REVIEW OF LITERATURE:

Krishnamurthy et al (2005) in the paper titled “Insurance Industry in India: Structure, Performance and Future Challenges”, has clearly explained the status and growth of Indian Insurance Industry after liberalisation and also presents future challenges and opportunities linked with the Insurance. Insurance is the backbone of country’s risk management system and influence growth of an economy in several ways. Penetration of Insurance largely depends on availability of Insurance products, insurance awareness and quality of services. The future growth of this sector will depend on how effectively the insurers are meeting the expectations of their customers and able to change the perceptions of the Indian consumers and make them aware of the insurable risks. On the demand side, the rises in income will trigger the growth of Insurance. The process of reforms has enhanced competition provided a choice to the customers, improved the efficiency level of the Industry and obligated the insurers to provide social and rural sectors. LIC continues to remain strong in rural areas while in major urban and metros the private insurers have made their presence felt.

Ramanadh (2006) in his research paper entitled “Performance Management in Insurance Corporation” The study is done by author to know the key performance indicators and success factors for the Insurance companies. According to authors the financial performance & Non financial performance indicators of life insurance companies are Financial Performance – Net Premium Earned, Profit from underwriting activities, Investment in company’s assets and investment made outside. Non Financial Performance – Internal speed in processing proposals, Dealing with drop outs, timely reminders, market research, Employees morale, Employee and agent training, External indicators are growth in number of policies, Market share, Customer satisfaction, Growth in number of branches, Average number of policies per agent.

Lavanya (2008) in her paper entitled Innovation and New service Development in select private Life Insurance companies In India has focused on various innovative services provided by 10 private life insurance companies and the study revealed that private life companies have made innovative services for development of their business.
Manjit (2009) in his paper “Emerging Trends in Financial Performance of General Insurance Industry in India”. The present study attempts to evaluate the emerging trends in the growth and financial performance of General Insurance Companies in India. The study reveals that the private sector General Insurance Companies results present better efficiency in terms of expenses of management ratio, combined ratio, underwriting results ratio and they are increasing their market share year by year, whereas the performance of public sector General Insurance Companies in terms of net earnings and returns on net worth ratio is better than that of private sector General Insurance Companies.

Murthy et al (2009) in the paper examined the performance of Life Insurance corporation. Due to globalization of financial services and liberalization of economy, the Life Insurance corporation of India has been facing intense competition from the new entrants and is also playing a lead role in the life insurance industry. The purpose of the study is to analyse the growth and development of LIC business before and after liberalisation, ways to improve customer services and to make appropriate suggestions for the improvement in LIC business. There is no doubt that, life Insurance Industry has grown significantly with the entry of private players but the market share of LIC has declined gradually over a period of years. The direct competition from the private players has forced LIC to look for effective marketing strategy with innovative products and better customer services in order to satisfy existing policyholders and policy seekers creating a win-win for both the parties are the main aim of this study to achieve this healthier competition has to be intensified by both the sectors.

Paramita (2009) in her article titled “Private insurers command majority share of life Insurance market”. She evidently said private insurers recorded 62% growth rate in April-December 2008 against 45% in the same period of last fiscal. LIC a market leader recorded a decline of 28% and experts said the Industry has witnessed a reasonable growth despite the tight financial conditions.

Tripathi (2009) in his dissertation report on “A comparative analysis of LIC and Private Insurance Companies”. The main objective of the study is to compare the performance of LIC and Private life insurance companies. The study was
analytical and based on secondary data sources. Comparison between LIC and private insurers has been done on the basis of size, growth, productivity and grievances handling mechanism. The private companies are giving direct competition to LIC, LIC is a dominating player even after privatization and abundance scope of insurance expansion in the Indian market.

Shahid (2010) in his research paper “Growth of LIC on India during post privatisation period” has made the attempt to examine the performance of LIC of India in this competition edge. The study was done based on secondary data related to number of offices, number of policies, premium, market share, commission expenses. Data’s were analysed using percentile method. The reveals that LIC is not having more number of branches in rural areas and have to introduce a new product which suit the rural population, this will help the LIC to increase their business.

Barath.C et al (2011) in the research paper entitled “Innovative strategies to catalyse growth of Indian life insurance sector-An Analytical Review” have clearly discussed about the impact of global recession on the fastest growing Indian insurance market. They find the entry of many private companies has created a paradigm shift in insurance marketing in India in terms of products, tariffs, customer service etc. The paper is exploratory and secondary based in nature and explores the various strategic options that can be effectively implemented by the life insurers to improve the coverage and penetration of life. This paper explores the strategies that insurance companies can adopt in order to counter the negative impact of the global economic recession. The findings of the study is that companies instead of focusing only on improving the variety of products needs to focus on targeting new segments and implement innovative strategies in order to achieve sustained growth and ensure profitability of business as well as growth of insurance coverage.

Manvendra et al (2011) in their research paper “contemporary issues in marketing of life Insurance services in India have analysed the various Innovative products and marketing strategies of both public and private sectors. The researcher has observed, to be successful, the insurance companies should have
simple and affordable Insurance product, simplified claim procedure and rapid delivery of benefits.

**Harpreet et al (2011)** in their research paper “An Empirical Analysis of Life Insurance Industry in India. They analysed secondary data from 1980 to 2009 related to premium, Investment made by LIC, the statistical tool used for analysis is T-test and ANOVA. The study reveals that there is a lot of scope for development of Life Insurance industry and it also indicated their increasing competition from private insurer to LIC.

**Rajagopalan (2011)** “life insurance in India – Strategic shifts in a Dynamic Industry” the study was done to analyse the performance of life insurance after liberalisation. The secondary data related to market share, New business premium of insurers, Distribution efficiency, flexible product strategies were analysed. The study revealed that Indian insurance industry has wide opportunity to increase its business and LIC still holds a majority of market share.

**Ram et al (2011)** in their research paper titled “Are the Indian life Insurance companies cost efficient” have analysed the efficiency of life insurance companies in terms of cost. In this study author has analysed cost efficiency of the both public and private life insurance companies in India using Data Envelopment Analysis (DEA). The result shows that both private and public life insurance companies have increasing trend in cost efficiency during 2002-03 and 2004-05 and it is being having decreasing trend during 2005-2006 to 2006-2007.

**Suresh et al (2011)** in their research paper “Lapsing of policies in life insurance sector-Need for competitive strategies”. The researchers for this study collected both primary and secondary data. Primary data was collected through direct interview from the policy holders and the representatives of life insurance companies. F-test was used to analyse the significance of factors. The study reveals that age group, duration of the policy, duration of life insurance policy and the type of policy chosen by the policy holders, duration of policy and agency in which the customer chosen are influencing factor for lapsation.
Ghousia (2011) in his research paper “The Attitude of consumers and its effect over the business the business in life insurance companies”. The researcher has analysed the attitudes of the customers regarding the services especially after sale services provided by their insurers. Both primary and secondary data was collected. Primary data collected by survey method. The secondary data has been collected from annual reports, journals, internet links. The study reveals the after-sale services of LIC is better than private life insurers.

Malick (2011) in their research paper “Robust awareness on Indian Insurance Industry in Tier three cities”. The researchers have studied the customer awareness on the private life insurance in vellore district. Structural questionnaire was used to collect the information from 100 respondents. Data was analysed using pearson chi-square test and co-relation. The study reveals there is some vital opportunities for the private life insurance companies to increase their market share.

Neelam (2011) in his research paper “Unit Linked Insurance Plans - A Comparative study of selected Insurance companies in Haryana and Punjab” has compare the financial performance of life insurers in Haryana and Punjab districts. The study reveals that the public life insurance company is performing better than private life insurers.

Shilpa (2011) in her working paper “Competition in life insurance sector of India” has analysed the competition between LIC and private life insurance company in India. Using secondary data related to market share, number of branches, no. of insurer and it was found out that LIC has nearly 70% of the market share since customer believe in sovereign guarantee with LIC.

Sonika (2011) in their research paper “Life Insurance Industry in India – Current Scenario”. The research paper attempt to study recent life insurance scenario. The secondary data was analysed related to growth of number individual of offices of life insurers, growth in number of products, growth of number of individual agents working in life insurance industry, growth of life insurance business and premium income, lapse/forfeiture ratio and settlement of death claims in Indian life
insurance industry. The study reveals that in all the above criteria LIC is performing better than private life insurer.

**Alamelu (2012)** in her research paper titled “Evaluation of Financial Soundness of Life Insurance Companies in India” has analysed the financial performance of both public and private life insurance companies in India using capital adequacy, liquidity ratios and it was found that LIC is financially sound compare to Private Life Insurance Companies.

**Ashok (2012)** in his research paper titled “A Comparative study of performance LIC of India and Private Life Insurers”. In this study, the performance of LIC and Private Life Insurance is analysed using New policies used, Premium Underwritten, Market share, Number of Branches and number of Individual agents parameters. The study revealed that the performance of private life insurance companies is increasing which is an alarm to the LIC.

**Anshuja et al (2012)** in their research paper titled “Analytical study on Indian life insurance industry in post liberalisation” have analysed impact of liberalisation on the life insurance sector. For purpose of analysis ten years’ secondary data was collected from 2001-2012 related premium income, total income, market share and number of policies. Tools used for analysis was Bar graph and simple tabulation. The study reveals that after liberalisation the market share of LIC has reduced because of entry of private life insurance companies. But still LIC is in the dominant position since people trust the brand of LIC than private life Insurance companies.

**Charumathi (2012)** in his research paper “On the Determinants of Profitability of Indian Life Insurers – An Empirical Study”. The present study tried a model the factors determining the profitability of life insurers operating in India taking return on assets as a dependent variable. For this purpose firm specific characteristic such as leverage, Size, premium growth, liquidity, underwriting risk and equity capital are regressed against Return on assets. The study revealed that profitability of life insurers is positively and significantly influenced by the size and liquidity. The leverage, premium growth and logarithm of equity capital negatively and significantly influenced the profitability of Indian life insurers.
Jaydeb (2012) in his research paper titled “comparative study between public sector life Insurance companies and private sector life Insurance companies in India”. The objective of the study is that the performance of public private sector life insurance companies. The parameters like new policies issued, premium collection, market share of life insurers, commission expenses of life insurers, profit of life insurers, dividend paid by life insurers, number of life insurance offices, region-wise distribution of offices of life insurers, number of individual agents of life insurers, number of corporate agents of life insurers etc. The study reveals that the entry of private life insurance companies have effect the business and profitability of the business of the life insurance corporation of India.

Joy (2012) in his research paper “Measuring performance and efficiency growth of the selected Indian life Insurance company – A Total Factor productivity approach have compared performance of LIC and private life insurance companies. The analyse was done using secondary data on net premium Income and Number of products. The factor analysis was the statistical tool used to analyse the data. The study reveals the LIC ahead the performance of private life Insurance companies.

Neelaveni (2012) in her research paper “Financial Performance of Life Insurance Companies and Products” has analysed the Financial Performance of LIC, ICICI prudential Life Insurance Company Limited, Balaji Allianz Life Insurance Limited, Birla sunlife Insurance Company Limited, and INGVysya Life Insurance Company Private Limited. She analysed compound annual growth rate by using variables such as share capital, Fixed Assets, Current Assets, Cash and Bank Balances, Current Liabilities, Net working capital. The study reveals that although LIC is big public-sector company, in the past a decade period it is lagging behind in some of financial aspects. The reason is LIC has been facing the tough competition from private sector life insurance companies.

Prabakaran et al (2012) in their research paper titled “An analysis of the growth of life Insurance corporation of India (LIC) – in the context of post liberalization Era In this research paper authors have analysed the performance of LIC after the entry of private life insurance industry to the business. To analyse the performance three parameters were considered Profit before Tax, First premium
Collected, Number of policies sold. The study reveals that the LIC growth has not been effected by the entry of private life insurance companies.

**Ravi (2012)** in his research paper titled “Life Insurance Corporation of India- A Giant in India’s Insurance sector”. In this study, the author has analysed the performance of life Insurance companies by using secondary data. The study reveals that LIC is functioning efficiently compare to private life insurance companies.

**Sanjay (2012)** in his research paper “Critical Issues of Service Marketing in India: A Case of Life Insurance Industry”. In this paper, an effort is made to study the current issues and challenges faced by the life insurance business houses in India. For the study, the secondary data was used related to new premium, market share, number of policies. The findings of study is that high operating cost, delayed break even, convergence of accounting standard etc are the major issues of Life insurance companies in India.

**Sarvanakumar et all (2012)** in their research paper “Flourishing Bancassurance Business -An Indian Perspective. The researchers have analysed the recent trends of bancassurance business in India. The success of bancassurance greatly hinges on banks ensuring excellent customers relationship. The study reveals bancassurance strategy would be a win-win situation for all the parties involved the customer, the insurance companies and the banks.

**Selva et al (2012)** in the research paper A comparative study of public and private life insurance companies in India published in Global Economic Research – Vol 1, Issue 11, has made the comparative analysis between LIC and private life Insurance companies using secondary data on business premium collection, number of new policies and total life Insurance for period of 2002-2010 using Mann whitney U-Test. The study shows that though the market share of LIC has decreased because of the entry of private life insurance companies. Still LIC continues to be the Market leader.

**Eric et al (2013)** in their paper titled “Determinants of profitability of insurance firms in Gnana”. In this study the authors have selected 16 life insurance companies of Gnana and analysed these companies profitability using leverage,
tangibility, size, liquidity, risk & growth parameters. The study reveals that leverage and liquidity had a positive relationship and tangibility, size, growth negative relationship compared to profitability.

**Hymavathi (2013)** in research paper entitled “Performance Evaluation of Indian Life Insurance Industry in Post Liberalization”. In this paper the author has analysed the financial performance of both LIC and private life insurance companies of India. Using percentages, ratios, graphs etc. The study reveals that the financial performance of insurance industry is showing the increasing trend and entry of private life insurance companies has developed the Indian life Insurance to achieve the remarkable growth.

**Joseph et al (2013)** in their research paper entitled “The financial Performance of life insurance companies in Ghana”. In this research paper the authors analysed the financial performance of the life insurance industry in the emerging economy. They examine the financial performance of life insurance industry in the emerging economy. They examine the financial performance using three measures of insurers such as investment income, underwriting profit and overall total net profit. The study of ten life insurance companies revealed that the relationship between underwriting profit and investment income increases the profitability of the life insurance companies.

**Kantesha (2013)** in his research paper titled “A comparative study on performance of ULIPs offered by the selected Insurance companies – A study in Indian capital Markets”. The study was done to compare the ULIPs of different insurance companies in India. The study reveals that the five companies ULIPs i.e SBI, ICICI, Bajaj Allianz, Reliance life, PNB Metlife. The ULIPs performance of SBI, ICICI, BAJAJ is good compare to reliance life & PNB Metlife.

**Rabindra (2013)** in his research paper “Performance Evaluation of Nepal Life and LIC: A Comparative Analysis of Earnings & Profitability Indicators”. In this paper the author has compared the performance of LIC (Nepal) and LIC (India) and for the analysis purpose the author has considered the following parameters – revenue, assets, Net profits, Life fund and their contributions and also he has considered CARAMEL Earnings and profitability ratio. The study revealed that
the performance of Nepal Life Insurance corporation is performing better in some aspects (revenue, Net profit) and LIC of India but in some aspect LIC of India is better compared to LIC of Nepal (assets, life fund).

Raja (2013) in his paper “Challenges of Private Sector Life Insurance companies in India”. In this study, the author has compared performance of life insurance corporation of India with the private life insurance companies from 2000-1 to 2009 -10. The parameter considered for analysis are operating expenses ratio, growth rate, market share, Accretion of equity capital, profitability position. From the analysis, we can reveal that the challenges for private life insurance products, ignore the standard, rules and regulations, huge number of claims, more time is involved in addressing the complaints because of inefficiency of the staff, high cost of distribution

Sumnider et al (2013) in their paper titled “Financial Performance of Life Insurance in Indian Insurance Industry”. For the purpose of this study authors have selected 18 life insurance companies, out of which one is public i.e. Life Insurance of corporation and rest 17 is private life insurance and the financial performance of these life Insurance company are analysed using various ratios such as liquidity, Solvency, leverage, profitability, size and equity capital. The study reveals liquidity and size has positive effect, capital shows negative affect and solvency and Insurance does not have any effect.

Sonal (2013) in her research paper titled “performance Evaluation of life insurance corporation of India”. The study is undertaken to know the growth and performance of LIC. The researcher has analysed the major source of income and expenses of the sample unit. The study reveals that LIC should control the operating expenses, which is effecting its income.

Sushma (2013) in his research paper “Growth of Life Insurance Business Public and Private Insurance Players India”. The author has analysed the investment habits, change in attitude of customers investment, importance given to type of business organisation using secondary data. The study reveals that LIC is market leader but still it is having competition from the private life insurance companies due to their USP-Unique Selling Practices.
Tariq (2013) in their paper entitled “Financial Performance of Indian General Insurance companies in Recession Period”. In this study the authors have selected six private general life insurance company and statistical tool ANOVA was used to analyse the performance of the Insurance companies. By the analysis it revealed that TNIA General Insurance Company is performing better compared to other selected general life insurance company.

Yogesh (2013) in his research paper “Economic Reforms and world Economic crisis: Changing Indian life Insurance Market Place”. In this paper the author has analysed the impact of post 2008 economic crisis on insurance industry in India using secondary data. The study reveals that though LIC is a largest player in the Indian life Insurance business but private insurance companies are moving at a fast price.

Yuvaraj et al (2013) in their research paper titled “A study on the performance of insurance companies in Ethiopia”. The authors have analysed factors determining the financial performance of the Ethiopian insurance companies. The parameters for analysis are age, size of the company, Leverage, ratio, liquidity & Previous years profit. The study reveals that leverage, size, volume of capital, growth & liquidity are most important determinant of performance of life insurance where as liquidity has negative impact on the performance or profitability of the life insurance business.

Durga et al (2014) in his research paper titled “Growth of Insurance Industry in India after privatization - life insurance sector is at an inflection point”. The author analysed the status of public and private sector life insurance companies based on secondary data. The study reveals that the insurance density is falling year after year.

Rajasekar et al (2014) in his research paper titled “Life Insurance Industry in India – An overview”. In this paper the authors have examined the structure and review of Insurance industry in India and studied the performance of life insurance industry in India during the study period. For the study purpose premium Income, New policies issued, Number of Individual agents, corporate agents, Insurance penetration & density, Equity Share Capital, Total Income,
Market share. The Ratio used for study is Total Assets to Earned Premium Ratio, Investment Income to total Investment Ratio and Current Ratio. The study reveals that the market share of the entire private players has sharply in life with the entry of private players has sharply in life with the entry of private players in life insurance market and this indicates that the private players are doing quite well and are improving year by year.

**Tapen (2014)** in his research paper titled “the Indian insurance industry challenges and prospectus”. The study reveals that the insurance companies should design innovative products and make innovative distribution to attract the more customers.

**Mohd Arif (2015)** in his research paper titled “Life Insurance Industries in India – Trends and patterns”. This study is carried out to know the trends and patterns of life insurance industry in India. To carry out the study Insurance penetration & density, premium Amount, Amount of Investment, Amount of Life Insurance, Amount of New life insurance policy issued & Number of grievances. The statistical tools used for the study is Regression. The study reveals that even a tremendous growth in the insurance population who are remain unserved. So there is an opportunities to life insurer to tapped this untapped market through customized and innovative products and better facilities.

**Nikhil (2015)** in his research paper titled “Factors determining financial performance of life insurance companies of India – An empirical study”. The researcher undertook study to determine firm specific factors will have impact on financial performance of life insurance companies in India. For the study purpose Return on Equity, Underwriting Risk, Current Risk, Tangibility, leverage, total assets. The statistical tool Regression was used for analysis. The study reveals that Indian life Insurance companies should pay more attention towards size, underwriting risk, volume of capital and leverage for better financial performance.

**Showket (2015)** in his research paper titled “A Comparative Analysis of Financial performance of public and private Non life Insurance insurers in India”. In this paper an effort is made to evaluate the financial soundness and performance of selected public and private life insurers in India using capital adequacy, Earnings
and Profitability and liquidity of life insurance companies. The tools used for the study are mean, standard deviation and T-test. The study reveals in terms of earnings & profitability the public life insurers have outperformed the private life insurers during the period under review and the public life insurers possess higher degree of liquidity during the study period.

Suresh (2015) in his research paper titled “Change in life Insurance Industry in India” has analysed the present condition of life insurance and benefit to the industry after opening up of the insurance sector to the private insurers. For the Purpose of analysis, the number of policies, first year premium income and total life Insurance premium was collected from both public and private life company’s annual report. The Statistical tools used for analysis are percentage, ratio. This study reveals that though LIC is facing stiff competition from private life insurance companies but still LIC is in safety position. For improvement purpose, it should attract new policy holders and retain the existing policy holders for their survival.

Sunita (2016) in her research Paper titled “Evaluation of Financial Soundness of Life Insurance companies in India” has analysed the performance of public and private life insurance companies for the period of 2005-2006 to 2014-2015. The analysis was done using secondary data related to growth in Fresh life Insurance premium, growth in New life Insurance policies, growth of total life Insurance premium. The tools used for analysis are Trend analysis and Mann-whitney ‘U’ test. The research reveals that there is clear evidence that private insurance companies have made their presence felt and over the years have achieved remarkable progress. But still LIC holds a significant majority of market share.

From the previous studies it was analysed that the researchers have considered various parameters and ratios for analysing the financial performance. The parameters and ratios used in literatures are Current Ratio, Proprietary Ratio, Solvency Ratio, Returns on Investment, fixed asset to Net worth ratio, gross profit ratio, net profit margin ratio, sales to profit, investment income, underwriting profit, gross written premiums, claims, expenses on management, total debts, return on assets, growth in Fresh life insurance premium, leverage, Tangibility, Market share, corporate agents, number of new policies, Debt – Equity Ratio, number of policies etc. There is no study which
specifies the uniform indicators for financial performance for life insurance companies. Thus the present study aimed to bridge this gap and focus on the key indicators to analyse the financial performance of life insurance companies by considering all the aspects of life insurance companies which clearly depicts the financial performance.