality

Customer Loyalty with Overall Service Quality, and Customer Satisfaction

Recommendation with Overall Service Quality, Customer Satisfaction and Customer Loyalty
3.11.1 Justification for Conceptual Framework

1. The conceptual framework is formulated on the basis of those dimensions which are empirically validated to have significant impact on customer satisfaction and have been examined by various researchers. The uses of these dimensions have been mentioned in Table No. 3.1.

2. The conceptual framework is comprehensive as it captures not only service quality but also customer loyalty and recommendation.

3. The dimensions which have been taken are also related to insurance sector and used by others.

4. From this conceptual framework, the association between service quality, customer satisfaction, customer loyalty and recommendation can also be defined.

3.11.2 Relevance Literature of Dimensions Used by Various Scholars

Dimensions which have been considered in conceptual model have already been used by various researchers. The detail is presented in Table No. 3.1.
Table No. 3.1
Relevance Literature of Dimensions used by Various Scholars

<table>
<thead>
<tr>
<th>Broad Category</th>
<th>Dimensions</th>
<th>Relevance from literature</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service Quality</td>
<td>Tangible</td>
<td>Parsuraman et al.(1988); Carvalho et al. (1999)</td>
</tr>
<tr>
<td></td>
<td>Reliability</td>
<td>Parsuraman et al.(1988); Rosen et al. (1994)</td>
</tr>
<tr>
<td></td>
<td>Responsiveness</td>
<td>Parsuraman et al.(1988); Salen et al. (1994)</td>
</tr>
<tr>
<td></td>
<td>Assurance</td>
<td>Parsuraman et al.(1988); Rosen et al. (1994)</td>
</tr>
<tr>
<td></td>
<td>Empathy</td>
<td>Parsuraman et al.(1988); Rosen et al. (1994)</td>
</tr>
<tr>
<td>Customer Loyalty</td>
<td>Customer Loyalty</td>
<td>Johnson et al.(2002); Host et al.(2004); McDougall et al.(2000), Aydin and Özer, (2005); Wulf et al. (2001); Morgan and Hunt(1994)</td>
</tr>
<tr>
<td>Recommendation</td>
<td>Recommendation</td>
<td>Johnson et al.(2002); Host et al.(2004); McDougall et al.(2000)</td>
</tr>
</tbody>
</table>
3.12 OVERVIEW OF LIFE INSURANCE

3.12.1 Fundamental of Insurance

3.12.1.1 Meaning of Insurance

Insurance is a contract between two parties whereby one party called insurer undertakers in exchange for a fixed sum called premiums, to pay the other party happening of a certain event. Insurance is a protection against a financial loss arising on the happening of an unexpected event. Insurance companies collect premiums to provide this protection. A loss is paid out of this premium collected from the insuring public. The insurance company works as a trustee to the amount collected through premium.

3.12.1.2 Definition of Insurance

“Insurance is a plan by themselves which large number of people associate and transfer to the shoulders of all, risk that attach to individuals”.

**Fundamental Definition**- In the words of D. S. Hansell, “Insurance may be defined as a social device providing financial compensation for the effects of misfortune, the payments being made from the accumulated contributions of all parties in the scheme”.

**Contractual Definition**- “Insurance is a contract in which a sum of money is paid to the assured as consideration of insurer’s incurring the risk of paying large sum upon a given contingency.”

According to **Willam Beveridge**, “The collective bearing of risks is insurance.”

According to **W.A.Dinsdale**, “Insurance is an instrument of distributing the losses of few among many.”

**Allen Z. Myerson** defines, “Insurance as a device for the transfer of an insurer of certain risks of economic loss that would otherwise be borne by the insured.”

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According to Ghosh and Agarwal, “Insurance is a co-operative form of distributing a certain risk over a group of persons who are exposed to it.”

According to R. S. Sharma, “Insurance is a co-operative device to spread the loss caused by a particular risk over a number of persons who are exposed to it and who agree to insurance themselves against the risk.”

According to J. H. Magee, “Insurance is a plan by which large number of people associate themselves and transfer to the shoulders of all risks that attach to indivduals.”

3.12.1.3 Nature of Insurance

On the basis of the definition of insurance discussed above, one can observe its following characteristics:

1. Co-Operative Device

Insurance is a cooperative device under which a group of persons which agree to share the financial loss may be brought together voluntarily or through publicity or through solicitations of the agent. An insurer would be unable to compensate all the losses from his/her own capital. So, by insuring large number of persons, he is able to pay the amount of loss. Like all co-operative devices, there is no compulsion here on anybody to purchase the insurance policy\textsuperscript{11}.

2. Risk Sharing & Risk Transfer

Insurance is a cooperative device to share the burden of risk which may fall on happening of some unforeseen events, such as the death of head of the family or on happening or marine perils or loss by fire\textsuperscript{12}. The loss arising from these events could be minimized, if insured are shared by all the insured in the form of premium. Hence, risk is transferred from one individual to a group.


3. Risk Assessments in Advance

Insurance companies are risk bearers. Therefore, the risk is evaluated before insuring to charge the amount of share of an insured, herein called, consideration, or premium. The probability theory is used to evaluate the risks. Probability theory is that body of knowledge concerned with measuring the likelihood that something will happen and making estimates on the basis of this likelihood. The likelihood of an event is assigned a numerical value between 0 and 1, with those that are impossible assigned a value of 0 and those that are inevitable assigned a value of 1. The higher values are assigned to those events estimated to have a greater likelihood or probability of occurring.

4. Compensation at the Occurrence of Contingency

The compensation is made at a certain contingency insured. If the contingency occurs, payment is made. In certain types of life policies, payment is not certain due to uncertainty of a particular contingency within a particular period. For example, in term Insurance the payment is made only when death of the assured occurs within the specified term, may be one or two years. Similarly, in Pure Endowment the payment is made only at the survival of the insured at the expiry of the period.\(^{13}\)

5. Amount of Payment

On the occurrence of the contingency, the insurer is legally bound to make good the financial loss suffered by the insured. The amount of payment depends upon the value of loss occurred due to the particular insured risk provided insurance is there up to that amount, in life insurance, the purpose is not to make good the financial loss suffered. The insurer promises to pay a fixed sum on the happening of an event. It doesn’t matter in life insurance what was the amount of loss at the time of contingency. But in the property and general insurance, the amount of loss, as well as the happening of loss, is required to be proved.”

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6. Huge Numbered of Insured Persons

To make the insurance cheaper, it is essential to insure larger number of persons or property because the lesser would be cost of insurance and so, the lower would be premium In past years, tariff associations or mutual fire insurance associations were found to share the loss at cheaper rate. In order to function successfully, the insurance should be joined by a large number of persons.

7. Insurance must not be confused with Charity & Gambling

The uncertainty is changed into certainty by insuring property and life because the insurer promises to pay a definite sum at damage or death. In the absence of insurance, the property owners could be at best practice only some form of self-insurance, which may not give him absolute certainty. (Thus, the family is protected against losses on death and damage with the help of insurance. From the company's point of view the life insurance is essentially non-speculative, in fact, no other business operates with greater certainties.) From the insured point of view, too, insurance is also the antithesis of gambling) Failure of insurance amounts gambling because the uncertainty of loss is always looming. In fact, the insurance is just the opposite of gambling. In gambling, by bidding the person exposes himself to risk of losing, in the insurance; the insured is always opposed to risk, and will suffer loss if he is not insured. Insurance is not possible without premium. Charity is given without consideration. It provides security and safety to an individual and to the society although it is a kind of business because in consideration of premium it guarantees the payment of loss14.

8. Investment Portfolios

Since insurers' collect premiums initially and make payment later when (e.g. the insured person's death) or if (e.g., an automobile accident) an insured event occurs. Thus, the insurers have two sources of income: the insurance premium and the investment income, which occurs over time.

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9. Protection against Risks

Insurance provides protection against risks involved in life, materials and property. It is a device to avoid or reduce risks\textsuperscript{15}.

3.12.1.4 Functions of Insurance

Insurers provide insurance policies, which are legally binding contracts for which the policyholder pays insurance premium. Under an insurance contract, insurance companies promise to pay specified sum contingent on the occurrence of future events. Based upon this, the functions of insurance may be divided in primary function and secondary function as follow\textsuperscript{16}:

\begin{center}
\textbf{Chart No. 3.2}  \\
\textbf{Functions of Insurance}
\end{center}

<table>
<thead>
<tr>
<th>Primary Functions</th>
<th>Secondary Functions</th>
<th>Other Functions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provide Protection</td>
<td>Prevention of Losses</td>
<td>Means of Savings and Investment</td>
</tr>
<tr>
<td>Collective Bearing of Risk</td>
<td>Small Capital to Cover Larger Risks</td>
<td>Source of Earning Foreign Exchange</td>
</tr>
<tr>
<td>Assessment of Risk</td>
<td>Contributes towards the</td>
<td>Risk Free Trade</td>
</tr>
<tr>
<td>Provide Certainty</td>
<td>Development of Larger Industries</td>
<td></td>
</tr>
</tbody>
</table>

The primary functions of insurance include the following:

1. Provide Protection

The primary function of insurance is to provide protection against future risk, accidents and uncertainty. Insurance cannot check the happening of the risk, but can certainly provide for the losses of risk. Insurance is actually a protection against economic loss, by sharing the risk with others.


\textsuperscript{16} Website search for Functions of Insurance, URL:\textit{http://business.mapsofindia.com/insurance/functions-of-insurance.html}, 18\textsuperscript{th} January 2014, 8:30 P.M.
2. Collective Bearing of Risk

When risk takes place, the loss is shared by all the persons who are exposed to the risk. The share is obtained from each and every insured in the shape of premium without which the insurer does not guarantee protection.17

3. Assessment of Risk

Insurance determines the probable volume of risk by evaluating various factors that give rise to risk. Risk is the basis for determining the premium rate also.

4. Provide Certainty

Insurance is a device, which helps to change from uncertainty to certainty. Insurance is device whereby the uncertain risks may be made more certain.

The secondary functions of insurance include the following:

1. Prevention of Losses

Insurance cautions individuals and businessmen to adopt suitable device to prevent unfortunate consequences of risk by observing safety instructions; installation of automatic sparkler or alarm systems, etc. Prevention of losses causes lesser payment to the assured by the insurer and this will encourage for more savings by way of premium. Reduced rate of premiums stimulate for more business and better protection to the insured.

2. Small Capital to Cover Larger Risks

Insurance relieves the businessmen from security investments, by paying small amount of premium against larger risks and uncertainty.

3. Contributes Towards the Development of Larger Industries

Insurance provides development opportunity to those larger industries having more risks in their setting up. Even the financial institutions may be prepared to give credit to sick industrial units which have insured their assets including plant and machinery.

The other functions of insurance include the following:

1. Means of Savings & Investment

Insurance serves as savings and investment, insurance is a compulsory way of savings and it restricts the unnecessary expenses by the insured's for the purpose of availing income-tax exemptions also, people invest in insurance.

2. Source of Earning Foreign Exchange

Insurance is an international business. The country can earn foreign exchange by way of issue of marine insurance policies and various other ways.

3. Risk Free Trade

Insurance promotes exports insurance, which makes the foreign trade risk free with the help of different types of policies under marine insurance cover.

3.12.1.5 Types of Insurance

The different types of insurance have come about by practice within insurance companies, and by the influence of legislation controlling the transacting of insurance business. Broadly, insurance may be classified into the following categories which are mentioned by a diagram.\(^{18}\)

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Website search for Types of Insurance,
URL: http://en.wikipedia.org/wiki/Types_of_insurance#Types_of_insurance, 18th January 2014, 9:30 P.M.

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\(^{18}\) Website search for Types of Insurance,
1. Nature point of view

1. Life Insurance

Life insurance provides a monetary benefit to a decedent's family or other designated beneficiary, and may specifically provide for income to an insured person's family, burial, funeral and other final expenses. Life insurance policies often allow the option of having the proceeds paid to the beneficiary either in a lump sum cash payment or an annuity. Annuities provide a stream of payments and are generally classified as insurance because they are issued by insurance companies and regulated as insurance and require the same kinds of actuarial and investment management expertise that life insurance requires. Annuities and pensions that pay a benefit for life are sometimes regarded as insurance against the possibility that a retiree will outlive his or her financial resources. In that sense, they are the complement of life insurance and, from an underwriting perspective, are the mirror image of life insurance. Certain life insurance contracts accumulate cash values, which may be taken by the insured if the policy is surrendered or which may be borrowed against. Some policies, such as annuities and endowment policies, are financial instruments to accumulate or liquidate wealth when it is needed.

2. Fire Insurance

Fire insurance business means the business of affecting otherwise than in evidently to some other class of business, contracts of insurance against loss by or incidental to fire or other assurance customarily included among the risks insured against in fire insurance policies. Normally, the fire insurance policy is for a period of one year after which is to be renewed from time-to-time. A claim for loss by fire must satisfy the following two conditions:

1. There must be actual loss.

2. Fire must be accidental and non-intentional.

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3. Marine Insurance

A contract of marine insurance is an agreement whereby the insurer undertakes to indemnity the assured in a manner and to the extent thereby agreed, against marine losses that is the losses incidental to marine adventure. Marine insurance and marine cargo insurance cover the loss or damage of ships at sea or on inland waterways, and of the cargo that may be on them. When the owner of the cargo and the carrier are separate corporations, marine cargo insurance typically compensates the owner of cargo for losses sustained from fire, shipwreck, etc., but excludes losses that can be recovered from the carrier or the carrier's insurance. Many marine insurance underwriters will include "time element" coverage in such policies, which extends the indemnity to cover loss of profit and other business expenses attributable to the delay caused by a covered loss.

4. Social Insurance

Social Insurance can be many things to many people in many countries. But a summary of its essence is that it is a collection of insurance overages (including components of life insurance, disability income insurance, unemployment insurance, health insurance, and others), plus retirement savings, that mandates participation by all citizens. By forcing everyone in society to be a policyholder and pay premiums, it ensures that everyone can become a claimant when or if he/she needs to. Along the way this inevitably becomes related to other concepts such as the justice system and the welfare state.

5. Miscellaneous Insurance

1. Expatriate Insurance provides individuals and organizations operating outside of their home country with protection for automobiles, property, health, liability and business pursuits.

2. Financial loss insurance protects individuals and companies against various financial risks. For example, a business might purchase cover to protect it from loss of sales if a fire in a factory prevented it from carrying out its business for a time. Insurance might also cover the failure of a creditor to pay money it owes to the

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insured. This type of insurance is frequently referred to as "business interruption insurance." Fidelity bonds and surety bonds are included in this category, although these products provide a benefit to a third party (the "oblige" in the event the insured party (usually referred to as the "obligor") fails to perform its obligations under a contract with the obliged.

3. Kidnap and ransom insurance Locked funds insurance is a little-known hybrid insurance policy jointly issued by governments and banks. It is used to protect public funds from tamper by unauthorized parties. In special cases, a government may authorize its use in protecting semi-private funds which are liable to tamper. The terms of this type of insurance are usually very strict. Therefore it is used only in extreme cases where maximum security of funds is required. Nuclear incident insurance covers damages resulting from an incident involving radioactive materials and is generally arranged at the national level.

4. Pet insurance insures pets against accidents and illnesses - some companies cover routine/wellness care and burial, as well Pollution Insurance. First-party coverage for contamination of insured property either by external or on-site sources. The policy usually covers the costs of cleanup and may include coverage for releases from underground storage tanks.

5. Purchase insurance is aimed at providing protection on the products people purchase. Purchase insurance can cover individual purchase protection, warranties, guarantees, care plans and even mobile phone insurance. Such insurance is normally very limited in the scope of problems that are covered by the policy.

6. Title insurance provides a guarantee that title to real property is vested in the purchaser and/or mortgagee, free and clear of liens or encumbrances. It is usually issued in conjunction with a search of the public records performed at the time of a real estate transaction.

7. Travel insurance is an insurance cover taken by those who travel abroad, which covers certain losses such as medical expenses, lost of personal belongings, travel delay, personal liabilities, etc.
2. Business point of view

1. Life Insurance

Life insurance may be defined as a contract in which the insurer, in consideration of a certain premium, either in a lump sum or by other periodical payments, agrees to pay to assured, or to the person for whose benefit the policy is taken, the assured sum of money, on the happening of a special event contingent on the human life or at the expiry of certain period.

2. General Insurance

General insurance business refers to fire, marine and miscellaneous insurance business whether carried on singly or in combination with one or more of them.

3. Risk point of view

1. Personal Insurance

Personal insurance refers the loss to life by accident, or sickness to individual, which is covered by policy. Life insurance contains the element of investment and protection, while the accidental, sickness or health insurance contains the element of indemnity only.

2. Property Insurance

Property insurance provides protection against risks to property, such as fire, theft or weather damage. This includes specialized forms of insurance such as insurance, flood, earthquake insurance, home insurance, inland marine insurance or boiler insurance.

1 Automobile insurance known in the UK as motor insurance, is probably the most common form of insurance and may cover both legal liability claims against the driver and loss of or damage to the insured's vehicle itself. Throughout the United States auto insurance policy is required to legally operate a motor vehicle on public roads. In some jurisdictions, body injury compensation for automobile accident victims has been changed to a no-fault system, which reduces or eliminates the ability to sue for compensation but provides automatic eligibility for benefits. Credit card companies insure against damage on rented cars.
2. Driving School Insurance provides cover for any authorized driver whilst undergoing tuition; cover also unlike other motor policies provides cover for instructor liability where both the pupil and driving instructor are equally liable in the event of a claim.

3. Aviation insurance insures against hull losses as well as liability for passenger injuries, environmental & third-party damage caused by aircraft accidents.

4. Boiler insurance (also known as boiler and machinery insurance or equipment breakdown insurance) insures against accidental physical damage to equipment or machinery.

5. Builder's risk insurance insures against the risk of physical loss or damage to property during construction. Builder's risk insurance is typically written on an "all risk" basis covering damage due to any cause (including the negligence of the insured) not otherwise expressly excluded.

6. Crop insurance "Farmers use crop insurance to reduce or manage various risks associated with growing crops. Such risks include crop loss or damage caused by weather, hail, drought, frost damage, insects, or disease, for instance."

7. Earthquake insurance is a form of property insurance that pays the policyholder in the event of an earthquake that causes damage to the property. Most ordinary homeowner’s insurance policies do not cover earthquake damage. Most earthquake insurance policies feature a high deductible. Rates depend on location and the probability of an earthquake, as well as the construction of the home.

8. A fidelity bond is a form of casualty insurance that covers policyholders for losses that they incur as a result of fraudulent acts by specified individuals. It usually insures a business for losses caused by the dishonest acts of its employees.

9. Flood insurance protects against property loss due to flooding. Many insurers in the US do not provide flood insurance in some portions of the country. In response to this, the federal government created the National Flood Insurance Program which serves as the insurer of last resort.

10. Surety bond insurance is a three party insurance guaranteeing the performance of the principal.
11. Terrorism insurance provides protection against any loss or damage caused by terrorist activities.

12. Volcano insurance is an insurance that covers volcano damage in Hawaii.

13. Windstorm insurance is an insurance covering the damage that can be caused by hurricanes and tropical cyclones.

3. Liability Insurance

Liability insurance is a very broad superset that covers legal claims against the insured. Many types of insurance include an aspect of liability coverage. For example, a homeowner's insurance policy will normally include liability coverage which protects the insured in the event of a claim brought by someone who slips and falls on the property; automobile insurance also includes an aspect of liability insurance that indemnifies against the harm that a crashing car can cause to others' lives, health, or property. The protection offered by a liability insurance policy is twofold: a legal defense in the event of a lawsuit commenced against the policyholder and indemnification (payment on behalf of the insured) with respect to a settlement or court verdict. Liability policies typically cover only the negligence of the insured, and will not apply to results of willful or intentional acts by the insured.

1. Environmental liability insurance protects the insured from bodily injury, property damage and cleanup costs as a result of the dispersal, release or escape of pollutants.

2. Errors and omissions insurance: See "Professional liability insurance" under "Liability insurance".

3. Professional liability insurance, also called professional indemnity insurance, protects professional practitioners such as architects, lawyers, doctors, and accountants against potential negligence claims made by their patients/clients. Professional liability insurance may take on different names depending on the profession. For example, professional liability insurance in reference to the medical profession may be called malpractice insurance. Notaries public may take out errors and omissions insurance (E&O). Other potential E&O policyholders include, for example, real estate brokers, home inspectors, appraisers, and website developers.
4. Protects the insured from giving away a large prize at a specific event. Examples would include offering prizes to contestants who can make a half-court shot at a basketball game, or a hole-in-one at a golf tournament.

4. Fidelity Guarantee Insurance

In this type of insurance, the insurer undertakes to indemnify the assured (employer) in consideration of certain premium, for losses arising out of fraud, or embezzlement on the part of the employees. This risk of insurance is frequently adopted as a precautionary measure in cases where new and untrained employees are given position of trust and confident.

3.12.1.6 Role of Life Insurance

ROLE 1: Life Insurance as "Investment"

Insurance is an attractive option for investment. While most people recognize the risk hedging and tax saving potential of insurance, many are not aware of its advantages as an investment option as well. Insurance products yield more compared to regular investment options, and this is besides the added incentives offered by insurers. Nobody can compare an insurance product with other investment schemes for the simple reason that it offers financial protection from risks, something that is missing in non-insurance products.

In fact, the premium you pay for an insurance policy is an investment against risk. Thus, before comparing with other schemes, it must be accepted that a part of the total amount invested in life insurance goes towards providing for the risk cover, while the rest is used for savings.

In life insurance, unlike non-life products, maturity benefits will get on survival at the end of the term. In other words, if somebody takes a life insurance policy for 20 years and survive the term, the amount invested as premium in the policy will come back to you with added returns. In the unfortunate event of death within the tenure of the policy, the family of the deceased will receive the sum assured. Now, let us compare insurance as an investment options. If you invest Rs. 10,000 in PPF, your money grows to Rs 10,950 at 9.5 % interest over a year. But in this case, the access to your

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funds will be limited. One can withdraw 50% of the initial deposit only after 4 years. The same amount of Rs 10,000 can give you an insurance cover of up to approximately Rs 5-12 lakh (depending upon the plan, age and medical condition of the life insured, etc) and this amount can become immediately available to the nominee of the policyholder on death. Thus insurance is a unique investment avenue that delivers sound returns in addition to protection.

ROLE 2: Life Insurance as "Risk Cover"

First and foremost, insurance is about risk cover and protection. Designed to safeguard against losses suffered on account of any unforeseen event, insurance provides you with that unique sense of security that no other form of investment provides. By buying life insurance, you buy peace of mind and are get prepared to face any financial demand that would hit the family in case of an untimely demise. To provide such protection, insurance firms collect contributions from many people who face the same risk. A loss claim is paid out of the total premium collected by the insurance companies, who act as trustees to the money.

Insurance also provides a safeguard in the case of accidents or a drop in income after retirement.

An accident or disability can be devastating, and an insurance policy can lend timely support to the family in such times. It also comes as a great help when you retire, in case no inconvenient incident happens during the term of the policy. With the entry of private sector players in insurance, you have a wide range of products and services to choose from. Further, many of these can be further customized to fit individual/group specific needs. Considering the amount you have to pay now, it's worth buying some extra sleep.

ROLE 3: Life Insurance as "Tax Planning"

Insurance serves as an excellent tax saving mechanism too. The Government of India has offered tax incentives to life insurance products in order to facilitate the flow of funds into productive assets.

Under Section 88 of Income Tax Act 1961, an individual is entitled to a rebate of 20 per cent on the annual premium payable on his/her life and life of his/her children or
adult children. The rebate is deductible from tax payable by the individual or a Hindu Undivided Family. This rebate can be availed up to a maximum of Rs 12,000 on payment of yearly premium of Rs 60,000. By paying Rs 60,000 a year, you can buy anything upwards of Rs 10 lakh in sum assured. (Depending upon the age of the insured and term of the policy) This means that you get a Rs 12,000 tax benefit. The rebate is deductible from the tax payable by an individual or a Hindu Undivided Family.

3.12.1.7 Who Need Life Insurance

The need for life insurance changes as the life change. There is no need for life insurance at the childhood stage but this need changes as the person take on more responsibilities as his/her family grows. Then, as the responsibilities once again begin to diminish the need for life insurance drops off. There are five stages when the life insurance needs change. Let’s look at how your life insurance wants change throughout your lifetime.

STAGE- 1 The Carefree School Days

Childhood is typically a time of no worries, no cares, and no responsibilities. A child depends on others to take care of them, not the other way around. Thus, there is generally no need for life insurance at this point in an individual’s life.

STAGE-2 The Independent Singles Phase

The independent singles phase as a young adult, a person become more independent and self-sufficient. He / She does not depend on others for financial well-being but in most cases, his/her death would still not create financial hardship for others.

For most young singles, life insurance is still not a priority. Some would argue that this is the right age when the person should buy life insurance, while he/she is able and the rates are low. This may be a valid argument if he/she is at a high risk for developing a medical condition (such as diabetes) later on in life. If the person has a home loan or other loans, his/her death would leave your dependents responsible for the entire debt. In such situation he/she should buy enough life insurance to cover these debts.
STAGE-3 The Responsible Married Period

Married couples without children typically still have little need for life insurance. If both spouses contribute equally to household finances and do not yet own a home, the death of one spouse will usually not be financially catastrophic for the other. Once he/she purchases a house, the situation begins to change. Even if both spouses have well-paying jobs, the burden of a mortgage may be more than the surviving spouse can afford on a single income. Credit card and other debt can contribute to the financial strain.

In order to make sure either spouse could carry on financially after the death of the other, both should probably purchase a modest amount of life insurance. At a minimum, it will provide peace of mind knowing that both spouses are protected. Again, the life insurance needs increase significantly if you are caring for an ageing parent and Life insurance becomes extremely important in these situations, because these dependents must be provided for in the event of your death.

STAGE-4 The Caring Parenthood Phase

Single-income families are completely dependent on the income of the bread earner. If he/she dies without life insurance, the consequences could be disastrous. The death of the stay-at-home spouse would necessitate costly daycare expenses. Both spouses should carry enough life insurance to cover the expenses that would result from their death. Dual-income families need life insurance, too. If one spouse dies, it is unlikely that the surviving spouse will be able to keep up with the household expenses and pay for childcare with the remaining income.

STAGE-5 The Peaceful Retirement Moments

Once the children are grown, the life insurance need will decrease. He / She will live off his/her retirement savings, and hopefully he/she has accumulated assets that can be passed on to his/her heirs when he/she dies. He / She may needs a regular monthly income and continue the insurance cover, which would take care of his/her medical expenses.
3.12.1.8 Attributes of Insurance

On the basis of the interaction with policyholders, two main factors viz., product attributes and non-product attributes are identified which influence the selection of the life insurance policy product. Product attributes are those features of the product which are associated with the product itself. Non-product attributes are the indirect and external features which may attract the customer in making a decision to buy the product.

Chart No. 3.4
Attributes of Insurance

(A) Product Attributes

Product attributes consist of the following factors, which influence the selection of the insurance product.

1. Product Features
   Features of the policy influence the selection of the best product. Easy procedures, tax rebates and claim settlement time are the factors that come under the product attributes.

2. Risk Coverage
   Insurance is created for covering the risk that may arise in future. Natural accidental death, permanent disability, or critical illness are the risks that an insurance policy should cover.

3. Product Flexibility
   Policyholders must have flexibility in the policy after taking it. Surrender of the policy, loan against policy and revival of lapsed policy are the factors which play a role in selecting the policy.
4. Grace Period, Maturity Period

Availability of grace period under the policy for depositing the premium, lower interest rates charges towards calculation of penalty amount for the delayed period beyond grace period are factors which also influence the decision to take a policy. In general, premium is collected on the basis of the maturity period of the policy, short-term policies charge high premium and long-term policies charge low premium. Depending upon the entry-level age of the policyholder and his affordability to pay the premium, maturity period of the policy is determined.

(B) Non-Product Attributes

The following non-product attributes influence the decision of public to choose the best insurance policy.

1. Agent

The agents play a key role in helping a customer to select the type of policy. On the basis of the professional advice given by the agents, public would take the policy, based on their financial capability.

2. Companies

On the marketing aspect front, brand loyalty is the most influencing factor in selecting the policy. Though all the insurance companies offer the same features for a product, the public choose the product on the basis of the company.

3. Media

At present, media like television, newspapers, and magazines play important role in selection of insurance product. It is found that agents can’t reach everywhere but media can easily reach anywhere.

4. Relatives & Friends

Relatives and friends play a vital role in selection of insurance product.
3.12.2 Product of Life Insurance Companies

Most of the products offered by Indian life insurers are developed and structured around these "basic" policies and are usually an extension or a combination of these policies. So, what are these policies and how do they differ from each other?

1. Whole Life Assurance

- As the name suggests, a Whole Life Policy is an insurance cover against death, irrespective of when it happens.

- Under this plan, the policyholder pays regular premiums until his death, following which the money is handed over to his family.

This policy, however, fails to address the additional needs of the insured during his post-retirement years. It doesn't take into account a person's increasing needs either. While the insured buys the policy at a young age, his requirements increase over time. By the time he dies, the value of the sum assured is too low to meet his family's needs. As a result of these drawbacks, insurance firms now offer either a modified Whole Life Policy or combine in with another type of policy. The important whole life policies available in India are as under:

1. Whole life policy with profits.
2. Whole life limited payment plan.
3. Whole life single premium plan.

2. Endowment Assurance

In case of endowment assurance, the term of policy is defined for a specified period say 15, 20, 25 or 30 years. Combining risk cover with financial savings, endowment policies is the most popular policies in the world of life insurance.

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• In an Endowment Policy, the sum assured is payable even if the insured survives the policy term.

• If the insured dies during the tenure of the policy, the insurance firm has to pay the sum assured just as any other pure risk cover.

• A pure endowment policy is also a form of financial saving, whereby if the person covered remains alive beyond the tenure of the policy, he gets back the sum assured with some other investment benefits.

In addition to the basic policy, insurers offer various benefits such as double endowment and marriage/education endowment plans. The cost of such a policy is slightly higher but worth its value.

3. Assurances for Children

1. Child’s Differed Assurance

Under this policy, claim by insurance company is paid on the option date which is calculated to coincide with the child's eighteenth or twenty first birthdays. In case the parent survives till option date, policy may either be continued or payment may be claimed on the same date. However, if the parent dies before the option date, the policy remains continued until the option date without any need for payment of premiums. If the child dies before the option date, the parent receives back all premiums paid to the insurance company.

2. School Fee Policy

School fee policy can be availed by affecting an endowment policy, on the life of the parent with the sum assured, payable in installments over the schooling period.

4. Term Assurance

The basic feature of term assurance plans is that they provide death risk-cover.

• A term insurance policy is a pure risk cover for a specified period of time.

• What this means is that the sum assured is payable only if the policyholder dies within the policy term. For instance, if a person buys Rs 2 lakh policy for 15-years, his family is entitled to the money if he dies within that 15-year period.
What if he survives the 15-year period? Well, then he is not entitled to any payment; the insurance company keeps the entire premium paid during the 15-year period.

So, there is no element of savings or investment in such a policy. It is a 100 per cent risk cover. It simply means that a person pays a certain premium to protect his family against his sudden death. He forfeits the amount if he outlives the period of the policy. This explains why the Term Insurance Policy comes at the lowest cost.

5. Annuities

Annuities are just opposite to life insurance. A person entering into an annuity contract agrees to pay a specified sum of capital (lump sum or by installments) to the insurer. The insurer in return promises to pay the insured a series of payments until insured's death. Generally, life annuity is opted by a person having surplus wealth and wants to use this money after his retirement. There are two types of annuities, namely: Immediate Annuity: In an immediate annuity, the insured pays a lump sum amount (known as purchase price) and in return the insurer promises to pay him in installments a specified sum on a monthly/quarterly/half-yearly/yearly basis. Deferred Annuity: A deferred annuity can be purchased by paying a single premium or by way of installments. The insured starts receiving annuity payment after a lapse of a selected period (also known as Deferment period). The following types of term insurance are there in India:

1. Straight Term(Temporary) Insurance
2. Renewable Term Policies
3. Convertible Term Policies

6. Money Back Policy

Money back policy is a policy opted by people who want periodical payments.

These policies are structured to provide sums required as anticipated expenses (marriage, education, etc) over a stipulated period of time. With inflation becoming a big issue, companies have realized that sometimes the money value of

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the policy is eroded. That is why with-profit policies are also being introduced to offset some of the losses incurred on account of inflation.

- A portion of the sum assured is payable at regular intervals. On survival the remainder of the sum assured is payable.
- In case of death, the full sum assured is payable to the insured.
- The premium is payable for a particular period of time.

7. Unit-Link Policy

Pay an annual premium to the insurance company, it deducts charges, and with the rest (the investment part of the premium) it buys units for the customer at the prevailing NAV. Thereafter, the customer can track how much his investment is worth - just as in a mutual fund. Company also informs where the money is invested.

3.12.3 Appraisal of the Insurance Market

3.12.3.1 World Insurance Scenario24

The global insurance industry gained momentum in 2014. Total direct premiums return grew by 3.7% in 2014 to USD 4778 billion after a year of stagnation in 2013. In the advanced markets, premiums increased by 2.9%, still below the pre-crisis long-term growth rate of 3.4%. Emerging market premiums were up to 7.4%. There was a return to positive growth in the life sector, with premiums up to 4.3% to USD 2655 billion after a 1.8% decline in 2013. Very strong growth in Oceania and solid results in Western Europe and Japan more than offset yet another year of contraction in North America, with falling sales of term and universal life products in the US. In emerging markets, life premium growth improved to 6.9% from 3.6% in 2013, driven mainly by China. In other emerging regions, premium growth generally slowed or even continued to decline, as in Central and Eastern Europe (CEE). Since the financial crisis, life premiums in the advanced markets have stagnated. In the emerging markets, average annual premium growth has been slower than in the pre-crisis years.

Global non-life premiums increased by 2.9% in 2014 slightly, higher than the 2.7% growth rate of 2013. The improvement was driven by strength in the advanced markets. North America (+2.6%) saw significant improvement and Western Europe returned to slow growth (0.6%) after years of decline and stagnation (see chapter “Stagnating non-life premiums in “old” Europe”). However, in Advanced Asia premiums grew by 1.7%, which was less than in 2013. Emerging markets continued their robust premium growth trend (+8.0%). Growth was strong in all regions except CEE and Africa. Solid gains in China and a notable improvement in India were the key drivers. Non-life premium growth in Latin America slowed but was still solid (+4.7%). In both the advanced and emerging markets, the post-crisis annual average premium growth rate has fallen short of the pre-crisis pace.

Profitability in the life insurance sector improved slightly in 2014, driven by stronger stock markets, higher premium growth and cost containment efforts. Underwriting results in non-life were positive but slightly weaker than in the previous year, as claims experience deteriorated slightly and contributions from prior-year reserve releases lessened. Both sectors continued to suffer from low interest rates and overall profitability was below pre-crisis levels. The industry remains well capitalized. In the environment of ultra-low interest rates, unrealized gains on bonds are providing support.

Life premium growth is expected to remain fairly solid in the advanced economies in 2015, and increase in the emerging markets, particularly in CEE and China. The US life market is likely to improve alongside the strengthening economy and jobs market. Growth in Western Europe is expected to slow from the strong result in 2014. The outlook for the non-life industry in advanced markets is more moderate. Premium rates remain low and though economic growth is improving, it is still sluggish. Emerging market premium growth, on the other hand, is expected to remain robust.
3.12.3.2 Insurance in India\textsuperscript{25}

The insurance sector in India has been 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 360-degree turn witnessed over a period of almost 190 years. 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. Some of the important milestones in the life insurance business in India are:

1912 - The Indian Life Assurance Companies Act enacted as the first statute to regulate the life insurance business.

1928 - The Indian Insurance Companies Act enacted to enable the government to collect statistical information about both life and non-life insurance businesses. 1938 - Earlier legislation consolidated and amended to by the Insurance Act with the objective of protecting the interests of the insuring public. 1956 - 245 Indian and foreign insurers and provident societies taken over by the central government and nationalized. LIC formed by an Act of Parliament, viz. LIC Act, 1956, with a capital contribution of Rs. 5 crore from the Government of India. 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.

Some of the important milestones in the general insurance business in India are:

1907 - The Indian Mercantile Insurance Ltd. set up, the first company to transact all classes of general insurance.

1957 - General Insurance Council, a wing of the Insurance Association of India, frames a code of conduct for ensuring fair conduct and sound business practices.

1968 - The Insurance Act amended to regulate investments and set minimum solvency margins and the Tariff Advisory Committee set up.

\textsuperscript{25}Website search for Insurance in India, URL: http://business.mapsofindia.com/insurance/functions-of-insurance.html, 11\textsuperscript{th} February 2014, 9:30 P.M.
1972 - The General Insurance Business (Nationalization) Act, 1972 nationalized the general insurance business in India with effect from 1st January 1973. 107 insurers amalgamated and grouped into four companies’ viz. the National Insurance Company Ltd., the New India Assurance Company Ltd., the Oriental Insurance Company Ltd. and the United India Insurance Company Ltd. GIC incorporated as a company.

**Present forms of Insurance**

The business of insurance is divided into four main branches: marine insurance, fire insurance, life insurance and casualty insurance. The first three state the form of disaster against which insurance is provided. The fourth—originally accident insurance—including all forms not embraced in the other three. An idea of the variety of events against which insurance is offered.

**Marine insurance** antedates every other form, its history dating back over seven centuries. It appears to have been practiced in the Mediterranean, and at least one old policy has come down from the thirteenth century, proving that marine insurance was an established practice among the commercial countries of that time. A broad gap exists between that period and the continuous history running back now some four hundred years, but since that time insurance has been an established business among those engaged in maritime adventures. **Fire insurance**, the second oldest form to become permanently established, dates from the great London fire of 1666.

**Life insurance** followed a little later, although not until 1760 was a company founded on a modern basis.

**Casualty insurance** owes its origin to the application of steam to railway travel. Its more common name of accident insurance was due to the fact that the first events to be insured against were those of accidents to the person on a railway journey. It was originated in England in the first half of the nineteenth century. With large population and untapped market, insurance is big opportunity in India. The insurance business (measured in the context of first year premium) registered an impressive growth of 94.96% in 2006-07, surpassing the growth of 47.94% achieved in 2005-06. This has resulted in increasing insurance penetration in the country. Insurance penetration or premium volume as a ratio of GDP, for the year 2006 stood at 4.10% for life insurance and 0.60% for non-life insurance. The level of penetration, particularly in
life insurance, tends to rise as income levels increase. India, with its huge middle class households, has exhibited growth potential for the insurance industry. Saturation of markets in many developed economies has made the Indian market even more attractive for global insurance majors. The insurance market in India has witnessed dynamic changes including presence of a number of insurers in both life and non-life segment. Most of the private insurance companies are joint ventures with recognized foreign players across the globe. Consumer awareness has improved. Competition has brought more products and improved the customer service.

3.12.3.3 Privatization in Insurance in India

Insurance has always been a politically sensitive subject in India. After 40 years of government protectionism of this massive sector, the new United Front government is touching dangerous yet interesting ground with their intentions of opening this sector to private Indian business houses, as well as international players. Within less than 10 years of independence, the Indian government nationalized private insurance companies in 1956 to bring this vital sector under government control to raise much needed development funds. Since then, state-owned insurance companies have grown into monoliths, lumbering and often inefficient but the only alternative. They have been criticized for their huge bureaucracies, but still have millions of policyholders as there is no alternative. Any attempt to even suggest letting private players into this vital sector has met with resistance and agitation from the powerful insurance employees unions. The Narasimha Rao government (1991-96) which unleashed liberal changes in India's rigid economic structure could not handle this political hot potato. Ironically, it is the coalition government in power today which has declared its intention of opening up insurance to the private sector. Ironical because this government is at the mercy of support from the left groups which have been the most vociferous opponents of any such move. No policy initiatives have yet been announced, but the government has already clarified that it will not privatize the existing insurance companies. But while the decision has been welcomed by the big companies who were planning to make a foray into this lucrative business, the move has been criticized by trade unions and even some left supporters of the government.

Objectives of Privatization

Government of India initiated certain changes through its new economic policy in 1991. This policy attempted some of the following objectives of privatization.

1. Reforms in industrial policy and industrial licensing.
2. Developing and partial convertibility of rupee.
3. Reforms in trade policy.
4. Reduction of fiscal deficits.
5. Reduction of inflationary pressures.
6. Simplification of bureaucratic control and procedures.
7. Simplification of foreign investment norms.
8. Reducing controls on imports of investment norms.
9. Changes in enactments like FERA (Foreign Exchange Regulation Act) and MRTP (Monopolies and Restrictive Trade Practice act)

3.13 Insurance Regulatory and Development Authority

As per the recommendations of the Malhotra Committee report in 1999, the Insurance Regulatory and Development Authority (IRDA) was constituted as an autonomous body to regulate and to develop the insurance industry. The IRDA was incorporated as a statutory body in April, 2000. The key objectives of the IRDA include promotion of competition so as to enhance customer satisfaction through increased consumer choice and lower premiums, while ensuring the financial security of the insurance market.

The IRDA opened up the market in August 2000 with the invitation for application for registrations. Foreign companies were allowed ownership of up to 26% raised to 49% in the July 2014. The Authority has the power to frame regulations under Section 114A of the Insurance Act, 1938 and has from 2000 onwards framed various regulations ranging from registration of companies for carrying on insurance business to protection of policyholders’ interests.

27 www.irda.gov.in, 15th May, 2014, 4:30 P.M.
Mission Statement of IRDA

- To protect the interest of and secure fair treatment to policyholders.
- To bring about speedy and orderly growth of the insurance industry (including annuity and superannuation payments), for the benefits of the common man, and to provide long term funds for accelerating growth of the economy.
- To set, promote, monitor, and enforce high standards of integrity, financial soundness, fair dealing and competence of those it regulates.
- To ensure speedy settlement of genuine claims, to prevent insurance frauds and other malpractices and put in place effective grievance redressal machinery.

3.14 An Overview of Life insurance Companies

Up to March 2015, there are 53 registered insurance companies in India. Out of 53 insurance companies 24 are in the life insurance business, 28 are in non-life insurance business and GIC is the sole national reinsurer. Among the life insurance companies, LIC is the only public sector company and remaining 23 are private players. And among the non-life insurance companies there are 6 public sector companies, which includes two specialized insurers namely Agriculture Insurance Company Ltd. for Crop Insurance and Export Credit Guarantee Corporation of India for Credit insurance.
### Table No.3.2

**Life Insurance Companies Operating in India as on 31.03.2015**

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<thead>
<tr>
<th>Sr. No.</th>
<th>Registration No.</th>
<th>Date of Registration</th>
<th>Name of the Company</th>
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<td>2</td>
<td>101</td>
<td>23.10.2000</td>
<td>HDFC Standard Life Insurance Co. Ltd.</td>
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<td>15.11.2000</td>
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<td>24.11.2000</td>
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<tr>
<td>6</td>
<td>109</td>
<td>31.01.2001</td>
<td>Birla Sun Life Insurance Co. Ltd.</td>
</tr>
<tr>
<td>7</td>
<td>110</td>
<td>12.02.2001</td>
<td>Tata AIA Life Insurance Co. Ltd.</td>
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<tr>
<td>8</td>
<td>111</td>
<td>30.03.2001</td>
<td>SBI Life Insurance Co. Ltd.</td>
</tr>
<tr>
<td>9</td>
<td>114</td>
<td>02.08.2001</td>
<td>Exide Life Insurance Co. Ltd. (formerly known as ING Vysya Life Insurance Co. Pvt. Ltd.)</td>
</tr>
<tr>
<td>10</td>
<td>116</td>
<td>03.08.2001</td>
<td>Bajaj Allianz Life Insurance Co. Ltd.</td>
</tr>
<tr>
<td>11</td>
<td>117</td>
<td>06.08.2001</td>
<td>PNB Metlife India Insurance Co. Ltd.</td>
</tr>
<tr>
<td>12</td>
<td>121</td>
<td>03.01.2002</td>
<td>Reliance Life Insurance Co. Ltd. (formerly known as AMP Sanmar Insurance Co. Ltd.)</td>
</tr>
<tr>
<td>13</td>
<td>122</td>
<td>14.05.2002</td>
<td>Aviva Life Insurance Co. India Pvt. Ltd.</td>
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<tr>
<td>14</td>
<td>127</td>
<td>06.02.2004</td>
<td>Sahara India Insurance Co. Ltd.</td>
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<td>15</td>
<td>128</td>
<td>17.11.2005</td>
<td>Shriram Life Insurance Co. Ltd.</td>
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<td>16</td>
<td>130</td>
<td>Dec. 2006</td>
<td>Bharti AXA Life Insurance Co. Ltd.</td>
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<td>17</td>
<td>133</td>
<td>04.09.2007</td>
<td>Future Generali India Life Insurance Co. Ltd.</td>
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<td>20</td>
<td>138</td>
<td>27.06.2008</td>
<td>Aegon Religare Life Insurance Co. Ltd.</td>
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<td>21</td>
<td>140</td>
<td>27.06.2008</td>
<td>DHFL Pramerica Life Insurance Co. Ltd.</td>
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<td>22</td>
<td>142</td>
<td>N.A.</td>
<td>Star Union Dai-chi Life Insurance Co. Ltd.</td>
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<tr>
<td>23</td>
<td>133</td>
<td>19.12.2010</td>
<td>India First Life Insurance Co. Ltd.</td>
</tr>
<tr>
<td>24</td>
<td>147</td>
<td>10.05.2011</td>
<td>Edelweiss Tokio Life Insurance Co. Ltd.</td>
</tr>
</tbody>
</table>
3.14.1 Public Sector Company

Life Insurance Corporation of India (LIC)\(^{28}\)

During the first two decades of the 20\(^{th}\) century many financially unsound concerns were floated which failed miserably in insurance business. To provide strict state control over insurance business, not only for life insurance but also for general insurance, Insurance Act 1938, the first legislation governing Act, was established. On 19\(^{th}\) January 1956, life insurance in India was nationalized by merging 154 Indian Insurance companies, 16 Non-Indian companies and 75 Provident companies. Life Insurance Corporation Act was passed on 19\(^{th}\) June, 1956 by Parliament of India with a capital contribution of Rs 5 crores from the government of India.

LIC, the only public sector company in life insurance business was formed on 1\(^{st}\) Sept, 1956 by an Act of Parliament. The LIC has its central office at Mumbai with 8 zonal offices in big cities across India, namely Mumbai, Delhi, Kolkata, Chennai, Patna, Hyderabad, Bhopal and Kanpur. With around 109 divisional offices, 2048 branches, and 992 satellite and corporate offices LIC is the leader in life insurance sector to ease the customer reach. It also has 54 customer zones and 25 metro area service hubs located in different cities and towns of India.

Mission

"Explore and enhance the quality of life of people through financial security by providing products and services of aspired attributes with competitive returns, and by rendering resources for economic development."

Vision

"A trans-nationally competitive financial conglomerate of significance to societies and pride of India."

Objective to start LIC

- Spread life insurance widely and in particular to the rural areas and to the socially and economically backward classes with a view to reach all insurable persons in the country and to provide them adequate financial cover against death at a reasonable cost.

\(^{28}\) [http://www.licindia.in/](http://www.licindia.in/) 26\(^{th}\), February, 2014. 9:00 P.M.
• Maximize mobilization of people's savings by making insurance-linked savings adequately attractive.

• Bear in mind, in the investment of funds, the primary obligation to its policyholders, whose money it holds in trust, without losing sight of the interest of the community as a whole; the funds to be deployed to the best advantage of the investors as well as the community as a whole, keeping in view national priorities and obligations of attractive return.

• Conduct business with utmost economy and with the full realization that the money belong to the policyholders.

• Act as trustees of the insured public in their individual and collective capacities.

• Meet the various life insurance needs of the community that would arise in the changing social and economic environment.

• Involve all people working in the corporation to the best of their capability in furthering the interests of the insured public by providing efficient service with courtesy.

• Promote amongst all agents and employees of the corporation a sense of participation, pride and job satisfaction through discharge of their duties with dedication towards achievement of corporate objective.

3.14.2 Private Sector Companies

(1) HDFC Standard Life Insurance Co. Ltd.

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% and Standard Life (Mauritius Holding) Ltd. holds 26.00% of equity in the joint venture, while the rest is held by others. It was the first life insurance company to be granted a certificate of registration by the IRDA on the 23rd of October 2000. HDFC Life is one of India’s respected long-term life insurance solutions providers offering a range of individual and group insurance solutions that meet various customer needs such as Protection, Pension, Savings & Investment and Health, along with Children’s & Women’s Plans. HDFC Life's product portfolio comprises solutions, which meet various customer needs such as Protection, Pension, Savings, Investment and Health. Customers have the added advantage of customizing
the plans, by adding optional benefits called riders, at a nominal price. The company currently has 23 retail and 8 group products in its portfolio, along with 9 optional rider benefits catering to the savings, investment, protection and retirement needs of customers. 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. The company has also established a liaison office in Dubai. HDFC Life has a strong presence in its existing markets with a strong base of Financial Consultants.

Vision

The most successful and admired life insurance company, which mean that we are the most trusted company, the easiest to deal with, offer the best value for money and set the standards in the industry. 'The most obvious choice for all'.

Values

- Our vision and values that we observe at work
- Excellence
- People Engagement
- Integrity
- Customer Centricity
- Collaboration

(2) Max Life Insurance Co. Ltd.  

Max Life Insurance, one of the life insurers, is a joint venture between Max India Ltd. and Mitsui Sumitomo Insurance Co. Ltd. Max India is an Indian multi-business corporate, while Mitsui Sumitomo Insurance is a member of MS&AD Insurance Group, a general insurer. Max Life Insurance offers comprehensive life insurance and retirement solutions for long-term savings and protection to thirty lakh customers. It has a country-wide diversified distribution model including the country's leading agent advisors, exclusive arrangement with Axis Bank and several other partners. In the financial year 2013-14 Max Life Insurance ranked fourth among private life insurers with a market share of 10.3%. The Company has been one of the fastest

growing life insurance companies with Gross Written Premium of Rs. 7,279 crore and Shareholders Profit after Tax of Rs. 436 crore for the Financial Year 2013-14. The Company’s share capital of Rs. 2,127 crore with a solvency margin of 485% is indicative of its financial strength and stability. Up to 31st March 2014, Max Life Insurance had assets under management of Rs. 24,716 crores.

(3) ICICI Prudential Life Insurance Co. Ltd.

ICICI Prudential Life Insurance Company is a joint venture between ICICI Bank, India's largest private sector bank, and Prudential plc. Prudential plc is a leading international financial services group which has its headquarter in the United Kingdom. After receiving approval from Insurance Regulatory Development Authority (IRDA), ICICI Prudential was amongst the first private sector insurance companies to begin operations in December 2000. ICICI Prudential Life's capital stands at Rs 4,796 crores (as of March 31, 2014) with ICICI Bank and Prudential plc holding 74% and 26% stake respectively. For the financial year 2014, the company has garnered total premium of Rs 12,429 crores. The company has assets under management of over Rs 80,000 crores as on March 31, 2014. With a wide range of flexible products that meet the needs of the Indian customer at every step in life, for the past decade, ICICI Prudential Life Insurance has maintained its dominant position (on new business retail weighted basis) amongst private life insurers in the country.

**Vision**

To be the dominant Life, Health and Pensions player built on trust by world-class people and service.

This we hope to achieve by:

- Understanding the needs of customers and offering them superior products and service;
- Leveraging technology to service customers quickly, efficiently and conveniently;
- Developing and implementing superior risk management and investment strategies to offer sustainable and stable returns to our policyholders;
- Providing an enabling environment to foster growth and learning for our employees;
- And above all, building transparency in all our dealings.
The success of the company will be founded in its unflinching commitment to 5 core values -- Integrity, Customer First, boundary-less, Humility and Passion. Each of the values describes what the company stands for, the qualities of our people and the way we work. Every member of the ICICI Prudential team is committed to the 5 core values and these values shine forth in all we do. Today ICICI Prudential has around 1900 branches including 1074 micro offices over 210000 advisors and 7 Bancassurance partners.

(4) Kotak Mahindra Old Mutual Life Insurance Ltd.

Kotak Mahindra Old Mutual Life Insurance Ltd. is a joint venture between Kotak Mahindra Bank Ltd. (KMBL), and Old Mutual plc. Kotak Mahindra is one of India’s leading financial institutions and offers a range of financial services such as commercial banking, stock broking, mutual funds, life insurance and investment banking. Old Mutual was established more than 150 years ago and offers a diverse range of financial services in South Africa, the United States and the United Kingdom. The company is listed on the London Stock Exchange with a market capitalization and has its’ headquarter in London.

(5) Birla Sun Life Insurance Co. Ltd.

Birla Sun Life Insurance Co. Ltd. is a joint venture between Aditya Birla Group and Sun Life Financial of Canada. Aditya Birla Group is an Indian multinational conglomerate with presence in India, Thailand, Indonesia, Malaysia, Philippines, Egypt, Canada, Australia and China. Sun Life Assurance, Sun Life Financials primary insurance business, is one of the leading insurance companies of the world and ranks amongst the largest international financial services organizations in the world. The group has presence in several countries such as Canada, United States, Philippines, Japan, Indonesia, India and Bermuda.

(6) Tata AIA Life Insurance Co. Ltd.

Tata AIA Life Insurance Co. Ltd. is a joint venture company formed by Tata Sons Ltd. and AIA Group Ltd. Tata AIA life combines Tata’s pre-eminent leadership position in India and AIA’s presence as the largest independent listed pan-Asian. Life insurance group in the world spans 17 markets in Asia Pacific. Tata Sons holds a majority stake in the company and AIA holds 26% through AIA International Ltd.
Tata AIA Life Insurance Co. Ltd. was licensed to operate in India on February 12, 2001 and started operations on April 1, 2001.

(7) SBI Life Insurance Co. Ltd. SBI Life Insurance is a joint venture between State Bank of India and BNP Paribas Cardiff. SBI owns 74% of the total capital and BNP Paribas Cardiff the remaining 26%. SBI Life Insurance has an authorized capital of Rs. 2,000 crores and a paid up capital of Rs 1,000 crores. Along with its 5 Associate banks, SBI group has the unrivalled strength of over 18000 branches across the country, arguably the largest in the world. BNP Paribas Cardiff is the life and property & casualty insurance arm of BNP Paribas, one of the strongest banks in the world. BNP Paribas Group, having presence in more than 80 countries ranks highly in retail banking, investment solutions and corporate & investment banking. BNP Paribas Cardiff is one the world leaders in creditor insurance and its life and non-life insurance units have received an AA rating from Standard & Poor’s.

(8) Exide Life Insurance Co. Ltd. Exide Life Insurance Co. Ltd., formerly ING Life Insurance is an insurance company operating in the life insurance sector. They have a broad category of plans such as savings and investment plan, protection plan and retirement and pension plans. Exide industries (owned by Raheja group) have 100% stake in Exide Life Insurance, making it a 100% Indian owned Life Insurance Company besides LIC. The company as ING Life Insurance came into existence in the year 2001 and transited as Exide Life Insurance in 2014 under the leadership of its MD and CEO Kshitij Jain. They are currently headquartered in Bangalore, serving over 10 lakh customers pan India and are managing over 8800 crore assets. The company is committed to set high standards in helping customers to manage their financial future.

(9) Bajaj Allianz Life Insurance Co. Ltd. Bajaj Allianz is a joint venture between Bajaj Finserv Ltd. and Allianz SE. Both enjoy a reputation of expertise, stability and strength. In this joint venture the company incorporates global expertise with local experience with holding of 74% by Bajaj
Finserv Ltd and remaining 26% by Allianz SE. The comprehensive, innovative solutions combine the technical expertise and experience of Allianz SE, and in-depth market knowledge and goodwill of "Bajaj" brand in India. Competitive pricing and quick honest response have earned the company the customers’ trust and market leadership in a very short time. At Bajaj Allianz, customer delight is our guiding principle. Ensuring world class solutions by offering customized products with transparent benefits supported by the best technology is our business philosophy. Bajaj Allianz Life Insurance has developed insurance solutions that cater to every segment and age-income profiles. Currently Bajaj Allianz has a strong product portfolio and caters to all kinds of customers’ need from ULIPs to child plans, from group insurance to health insurance. Their channel partners are Dhanlakshmi Bank and Global Finsol Pvt. Ltd.

(10) PNB MetLife India Insurance Co. Ltd. 31

PNB MetLife India Insurance Co. Ltd. (PNB MetLife) is one of the fastest growing life insurance companies in the country, having as its shareholders, MetLife International Holdings LLC (MIHL), Punjab National Bank Ltd. (PNB), Jammu & Kashmir Bank Ltd. (JKB), M. Pallonji and Co. Pvt. Ltd. and other private investors, with MIHL and PNB being the majority shareholders. PNB MetLife has been present in India since 2001. PNB MetLife brings together the financial strength of a leading global life insurance provider, MetLife, Inc., and the credibility and reliability of PNB, one of India's oldest and leading nationalized banks. The vast distribution reach of PNB together with the global insurance expertise and product range of MetLife makes PNB MetLife a strong and trusted insurance provider. PNB MetLife is present in over 150 locations across the country and serves customers in more than 8,000 locations through its bank partnerships with PNB, JKB and Karnataka Bank Ltd. PNB MetLife provides a wide range of protection and retirement products through its agency sales of over 14,000 financial advisors and multiple bank partners, and provides access to Employee Benefit plans for over 1,800 corporate clients in India.

31 http://www.pnbmetlife.com/MetLifeAboutUs_MetLifeIndia.aspx, 20th November, 2015, 01:45 P.M.
(11) Reliance Life Insurance Co. Ltd.

Reliance Life Insurance Co. Ltd. is a part of Reliance Capital Ltd. of the Reliance–Anil Dhirubhai Ambani Group. The company acquired 100% shareholding in AMP Sanmar Life Insurance Co. in August 2005. Taking over AMP Sanmar Life provided Reliance Life Insurance a readymade infrastructure and a portfolio. The company has over 7 million policyholders and a distribution network of close to 1,230 branches with over 124,000 agents as of 31 March 2013. The firm offers life insurance products targeted at individuals and groups, catering to four distinct segments: protection, children, retirement and investment plans. The company has over 14 million policies in Japan, offers a wide range of products, including individual and group life and annuity policies through various distribution channels and mainly uses face-to-face sales channel for its traditional insurance products. The company primarily operated in Japan, North America, Europe and Asia and is headquartered in Osaka, Japan. It is ranked 81st in Global Fortune 500 firms in 2011.

(12) Aviva Life Insurance Company India Pvt. Ltd.

Aviva Life Insurance Company India Pvt. Ltd. is a joint venture between Aviva of UK and Dabur, one of the India’s leading producer of traditional healthcare products. Aviva holds a 26% stake in the joint venture and Dabur group holds the balance 74% share. Aviva is UK’s largest and the world’s sixth largest insurance group. It is one of the leading providers of life and pensions products to Europe and has substantial business elsewhere around the world. Aviva pioneered the concept of Bancassurance in India. Currently, Aviva has Bancassurance tie-ups with ABN Amro Bank, American Express bank, Canara Bank, Centurion Bank of Punjab, The Lakshmi Vilas Bank Ltd. and Punjab & Sind Bank, 11 co-operative banks in Gujarat, Rajasthan, Jammu & Kashmir and Maharashtra and one regional bank in Sikkim. Aviva has 135 branches in India supporting its distribution network.
(13) Sahara India Insurance Co. Ltd.

The Sahara Pariwar’s latest foray is in the field of life insurance. The Pariwar’s life insurance company – Sahara India Life Insurance Co. Ltd. has been granted licence by the insurance regulator-the IRDA on 6th February 2004. With this approval Sahara India Life Insurance Co. Ltd. becomes the first wholly and purely Indian company, without any foreign collaboration to enter the Indian life insurance market. The company was launch with an initial paid up capital of Rs. 157 crores.

(14) Shriram Life Insurance Co. Ltd.\(^\text{32}\)

Shriram Life Insurance Co. is the joint venture between the Shriram Group and the Sanlam Group. The Shriram Group is one of the largest and well-respected financial services conglomerates in India. The Group's main line of activities in financial services include chit fund, truck financing, consumer durable financing, stock broking, insurance broking and life insurance. The Group has a customer base of 30 lakh chit subscribers and investors and operates through a network of 630 offices all over the country. The Group has the largest agency force in the private sector consisting of more than 75,000 loyal and dedicated agents. 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. It has a significant presence across South Africa, United Kingdom and Namibia and is a major provider of life insurance, retirement annuities, saving and investment products, personal loans, home loans and trust services to individuals. The shareholder's funds of Sanlam Life equates to USD 4.4 billion. The Sanlam Group was established in 1918 and has a leadership position in financial services in South Africa. Demutualized in 1998, the group is listed on the JSE Securities Exchange in Johannesburg and on the Namibian Stock Exchange.

(15) Bhati AXA Life Insurance Co. Ltd.

Bharti AXA Life Insurance is a joint venture between Bharti, one of the India’s leading business groups with interests in telecom, agri business and retail, and AXA, world leader in financial protection and wealth management. The joint venture company has a 74% stake from Bharti and 26% stake of AXA. The company

\(^{32}\) http://shriramlife.in/aboutUs.jsp, 20th November, 2015, 5:28 P.M.
launched national operations in December 2006. Today, company has over 5200 employees across over 12 states in the country and the business philosophy is built around the promise of making people “Life Confident”.

(16) Future Generali India Life Insurance Co. Ltd.

Future Generali Life Insurance is a joint venture between three leading groups: Generali Group - A global insurance group that features among the top 50 largest companies of the world, Future Group - A leading retailer of India and Industrial Investment Trust Ltd. - A leading investment company. Future Generali Life Insurance provides a complete range of simplified solutions for the financial security of customers and enterprises, including savings, family protection, Unit linked policies, as well as group products. The company started its operations in 2007, Future Generali Life Insurance is spread across 98 branches within the country and has sourced over 11 lakh policies so far.

(17) IDBI Federal Life Insurance Co. Ltd.33

IDBI Federal Life Insurance is one of India’s growing life insurance companies and offers a diverse range of wealth management, protection and retirement solutions to individual and corporate customers. IDBI Federal Life Insurance Co 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 giant based out of Europe. Having commenced operations in 2008, IDBI Federal was able to achieve breakeven within just 5 years; the company’s passion for innovation and growth helped it achieve this height. Through a nationwide network of 2,964 branches of IDBI Bank and Federal Bank, and a sizeable network of advisors and partners, IDBI Federal Life Insurance has achieved presence across the length and breadth of the country. As on March 31, 2015, the company has issued nearly 7.88 lakh policies with a sum assured of over Rs. 41,856 crore. IDBI Federal Life Insurance has total assets under management of 4,087 crore and a robust capital base of over 800 crores, as on March 31, 2015.

33 http://www.idbifederal.com/AboutUs/Pages/Company-Profile.aspx, 20th November, 2015, 06:00 P.M.

Canara HSBC Oriental Bank of Commerce Life Insurance Co. Ltd. is a joint venture between Canara Bank, HSBC Insurance and Oriental Bank of Commerce. The shareholding pattern of the joint venture is as follows – Canara Bank holds 51% equity, HSBC Insurance holdings 26% and Oriental Bank of Commerce 23%. The venture has an initial paid up capital of Rs. 325 crores which will further increase in line with their expansion plans. The Company commenced business on 16th June, 2008 after receiving requisite approvals from the IRDA.

(19) AEGON Religare Life Insurance Co. Ltd.

AEGON, one of the world’s largest life insurance and pension groups and Religare, one of the India’s leading integrated financial services groups, have come together to launch AEGON Religare Life Insurance Co. Ltd (ARLI). This venture is dedicated to build a firm future, both for customers and employees and will continue to balance a local approach with the power of an expanding global operation. ARLI launched its pan-India operations in July, 2008 following a multi-channel distribution strategy with a vision to help people plan their life better. The fulfillment of this vision is based on having a complete product suite, providing customized advice and enhancing the overall customer experience.

(20) DHFL Pramerica Life Insurance Co. Ltd.

DHFL Pramerica Life Insurance Co. Ltd. is one of the fastest growing life insurance companies in India. It’s headquarter is in Gurgaon. It’s a joint venture between Dewan Housing Finance Corporation Ltd. and Prudential International Insurance Holdings Ltd. It boasts a customer base of nearly 3 million people and serves them through 67 branches, with over 2000 employees, spread across the country. They provide a wide range of life insurance solutions for individuals as well as groups taking care of their customers’ various financial protection needs such as securing their Childs future, retirement planning, savings and wealth creation.
(21) Star Union Dai-ichi Life Insurance Co. Ltd.34

Star Union Dai-ichi Life Insurance Co. Ltd. is a joint venture of Bank of India, Union Bank of India and Dai-ichi Life, a leading life insurance company of Japan. These three companies together manage to bring in a wealth of knowledge and experience into the venture because Bank of India and the Union Bank of India had the experience of having served millions of customers in India for decades and Dai-ichi Life, having existed since 1902, brought with it its expertise, knowledge and experience of having operated at a global scale.

(22) India First Life Insurance Co. Ltd.

India First Life Insurance Co. Ltd. is a joint venture between two of India’s public sector banks Bank of Baroda (44%) and Andhra Bank (30%) and UK’s financial and investment company Legal & General (26%). The company was incorporated in November, 2009. It’s headquarter is in Mumbai. India First Life Insurance sells insurance plans, including life insurance, investment funds, and group policies. The company's product range covers protection (term insurance), education, saving and retirement. The company has a range of group insurance products in forms of credit, life, term and employee liability (gratuity and leave encashment) plans as well. India First Life Insurance Co. Ltd. has recently introduced a range of health, pension and wealth accumulation plans.

(23) Edelweiss Tokio Life Life Insurance Co. Ltd.

Edelweiss Tokio Life Life Insurance Co. Ltd. is a private sector insurance provider established in 2011. Edelweiss Tokio Life Insurance Co. Ltd. is a joint venture between Edelweiss Group of India, and Tokio Marine Holdings of Japan. It is among the fastest growing private players in the life insurance sector in India. Edelweiss Tokio Life provides a host of life insurance products aimed at providing high returns, guaranteed interest payments, child education needs, retirement benefits etc. for customers across a wide spectrum.

34 https://www.bankbazaar.com/insurance/star-union-dai-ichi-life-insurance.html, 1st December, 2015, 8:21 P.M.