CONCLUSIONS

6.1 Conclusions

The Life insurance companies are the most trusted financial service providers. Insurance business is all about human beings and its aim is to protect their interests and well-being. No other business organization can get satisfaction which an insurer gets when he fulfils his promises to the insured who is in need or his people after his departure.

The collapse of the public sector institutions in the erstwhile USSR has sent the message to many developing countries including India that the Socialist Pattern of Society is not a workable solution to many problems in the long-run. Every economy needs to introduce reforms in various sectors and the release of a sustained level of freedom to organizations in the best interests of the industry.

Many economists recommend that a complete adoption of the private sector style of functioning by public sector undertakings is very much needed for maintaining growth and development of an economy instead of resorting to a complete winding off of the public sector through gradual disinvestment.

The private players have been trying to reach out to rural masses by a paradigm shift in the focus of insurance from class insurance to mass insurance. Regional Rural Banks and Co-operative Banks assist the insurance players to have a rural touch, local feel and a familiarity with rural economy. In totality, the operation of private insurers in India has benefited our insurance system by enhancing competition and efficiency.

A well-conceived and developed insurance sector is a gift to any country for its economic development since it provides long-term funds for infrastructure development and strengthening the risk-taking ability of the country.

At present, there are 23 life insurance companies operating in the country. Competition among the insurance players provides the impetus for rapid growth. The insurance sector is a big one and is growing at a rapid pace ranging between 15 to 20 per cent. Along with banking services, insurance services add about 7 per cent to the country’s GDP.
The private sector insurance companies in India is presently facing a situation where they are expected to perform a highly balancing act of helping the economy to grow, meet social obligations and at the same time ensure a high degree of operational efficiency comparable to global standards.

A serious and in some cases an imaginary problem in the minds of the customers faced by the private sector insurance players is the lack of confidence levels in them. There may be a lot of apprehensions among public on the safety and security of their investment in the hands of private players. In many a time, these customers and public need to repose confidence only on the public sector players. Hence, the existence of both public and private sector insurance players in the life insurance market is inevitable in our country. These two sectors will work in a unified manner to protect the interests of the policyholders and also fulfil the rural and social sector obligations.

The life insurance density of India was 9.1 percent in the year 2000-01 when the private sector was opened up. It increased to 52.2 percent in 2009 -10. India’s life insurance density is very low as compared to the developed countries and developing countries, in spite of India being the second most populous country in the world. This shows that there is much scope for life insurance sector to develop in India.

The life insurance penetration of India was 2.15 percent in the year 2000-01 when the private sector was opened up. It increased to 6.90 percent in 2015-16. Since opening up of Indian Insurance sector for private participation, India has reported an increase in both life insurance density and penetration. But compared to UK, France, South Korea, Japan and South Africa, India is way behind. Among developing countries, it stands second to South Africa. There is much scope for the life insurance sector to develop in India.

The prediction of new business and total premium for both private and public sector life insurance companies in India for the year 2016 also shows an upward trend which signifies that there is a lot of scope for life insurance business in India.

Financial Performance analysis includes analysis and Interpretation of financial statements in such a way that it undertakes full diagnosis of the profitability and financial soundness of the business. While a large number of potentially useful indicators exist to know the financial performance of life insurance companies.
The financial performance of Life Insurance Corporation of India is Consistent Compare to private life insurance companies in India. But the level of performance of LIC in terms liquidity is less compared to Private life insurance companies in India, this is due to huge commission expenses, the level of performance of LIC in terms of solvency is better compare to private life insurance companies, the private life insurance companies have to improve their actuarial efficiency. Most of the private life insurance companies are making losses. It is necessary for them to cut their operating costs.

6.2 SCOPE FOR FURTHER RESEARCH

This study has given some more leads for further research in this area. The present study examines and determines the proper indicator which focuses on thorough analysis of financial Performance of Life Insurance companies after considering all the Key indicators for financial Performance. A similar study may be conducted in other Countries Life Insurance Companies. A study can be further extended by considering the investment portfolio of life insurance companies. In this study Life Insurance Companies operating in the India are examined. A similar study can be made by taking up General Insurance Companies operating in India and in other Countries. The future study may focus on exploring the causes for differences in the results of various key indicators.