Preface

Insurance sector in India is one of the most booming sectors of the economy and is growing at the rate of 15-20% per annum. In India, insurance is a flourishing industry, with several national and international players competing with each other and growing at rapid rates. Indian insurance companies offer a comprehensive range of insurance plans, a range that is growing as the economy matures and the wealth of the middle classes increases. Due to the growing demand for insurance, more and more companies are now emerging in the Indian insurance sector. The economy of India is the eleventh largest in the world by nominal GDP and the fourth largest by Purchasing Power Parity (PPP). For economic development investments are necessary & they are made out of savings. Life Insurance Company is a major instrument for the mobilization of savings of people, particularly from the middle and lower group. All good life insurance companies have huge funds accumulated through the payments of small amounts of premium of individuals. These funds are invested in ways that contribute substantially for the economic development of the countries in which they do business. The system of insurance provides numerous direct and indirect benefits to the individuals and his family as well as to industry and commerce and to the community and the nation as a whole. Present day organization of industry, commerce and trade depend
entirely on insurance for their operation, banks and financial institutions lend money to industrial and commercial undertakings only on the basis of the collateral security of insurance.

The Indian insurance market is the 19th largest globally and ranks 5th in Asia, after Japan, South Korea, China and Taiwan. Life insurance business accounted for 78.5% of total gross premiums collected in the year, against 21.5 for non-life insurance business. LIC is one of the largest families in India consisting of over 1.19 lac employees and 12.78 lac agents. LIC as a responsible corporate citizen has been fulfilling its social responsibilities from time to time. In fact, most of their investments are geared towards industrial growth, infrastructure growth and national infrastructure growth and national development. With a view to channelise their social responsibilities and give a formal shape to the same they have formed a public Trust named, “LIC Golden Jubilee Foundation”.

Without insurance, business and trade and commerce will find difficult to face the impact of major perils like fire, earthquake, and floods etc. Financiers like, banks would collapse if the factory financed by it, is reduced to ashes by a terrible fire. Insurers cover also the loss to financiers, if their debtors default. Life insurance growth explains approximately 14% of the variance in economic growth.