Outline of the Chapter:

1. Introduction
2. The Insurance Regulatory Development Authority (IRDA)
3. Kinds of Insurance policies
4. Major Principal of Indian insurance Contract
5. Major role of Life Insurance in India
6. The Scope of a life insurance company in India
7. Life insurance contribution in India
8. Insurance market place
9. Life Insurance office management
10. Net premium of selected companies
11. Conclusion
Life insurance traces its origins in India to the early nineteenth century when companies in India insured the lives of Europeans living here. Eventually these companies began to cover Indians as well but required them to pay higher premiums. Regulations were passed to regulate the Indian insurers (but not the foreign companies providing insurance services in India) and to allow collection of information about insurance companies thus facilitating comparison amongst them. However the legislations became insignificant with time and the government nationalized the sector by combining all the 154 Indian private insurance companies to give birth to one behemoth: the Life Insurance Corporation of India. Through this the Government strived to put an end to prevalent malpractices such as poor Servicing standards along with the appalling management of companies wherein funds were simply being divested to all types of securities without any valuation of the borrowers. The Government took over the reins of the industry in its own hands reasoning that insurance was a cooperative enterprise and should be within the purview of the state in order to provide improved services to the public at lower costs. It was also envisioned that the nationalization of this sector would lead to more effective mobilization of funds to enable capital to be allocated to development projects.

In this chapter, the researcher will discuss about the IRDA, Kinds of life insurance policies, Major principles of Indian insurance contract, Major role of life insurance in India, The scope of a life insurance company in India, Life insurance contribution to Indian economy, insurance market place, Life insurance office management and Net premium of selected companies.
1. Introduction to Indian Life Insurance:

Life insurance in its modern form came to India from England in the Year 1818. Oriental Life insurance company started by Europeans in Calcutta was the first life insurance company on Indian soil. All the insurance companies established during that period were brought up with the purpose of looking after the needs of European community and Indian natives were not being insured by these companies. However, later with the efforts of eminent people like Babu Muttyalal lives. But Indian lives were being treated as sub-standard lives and heavy extra premiums were being charged on them. Bombay Mutual Life Assurance society heralded the birth of first Indian life insurance company in the year 1870, and covered Indian lives at normal rates. Starting as Indian enterprise with highly patriotic motives, Insurance and social security through insurance to various sectors of society. Bharat Insurance Company (1896) was also one of such companies inspired by nationalism.

In the year 1912, the Life Insurance Companies Act, and provident fund act were passed. The life insurance companies act, 1912 made it necessary that the premium rate tables and periodical valuations of companies should be certified by an actuary. But the act discriminated between foreign companies at a disadvantage.

The insurance act 1938 was the first legislation governing not only life insurance but also non-life insurance to provide strict state control over insurance business. This repeatedly in the past but it gathered momentum in 1944 when a bill to amend the life
insurance act 1938 was introduced in the legislative assembly. However, it was much later on the 19th of January 1956 that Life Insurance in India was nationalized.

2. The Insurance Regulatory and Development Authority (IRDA)

The formation of the Malhotra Committee in 1993 initiated reforms in the Indian insurance sector. The aim of the Malhotra Committee was to assess the functionality of the Indian insurance sector. This committee was also in charge of recommending the future path of insurance in India. The Malhotra Committee attempted to improve various aspects of the insurance sector, making them more appropriate and effective for the Indian market. The recommendations of the committee put stress on offering operational autonomy to the insurance service providers and also suggested forming an independent regulatory body.

The Insurance Regulatory and Development Authority Act of 1999 brought about several crucial policy changes in the insurance sector of India. It led to the formation of the Insurance Regulatory and Development Authority (IRDA) in 2000. Reforms in the Insurance sector were initiated with the passage of the IRDA Bill in Parliament in December 1999. The IRDA since its incorporation as a statutory body in April 2000 has fastidiously stuck to its schedule of framing regulations and registering the private sector insurance companies. The other decisions taken simultaneously to provide the supporting systems to the insurance sector and in particular the life insurance companies were the launch of the IRDA’s online service for issue
and renewal of license to agents. The approval of institutions for imparting training to agents has also ensured that the insurance companies would have a trained workforce of insurance agents in place to sell their products, which are expected to be introduced by early next year. Since being set up as an independent statutory body the IRDA has put in a framework of globally compatible regulations.

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 entry of number of global insurers in both life and non-life segment. Most of the private insurance companies are joint ventures with recognized foreign players across the globe. Over the last eight years, consumer awareness has improved. Competition has brought more product innovation and better customer servicing. This made a positive impact on the economy of income generation and creating employment opportunities in this sector. At present there are a total of 23 companies in the life insurance business in India and only LIC is in the public sector and rest all 22 companies are in the private sector.

“The goals of the IRDA are to safeguard the interests of insurance policyholders, as well as to initiate different policy measures to help sustain growth in the Indian insurance sector”. 
3. Kinds of Life Insurance Policies:

3.1 Term Insurance:

You can choose to have protection for a set period of time with Term Insurance. In the event of death or Total and Permanent Disability (if the benefit is offered), your dependants will be paid a benefit. In Term Insurance, no benefit is normally payable if the life assured survives the term. Whole Life Insurance With whole life insurance, you are guaranteed lifelong protection. Whole life insurance pays out a death benefit so you can be assured that your family is protected against financial loss that can happen after your death. It is also an ideal way of creating an estate for your heirs as an inheritance.

3.2 Endowment Policy:

An Endowment Policy is a savings linked insurance policy with a specific maturity date. Should an unfortunate event by way of death or disability occur to you during the period, the Sum Assured will be paid to your beneficiaries. On your surviving the term, the maturity proceeds on the policy become payable.

3.3 Money back plans or cash back plans:

Under this plan, certain percent of the sum assured is returned to the insured person periodically as survival benefit. On the expiry of the term, the balance amount is paid as maturity value. The life risk may be covered for the full sum assured during the term of the policy irrespective of the survival benefits paid.

3.4 Children Policies:

These types of policies are taken on the life of the parent/children for the benefit of the child. By such policy the parent can plan to get funds when the child attains various stages in life. Some insurers
offer waiver of premiums in case of unfortunate death of the parent/proposer during the term of the policy.

3.5 Annuity (Pension) Plans:

When an employee retires he no longer gets his salary while his need for a regular income continues. Retirement benefits like Provident Fund and gratuity are paid in lump sum which are often spent too quickly or not invested prudently with the result that the employee finds himself without regular income in his post-retirement days. Pension is therefore an ideal method of retirement provision because the benefit is in the form of regular income. It is wise to provide for old age, when we have regular income during our earning period to take care of rainy days. Financial independence during old age is a must for everybody.

There are two types of annuities (pension plans).

• Immediate Annuity:

In case of immediate Annuity, the Annuity payment from the Insurance Company starts immediately. Purchase price (premium) for immediate Annuity is to be paid in lumpsum in one installment only.

• Deferred Annuity:

Under deferred Annuity policy, the person pays regular contributions to the Insurance Company, till the vesting age/vesting date. He has the option to pay as single premium also. The fund will accumulate with interest and fund will be available on the vesting date. The insurance company will take care of the investment of funds and the policyholder has the option to encase 1/3rd of this corpus fund on the vesting age / vesting date tax free. The balance amount of
2/3rd of the fund will be utilized for purchase of Annuity (pension) to the Annuitant.

3.6 Unit Linked Insurance Policy:

Unit Linked Insurance Policies (ULIPs) offer a combination of investment and protection and allow you the flexibility and choice on how your premiums are invested. IN UNIT LINKED PLANS, THE INVESTMENT RISK PORTFOLIO IS BORNE BY YOU AS YOU ARE THE INVESTOR Typically, the policy will provide you with a choice of funds in which you may invest. You also have the flexibility to switch between different funds during the life of the policy. The value of a ULIP is linked to the prevailing value of units you have invested in the fund, which in turn depends on the fund’s performance. In the event of death or permanent disability, the policy will provide the Sum Assured (to the extent you are covered) so that you can take comfort in knowing that your family is protected from sudden financial loss. A ULIP has varying degrees of risk and rewards. There are various charges applicable for Unit Linked Policies and the balance amount out of the premium is only invested in the fund/funds chosen by you. It is important to ask your insurer or agent or broker questions to understand the sum total of charges that you have to incur. It is important to assess your risk appetite and investment horizon before deciding to buy a ULIP policy. You must also read the terms and conditions of the policy carefully to understand the features of the policy including the lock-in period, surrender value, surrender charges etc. All the types of plans mentioned above can be offered under ULIP plans.
4. Major Principles of Indian Insurance Contract:

4.1 Principles Utmost Good Faith

4.2 Principles of Material Facts

4.3 Principles of Insurable Interest

4.4 Principles of Indemnity

4.1 Principle of Utmost Good Faith:

Insurance contracts are based upon mutual trust and confidence between the insurer and the insured. Hence, they are said to be uberrimae fideism i.e. of the utmost good faith. Utmost good faith in insurance means that each party to a proposed contract is legally obliged to reveal to the other party all information which would influence the other’s decision to enter the contract, whether such information is requested or not. Though the insurance contracts are subject to good faith and are based upon mutual trust and confidence, it is not possible to apply any doctrine or caveat emptor (let the buyer beware) because of the fiduciary nature of insurance. The information necessary for the parties to assess the contract adequately cannot be ascertained as with contracts of sale where the buyer before contracting to purchases anything must satisfy himself as to nature and quality of good he needs.

4.2 Principle of Insurable Interest:

The second principle of insurance is that the subject-matter of the insurance must be of insurable interest. This means that the
insured stands in such relation to the subject matter of insurance that he suffers loss by its destruction or damage and is benefited by its safety, or existence. An insurable interest is “an interest of such a nature that, if the event insured against takes place, the insured might suffer a financial loss. If the happening of the event insured against cannot cost the insured money, then there is no insurable interest”. Thus insurable interest mean proprietary or monetary interest. It is the legal right to insure as an insurance policy does not cover property, but relates to the insured’s interest in the property. In every contracts of insurance, the law regards possession of an insurable interest in the subject-matter of insurance to be a necessary pre-requisite. The insured must own either own part or whole of it or he must be in such a position that injury to it would affect him adversely.

4.3 Principle of Material Facts:

A material fact is one which affects the nature or incident of risk in a proposed insurance. It is an essential fact which the insurer will take into consideration in deciding whether to accept the insurance proposal for a given risk or not. It is the fact which has a bearing or which is expected to influence the amount of premium. Thus, the material fact depends on the circumstances of a case and the subject-matter of insurance. However, unimportant facts or omission or misstatements may be excused.

4.4 Principle of indemnity:

This is the regulating principle of insurance. It is applicable in all contracts of insurance except life, personal accident and
sickness insurance. It does not apply to every class of business but it applicable to fire, marine, burglary or any other policy and not on the life insurance policy. Under an insurance contract the insurer undertakes to “indemnity” the insured against loss suffered by the latter. Indemnity literally means “security against damages or loss” or “compensation for loss”. Prof. Hansell has defined it as “an exact financial compensation”. In the case of loss against which the policy has been made the assured shall be indemnified for only the actual loss suffered by him but will never be more than fully indemnified. Thus indemnity restores the insured to the same financial position after a loss as he enjoyed immediately prior to the loss. This is in conformity with the basic concept of insurance, whereby an insurer is required to compensate the unfortunate few for the loss they sustain but does not allow to earn profit from misfortune. Under the principle of indemnity no profit can be made out of the insurance contract.

5. Major Role of Life insurance in India:

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 (read bonuses) offered by insurers. You cannot 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.
Life insurance as "Risk cover"

First and foremost, insurance is about risk cover and protection - financial protection, to be more precise - to help outlast life's unpredictable losses. 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 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 monies. 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 untoward 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.

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 80C of Income Tax Act 1961, an individual is entitled to a rebate of maximum Rs.1,00,000 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.

6. The scope of a Life insurance Company in India:

To understand the nature and principal of insurance providers, you really need to understand what a life insurance policy is and how it works. With times and financial situations changing rapidly, risks of illness and accidents are increasing and this is leading to a lot of people thinking about getting life insurance cover to secure their family's future financially. As the awareness of the benefits of the life insurance policies keeps increasing, the breadwinners are giving serious thought to getting themselves life insurance to ensure that their family or loved ones, also known as beneficiaries, are taken care of financially in case of an untimely end of the insured. The money given to the beneficiaries, in the case of life cover, is known as death benefit, which is paid to the beneficiaries when the policyholder is no more. This amount is decided at the time the policyholder decides to buy the policy from the particular insurance provider. This amount is provided to the beneficiaries of the policyholder to fulfill their financial responsibilities and for them to lead a comfortable life, feel financially secure and safe even after the death of the policyholder. A life insurance policy can provide the much-needed financial support to the beneficiaries or the family members.
of the policyholder on his death. Though it cannot cover the emotional damages but it can for sure help them lead a good and financially secure life. This is what life insurance policy provides and the agents make this point clear to the policy buyers, getting them to buy their policy and making sales for their respective companies.

7. Life insurance Contribution to Indian Economy:

1. Life Insurance is the only sector which garners long term savings.

2. Spread of financial services in rural areas and amongst socially less privileged.

3. Long term funds for infrastructure.

4. Strong positive correlation between development of capital markets and Insurance / pension Structure.

5. Employment generation.

8. Insurance Market Place:

Structure of the Life Insurance companies:

1. IRDA
2. Life Insurance Companies, GIC of India, Reinsurance
3. Intermediaries
   (i) Corporate Agents & Insurance Brokers
   (ii) Banc assurance & Direct Marketing
   (iii) Direct Marketing & Net Marketing
   (iv) Customer
4. Development Officers
(i) Individual Agents
(ii) Customers

5. Direct Agents
   (i) Customers

Flow Chart 4.1
For the effective management & control of the Life Insurance, the offices of the Company are divided into

- Reinsurer
- Insurance Company H.O.
- Regional Officer
- Branch Officer
- Unit Managers

(i) Development Officer
(a) Agent Corporate
(b) Individuals

(ii) Intermediaries

(a) Brokers
10. Net Premium of selected Companies:

Premium is the main income of the insurance company without which no business can exists. It is the sign of the operational efficiency of management as to how efficiency the management has used the available resources of the business enterprise. The big income of premium indicates that the management is more vice versa. Premium is the amount of the service which has been provided to the customers. The profitability of the firm might be affected by premium any increase in the premium would result in an increase in profit or vice-versa. In present study net premium denoted by gross premium less ceded re-insurance premium plus accepted re-insurance.

The trend analysis of net premium is guides to follow the changes are occurring in the analysis of net premium one can study about the development of a business concern. Generally, it is suggested that for proper trend analysis, the trend analysis should be studied at least over a period of ten years.

For the purpose of the trend analysis of net premium in selected private sector life insurance companies under study the year 2003-04 has been selected as the base year and the amount of net premium in the base year has been taken equal to 100.

On the basis of the amount of net premium for the base year. Index numbers have been calculated for the remaining years. In increase in net premium index would mean improvement in net premium resulting favorable position for the profitability or vice-versa of a business enterprise.
10.1 SBI Life Insurance Co. Ltd.:

Table: 4.1 Net Premium of SBI

(Rs. In lakh)

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<tr>
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Source: Annual reports of SBI from 2003-04 to 2012-13.

Note: Indies have been calculated with the base year 2003-04 at 100 percent.
Chart: 4.1
The trend of net premium from 2003-04 to 2012-13 of selected private sector life insurance companies have been shown in the table 4.1..

Table reveals that the indices of net premium in SBI Life insurance co. ltd. registered a progressive trend during the study period except the year 2003-04, 2006-07, 2009-10 and 2012-13. It was 100 in 2003-04 which went up to 4867 in 2005-06 because increase in demand of private sector life insurance services and competition. In Indices of net premium decreased to 1314 in 2006-07 but then it rose sharply and reached at 3237 in 2008-09. The indices of net premium declined again it was 3127 during the year 2009-10 then it shows increasing trend and reached at 5879 in 2011-12. However it decreased slightly and reached at 4666 in 2012-13.
10.2 Bajaj Allianz Life Insurance Co. Ltd.:

Table: 4.2 Net Premium of Bajaj

(Rs. In lakh)

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Note: Indies have been calculated with the base year 2003-04 at 100 percent.
Chart 4.2
For the purpose of the trend analysis of net premium in selected private sector life insurance company under study the year 2003-04 has been selected as the base year and the amount of net premium in the base year has been taken equal to 100.

On the basis of the amount of net premium for the base year. Index numbers have been calculated for the remaining years. In increase in net premium index would mean improvement in net premium resulting favorable position for the profitability or vice-versa of a business enterprise.

The trend of net premium from 2003-04 to 2012-13 of selected private sector life insurance company has been shown in the table 4.2

Table reveals that the indices of net premium in Bajaj Allianz Life insurance co. Ltd. registered a progressive trend during year 2003-04 to 2009-10. It ranged between 100 to 7516. It was the highest 7516 in 2009-10 which shows increasing demand of private sector life insurance services and competition but then it shows declined trend during the year 2010-11 to 2012-13. In Indices of net premium ranged between to 4367 to 3117.
10.3 MAX Newyork Life insurance Co .Ltd:

**Table: 4.3 Net Premium of MAX**

(Rs. In lakh)

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**Source:** Annual reports of Max Newyork Life from 2003-04 to 2012-13.

**Note:** Indexes have been calculated with the base year 2003-04 at 100 percent.
Chart 4.3
For the purpose of the trend analysis of net premium in selected private sector life insurance companies under study the year 2003-04 has been selected as the base year and the amount of net premium in the base year has been taken equal to 100.

On the basis of the amount of net premium for the base year. Index numbers have been calculated for the remaining years. In increase in net premium index would mean improvement in net premium resulting favorable position for the profitability or vice-versa of a business enterprise.

The trend of net premium from 2003-04 to 2012-13 of selected private sector life insurance companies have been shown in the table 4.3

Table reveals that the indices of net premium in MAX Newyork Life insurance Co .Ltd. registered an increasing trend during the year 2003-04 to 2008-09, 2006-07. It was 100 in 2003-04 which went up to 1801 in 2008-09 which was the highest indices of net premium and shows increasing in demand of private sector life insurance services and competition. In Indices of net premium decreased to 773 in 2009-10 but then it rose sharply and reached at 2981 in 2011-12. The indices declined immediately again it was 594 in 2012-13.
10.4 Reliance Life insurance Co. Ltd.:

Table: 4.4 Net Premium of Reliance

(Rs. In lakh)

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Note: Indies have been calculated with the base year 2003-04 at 100 percent.
Chart 4.4
For the purpose of the trend analysis of net premium in selected private sector life insurance companies under study the year 2003-04 has been selected as the base year and the amount of net premium in the base year has been taken equal to 100.

On the basis of the amount of net premium for the base year. Index numbers have been calculated for the remaining years. In increase in net premium index would mean improvement in net premium resulting favorable position for the profitability or vice-versa of a business enterprise.

The trend of net premium from 2003-04 to 2012-13 of selected private sector life insurance companies have been shown in the table 4.4 Table reveals that the indices of net premium in Reliance Life insurance co. Ltd. registered a rising trend during the year 2003-04 to 2010-11. It was 100 in 2003-04 which went up to 6630 in 2010-11 which was the highest and showing increase in demand of private sector life insurance services and competition. In Indices of net premium indicates declining trend during the year 2011-12 to 2012-13. It ranged between 5539 to 4066.
10.5 ING Vysya Life insurance Co. Ltd.:

Table: 4.5 Net Premium of ING

(Rs. In lakh)

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<td>1967</td>
</tr>
</tbody>
</table>

**Source:** Annual reports of ING Vysya Life from 2003-04 to 2012-13.

**Note:** Indies have been calculated with the base year 2003-04 at 100 percent
Chart 4.5
For the purpose of the trend analysis of net premium in selected private sector life insurance companies under study the year 2003-04 has been selected as the base year and the amount of net premium in the base year has been taken equal to 100. On the basis of the amount of net premium for the base year. Index numbers have been calculated for the remaining years. In increase in net premium index would mean improvement in net premium resulting favorable position for the profitability or vice-versa of a business enterprise.

The trend of net premium from 2003-04 to 2012-13 of selected private sector life insurance companies have been shown in the table 4.1..

Table reveals that the indices of net premium in ING Vysya Life insurance co. ltd. registered a progressive trend during the year 2003-04 to 2004-05. It was 100 in 2003-04 which went up to 382 in 2004-05 but after it declined sharply and reached at the lowest 48 in the year 2005-06 but then it shows upward trend during the year 2006-07 to 2009-10 which ranged between 797 to 5438. It was the highest 5438 in 2009-10 which shows increasing in demand of private sector life insurance services and competition. In Indices of net premium declined sharply and reached at 1895 in the year 2011-12 but then it rose slightly and reached at 1967 in 2012-13.
10.6 Birla Sun Life insurance Co. Ltd.:

Table: 4.6 Net Premium of Birla

(Rs. In lakh)

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount (Rs.)</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003-04</td>
<td>52984</td>
<td>100</td>
</tr>
<tr>
<td>2004-05</td>
<td>90159</td>
<td>170</td>
</tr>
<tr>
<td>2005-06</td>
<td>123382</td>
<td>233</td>
</tr>
<tr>
<td>2006-07</td>
<td>173516</td>
<td>327</td>
</tr>
<tr>
<td>2007-08</td>
<td>322307</td>
<td>608</td>
</tr>
<tr>
<td>2008-09</td>
<td>441427</td>
<td>833</td>
</tr>
<tr>
<td>2009-10</td>
<td>1008048</td>
<td>1903</td>
</tr>
<tr>
<td>2010-11</td>
<td>559457</td>
<td>1056</td>
</tr>
<tr>
<td>2011-12</td>
<td>574777</td>
<td>1085</td>
</tr>
<tr>
<td>2012-13</td>
<td>505174</td>
<td>953</td>
</tr>
</tbody>
</table>

**Source:** Annual reports of Birla Sun Life from 2003-04 to 2012-13.

**Note:** Indices have been calculated with the base year 2003-04 at 100 percent.
Chart 4.6
For the purpose of the trend analysis of net premium in selected private sector life insurance companies under study the year 2003-04 has been selected as the base year and the amount of net premium in the base year has been taken equal to 100. On the basis of the amount of net premium for the base year. Index numbers have been calculated for the remaining years. In increase in net premium index would mean improvement in net premium resulting favorable position for the profitability or vice-versa of a business enterprise.

The trend of net premium from 2003-04 to 2012-13 of selected private sector life insurance companies have been shown in the table 4.6

Table reveals that the indices of net premium in Birla Sun Life insurance co. Ltd. registered a progressive trend during the study period except the year 2003-04 to 2009-10. It was 100 in 2003-04 which went up to 1903 in 2009-10 because increase in demand of private sector life insurance services and competition. In Indices of net premium shows declining trend during the year 2010-11 to 2012-13 which ranged between 953 to 1085.
Table: 4.7 Net Premium of ICICI

(Rs. In lakh)

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount (Rs.)</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003-04</td>
<td>98737</td>
<td>100</td>
</tr>
<tr>
<td>2004-05</td>
<td>236000</td>
<td>239</td>
</tr>
<tr>
<td>2005-06</td>
<td>425421</td>
<td>431</td>
</tr>
<tr>
<td>2006-07</td>
<td>789682</td>
<td>800</td>
</tr>
<tr>
<td>2007-08</td>
<td>1353676</td>
<td>1371</td>
</tr>
<tr>
<td>2008-09</td>
<td>1531817</td>
<td>1551</td>
</tr>
<tr>
<td>2009-10</td>
<td>1139136</td>
<td>1154</td>
</tr>
<tr>
<td>2010-11</td>
<td>1781698</td>
<td>1804</td>
</tr>
<tr>
<td>2011-12</td>
<td>1392788</td>
<td>1411</td>
</tr>
<tr>
<td>2012-13</td>
<td>78046</td>
<td>79</td>
</tr>
</tbody>
</table>

**Source:** Annual reports of ICICI Prudential Life from 2003-04 to 2012-13.

**Note:** Indexes have been calculated with the base year 2003-04 at 100 percent.
Chart: 4.7
For the purpose of the trend analysis of net premium in selected private sector life insurance companies under study the year 2003-04 has been selected as the base year and the amount of net premium in the base year has been taken equal to 100. On the basis of the amount of net premium for the base year. Index numbers have been calculated for the remaining years. In increase in net premium index would mean improvement in net premium resulting favorable position for the profitability or vice-versa of a business enterprise.

The trend of net premium from 2003-04 to 2012-13 of selected private sector life insurance companies have been shown in the table 4.7

Table reveals that the indices of net premium in ICICI Prudential Life insurance co. ltd. registered an increasing trend during the year 2003-04 to 2008-09. It was 100 in 2003-04 which went up to 1551 in 2008-09 which was the highest and showing increase in demand of private sector life insurance services and competition. In Indices of net premium narrates mixed trend during the year 2009-10 to 2012-13 ranged between 47 to 1804. It was the lowest at 47 in 2012-13.
10.8 HDFC Standard Life insurance Co. Ltd.:  

**Table: 4.8 Net Premium of HDFC**  
(Rs. In lakh)

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount (Rs.)</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003-04</td>
<td>28982</td>
<td>100</td>
</tr>
<tr>
<td>2004-05</td>
<td>67292</td>
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<td>2005-06</td>
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<tr>
<td>2006-07</td>
<td>282263</td>
<td>974</td>
</tr>
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<td>2007-08</td>
<td>481761</td>
<td>1662</td>
</tr>
<tr>
<td>2008-09</td>
<td>551837</td>
<td>1904</td>
</tr>
<tr>
<td>2009-10</td>
<td>658834</td>
<td>2273</td>
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<tr>
<td>2010-11</td>
<td>895471</td>
<td>3090</td>
</tr>
<tr>
<td>2011-12</td>
<td>1014987</td>
<td>3502</td>
</tr>
<tr>
<td>2012-13</td>
<td>1125863</td>
<td>3885</td>
</tr>
</tbody>
</table>

**Source:** Annual reports of HDFC Standard Life from 2003-04 to 2012-13.  
**Note:** Indies have been calculated with the base year 2003-04 at 100 percent.
Chart 4.8
For the purpose of the trend analysis of net premium in selected private sector life insurance companies under study the year 2003-04 has been selected as the base year and the amount of net premium in the base year has been taken equal to 100. On the basis of the amount of net premium for the base year. Index numbers have been calculated for the remaining years. In increase in net premium index would mean improvement in net premium resulting favorable position for the profitability or vice-versa of a business enterprise.

The trend of net premium from 2003-04 to 2012-13 of selected private sector life insurance companies have been shown in the table 4.8

Table reveals that the indices of net premium in HDFC Standard Life insurance Co. Ltd. registered a progressive trend during the study period except the year 2003-04 to 2012-13. It was 100 in 2003-04 which went up to 3885 in 2012-13 because increase in demand of private sector life insurance services and competition. In Indices of net premium was the highest 3885 in 2012-13 and the lowest 100 in 2003-04.
10.9 TATA AIG Life insurance Co. Ltd.:

Table: 4.9 Net Premium of TATA

(Rs. In lakh)

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount (Rs.)</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003-04</td>
<td>24937</td>
<td>100</td>
</tr>
<tr>
<td>2004-05</td>
<td>48855</td>
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<tr>
<td>2006-07</td>
<td>135595</td>
<td>544</td>
</tr>
<tr>
<td>2007-08</td>
<td>203279</td>
<td>815</td>
</tr>
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<td>2008-09</td>
<td>348156</td>
<td>1396</td>
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<tr>
<td>2009-10</td>
<td>373456</td>
<td>1498</td>
</tr>
<tr>
<td>2010-11</td>
<td>397287</td>
<td>1593</td>
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<tr>
<td>2011-12</td>
<td>361824</td>
<td>1451</td>
</tr>
<tr>
<td>2012-13</td>
<td>274604</td>
<td>1101</td>
</tr>
</tbody>
</table>

Source: Annual reports of TATA AIG Life from 2003-04 to 2012-13.

Note: Indies have been calculated with the base year 2003-04 at 100 percent.
Chart: 4.9
For the purpose of the trend analysis of net premium in selected private sector life insurance companies under study the year 2003-04 has been selected as the base year and the amount of net premium in the base year has been taken equal to 100. On the basis of the amount of net premium for the base year. Index numbers have been calculated for the remaining years. In increase in net premium index would mean improvement in net premium resulting favorable position for the profitability or vice-versa of a business enterprise.

The trend of net premium from 2003-04 to 2012-13 of selected private sector life insurance companies have been shown in the table 4.9

Table reveals that the indices of net premium in TATA AIG Life insurance Co. Ltd. registered a rising trend during the year 2003-04 to 2010-11 ranged between 100 to 1593 which increased in demand of private sector life insurance services and competition. In Indices of net premium shows declining trend during the year 2011-12 to 2012-13 ranged between 1451 to 1101.
### Table: 4.10 Net Premium of Met

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount (Rs.)</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003-04</td>
<td>2834</td>
<td>100</td>
</tr>
<tr>
<td>2004-05</td>
<td>7939</td>
<td>280</td>
</tr>
<tr>
<td>2005-06</td>
<td>20397</td>
<td>720</td>
</tr>
<tr>
<td>2006-07</td>
<td>48832</td>
<td>1723</td>
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<td>2007-08</td>
<td>114849</td>
<td>4053</td>
</tr>
<tr>
<td>2008-09</td>
<td>197827</td>
<td>6980</td>
</tr>
<tr>
<td>2009-10</td>
<td>250621</td>
<td>8843</td>
</tr>
<tr>
<td>2010-11</td>
<td>246824</td>
<td>8709</td>
</tr>
<tr>
<td>2011-12</td>
<td>262533</td>
<td>9264</td>
</tr>
<tr>
<td>2012-13</td>
<td>82218</td>
<td>2901</td>
</tr>
</tbody>
</table>

**Source:** Annual reports of Met from 2003-04 to 2012-13.

**Note:** Indies have been calculated with the base year 2003-04 at 100 percent.
Chart: 4.10
For the purpose of the trend analysis of net premium in selected private sector life insurance companies under study the year 2003-04 has been selected as the base year and the amount of net premium in the base year has been taken equal to 100. On the basis of the amount of net premium for the base year. Index numbers have been calculated for the remaining years. In increase in net premium index would mean improvement in net premium resulting favorable position for the profitability or vice-versa of a business enterprise.

The trend of net premium from 2003-04 to 2012-13 of selected private sector life insurance companies have been shown in the table 4.10.

Table reveals that the indices of net premium in Met Life insurance co. ltd. registered a progressive trend during the study period except the year 2003-04 to 2009-10. It was 100 in 2003-04 which went up to 8843 in 2009-10 because increase in demand of private sector life insurance services and competition. In Indices of net premium slight decreased in 2010-11 but then it rose sharply and reached at 9264 in 2011-12. The indices declined again it was 2901 during the year 2012-13.
11. Conclusion:

This chapter deals with an overview of insurance sector. The chapter covers introduction of Indian life insurance. The chapter also reveals the IRDA, Kinds of life insurance policies, Major principles of Indian insurance contract, Major role of life insurance in India, The scope of a life insurance company in India, Life insurance contribution to Indian economy, insurance market place, Life insurance office management and Net premium of selected companies.

On the basis of analysis of Service performance/ net premium, it can be concluded that all the companies witnessed an upward trend during 2003-04 to 2006-07. Service performance/ net premium of the selected private sector life insurance companies are satisfactory, as they are more than base year. All the selected private sector life insurance companies use more than 100.00 percent.

The time-series analysis of services and net premium reveals that the all private sector life insurance companies under study are significance.
Reference:

1. Hand book on Life Insurance  IRDA P- 2 TO 6
2. Ibid P-18
3. Life Insurance Industry An Overview, Dr. Rajas Parchure, NIA P-11, 5.6.2007
4. Ibid p-12