INTRODUCTION:-

Insurance sector in India has been facing revolutionary changes in terms of its nature, scope, business, profitability, regulation and transparency. In 1994, the Malhotra Committee has submitted its report to make regulations for the entry of private sector; to permit the foreign companies in India to increase healthy competition, to encourage new products and services in the insurance sector and to establish a competent authority to control and regulate the insurance sector. Finally, in 1999, Insurance Development and Regulation Authority (IDRA) Act was passed and IDRA was setup. With the opening of insurance sector for the private company in 1999, major changes have been made in the financial arena of the country. Now all insurance companies established in country followed the rules of Insurance Development and Regulation Authority (IDRA) Act. So far IDRA has permitted the license to 23 Companies. Initially the companies with paid up capital of Rs. 100 Crore were permitted. Now the limit has increased to Rs.200 Crore. In the beginning, private companies were allow with foreign participation, which was limited to share up to 26%, now this share has been increased upto 49%. After a decade of liberalisation, it is relevant to know its impact on the life insurance business in India. The share of Life Insurance Corporation has been squeezed, although there is growth in its business in terms of number of policies and amount of premium. The private insurance companies are increasing their penetration in the market and presenting innovative products and services. With this backdrop, it is necessary to know the impact of liberalisation on life insurance business.

For this purpose “Impact of Liberalisation on the Business of Life Insurance” topic has selected for the purpose of research so that it can be understood that how the business of life insurance has been affected.
CONCEPT OF INSURANCE

In our daily life, whenever there is uncertainty there is an involvement of risk. The instinct of security against such risk is one of the basic motivating forces for determining human attitudes. As a sequel to this quest for security, the concept of insurance came into existence. The urge to provide insurance or protection against the loss of life and property promoted people to make some sort of sacrifice willingly in order to achieve security through collective co-operation. In this sense, the story of insurance is probably as old as the story of mankind.

The slogan of LIC is "Yogakshemam Vahamyaham" which means, "Your welfare is our responsibility". The slogan is derive from the Ancient Hindu scripture- the Bhagavad Gita. Its literal translation from Sanskrit to English is "I carry what you require". The slogan can see in the logo, written in Devanagari script.

The story of insurance is probably as old as the story of humankind. The same instinct that prompts modern businesspersons today to secure themselves against loss and disaster existed in primitive men also. They too sought to avert the evil consequences of fire and flood and loss of life and were willing to make some sort of sacrifice in order to achieve security. Though the concept of insurance is largely a development of the recent past, particularly after the industrial era – past few centuries – yet its beginnings date back almost 6000 years.

The word "Fear" has four alphabets like adulation but both of them accept actual altered meaning. Whatever human being (male or female) does for the adulation of their families consistently starts with the accomplishments of fear. Generally so wealthy times we accept been allurement ourselves that, what will appear if we were not there, but we accumulate on allurement rather afresh accomplishing article for it. Time is precious, it never stops for any one and we are active in the apple of uncertainty; the ambiguity of job, money, acreage and like this the adventure goes connected for the accomplished life of a man.
Insurance is a benefit to business concerns. Insurance provides short term and long-term relief. The short-term relief is aimed at protecting the insured from loss of property and life by distributing the loss amongst large number of persons through the medium of professional risk bearers such as insurers. It enables a businessperson to face an unforeseen loss and, therefore, he need not be worried about the possible losses. The long-range object were being the economic and industrial growth of the country by making an investment of huge funds available with insurers in the organized industry and commerce.

An advancing insurance breadth is of basic accent to every forward-thinking economy. Firstly, because it encourages the habit of saving, secondly it provides an assurance net to rural and urban enterprises and advantageous individuals. In addition, conceivably best chiefly it generates long-appellation airy funds for basement building. The attributes of the insurance business is such that the banknote arrival of insurance companies is connected while the payout is deferred and accident related.

This adapted affection of their business makes insurance companies the bigger investors in long-gestation basement development projects in all Developed and ambitious nations. This is the best astute acumen why clandestine breadth (and foreign) companies, which will advance the insurance addiction in the civic and chump absorption are actively adapted in this basic breadth of the economy. Aperture up of insurance to clandestine breadth including adopted accord has resulted into assorted opportunities and challenges in India.

Insurance in India started without any regulation in the Nineteenth Century. It was a typical story of a colonial era: a few British insurance companies dominating the market serving mostly large urban centers. After the independence, it took a dramatic turn. Insurance was nationalizing. First, the life insurance company was nationalized in 1956, and then the general insurance business was nationalized in 1972.

Today, only one business, which affects all occupations, is insurance business. That is why insurance industry occupies a very important place

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among financial services operative in the world. Owing to growing complexity of life, trade and commerce, individuals as well as business firms are turning to insurance to manage various risks. Therefore, a proper knowledge of what insurance is and what purpose does it serve to individual or an organisation is therefore necessary.

Insurance is a mechanism that ensures an individual to thrive on adverse consequences by compensating the individual his/her loss financially. Every individual in this world is subjected to unforeseen and uncalled hazards or dangers, which may make him and his family vulnerable. At this place, only insurance helps them not only to survive but also recover their loss and continue their life in normal manner, which would otherwise be unthinkable.

As we, all know life is full of uncertainties, insurance is based on uncertainties, and if there are no uncertainties about the occurrence of a disaster, the concept of insurance will cease to exist. If we all are able to predict the future dangers correctly then we can take a safeguard action to move out of the danger but problem is that we cannot predict death, disaster and danger. All individuals as well as their tangible and intangible assets are exposed to all types of unforeseen risks. Thus, insurance is done against such possible contingencies to save the owner and his family from all sorts of sufferings by making good the losses of the unfortunate few, through the help of the fortunate many, who were exposed to the same risk, but saved from the misfortune. As insurance is a system of sharing risk that seems to be too great to be borne by one individual.

**DEFINITION OF INSURANCE**

The term insurance can be defined in financial as well as in legal terms. The financial definition deals with the funding or financial arrangement of the losses whereas the legal definition deals with provisions relating to legally enforceable contract.

“Impact of Liberalisation on the Business of Life Insurance”
• **Insurance in Financial Sense**

Insurance is a financial arrangement, which redistributes the costs of unexpected losses among the members of the pool. The pool is a collection of people facing common risks. All members contribute a fixed amount towards a pool called premium. In exchange for the premium payment, the person gets an assurance that a certain sum of money is to be paid to him on the happening of the event insured against. The assurance is that his loss will be made good. Thus, insurance involves the transfer of loss exposures to an insurance pool and the redistribution of losses among the members of the pool.

• **Insurance in Legal Sense**

Insurance can be defined as a contract between two parties by which one party undertakes to make good or indemnify any financial loss suffered by other party, in consideration of a sum of money, on the happening of a specified event e.g. fire, accident or death. We call the party agreeing to pay for the losses the insurer. We call the party whose loss makes the ‘insurer’ pay the claim the insured. We call the payment insured pays to the insurer the premium. We call the insurance contract a policy.

In the end we can sum up that insurance is a transfer of risk from the individual to the group and there is a sharing (pooling) of losses on some equitable basis such that accidental losses can be indemnified (paid).

• **General Insurance**

Prior to nationalization of General insurance industry in 1973 the GIC Act was passed in the Parliament in 1971, but it came into effect in 1973. There were 107 General insurance companies including branches of foreign companies operating in the country after nationalization, these companies were amalgamated and grouped into the following four subsidiaries of GIC such as National Insurance Co.Ltd., Calcutta; The New India Assurance Co. Ltd., Mumbai; The Oriental Insurance Co. Ltd., New Delhi and United India Insurance Co. Ltd., Chennai and Now delinked.
General insurance business in India is classified into fire, marine and miscellaneous GIC apart from directly handling Aviation and Reinsurance business administers the Comprehensive Crop Insurance Scheme, Personal Accident Insurance, Social Security Scheme etc. The GIC and its subsidiaries in keeping with the objective of nationalization to spread the message of insurance everywhere and to provide insurance protection to weaker section of the society are making efforts to design new covers and to popularize other non-traditional businesses.

- **Life Insurance**

Life insurance in particular provides protection to household against the risk of premature death of its income-earning member. Life insurance in modern times also provides protection against other life related risks such as that of longevity (i.e. risk of outliving of source of income) and risk of disabled and sickness (health insurance). The products provide for longevity are pensions and annuities (insurance against old age). Non-life insurance provides protection against accidents, property damage, theft and other liabilities. Non-life insurance contracts are typically shorter in duration as compared to life insurance contracts. The bundling together of risk coverage and saving is peculiar of life insurance. Life insurance provides both protection and investment.

**EMERGENCE OF INSURANCE ON GLOBAL SURFACE LEVEL**

The emergence of insurance why, when & where? Asked by several people, But no one could tell the exact fact about emergence of insurance. At present time, it can be said that the development of insurance took place with the development of human civilization. Because human always have gave importance to security and insurance as effective measures for protection about security.

India's ancient religious granth such as the “Rig Veda” and “Manusmarti” used word “Yogakshem” that means insurance. Therefore, we can say that
insurance was practiced in India from three to four thousand years back. Emergence of insurance gets as marine insurance at global surface.

- **Marine insurance**

  Marine insurance is the oldest form of insurance and many of the clauses modern day marine insurance is built on having roots from centuries ago. Its origins can be traced right back to ancient Rome, Greece & middle Ages in Europe and is considered the oldest form of insurance. However, it is more formally attributable to the fourteenth century when the powerful European city-states controlled much of the world’s trade. Generally, it is applicable to the risk associated with the movement of goods between ports.

  Its origination in Rhodes, having been “adopted by the commercial cities of Italy and by the towns of the Hanseatic League between the 12th and 14th centuries”, and reaching England by the 16th century.

  Lloyd's Coffee House in London was the main location for conducting this type of business. Seafaring men and merchants, engaged in foreign trade, who gathered to arrange “their mutual contracts of insurance against the sea”, developed much of marine insurance law and its governing customs there.

  Marine insurance is insurance which covers the loss from damage of ships, cargo, terminals, and any transport or cargo by which property is transferred, acquired, or held between the points of origin and final destination.

  Small to medium sized merchant ships, yachts, dinghies and fishing vessels all need insurance, and it is necessary when taking out insurance, operators and owners pay only what their own risk profile and individual performance requires.

  Marine insurance does not just cover water going vessels and/or cargo. UK marine insurance also provides cover for air and land cargo also.

  In the UK, marine insurance can point specifically to 1601 when a specialised chamber of assurance was separated from other courts. Gradually merchant law and common principles began merging especially in the mid 1700s under the auspices of Lord Mansfield, Lord Chief Justice. When
Lloyds of London was formed in 1688 an infrastructure of specialists was already forming and as the British Empire grew over the next 200 years, so did the needs of marine insurance.

Meanwhile, the first marine insurance company in the US was established in the 18th century to cover American clipper ships and their cargoes. Over time, the industry has developed into an assortment of broad property coverage’s, split between land risks (inland marine) and sea risks (ocean marine).

Until the 20th century, marine insurance traditionally did not cover a substantial number of risks, bestowing responsibility on owners of property to look after it themselves as per car accident-insurance policies. Now, ship owners can apply for comprehensive coverage which protects them against virtually all risks including “collision and running down” clauses, war-risk riders, protection and indemnity insurance.

Ship owners carry hull insurance on their own ships and protect themselves against claims by third parties in various ways. Should a ship or its cargo be damaged, the matter is settled between insurance carriers.

- **Fire insurance**

Fire insurance had started just after marine insurance. Present form of fire insurance started in the mid of 16 century in England after facing poor history with fire. There had been many severe fires over the years. In fact, when William the Conqueror took over in the early 11th Century, he was aghast at what he saw. Fires, sometimes-severe fires, were commonplace.

By the mid-1600s, London was a city ripe for a conflagration. Many of the buildings were built of wood, many of them old. Even many of the brick and stone buildings had thatched roofs.

By the time it was over, London was devastated. Four-fifths of the city lay in smoldering ashes. England's biggest city—containing roughly two-thirds of the wealth of the empire—was ruined. Over 13,000 buildings were destroyed, mostly homes but including many churches and commercial establishments. Fortunately, the death rate was amazingly small.
In the consequences of the Great Fire, a number of laws and ordinances were passed directly related to the fire that attempted to eliminate such devastation from future fires.

‘The following year, 1667, rising from the ashes of London like the mythical Phoenix bird, was the world's first insurance company.

By the time of the Great Fire, Nicholas Barbon, M.D., was a successful doctor but was already starting to make a name for himself as a prolific writer and economist. He got involved in the reconstruction of London. As he amassed, his own wealth—many of his writings had to do with wealth, value, and similar topics—he began to worry that his wealth was tied up in property that could burn in another fire.

In the year following the fire, 1667, Dr. Barbon was instrumental in forming the first actual insurance company. It was known as "The Insurance Office" and was located in a small office behind London's Royal Exchange (stock market). Other insurance companies followed. They had names like the Friendly Society and the Hand-in-Hand, and they employed their own fire departments.

Nobody is exactly sure about what happened to the first insurance company, The Insurance Office, but it eventually went out of business. The oldest documented insurance company today dates back to 1710. Originally known as the Sun Fire Office, it started not all that long after the original Fire Office, and probably while the first was still in business. The Sun Fire Office, through many mergers and acquisitions, is known today as Royal & Sun Alliance, Britain's largest insurance company.

In nineteen century, many fire insurance companies were established .In twentieth century many more developments done in fire insurance sector.

- **Life insurance**

  Life insurance as we know it however; started in the city of Rome. The people of this highly advanced civilization decided to form what they called "burial clubs".
The concept of life insurance as they knew it ended dramatically in the year 450 A.D. when the Roman Empire fell and its practices were abandoned for a long period. It is also important to highlight that many historians agree that about at the same time of Rome, the Indian Empire and its citizens also formed "burial clubs" in order to pay for funerals and help people with expenses. A clue of this according to the Financial Shopper Network is that the "Yogakshem” the name of Life Insurance Corporation of Indian's Corporate Headquarters" refers to the Vedas.

Modern life insurance however did not start until the British decided to try to make it work. The practice of life insurance was banded in the entire continent of Europe except for England and it was exactly the British that started the most prominent life insurance companies known to the European countries today. It was in the middle of the 17th century that in the streets of London, England a group of people met together at Lloyd's Coffee house and decided to come up with life insurance ideas.

The first life insurance company in American soil was founded in the Southern Colony of Charleston, South Carolina in the year 1735. After this more and more life insurance, companies started coming about and in the 1900's business really grew. People wanted to be protected in case of an accidental death.

The 1900's proved to be an era of growth for the life insurance industry. Two wars went on and many people decided to insure themselves to establish a secure monetary future for their families.

People decided that not having protection was not worth it and that a little premium each month was better than leaving their families in economic burden.

As you can see, the market right now is on boom and there are many life insurance companies coming to life. Who knows what will happen in the future, but as of now customer should be happy with their options and that they can choose from the thousands of companies.
• **Sundry Insurance**

The sundry insurance includes liability insurance and other forms of insurance. Fire and marine insurances are included property insurance. Motor, theft, fidelity and machine insurances include the extent of liability insurance to a certain extent.

**CLASSIFICATION OF INSURANCE**

The insurance can be classified from two angles: first, from the business point of view and the second, from the risk point of view.

**A). Business Point Of View**

The insurance from business point of view can be categorised into: (1) Life Insurance, (2) General Insurance, and (3) Social Insurance.

**(1) Life Insurance**

Life Insurance is different from other insurance in the sense that, here, the subject matter of insurance is life of human being. The insurer will pay the fixed amount of insurance at the time of death or at the expiry of certain period. At present, life insurance enjoys maximum scope because the life is the most important property of the society or an individual. Every person requires the insurance. This insurance provides protection to the family at the premature death or gives adequate amount at the old age when earning capacities are reduced. Under personal insurance, a payment is made at the accident. The insurance is not only a protection but is a sort of investment because a certain sum is returnable to the insured at the death or at the expiry of a period.

The business of life insurance is wholly done by the Life Insurance Corporation of India.

Types of insurance plans offered in our country:

- Term assurance plans
- Whole life plans
- Endowment assurance plans
- Assurances for children
- Family income policy
- Life annuity Joint life assurance
- Pension plans
- Unit linked plan
- Policy for maintenance of handicapped dependent
- Endowment policies with health insurance benefits

(2) General Insurance

The general insurance includes property insurance, liability insurance and other forms of insurance. Fire and marine insurances are strictly called property insurance. Motor, theft, fidelity and machine insurances include the extent of liability insurance to a certain extent. The strictest form of liability insurance is fidelity insurance, whereby the insurer compensates the loss to the insured when he is under the liability of payment to the third party.

Types of insurance policies available are:
- Health insurance
- Medi-claim policy
- Personal accident policy
- Group insurance policy
- Automobile insurance
- Worker’s compensation
- Liability insurance
- Aviation insurance
- Business insurance
- Fire insurance policy
- Travel insurance policy

(3) Social Insurance

The social insurance is to provide protection to the weaker section of the society who is unable to pay the premium for adequate insurance. Pension plans, disability benefits, unemployment benefits, sickness insurance and industrial insurance are the various forms of social insurance. With the increase of the
socialistic ideas, the social insurance is an obligatory duty of the nation. The Government of a country must provide social insurance to its masses.

KINDS OF INSURANCE FROM RISK POINT OF VIEW

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B). Risk Point Of View

Insurance is classified into personal, property, liability and other form from high point of view

1. Personal Insurance

The personal insurance includes insurance of human life which may suffer loss due to death, accident and disease. Therefore, the personal insurance is further sub-classified into life insurance, personal accident insurance and health insurance.

2. Property Insurance

The property of an individual and of the society is insured against the loss of fire and marine perils, the crop is insured against unexpected decline in production, unexpected death of the animals engaged in business, break-down of machines, damage to property at accident and theft of the property and goods.

Examples of this are:

- Home insurance
- Business insurance
- Commercial insurance

(a) Marine Insurance. Marine insurance provides protection against loss of marine perils. The marine perils are collision with rock, or ship attacks by enemies, fire and capture by pirates, etc. These perils cause damage, destruction or disappearance of the ship and cargo and non-payment of freight. So, marine insurance insures ship (Hull), cargo and freight. Previously only certain nominal risks were insured but now the scope of marine insurance had been divided into two parts: (i) Ocean Marine Insurance and (ii) Inland Marine Insurance. The former insures only the marine perils while the latter covers inland peril, which may arise with the delivery of cargo (goods) from the godown of the insured and may extend up to the receipt of the cargo by the buyer (importer) at his godown.

Types of policies are:
- Voyage policies
- Time policies
- Valued policies
- Hull insurance
- Cargo insurance
- Freight insurance

(b) Fire Insurance. Fire insurance covers risks of fire. In the absence of fire insurance, the fire waste will increase not only to the individual but to the society as well. With the help of fire insurance, the losses, arising due to fire are compensated and the society is not losing much. The individual is protected from such losses and his property, business, or industry will remain approximately in the same position in which it was before the loss. The fire insurance does not protect only losses but it provides certain consequential losses also. War risk, turmoil, riots, etc., can be insured under this insurance, too. Policies available in this insurance are:
- Consequential loss policy
- Comprehensive policy
- Valued policy
- Valuable policy
- Floating policy
- Average policy

(c) Miscellaneous Insurance. The Property, goods, machine, furniture, automobile, valuable articles, etc., can be insured against the damage or destruction due to accident or disappearance due to theft. There are different forms of insurances for each type of the said property whereby not only property insurance exists but liability insurance and personal injuries are also insured. Miscellaneous insurance covers:

- Motor
- Disability
- Engineering and aviation risks
- Credit insurance
- Construction risks
- Money insurance
- Burglary and theft insurance
- All risks insurance

3. Liability Insurance

The general insurance also includes liability insurance whereby the insured is liable to pay the damage of property or to compensate the loss of personal injury or death. This insurance is seen in the form of fidelity insurance, automobile insurance and machine insurance, etc. Examples are:

- Third party insurance
- Employees insurance
- Reinsurance

4. Other Forms/Guarantee Insurance

Besides the property and liability insurances, there are certain other insurances which are included under general insurance. The guarantee insurance covers the loss arising due to dishonesty, disappearance and disloyalty of the employers or
second. The party must be a party of the contract. His failure causes loss to the first party. For example, in export insurance, the insurer will compensate the loss at the failure of the importers to pay the amount of debt, State employees insurance, etc., whereby the insurer guarantees to pay certain amount at the certain events. This insurance is extending rapidly these days. Examples are:

- Fiduciary insurance
- Credit insurance
- Privilege insurance

EMERGENCE OF INSURANCE BUSINESS IN INDIA

India's ancient religious granth such as the “Rig Veda” and “Manusmarti” used word “Yogakshem” that means insurance. Therefore, we can say that insurance practiced in India from three to four thousand years back.

Pre-Liberalisation

The Indian Insurance Industry is as old as it is in any other part of the world. There were a number of foreign and Indian insurers operating in the Indian market. Regulations were passed to regulate the Indian insurers but not the foreign companies providing insurance services in India.

Life insurance in the modern form was first set up in India through a British company called the Oriental Life Insurance Company in 1818 followed by the Bombay Assurance Company in 1823 and the Madras Equitable Life Insurance Society in 1829.

All the insurance companies established during that period were brought up with the purpose of looking after the needs of European community and these companies were not insuring Indian natives. Some of the companies that started later did provide insurance for Indians. However, they were treated as “substandard" and therefore had to pay an extra premium of 20% or more.

However, later with the efforts of eminent people like Babu Muttyylal Seal, the foreign life insurance companies started insuring Indian lives. However, 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 companies came into existence to carry the message of insurance and social security through insurance to various sectors of society. Bharat Insurance Company (1896) was also one of such companies inspired by nationalism.

The first general insurance company, Triton Insurance Company Ltd., was established in 1850, when Triton Insurance Company set up its base in Kolkata. It was owned and operated by the British.

The Swadeshi movement of 1905-1907 gave rise to more insurance companies. The United India in Madras, National Indian and National Insurance in Calcutta and the Co-operative Assurance at Lahore were established in 1906. In 1907, Hindustan Co-operative Insurance Company took its birth in one of the rooms of the Jorasanko, house of the great poet Rabindranath Tagore, in Calcutta. The Indian Mercantile, General Assurance and Swadeshi Life (later Bombay Life) were some of the companies established during the same period. Prior to 1912, India had no legislation to regulate insurance business. In the year 1912, the Life Insurance Companies Act, and the Provident Fund Act were passed. An actuary should certify the Life Insurance Companies Act, 1912 made it necessary that the premium rate tables and periodical valuations of companies. However, the Act discriminated between foreign and Indian companies on many accounts, putting the Indian companies at a disadvantage.

The first two decades of the twentieth century saw lot of growth in insurance business. From 44 companies with total business-in-force as Rs.22.44 crore, it rose to 176 companies with total business-in-force as Rs.298 crore in 1938.

During the mushrooming of insurance companies many, financially unsound concerns were also floated which failed miserably. 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. The

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demand for nationalization of life insurance industry was made 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.

Life Insurance was the first to be nationalized in 1956. Life Insurance
Corporation of India was formed by consolidating the operations of various
insurance companies.

However, it was much later on 19 January 1956 that life insurance in
India was nationalized. About 154 Indian insurance companies, 16 non-Indian
companies and 75 provident were operating in India at the time of
nationalization. Most of these companies were centered in the cities
-especially around big cities like Bombay, Calcutta, Delhi and Madras). Then
finance minister S. D. Deshmukh announced nationalization of the life
insurance business.

Nationalization was accomplished in two stages; initially the
management of the companies was taken over by means of an Ordinance, and
later, the ownership too by means of a comprehensive bill. The Parliament of
India passed the Life Insurance Corporation Act on 19 June 1956. the Life
Insurance Corporation of India was created on 1st September, 1956, with the
objective of spreading life insurance much more widely and in particular to
the rural areas with a view to reach all insurable persons in the country,
providing them adequate financial cover at a reasonable cost.

LIC had 5 zonal offices, 33 divisional offices and 212 branch offices,
apart from its corporate office in the year 1956. Since life insurance contracts
are long-term contracts and during the currency of the policy it requires a
variety of services need was felt in the later years to expand the operations
and place a branch office at each district headquarter. Re-organization of LIC
took place and large numbers of new branch offices were opened. Because of
re-organisation, servicing functions were transferred to the branches, and
branches were made accounting units. It worked wonders with the
performance of the corporation.
General Insurance followed suit and was nationalized in 1973. General Insurance Corporation of India was set up as controlling body with New India, United India, National and Oriental as its subsidiaries.

With the Government of India implementing the New Industrial Policy in 1991, under which the Indian economy is opened up to foreign investment, sectors such as banking and finance were reformed. The liberalisation of the Indian economy also forced policymakers to review the policies governing the Indian Life insurance industry.

The processes of opening up the insurance sector were initiated against the background of Economic Reform process, which commenced from 1991.

With such a large population and the untapped market area of this population, Insurance happens to be a very big opportunity in India.

In spite of all this growth, the statistics of the penetration of the insurance in the country is very poor. Nearly 80% of Indian populations are without Life insurance cover and the Health insurance. This is an indicator that growth potential for the insurance sector is huge in India. It was due to this huge growth that the regulations introduced in the insurance sector and in continuation; the government in Apr 1993 the government of India appointed the Malhotra Committee on Reforms in the Insurance Sector.

The Committee, which submitted its report in Jan 94, recommended that the insurance sector in India opened to private players. It was felt that customer service, insurance coverage and allocation of resources needed to be improved within the industry. In addition, more innovative products were needed to suit varied customer needs and to change the attitude of people towards insurance. Opening up the insurance sector resulted in the passage of two legislatures. These were the Insurance Regulatory and Development Authority (IRDA) Act in 1999, which would make IRDA the statutory regulatory body and amendment of the LIC and GIC Acts, which would end their respective monopolies. With the passage of the IRDA Act, the Indian Life insurance industry was liberalized in 2000 with the aim of increasing competition in the industry and to tap the vast potential it provided.
Resultantly Indian Insurance was opened for private companies and Private Insurance Company effectively started operations from 2001.

The key element of the reform process was Participation of overseas insurance companies with 26% capital. Creating a more efficient and competitive financial system suitable for the requirements of the economy was the main idea behind this reform.

**Post liberalisation:**

Today LIC functions with 2048 fully computerized branch offices, 109 divisional offices, 8 zonal offices, 992 satellite offices and the corporate office. LIC’s Wide Area Network covers 109 divisional offices and connects all the branches through a Metro Area Network. LIC has tied up with some Banks and Service providers to offer on-line premium collection facility in selected cities. LIC’s ECS and ATM premium payment facility is an addition to customer convenience. Apart from on-line Kiosks and IVRS, Info Centre’s have been commissioned at Mumbai, Ahmadabad, Bangalore, Chennai, Hyderabad, Kolkata, New Delhi, Pune and many other cities. A vision of providing easy access to its policyholders, LIC has launched its SATELLITE SAMPARK offices. The satellite offices are smaller, leaner and closer to the customers. The digitalized records of the satellite offices will facilitate anywhere servicing and many other conveniences in the future.

LIC continues to be the dominant life insurer even in the liberalized scenario of Indian insurance and is moving fast on a new growth trajectory surpassing its own past records. LIC has issued over one crore policies during the year 2005. It has crossed the milestone of issuing 1,01,32,955 new policies by 15th Oct, 2005, posting a healthy growth rate of 16.67% over the corresponding period of the previous year.

From then to now, LIC has crossed many milestones and has set unprecedented performance records in various aspects of life insurance business. The same motives, which inspired our ancestors to bring insurance into existence in this country, inspire us at LIC to take this message of

“Impact of Liberalisation on the Business of Life Insurance”
protection to light the lamps of security in as many homes as possible and to help the people in providing security to their families.

Since then the insurance industry has gone through many sea changes. The competition LIC started facing from these companies were threatening to the existence of LIC. Since the liberalization of the industry the insurance industry has never looked back and today stand as the one of the most competitive and exploring industry in India. The entry of the private players and the increased use of the new distribution are in the limelight today. The use of new distribution techniques and the IT tools has increased the scope of the industry in the longer run.

MILESTONES OF INSURANCE REGULATIONS IN THE 20TH CENTURY

- 1912 The Indian Life Insurance Company Act
- 1938 The Insurance Act: Comprehensive Act to regulate insurance business in India
- 1956 Nationalization of life insurance business in India
- 1972 Nationalization of general insurance business in India
- 1993 Setting up of Malhotra Committee
- 1994 Recommendations of Malhotra Committee
- 1995 Setting up of Mukherjee Committee
- 1996 Setting up of (interim) Insurance Regulatory Authority (IRA) Recommendations of the IRA
- 1997 Mukherjee Committee Report submitted but not made public
- 1997 The Government gives greater autonomy to LIC, GIC and its subsidiaries with regard to the restructuring of boards and flexibility in investment norms aimed at channeling funds to the infrastructure sector
- 1998 The cabinet decides to allow 40% foreign equity in private insurance companies-26% to foreign companies and 14% to NRI’s, OCB’s and FII’s
• 1999 The Standing Committee headed by Murali Deora decides that foreign equity in private insurance should be limited to 26%. The IRA bill is renamed the Insurance Regulatory and Development Authority (IRDA) Bill.
• 1999 Cabinet clears IRDA Bill
• 2000 President Gives Assent to the IRDA Bill

Sources: Various

**MILESTONES IN THE GENERAL INSURANCE BUSINESS IN INDIA ARE:**

**The General Insurance Business,** 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.

• **1907:** The Indian Mercantile Insurance Ltd. set up, the first company to transact all classes of general insurance business.
• **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.
• **1972:** The General Insurance Business (Nationalisation) Act, 1972 nationalised 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.
MILESTONES IN THE LIFE INSURANCE BUSINESS IN INDIA ARE:

- **1818**: Oriental Life Insurance Company, the first life insurance company on Indian soil started functioning.
- **1870**: Bombay Mutual Life Assurance Society, the first Indian life insurance company started its business.
- **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 are taken over by the central government and nationalised. LIC formed by an Act of Parliament, viz. LIC Act, 1956, with a capital contribution of Rs. 5 crore from the Government of India.

PRE-REQUISITION STEPS FOR NATIONALISATION OF LIFE INSURANCE

The nationalisation of life insurance is an important step in our march towards a socialist society. Its objective will be to serve the individual as well as the state. We require life insurance to spread rapidly all over the country and to bring a measure of security to our people. – Jawaharlal Nehru (refer. Nehru’s views on nationalisation of life insurance in the parliament)

Life insurance offices other than those of Indian insurers were of several types, and of these, the most important group was constituted by non-Indian life offices. Then there were provident societies, which were set up with the view to sell life insurance policies of small amounts to persons of small means.
Together, the three life offices were transacted on an average Rs 160 crore of business. But the bulk of business was conducted by Indian insurers (88.3%, 1946-1955, post war). Of the 236 life offices operating in the country in 1955, not less than 149 were Indian insurers. Non-Indian offices were only 16(Sixteen).

The relatively unimportant position occupied by non-Indian insurers in the life insurance market of the country around 1955 is attributed to the passing of the Indian Insurance Act of 1938, which necessitated reorganisation and overhauling of life insurance offices. World War II also resulted in the withdrawal of a large number of foreign life insurers from the Indian market.

By the end of 1955, life insurance touched only a fringe of the urban population. The immense benefits of modern concepts of life insurance remained largely unknown to the large sections of the people and thus the country did not derive full benefit from the system. The shortcomings noticed in the insurance business were due to the unprincipled business practices of some insurance business magnates. In addition, a large number of foreign insurers charged a much higher premium compared to the Indian insurers, thus catering to only the higher income groups. It is believed that insurance is a type of business that ought never to fail if it is properly run. But it was found that during the decade 1945-1955, as many as 25 life insurance companies went into liquidation and another 25 had so frittered away their resources that their business had to be transferred to other companies at a loss to the policyholders’ savings. Hence, effective mobilisation of people’s savings was given as one of the major reasons for nationalisation as a nation’s savings are the prime mover of its economic development.

The amount of capital required for starting or running an insurance company is extremely small as compared to the total life fund that it may come to control. Once, however the control is secured, the tendency frequently has been to utilise the funds to meet the capital requirements of enterprises in which the companies are interested rather than those which are
clearly in the interests of policyholders. This was another reason ascribed for the nationalisation of the insurance sector.

There were many small units that were rendered insolvent, which was revealed by their valuation-deficits and they eventually found it difficult to meet claims on matured policies. In such a situation, they either sought absorption with some other company or went into liquidation. In the period 1950-1954, 43 life offices exited from the business. This can be partly ascribed to the amendment Act of 1950, which necessitated reorganisation and control on expenses.

Moving the life insurance (emergency provisions) Bill 1956 in the Lok Sabha on 29th February 1956, the then Finance Minister, C D Deshmukh, stated as follows:

Insurance is an essential social service, which a welfare state must make available to its people, and the State must assume responsibility for rendering this service once it cannot be provided in any other manner. So while it is the failure of the general run of insurance companies to live up to the high traditions demanded of them that have led the Government to take this step. I would like to emphasise that nationalisation in this field is in itself justifiable. With the profit motive eliminated, and the efficiency of service made the sole criterion under nationalisation, it will be possible to spread message of insurance as far wide as possible, reaching out beyond the more advanced urban areas and into hitherto neglected, namely, rural areas.

The Finance Minister had also revealed that the Govt. had taken up the investigation of the functioning of the Life Insurance Industry in the private sector sometime in 1951. He said that the industry was not playing the role expected of insurance in the modern times and efforts at improving the standards are needed. Commenting on the dismal performance of the insurance companies, he said that there were extravagant expenses incurred by the private insurers. He said that the ratio of expenses of management to premium income for Indian insurers was 27%. Even statutory imposition of expense limits had failed to check extravagant expenditure. On the point of
policy servicing, he said that with all this high expenditure, one would expect that policyholders have been well served, but here also the record was not good. Post-sale services did not exist and lapses continued to be high.

He also pointed out that there was a large-scale fraudulent-investment resorted to by the various companies with a view to divert the funds to some other purposes. He said that the kind of mismanagement and outright frauds indulged in by the private companies had pushed as many as 25 insurance companies into liquidation during the decade 1944 to 1954. Among the companies carrying on the business, as many as 75 were unable to declare any bonus at their valuations. Besides, Shri Deshmukh said that the insurance companies remained confined to urban areas and the creamy layers of the insuring public totally neglecting the ordinary people and the rural area. As regards settlement of claims, he said that many companies systematically postponed or avoided payment of claim until, of course, forced by the legal means. In 1954, the Government alleging delays and non-payment of claims received a thousand complaints. A number of complaints were referred to the Controller of Insurance under Sec. 47A of Insurance Act, 1938. In most of the cases, it was found that the insurance companies were wrong and there were clear attempts to defraud the insuring public.

Therefore, it was felt that in India, the private insurance companies had failed to live up to the expectations of the insuring public.

**REASON FOR NATIONALISATION OF LIFE INSURANCE**

The nationalization of life insurance was justified mainly on three counts.

1. It was perceived that private companies would not promote insurance in rural areas.
2. The Government would be in a better position to channel resources for saving and investment by taking over the business of life insurance.
3. Bankruptcies of life insurance companies had become a big problem (at the time of takeover, 25 insurance companies were already bankrupt and another 25 were on the verge of bankruptcy).

The experience of the next four decades would temper these views.
ESTABLISHMENT OF LIFE INSURANCE CORPORATION OF INDIA (LIC)

Life Insurance Corporation of India (LIC) is the largest insurance group and investment company in India. It’s a state-owned where Government of India has 100 % stake. LIC also funds close to 24.6 % of the Indian Government's expenses.

The establishment of Life Insurance Corporation is an important step in our march towards a socialist society. Its objective will be to serve the individual as well as the state. “We require life insurance to spread rapidly all over the country and to bring a measure of security to our people” – Jawaharlal Nehru on 24 August 1956

The first step towards life insurance was taken on 19 January 1956 by the promulgation of the Life Insurance (Emergency Provisions) Ordinance, 1956. In terms of this Ordinance, the management of the ‘controlled business’ of insurers was vested in the central government. The period between 19 January 1956 and 31 August 1956 was utilised as a period of preparation to facilitate the subsequent integration of the various insurers into a single State-owned Corporation.

The original capital of the Corporation shall be five crores of rupees provided by the Central Government after due appropriation made by Parliament by law for the purpose, and the terms and conditions relating to the provision of such capital shall be such as may be determined by the Central Government.

An Act of Parliament, viz., Life Insurance Corporation Act, 1956, with capital contribution from the Government of India, formed Life Insurance Corporation of India (LIC) in September 1956. The then Finance Minister, Shri C.D. Deshmukh, while piloting the bill, outlined the objectives of LIC thus:
- To conduct the business with the utmost economy, in a spirit of trusteeship;
- To charge premium no higher than warranted by strict actuarial considerations;
- To invest the funds for obtaining maximum yield for the policy holders consistent with safety of the capital;
- To render prompt and efficient service to policy holders, thereby making insurance widely popular.

Before nationalisation, the insurance industry was organised into 243 autonomous units, each with its own separate administrative structure of office and field staff, its own separate set of agents and of medical examiners. Their offices concentrated in the large cities and their field of operation was confined to the major urban areas. Out of 145 Indian insurance companies, 103 companies had their head offices in the four cities of Bombay, Calcutta, Delhi and Madras.

When the Corporation was constituted on 1 September 1956, it integrated into one organisation, the controlled business of 243 different units, Indian and foreign, which were engaged in the transaction of life insurance business in India.

The total assets of the above 243 units as on 31 August 1956 were about Rs 4,110 million and the total number of policies in force was over five million assuring a total sum of more than Rs 12,500 million. These figures give a broad idea of the magnitude of the problem involved in setting up an integrated structure.

When parliament set up LIC as a monopolistic public undertaking, it was argued and believed that elimination of competition and the malpractice that competition has given rise to, would lead to:

a) Better and more economical management of the Business of life insurance.
b) Reduction in administrative expenses.
c) Improvement in the quality of service.
d) Increase in volume of business.
e) Maximization of social advantages that insurance can provide through higher returns on investments of life fund, consistent with safety and liquidity of the invested funds.

f) Subject to the rules, if any, made by the Central Government in this behalf, it shall be the general duty of the Corporation to carry on life insurance business, whether in or outside India, and the Corporation shall so exercise its powers under this Act as to secure that life insurance business is developed to the best advantage of the community.

g) Without prejudice to the generality of the provisions contained in sub-section (1) but subject to the other provisions contained in this Act, the Corporation shall have power-

i. to carry on capital redemption business, annuity certain business or reinsurance business in so far as such reinsurance business appertains to life insurance business.

ii. subject to the rules, if any, made by the Central Government in this behalf, to invest the funds of the Corporation in such manner as the Corporation may think fit and to take all such steps as may be necessary or expedient for the protection or realisation of any investment; including the taking over of and administering and property offered as security for the investment until a suitable opportunity arises for its disposal;

iii. To acquire, hold and dispose of any property for the purpose of its business.

iv. To transfer the whole or any part of the life insurance business carried on outside India to any other person or persons, if in the interests of the Corporation it is expedient so to do.

v. To advance or lend money upon the security of any movable or immovable property or otherwise;

vi. To borrow or raise any money in such manner and upon such security as the Corporation may think fit;
vii. To carry on either by itself or through any subsidiary any other
business in any case where such other business was being carried on by a
subsidiary of any insurer whose controlled business has been transferred
to and vested in the Corporation under Act;
viii. To carry on any other business which may seem to the Corporation to
be capable of being conveniently carried on in connection with its
business and calculated directly or indirectly to render profitable the
business of the Corporation;
ix. To do all such things as may be incidental or conducive to the proper
exercise of any of the powers of the Corporation.

(h) In the discharge of any of its functions the Corporation shall act so far as
may be on business principles.

The Corporation had an Executive Committee consisting of the
Chairman, two Managing Directors and two other Members of the
Corporation. There was also an Investment Committee consisting of the
Chairman, a Functional Director, and five other persons, to advise the
corporation in matters referred to it relating to the investment of its funds.

The whole country had been divided into five zones and the zonal head
offices were located at Bombay, Calcutta, Madras, Delhi and Kanpur. The
Central Office of the Corporation was located at Bombay. Every full-time
employee of the insurers whose business was transferred to and was vested in
the Corporation became an employee of the Corporation. They held the same
positions at the same remuneration, upon the same terms and conditions and
with the same rights and privileges as before. The Corporation was required,
once at least in every two years, to cause an investigation to be made by
actuaries into the financial condition of the business of the Corporation,
including a valuation of its liabilities, and submit the report to the Central
Government.
LIFE INSURANCE CORPORATION OF INDIA

The Life Insurance Corporation (LIC) was established in India with a view to provide an insurance to cover against various risks in life. A monolith then, the corporation, enjoyed a monopoly status and became synonymous with life insurance. Its main asset is its staff strength of 1.24 lakh employees and 2,048 branches and over six-lakh agency force.

At the apex, are the Management Development Institute, seven Zonal Training Centers and 35 Sales Training Centers. LIC of India is one of India’s leading financial institutions, offering complete financial solutions that encompass every sphere of life. From commercial banking to stock broking to mutual funds to life insurance to investment banking, the group caters to the financial needs of individuals and corporate. The LIC has a net of over Rs. 1800 crore. With a presence in 82 cities in India and it services a customer base of over 2000000.

At the industry level, along with the Government and the GIC, it has helped establish the National Insurance Academy. It presently transacts individual life insurance businesses, group insurance businesses, social security schemes and pensions, grants housing loans through its subsidiary; and markets savings and investment products through its mutual fund. It pays off about Rs 6,000 crore annually to 5.6 million policyholders.

LIC was established with the objectives of spreading Life Insurance widely, in particular to the rural areas, meeting the various life insurance needs of the community that would arise in the changing social and economic environment.

Organizational Structure of LIC

The organization is the form having independent or co-ordinate parts for unit action for the accomplishment of common objectives. As such, the organization relating to insurance business is a form having different functional divisional units with the ultimate aim of providing effective services to the customers of the insurance products. An effective organization is essential to share information and effectively execute the managerial
decisions. The organizational structure differs for different types of business. The organization structure of the business organization is based on the objectives or mission. The organization should be structured with an aim to coordinate, not only with internal managers or groups, but also with the external world, the customers, authorities and other persons directly or indirectly interested in it.

The insurance business is concerned with the functions of marketing of insurance products and its related functions like premium collections and premium fixings, accepting the insurance proposals, issuing policy documents, maintain records relating to the policies issued everyday in chronological order, and payment of claims. The claims department is associated with the receipt of claims and arrangement of claims investigations. After it has decided whether to make payment to the assured or to defer it, the insurance company may seek guidance from the panel of advocates. The insurance companies need to protect the company from the claims litigations of the clients by defending the claims in the courts and supervise other alternative dispute resolutions. Thus, the insurance organization is associated with the marketing of policies, underwriting of policies, claims payment, claims defending and stiff matters. The delegation of duties to each unit with well-defined limitations, responsibilities and decision-making are all related to the organizational structure and management.

**Basic function structure of LIC**

Today, most of the functions nearly 90%, related to the marketing and other related activities of the insurance consumers are dealt and handled at the branch level. A manager heads the branch office, depending upon its business, and each function of insurance business like marketing, underwriting of policies, accounts, claims payments, staff and administration matters are identified as departments of the branch office with responsible officials such as Administration and Accounts Officers (AAO).

“Impact of Liberalisation on the Business of Life Insurance”
The managerial decisions are based on the information supplied by the Administration and Accounts Officers (AAO), the functional head at root level. All the functions of claims will be settled at the branch level. The AAO of life insurance business will deal with maturity and death claims. If the branch is smaller, all the types of claims will be dealt by one AAO and if the branch is bigger with good number of claims, separate officials will settle them. At branch level, these officials have to maintain cordial relations and establish a system of sharing information with the other departments, relating to the policy documents, payment of premium and using the staff or the agents for the settlement of claims disputes. The branches maintain the records relating to the claims payment and claims rejections. They will submit the reports to the Zonal Officer, who in turn will forward it to the Head Office or Corporate Office.

The branches report to their respective divisional office. If any branch gets a claim and there is a problem in identifying the correct claimant among the claimants, or otherwise a dispute of risk crops up, which will be forwarded to the divisional office with its comments. The divisional office after receiving the papers, verifies them, applies legal knowledge and skills, or seeks advice from skilled persons and tries to solve the problems. The divisional office is responsible to settle the claims referred by the branch office and report the same to the zonal office, which in turn will consolidate the data and submit the same as required by the statute or otherwise under any law to the government. The government will put the same for the approval of the both the houses.

At the division office level, the claims department generally deals with the claims, which are pending with the branches because of some disputes, or some claims which are of high value. The investment portfolio and establishment and maintenance of reserves for the purpose of claims payment or otherwise required under the law is the important function of the central office. Thus the organizational structure of the insurance business is most flexible and decided, based on the above said factors.
The Life Insurance Corporation of India popularly known as “LIC of India” is the largest life insurance company in India and the country’s largest investor. It is Government of India owned organisation.

LIC had 5 zonal offices, 33 divisional offices and 212 branch offices, apart from its corporate office in the year 1956.

Since nationalisation, Today LIC functions with 2048 fully computerized branch offices, 109 divisional offices, 8 zonal offices, 992 satellite offices, and corporate office and employs over 1 million agents. It also operates in 12 other countries, primarily to cater to the needs of Non Resident Indians.

**LIC AND ITS SUBSIDIARIES:**

The Life Insurance Corporation of India also transacts business abroad and has offices in Fiji, Mauritius and United Kingdom. Life Insurance Corporation of India International : This is a joint venture offshore company promoted by LIC which commenced operations in July, 1989 with the objectives of offering US$ to cater to the insurance needs of NRIs and providing insurance services to holders of LIC policies currently residing in the Gulf. LIC International operates in all GCC countries.

LIC is associated with joint ventures abroad in the field of insurance, namely, Ken-India Assurance Company Limited, Nairobi; United Oriental Assurance Company Limited, Kuala Lumpur and Life Insurance Corporation (International) E.C. Bahrain. The Corporation has registered a joint venture company in 26th December, 2000 in Kathmandu, Nepal by the name of Life Insurance Corporation (Nepal) Limited in collaboration with Vishal Group Limited, a local industrial Group. An offshore company L.I.C. (Mauritius) Offshore Limited has also been set up in 2001 to tap the African insurance market.

- LIC Nepal: A joint venture company formed in 2001 with the Vishal Group of Industries, Nepal.
- LIC Housing Finance: Incorporated in 19 June 1989, its main objective is to provide long-term finance for construction or purchase of houses or apartments. It has a Dubai office.
- LIC Housing Finance: Incorporated in 19 June 1989, its main objective is to provide long-term finance for construction or purchase of houses or apartments. It has a Dubai office.
- LICHFL Care Homes: A wholly owned subsidiary of LIC Housing Finance, it builds and operates “Assisted Community Living Centers” for senior citizens.

**Organizational Structure of LICI:**

![Organizational Structure Diagram]

**Some Areas of Future Growth in insurance sector**

- **Life Insurance**
  The traditional life insurance business for the LIC has been a little more than a savings policy. Term life (where the insurance company pays a predetermined amount if the policyholder dies within a given time but it pays nothing if the policyholder does not die) has accounted for less than 2% of the insurance premium of the LIC (Mitra and Nayak, 2001). For the new life insurance companies, term life policies would be the main line of business.

- **Health Insurance**
  Health insurance expenditure in India is roughly 6% of GDP, much higher than most other countries with the same level of economic development. Of that, 4.7% is private and the rest is public. What is even more striking is that 4.5% are out of pocket expenditure (Berman, 1996). There has been an almost total failure of the public health care system in India. This creates an opportunity for the new insurance companies.
Thus, private insurance companies will be able to sell health insurance to a vast number of families who would like to have health care cover but do not have it.

- **Pension**

  The pension system in India is in its infancy. There are generally three forms of plans: provident funds, gratuities and pension funds. Most of the pension schemes are confined to government employees (and some large companies). The vast majority of workers are in the informal sector. As a result, most workers do not have any retirement benefits to fall back on after retirement. Total assets of all pension plans in India are less than USD 40 billion.

  Therefore, there is a huge scope for the development of pension funds in India. The finance minister of India has repeatedly asserted that a Latin American style reform of the privatized pension system in India would be welcome (Roy, 1997). Given all the pros and cons, it is not clear whether such a wholesale privatization would really benefit India or not (Sinha, 2000).

In some ways, the LIC has become very successful.

1. Despite being a monopoly, it has some 60-70 million policyholders. Given that the Indian middle-class is around 250-300 million, the LIC has managed to capture some 30 percent of it.

2. The level of customer satisfaction is high for the LIC (one of the findings of the Malhotra Committee, see below). This is somewhat surprising given the frequent delays in claim settlement.

3. Market penetration in the rural areas has grown substantially. Around 48% of the customers of the LIC are from rural and semi-urban areas. This probably would not have happened that the charter of the LIC not specifically set out the goal of serving the rural areas.

One exogenous factor has helped the LIC to grow rapidly in recent years:

A high saving rate in India- Even though the saving rate is high in India (compared with other countries with a similar level of development), Indians exhibit high degree of risk aversion. Thus, nearly half of the investments are
in physical assets (like property and gold). Around twenty-three percent are in (low yielding but safe) bank deposits. In addition, some 1.3- percent of the GDP are in life insurance related savings vehicles.

This figure has doubled between 1985 and 1995.

LIBERALIZATION IN INDIA

In general, liberalization (or liberalisation) refers to a relaxation of previous government restrictions, usually in areas of social or economic policy. Which allow the private sector to run those activities which were restricted earlier only to public sector. Relaxation of rules and regulations in business activities, which were restricting the growth of private sector.

In some contexts this process or concept is often, but not always, referred to as deregulation.

**Liberalization refers to the slackening of government regulations.**

The removal of or reduction in the trade practices that the free flow of goods and services from one nation to another. It includes dismantling of tariff (such as duties, surcharges, and export subsidies) as well as nontariff barriers (such as licensing regulations, quotas, and arbitrary standards).

**In the arena of social policy:** it may refer to a relaxation of laws restricting for example divorce, abortion, or drugs.

**In the arena of civil rights policy:** it may refer to the elimination of laws prohibiting same-sex sexual relations, same-sex marriage, interracial marriage, or interfaith marriage Most often, the term is used to refer to economic liberalization, especially trade liberalization or capital market liberalization.
INSURANCE LIBERALIZATION

The journey of insurance liberalization process in India is now some years old. The first major milestone in this journey has been the passing of Insurance Regulatory and Development Authority Act, 1999. This along with amendments to the Insurance Act 1983, LIC and GIC Acts paves the way for the entry of private players and possibly the privatization of the hitherto public monopolies LIC and GIC. Opening up of insurance to private sector including foreign participation has resulted into various opportunities and challenges.

The comprehensive regulation of insurance business in India was came into effect with the enactment of the Insurance Act, 1983. It tried to create a strong and powerful supervision and regulatory authority in the Controller of Insurance with powers to direct, advice, investigate, register and liquidate insurance companies etc. However, consequent upon the nationalization of insurance business, insurers were handled most of the regulatory functions which were controlled by the Controller of Insurance.

The Government of India in 1993 had set up a high powered committee by R.N.Malhotra, former Governor, Reserve Bank of India, to examine the structure of the insurance industry and recommend changes to make it more efficient and competitive keeping in view the structural changes in other parts of the financial system on the country.

MALHOTRA COMMITTEE'S RECOMMENDATIONS

The committee submitted its report in January 1994 recommending that private insurers to be allowed to co-exist along with government companies like LIC and GIC companies. This recommendation had been prompted by several factors such as need for greater deeper insurance coverage in the economy, and a much a greater scale of mobilization of funds from the economy, and a much a greater scale of mobilization of funds from the economy for infrastructiral development. Liberalization of the insurance
sector is necessity of tapping the big reserve of savings in the economy by partly driven fiscal. Committee's recommendations were as follows:

- Raising the capital base of LIC and GIC up to Rs. 200 crores, half-retained by the government and rest sold to the public at large with suitable reservations for its employees.
- Private sector is allowed to enter insurance industry with a minimum paid up capital of Rs. 100 crores.
- Allow foreign insurance to enter by floating an Indian company preferably a joint venture with Indian partners.
- Initiate steps are to set up a strong and effective insurance regulatory in the form of a statutory autonomous board on the lines of SEBI.
- Limited number of private companies to be allowed in the sector. However, no firms are in the sector and operate in both lines of insurance (life or non-life).
- Tariff Advisory Committee (TAC) is delinked form GIC to function as a separate statuary body under necessary supervision by the insurance regulatory authority.
- All insurance companies are being on equally footing and governing by the provisions of insurance Act, No special dispensation to government companies.
- There will setting up of a strong and effective regulatory body with independent source for financing before allowing private companies into sector.

INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY (IRDA) ACT, 1999

Preamble of IRDA Act 1999 reads 'An Act to provide for the establishment of an authority to protect the interests of holders of insurance policies, to regulate, to promote and ensure orderly growth of the insurance industry and for matters connected therewith or incidental thereto.
Section 14 of IRDA Act, lays the duties, powers and functions of the authority. The powers and functions of the Authority shall include the following.

- Issue to the applicant a certificate of registration, to renew, modify withdraw, suspend or cancel such registration.
- To protect the interest of policyholders in all matters concerning nomination of policy, surrender value of policy, insurable interest, settlement of insurance claims, other terms and conditions of contract of insurance.
- Specifying required qualification and practical training for insurance intermediaries and agents.
- Specified code of conduct for surveyors and loss assessors.
- Promoting efficiency in the conduct of insurance business.
- Promoting and regulating professional regulators connected with the insurance and reinsurance business.
- Books of accounts will be maintained as per specifying form, manner, and statement of accounts rendered by insurers and insurance intermediaries.
- Insurers and intermediaries make procedure for Adjudication of disputes.
- The insurers in rural or social sectors etc will maintain specifying the percentage of life insurance, general and general business.
- Section 25 provides that Insurance Advisory Committee will be constituted and shall consist of not more than 25 members.
- Section 26 provides that Authority may in consultation with Insurance Advisory Committee make regulations consists with this Act and the rules made there under to carry the purpose of this Act.
- Section 29 seeks amendment in certain provisions of Insurance Act, 1938 in the manner as set out in First Schedule. The amendments to the Insurance Act are consequential in order to empower IRDA to effectively regulate, promote, and ensure orderly growth of the Insurance industry.
- Section 30 & 31 seek to amend LIC Act 1956 and GIC Act 1972.
IMPACT OF LIBERALIZATION

While nationalized insurance companies have done, a commendable job in extending volume of the business opening up of insurance sector to private players was a necessity in the context of liberalization of financial sector. If traditional infrastructural and semipublic goods industries such as banking, airlines, telecom, power etc. have significant private sector presence, continuing state monopoly in provision of insurance was indefensible and therefore, the privatization of insurance has been done. Its impact of Liberalization has seen in the various following point:

NEED OF INSURANCE LIBERALISATION POLICY IN INDIA
1. Privatization if Insurance was eliminated the monopolistic business of Life Insurance Corporation of India. It may help to cover the wide range of risk in general insurance and in life insurance. It helps to introduce new range of products.
2. It would also result in better customer services and help improve the variety and price of insurance products.
3. The entry of new player would speed up the spread of both life and general insurance. It will increase the insurance penetration and measure of density.
4. Entry of private players will ensure the mobilization of funds that can be utilized for the purpose of infrastructure development.
5. Allowing of commercial banks into insurance business will help to mobilization of funds from the rural areas because of the availability of vast branches of the banks.
6. Most important not the least tremendous employment opportunities will create in the field of insurance, which is a burning problem of the presence day today issue.
POST LIBERALISATION GROWTH IN LIFE INSURANCE

Since opening up the sector, the Life insurance market in India witnessed dynamic changes including the entry of a number of global life insurers that led to increased competition in the Indian Life insurance market. As a result, first year premium (single as well as regular) in the life insurance industry (LIC as well as private players) registered significant growth. Intense competition has also forced the life insurance industry to improve its underwriting and risk management abilities that has greatly benefitted the policyholders. Moreover, customers today are more conscious of the need for risk mitigation and greater security for the future such as retirement plans. Life insurance companies have been quick to recognize the larger need for structured retirement plans and have leveraged their abilities of long-term fund management towards building this segment.

Number of Private Players: The number of private life insurers has more than doubled from 10 in 2001 to 21 in 2013 with expansion of existing as well as new players continuing to rise. By the end of Mar 13, there were twenty-three life insurance companies operating in India. Subsequently, AEGON Religare Life Insurance Company Limited, Canara HSBC Oriental Bank of Commerce Life Insurance Co. Ltd and DLF Pramerica Life Insurance Company Limited were given Certificate of Registration by the Authority. The number of offices of the Life insurers has also increased dramatically during the year 2009 from 5,373 at the beginning of the year to 8,913 by the end of the year, showing a growth of over 65%. A major portion of this expansion was in the private sector whose offices more than doubled.

Unit-Linked Insurance Plans: In the life insurance segment, various unit linked insurance plans (ULIPs) have been introduced by private players, which helped them to compete against LIC and also create a clientele comprising of individuals who are willing to opt for these plans for purely investment purposes. Since these unit link plans have been developed keeping in mind the various investment needs of the consumers, these products have become very popular. Since liberalisation, the growing
popularity of ULIPs has been a key factor behind the growth in private sector life insurers. In fact, more than half of the premium income of private companies in the life insurance segment is contributed by these unit-linked plans. Even today, unit linked insurance products continue to dominate most private player’s portfolio and the proportion of business coming from ULIPs remains large. Traditional policies like term products and endowment-based products form a relatively small proportion and remain small.

**Innovative Distribution Channels:** Innovation in distribution channels has also played a major role in pushing products into markets that were initially uncovered. All the companies have indulged themselves in appointing and training advisors for better productivity. Public sector giant SBI Life has developed an interactive website and a toll free helpline to match the marketing might of private players. These changes have led to marked improvement in the response and turnaround time in policy documentation, first policy receipt, final maturity payment and settlement of claims by companies. The companies have also discovered innovative ways to better the services provided by them by outsourcing some of the processes and services.

**Competition:** To counter competition from the private players, LIC has also expanded its product portfolio and has added a number of new products in its basket such as ‘Jeevan Anurag’ and ‘Jeevan Nidhi’ insurance policies. Unit linked products were also a major contributor to LIC business portfolio. However, since then, this scenario has improved with LIC making stronger strides in the sale of ULIPs to counter stiff competition posed by the private players. As a result, growth rates of ULIPs in LIC’s portfolio increased, while the growth rate of non-linked products moderated. Besides making rapid strides in the ULIP segment, a well-established brand and distribution network continues to aid LIC in retaining a dominant share in the Indian Life insurance market today.

**Insurance Penetration:** Expansion of business by private life insurance players in uncovered market has been the main reason behind India’s
increased insurance penetration. Through the development and effective use of new distribution channels (eg. bancassurance), Life insurance players have been able to target previously uncovered markets. This in turn has contributed to an increase in the level of penetration. Total Life insurance penetration (premiums as a percentage of GDP) in India was 1.5% in 1990 and was not much higher by the middle of the decade. However, Life insurance penetration in India improved since liberalisation in 2000.

However, when compared to other countries, the life insurance market in India is significantly under-penetrated. India continues to remain way behind (as on 2007) industrialized nations like UK (12.60%), Switzerland (5.70%), France (7.30%), South Korea (8.20%) and Japan (7.50%).

The level of penetration, which is the measure of premiums as a percentage of a country is GDP in life insurance, has a strong positive correlation to income levels. India, with its huge middle class households, exhibits untapped potential for the insurance industry. Saturation of markets in many developed economies has made the Indian market even more attractive for global insurance majors. Thus, India continues to be an attractive market for most insurance players both domestic and foreign.

**Insurance Density:** Per capita income of consumers plays a vital role in determining the amount an average consumer spends on insurance. By this measure, India is among the lowest-spending nations in the world in respect of purchasing insurance. However, spending on insurance is on a growth trajectory in India. India is improving economic fundamentals was a key support factor for faster growth in per capita income in recent years, which translated into stronger demand and spending for and on insurance products. One factor that has been slowing down the improvement of insurance density is India’s relatively high population growth rate, which has averaged 1.7% over the past ten years.
## PLAYERS OF LIFE INSURANCE IN INDIA

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<tr>
<th>S. No.</th>
<th>NAME OF THE LIFE INSURANCE COMPANY</th>
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<tr>
<td>1</td>
<td>Bajaj Allianz Life Insurance Company Limited</td>
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<td>2</td>
<td>Birla Sun Life Insurance Co. Ltd</td>
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<td>3</td>
<td>HDFC Standard Life Insurance Co. Ltd</td>
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<td>ICICI Prudential Life Insurance Co. Ltd</td>
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<td>Exide Life Insurance Company Limited</td>
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<td>6</td>
<td>Life Insurance Corporation of India</td>
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<td>7</td>
<td>Max Life Insurance Co. Ltd</td>
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<td>8</td>
<td>PNB Metlife India Insurance Co. Ltd</td>
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<td>9</td>
<td>Kotak Mahindra Old Mutual Life Insurance Limited</td>
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<td>IDBI Federal Life Insurance Company Ltd,</td>
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<td>Canara HSBC Oriental Bank of Commerce Life Insurance Company Ltd</td>
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<td>Star Union Dai-ichi Life Insurance Co. Ltd.</td>
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<td>23</td>
<td>India First Life Insurance Company Limited.</td>
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<td>24</td>
<td>Edelweiss Tokio Life Insurance Co. Ltd</td>
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"Impact of Liberalisation on the Business of Life Insurance"
CLASSIFICATION OF POLICIES

The life insurance contract provides elements of protection and investment. After getting insurance, the policyholder feels a sense of protection because he paid a definite sum at the death or maturity. Since a definite sum paid, the element of investment is also present. In other words, life insurance provides against premature death and a fixed sum at the maturity of policy. The two elements of protection and investment exist in various degrees in different types of policies. Not only this, but also these elements will vary according to the different times in the same policy. The older the policy, the lesser the element of protection and higher the element of investment and vice-versa is also true.

Having different elements in different policies, the policyholders are free to choose the best policies according to their requirements. It would be known that due to variance in cost, elements of investments and protection, requirements of the policyholders and availability of the policy “no one policy is the best policy for all the policyholders”.

The life insurance policies classified as follows:
(A) Duration of policy,
(B) Method of Premium payments,
(C) Participation in profit,
(D) Number of lives covered,
(E) Method of payment of claim amounts and
(F) Non-conventional Policies.

A. POLICIES ACCORDING TO DURATION OF POLICIES

The life insurance policies according to the duration may be
(1) Whole-life,
(2) Term Insurance,
(3) Endowment Insurance and
(4) Survivorship Policy.

Various Policies of Life Insurance Corporation & Other Life Insurance Company.
1.1 **Whole-life policies:** Whole-life policies are for life. It means that the policy amount paid at the death of the life assured. The life assured, thus, cannot get the policy amount during his lifetime; only his dependents will get the advantages of this policy. The whole life policies payment affected by (i) single premium, (ii) continuous premium payment or (iii) limited premium. The single premium payment is not very common whereas the limited premium payment is the most popular form of whole-life policies because; it is convenient to the policyholder to arrange the payment of premium during his income-earning period. In continuous premium payment, this benefit is not available because premium is payable up to the life of the policyholder. This is losing its importance because only the dependents of life assured are getting the benefit. In addition, in extreme cases, he pays, more by way of premium than the benefits relievable under the policy and that too when earning capacity of the assured is reduced. This plan is cheaper and suits to a young man with limited resources and whose requirements for maximum protection. It is, also beneficial to pay estate duty. If payment of premiums, ceases after at least, 3 years' premiums have paid, a free paid up policy for such reduced sum, allowed according to the rules, will be automatically secured provided the reduced sum assured is not less than Rs. 250.

1.2 **Limited Payment Whole-Life Policies:** The payment of premium is limited to certain period although the amount secured under this plan is payable on the death of the policyholder. Premium under this plan is higher than the premium payable under a whole life plan. The amount of premium depends upon the number of annual premiums stipulated since premiums are payable for a selected period of years or until death if it occurs within this period, the life assured is satisfied to know the amount of maximum premium payable. If the life assured survives the premium paying period, the policy continues in full force, provided all premiums have been paid, but no further premiums are required to be paid. With profits limited payment policies do not cease to participate in profits after completion of the premium-paying period but continue to share in the periodical bonus distribution. This plan is suitable for persons in whose case the need for money would arise only on the happening of the death, but who either on account of personal and family history are not eligible.
for a whole life plan or do not want to extend the premium-paying period beyond their earning years. The minimum amount Rs. 1,000 is for a policy under this plan.

1.3 **Convertible Whole-Life Policy.** This is a whole-life policy, which gives its holder an option to get it converted at the end of five years, into an endowment policy. If this option is opted, the policy no longer remains a whole-life policy, if it is not opted, the policy continues to be, a whole-life policy. The policy will designed to meet the needs of the young man who is on the threshold of his career and has prospect for increase in income after a short period. The object is to provide maximum insurance protection at a minimum cost and at the same time to offer a flexible contract that can be allowed to an endowment policy, at the end of five years of the policy. If the option is not opted, the policy continues as a whole life assurance with premiums ceasing at age 70. If the policy converted into endowment, the premium is suitably increased. However, no difference in premiums for the previous five years, and is interest thereon, will be charged and he is not required to go under fresh medical examination. The vested bonus additions altered to an amount, which the policy would have earned had it been effected from the commencement as an endowment policy and further; the policy would thereafter be entitled to bonus at the rate applicable to endowment assurance. The minimum sum assured Rs. 5,000 for a policy under this plan will issued and the maximum age at entry shall be 45 years.

2. **TERM INSURANCE POLICIES**

Term insurance is far a short period of years ranging from 3 months to seven years. Sum assured is payable during the period; but the assurance ends, should the life assured survive. The selected term premiums are usually payable throughout the term of the policy or until the prior death of the life assured. Term insurance policies are the cheapest policies. Without profit, term insurance issued at age 35 requires a single premium of Rs. 13.62 for a Rs. 1,000/- whereas the single premium rate whole life without profit policies issued at corresponding age is Rs. 519.69. Term insurance policies are always 'without profits'.

The term insurance policies are useful to those

(i) Who need extra-protection for a short duration or
(ii) Who need protection for long duration but are unable to purchase for the time being due to ill health or lesser income,

(iii) A young businessperson can take the policy to save the business-disaster during initial stage of the business,

(iv) Key-Men's insurances are generally on term insurance basis,

(v) A property mortgagor benefited by this scheme,

(vi) A father can take this policy during the period of education of his child, and

(vii) Any such persons who are willing to provide insurance for a shorter period.

Term insurances are of the following types in India.

2.1 **Straight-Term (Temporary) Insurance.** The corporation issues term-insurance for two years, which is also called as two-year temporary assurance policy? The sum assured will be payable only in the event of the life assured’s death occurring within two years from the commencement of the policy. A single premium is required to be paid at the outset. The policies are issued only under, the without profits plan. The proposes is required to pay the medical examination fee. The policy is not entitled to any surrender value and no loan can be granted on the security thereof because, it is not of accumulative nature and payment is not always certain. This plan cannot be converted into other plans.

This policy is beneficial to the dependents who are required to pay Estate Duty and to those persons who are given charity or donation of fixed property.

2.2 **Renewable Term Policies.** These policies are renewable at the expiry of term for an additional period without medical examination; but the premium rate will be altered according to the age attained at the time of renewal. This policy is beneficial to those whose health are deteriorating and will be uninsurable at an advanced age. With the help of this policy, they continue to enjoy the insurance benefit without going under fresh medical examination. However, the premium rate will be increasing according to the attained age. The policy-holder can renew it many times provided the attained age has not crossed 55 years.

2.3 **Convertible Term Policy.** Under this policy, option to convert it into whole life or endowment policy is available. In corporation, the life assured under this plan has an option to convert the policy, provided it is in full force, into either a
limited payment life policy or an endowment assurance policy, without having to undergo fresh medical examination, at any time during the specified term except the last two years. If the option of conversion is exercised, a new policy under the limited payment life-plan or endowment assurance plan will be issued as the case may be subject to the rates of premium and terms and conditions prevailing on the date of conversion. In other words, the premium rates will be increased according to the age attained.

This policy is issued only to first class lives. Persons aged over 40 years nearer birthday at entry and those following hazardous occupation including persons in the Armed Forces will not be eligible for assurance under this plan. Proposals on the lives of ladies are also not considered under this plan. Proposals for policies under this scheme will be entertained only from persons in government or quasi-government service, or in the service of reputed commercial firms. The cost of medical, examination will have to be borne by the proposer. The minimum sum assured is Rs. 5,000 and the term is 5, 6, or 7 years. Admission of age before issuing of policy is essential. Premium may be single, yearly or half-yearly installments only. No surrender values loan, paid-up values, no rebate in premium whether for large sum or for mode of payment of premium are allowed under this policy.

This plan is of much use to those who are initially unable to pay the larger premium required for a whole life or endowment policy. This is useful to those who desire to leave the final decision of permanent insurance at later date. The premium rate is considerably lower in this case. It is especially suitable to a young man with large family just entering in life that, due to his low, income, is unable to afford high premium required to give him adequate protection under a permanent policy.

3. ENDOWMENT POLICIES

The endowment policies can be several, of which important endowment policies are discussed below:

3.1 Pure Endowment Policy: The sum assured is payable on the life assureds surviving the endowment term. In the event of his death within the term (endowment), premiums may be returnable or not. In corporation, all premiums paid, without any deduction, will be refunded to, Thus the pure endowment policy is
opposite of the term policy, because the insured is paid if he survives in pure endowment and if dies with, in the term in term policy. Actually, these two policies, i.e., pure endowment and term policies are the bases of all other policies. Pure endowment is for the benefit of the policyholder and term policy is for the benefit of others. Therefore, the pure endowment policy has the element of investment and the term policy has the element of protection. Pure endowment grants protection against ‘living long’ while the term policy grants protection against living too short. The former is old-age protection while the latter is family protection.

This policy can be issued in the life of adult as well as in the life of child. In the case of a policy affected on the life of a child, payment of premiums does not cease on the death of the proposer but must be continued during the whole currency of the policy. Paid-up and surrender values are allowed on this policy. The mode of payment of premium under this plan is only yearly or half-yearly.

This policy is useful to the person who does not care to present himself for medical examination. This is also beneficial to those who, for reasons of health, would be unacceptable for life insurance on standard premium. It is a sort of compulsory saving for old age.

3.2 Ordinary Endowment Policy: This policy actually represents the life insurance in true sense. It provides an ideal combination of both the family protection and the investment. It is taken out for a specified term of years, the sum assured being payable either on the life assureds’ death during the period or on his survival to the end of the period. Premiums are payable throughout the term of the policy or to a limited period or until the prior death of the life assured. Ordinary endowment policy is the combination of term insurance and of pure endowment. Therefore, the net premium rate for an ordinary endowment policy is equal to the net premiums of term and pure endowment policies issued at the same age, for the same period.

This provides solutions to various problems of life whether living too short. In other words, the old age provision and the family protection are possible by purchasing only this single policy. Moreover, compulsory saving is possible due to this policy, which is not present in other types of savings. It is a means of hedging
against the possibility of saving period by death. The next advantage of this policy is to meet the marriage, education or other requirements of the family.

3.3 **Joint Life Endowment policy:** This policy covers more than one life under a single policy. Under this plan, the sum assured is payable on the expiry of the term or on the death of one of the assured lives during the endowment period. Premiums are payable throughout the endowment period or until the prior-death of anyone of the lives assured. The premium is calculated with certain modification according to the age of all insured collaborators, Paid-up and surrender values are payable on the policy.

This policy is suitable to partners of a firm because firm will not discontinue on the tremendous outflow of the funds at the death of a partner. This policy is also beneficial to a couple. The practice of granting insurance to husband and wife under this plan withdrawn in 1960; but it has again been reinstated. The ceiling on the sum assured will determined by the earned income on the wife or the husband whichever less is and taking into account the previous insurance held on that life.

3.4 **Double Endowment Policy:** Under this policy, if the life assured dies during the endowment period, the basic sum assured is payable and if he survives to the end of the term, double of the sum assured is paid. Premiums are payable throughout the endowment term or until the prior death of the life insured. The endowment policy premiums are according to the period, irrespective of the age at entry subject to the provision that maturity age is not beyond 65. The term of policy is ranging from 10 years to 40 years but no one policy insured to mature at an age exceeding 65 years. This policy is combination of endowment insurance and a pure endowment (without return of premiums) for the same period and for the same amount.

This plan is beneficial to the person who because of some physical disability is not eligible for acceptance at the tabular rates under any of the other classes of insurance. It is benefit to those who are confident of living long but would like to have some cover in the event of his early death. The investment element is higher than the protection element in this plan.
3.5 **Fixed Term (Marriage) Endowment Policy:** Under this plan, the sum assured is payable only at the end of a stipulated period, but the premium ceases if death of the policyholder occurs earlier. In such an event, the policy will remain fully paid until the maturity date but the beneficiary may discount the policy before maturity. This plan issued without profit basis; paid-up values paid under this policy. A policy available a certain sum for marriage of a female dependent is designed to meet the needs of a family.

3.6 **Educational Annuity Policy:** Like marriage endowment policy, this policy taken on the life of the father or guardian who undergoes medical examination, the child for whose benefit (education) policy is taken called beneficiary. The difference is that the sum assured is not payable in a lump sum but is payable, in equal installments over a period of five years. It is payable in half-yearly installments for five years.

3.7 **Triple Benefit Policy:** This policy is a combination of a whole life limited payment and a pure endowment (without return of premium) with a guaranteed annual bonus payable on death during the endowment term. This policy is granted for a fixed terms of 15, 20 or 25 years. Premiums are payable throughout the term or until prior death of the life assured.

The special feature of the plan is that there is a guaranteed and steadily increasing family provision during the selected period along with the old age benefit. The provision for the family does not terminate when the old age benefit is paid at the end of the period and no further premiums are payable thereafter; but a sum equal to the original sum assured still remains to be paid on the death of the life assured thereafter.

The following benefits provided on the policy for original sum assured.

A. If death occurs within the stipulated period

The benefits payable to the dependents, in this case, are:

(i) The basic sum assured, and

(ii) A guaranteed bonus per annum equal to Rs. 25/- per -1,000/- sum assured for each full year's premium paid excluding the first year's premium.
This is a non-participating scheme where under the sum assured increases by fixed amounts during the term. The amount of guaranteed bonus is fixed and does not depend on the profits of the insurer.

B. On survival to the Selected Term

The following amounts are paid at the survival of the life assured at the selected term:

(i) the basic sum assured in cash, and
(ii) Actually paid-up whole life assurance for a like amount payable at death thereafter. However, the life assured is given the following options in lieu of these two benefits:

An increased cash payment OR Fully paid-up whole life policy for an increased sum assumed.

The alternative benefit of an increased paid-up assurance will be allowed without medical examination subject to the exercise of this option not less than three years before expiry of the selected term. In this case Paid-up values are also given. The benefits available under the policy on maturity will also be reduced in the same proportion. The policy so reduced will thereafter be free from all liability for payment of premiums but shall lose all rights to the guaranteed additions assured in the event of death subsequent to the date of the conversion into a reduced paid-up value. Guaranteed surrender value is applicable to this policy.

The plan is useful to a person who, in addition to providing cover for his family, wants to make some provision for his old age. It overcomes the main drawback of the whole life policy, i.e., the policy amount is the assured to permit. The other advantage is that the insurance element is greater than in an ordinary endowment assurance policy.

3.8 Anticipated Endowment Policy: This policy is similar to endowment assurance except that a part of the sum assured is paid at certain interval before death within maturity of the policy and the balance of the sum assured is payable at maturity. In the event of death at any time during the term of the policy, i.e., before the maturity date, full sum assured is payable without any deduction of installments paid earlier. The policy be issued both under with and without profit
plan. The term may be 15, 20 or 25 years. The payment of policy amount by the corporation is as below:

(i) 1/5 of the sum assured becomes payable on the life assured's surviving 5, 10 or 15 years according as the selected term of insurance is 15, 20 or 25 Years;
(ii) Another 1/5 of the sum assured on his surviving 10, 15 or 20 years according as the selected form of assurance is 15, 20 or 25 years; and
(iii) The balance 3/5th of the sum assured on his surviving the selected term of years.

In the event of death at any time within the selected term the full sum assured is, payable without any deduction or adjustment for amount that have been paid earlier by way of survivance benefit. The LIC has discontinued this policy.

3.9 The money back policy is useful for those who, besides desiring to provide for their own old age and family, feel the need for lump sum benefits at periodical intervals. Under this scheme, the following benefits are payable:

For a policy with a term of 12/ 15/ 20/ 25 years, 1/5th of the sum assured becomes payable on the life assureds’ surviving 4 years & 5 years and the balance 3/5th of the sum assured on his surviving to the end of the term of 12 /15 /20/ 25 years.

However in the event of death at any time within the selected term the full sum assured is payable without any deduction or adjustment for the amount that may have been paid earlier by way of survivance benefit. The bonus additions to the policy will be reckoned of the full sum assured and are payable at the end of the selected term of years or at the life assureds’ death, if previous.

In the event of cessation of payment of the premiums under this policy, a paid up assurance, payable at the end of the selected term of years or at the life assured's death if previous, is automatically secured provided premiums have been paid under the policy for not less than three years and a minimum paid up assurance of Rs. 250 exclusive of any attached bonus is secured. All bonuses declared and attaching to the policy at the date of cessation of payment of premiums remain attached to the reduced paid up policy but the policy is not entitled to participate in the profits declared thereafter.
This policy will not grant Loan facility. The minimum amount for which a policy will be issued under this plan is Rs. 5,000. Further, policies will be issued for terms of 12, 15, 20 and 25 years only.

3.10 Progressive Protection Policy with Profits: This policy is very useful for those who want to provide additional insurance benefits for additional responsibilities. Only first class lives will accept under this plan. For the purpose of Non-Medical (Special) Scheme, this policy will deem to be double the sum assured. The sum assured increases automatically by half the initial sum assured at the end of five years and again by half the initial sum assured at the end of ten years, irrespective of the state of health of the policyholder at that time. In other words, medical evidence of health will not be required on subsequent increase in the sum assured under the policy. After ten years, the benefits under the policy will be double the initial sum assured, payable on survival at the end of the selected term or on death within the term.

The maximum age at entry is 45 years and maximum maturity age is 65 years. The policy is offer for 20, 25, 30 and 35 years. The minimum sum assured for which it policy will be issued under this plan is Re. 5,000/- and the maximum will be Rs. 100000. All policies taken under, this plan will taken into account while arriving at the maximum sum assured.

3.11 Anticipated Whole Life Policy with Profits: This policy provides two distinct types of benefits in one policy—the benefit of Whole Life Limited Payment Policy and anticipated payments at five yearly intervals. It provides complete long-range insurance protection or the family and in addition, helps meet various short-term needs through periodical payments. The following benefits are available under this policy:

For a policy with a term of 20/25 years, 1/8th / 1/10th of the sum assured becomes payable on the life assureds surviving 5 years, a further 1/8th / 1/10th of the sum assured becomes payable on his surviving 10/15/15 years and a final 1/8th / 1/10th of the sum assured becomes payable on his surviving to the end of the term of 20/25 years.
However, in the event of death at any time, the full sum assured is payable without any deduction or adjustment for the amount that may have been paid earlier by way of survivance benefit. Premiums are payable for 20 or 25 years depending upon the premium paying term selected or till death if it occurs within the period.

No loan is payable under the policy during the premium paying period, but after the policy becomes fully paid up, loan will be available within the surrender value of the policy for such amounts and on such terms and conditions as may be prescribed from time to time. The minimum amount for which a policy will be issued under this plan is Rs. 5,000. The maximum age at entry, is 50 years for a policy with premium paying term of 20 years and 45 years for a policy with premium paying term of 25 years?

3.12 New Jana Raksha Policy: These policies were designed taking into account the problem of non-payment of premiums in time. A special facility whereby the policy continues to provide full cover for three years on payment of an initial extra single premium has been incorporated under this policy. The benefits under this policy are the same as those applicable for all Endowment Assurance Policy with Profits.

The policy will be issued to male lives only. Policies will issue with, maximum age at entry of 40 years. The minimum age at entry will be 18 years. Policies will issue for terms 12, 15 and 40 year only. The minimum sum assured for which policy will be under this plan is Rs. 5,000 and the maximum sum assured will Rs. 16,000. The sum assured will issue in the denomination of Rs. 5000, Rs. 10,000 and Rs. 15,000. 

For revival after three years' default in payment of premiums, a Declaration of Good Health is necessary. After revival, the facility of temporary assurance cover for a further period of three years will be available.

3.13 Mortgage Redemption Assurance Policy: This policy meets the requirements of institutions and individual borrowers to ensure that the outstanding loan is automatically extinguished in the event of the borrower's death. The benefits under the plan at any time during the currency of the policy would be the amount of
outstanding loan at the beginning of the year as envisaged at the beginning of the transaction, and would become payable in the event of death of the borrower.

Policies on which premiums are payable annually or monthly will not carry any surrender value. The minimum sum assured, under the above plan shall be Rs. 10,000 except in the case of large institutional lenders e.g. a Co-operative House Mortgage Society and the minimum sum assured for individual will be Rs. 5,000.

3.14 Children's Deferred Endowment Assurance: Sometimes a parent or guardian or near relative of a child wishes to take an insurance policy on the lift of the child under which the premium is paid by the proposer during the first few years and by the life assured (i.e. by the child) thereafter. This can be done by taking the children's deferred endowment assurance. The low premium rate under this plan is a great attraction. A parent can help to his children to take a policy at a rate which is considerably lower than that what they would be called upon to pay at the attaining of majority. The second advantage of this policy is that the habit of thrift is developed among the child and from the very beginning tries to save some money. The third advantage is that the cash value if the policy is discontinued before or at majority can be available for meeting specific expenses of education and marriage. The policy is taken on the life of child and not on the life of parent. The parent is merely a proposer and is contracting on behalf of the child. The policy can be issued on whole life basis, too; but the corporation issues it on endowment basis.

Commencement of Risk: Policies under this scheme are issued on the lives of children, both male and female who have completed one year of age but have not completed 18 year. No medicinal examination is required where the deferment period is 10 years or more. Policies under this scheme will not be issued for deferment period less than 4 years. The risk may commence on the life of child since 18 or 21 years of his age, as desired by the proposer.

In the event of the life assured, death (the child's death) before the deferred date, i.e., the date of commencement of risk, the policy shall stand cancelled and all premiums paid.

3.15 Children Anticipated Policy with Profits: This policy can be taken by parent or legal guardian or any near relative on the life of a child on whose life risk
will commence at the age of 18 completed, or 21 years as required by the proponent. The policy will automatically vest in the child at the end of the deferment period and half of the premiums paid during this period will be paid to him in lump sum. Risk will commence at the Deferred Date and full sum assured will be payable on survival of the life assured to the date of maturity or on his death, if earlier.

This policy is issued on the lives of children both males and females up to the age of 14 years. Like Children's Endowment Policy, medical examination is not required where the deferment period is 10 years or more. Where it is less than 10 years, medical examination of the child is required.

The policy will be cancelled in case the life assured dies before the Deferred Date. The payment of premiums does not cease on death of the proposer during the deferment period.

No loan will be granted on this policy during the deferment period. Disability benefit unless specifically excluded will be available on this policy with effect from such date.

Plans Withdrawn By LIC

- Anticipated Endowment Assurance
- Convertible Whole Life with Profits
- Centenary Policy
- Griha lakshmi Policy
- Cash and Cover Policy

Premium rates have been reduced in certain policies and some of the policies have been modified. Jana Raksha Policy has been introduced in June 1981.

3.16 'Jeevan Saathi': 'Jeevan Saathi' is the new Joint Life Plan with a difference. The Plan is designed to gift a total protection to families; particularly for the working couple.

Row 'Jeevan Saathi' is different from the existing Joint Life Plan: Under the existing Joint Life Plan two persons' lives can be jointly covered and the Sum Assured becomes payable either on the first death or on the expiry of the selected term.
Under the Jeevan Saathi Plan, only the lives of husband and wife are jointly covered. The basic S.A., together with vested bonuses are payable in event of survival to maturity of either or both of the partners. In the event of the first death of anyone of the lives assured, the survivor gets the basic Sum Assured. Again basic Sum Assured with bonuses is payable to the nominee, in the event of the premature death of the second partner.

Another important feature of this plan is that the premium under the policy ceases on the first death and the surviving partner need not have to pay any more premiums. But inspite of non-payment of premium after the first death, the policy will continue to participate the bonuses will accrue till the final settlement.

Eligibility condition for purchasing life insurance, under this plan:

Policies under this plan will be issued on the lives of husband and wife, provided the latter belongs to Category I.

- The plan is available for specified Terms of 15, 20 and 25 years only. The age of the older life at maturity should not be more than 65 years.
- The minimum basic Sum Assured, under this plan, is Rs. 5000/- and the maximum is Rs. 100000/- under one or more Policies.

3.17 Married Women's Property Act Policy: A married man can affect a policy on his own life, wife and/or children, shall be deemed a trust for their benefits, and shall not, so long as any object of the trust remains, be subject to the control of the husband or his creditors, or form part of his estate. The policy affected under Sect. 6 of the Married Women's Property Act 1874 for the above purpose, shall not be aggregated with his other property provided the trust is absolute. The term 'children' means sons and daughters only and excludes an adopted son by Hindus. Griha Lakshmi Policy issued in December, 1975, is an important instance of Married Women's Property Act Policy.

3.18 Survivorship, Reversionary or Contingent Assurance: There are two persons in this policy, first a named insured and another named person. The sum assured is payable if the life assured dies before another specified person (named person) or counter life. If the counter life dies first, nothing is payable and the contract ceases.
The rate of premium depends upon the age of the insured, of named person. When the life assured is young and the counter life is old the risk and premium, therefore, would be possible equal to that of a short period temporary insurance. If the ages are equal to or the counter life is younger the premium is roughly that of a whole life assurance. This policy is not widely written.

B. POLICIES ACCORDING TO PREMIUM PAYMENT

The policies according to the premium payment may be of the following types:

1. Single Premium Policy: In this policy, the whole premium is paid at the beginning of the policy. As compared to the annual premium payable, it is costlier; but as compared to aggregate of all annual premiums payable, it is much smaller because all the premiums are received in advance and the insurer can earn additional amount on the premiums received.

   This type of policy can be afforded by those who got a windfall income and are expected not to continue such return in subsequent years. The single premium policy is not useful to other persons because of chances of death where after the subsequent premiums are not required to be paid.

2. Level Premium Policy: Under this policy regular and equal premiums are paid at a definite interval. This premium is lesser than the single premium and is convenient to make premium at a regular period. This may take the shape of an expense and can be constantly paid. The equal installments may be paid monthly, tri-monthly (quarterly), half yearly and yearly. So, it suits the requirements of different types of the policy-holders. Since, originally the premium is calculated and charged on annual basis, the unpaid premiums for the year are required to be paid at the time of payment of claims due to death. The amount of each monthly, quarterly and half-yearly is not just the one twelfth. One-fourth and one-half of the annual premium because the insurer is involved in more expenses while collecting more frequent premiums and is at loss of the interest for the balance of the annual premium. For monthly installments an additional charge of 5 per cent on the annual premium is made to cover loss of interest and additional cost of collection. The additional charge of 5 per cent of the premium shall be waived if the premiums are paid through a co-

“Impact of Liberalisation on the Business of Life Insurance”
operative-society or by trustees of a staff provident or super-annuation fund or are collected by deduction from salary and remitted by or under the supervision of the Corporation. If premiums are payable yearly or half-yearly reduction of Re. 0.75 and Re. 0.50 per thousand of sum assured is ordinarily deductible from the annual premium. There is no deduction or reduction in quarterly premium. The level premium policy may be either a continuous level premium or a limited level premium policy.

C. POLICIES ACCORDING TO PARTICIPATION IN PROFITS

Policies according to participation in profits may be

(i) Without profit policies, and
(ii) With profit policies.

(i) Without Profit Policies or Non-participating Policies. The holders of without profit policies are not entitled to share the profits of the insurer. These policyholders get only the sum assured and no bonus is given to them.

(ii) With Profit Policies or Participating Policies. The holders of the with-profit policies are entitled to share the profit of the insurer. Since the policyholders can share the profit and not the loss, they cannot be treated as co-owner of the insurance business. If there is loss, the policy-holders cannot get bonus, i.e. the share in profit. They are entitled to get the share of profit, i.e. the bonus only when there is profit. The amount of bonus depends on the profit after deducting provision for taxes, contingency, etc. In participating policy there is no guarantee that the insured will get something by way of profit every year.

The Corporation issues both types of policies, i.e., participating and non-participating. Since the participating policies share profit the premium rate is higher in this case. The difference between the premiums of participating policies and of non-participating polices is called 'bonus loading' because the additional premium in participating policies is charged for allowing bonus. The amount of insurance to be paid is certain in nonparticipating policies but it is not certain in participating policies due to accrual of bonus, the rate of which is not constant.

“Impact of Liberalisation on the Business of Life Insurance”
D. POLICIES ACCORDING TO THE NUMBER OF PERSONS INSURED

Based on number of persons insured in a policy, the policy may be (i) single life policies, and (ii) multiple life policy.

(i) Single Life Policies. Under single life policies, only one individual is insured. It is not necessary that the policy should be issued in one's own life, it may be in other's life; but the fact is that this policy insures only one life. The policy amount is payable only when the assured event occurs.

(ii) Multiple Life Policies. In this policy more than one life is insured. It may be (a) Joint Life policy, and (b) Last Survivor Policy. (a) Joint Life Policy. This policy covers two or more lives and the policy amount is payable on the first death. This is beneficial to the partners of a firm and to a couple. (b) Last Survivorship Policy. The policy amount is payable at the last death. So long as any one of the insured is alive, no payment is made.

E. POLICIES ACCORDING TO THE METHOD OF PAYMENT OF POLICY AMOUNT

The policy amount may be paid in (i) Lump sum policies or (ii) installments.

(i) Lump Sum Policies. Where the sum assured is paid in lump sum at the events insured against.

(ii) Installment or Annuity Policies. Under this policy, the policy amount is payable in installments. It is beneficial to those whose earning capacities are reduced to minimum in old age. At that time, this policy may be more helpful. He may continue to get up to a fixed period or up to death or both.

F. NON-CONVENTIONAL POLICIES

The Life Insurance Corporation of India has introduced several non-conventional policies to meet the requirements of the population. The conventional policies have the main attributes of protection at early death or living too long; but majority of the population, is interested mainly in investment. The LIC has designed
several new policies from time to time to meet these requirements. Some of the important new policies are described here.

1. Policies under LIC Mutual Fund
2. Jeevan Akshay
4. Jeevan Kishor
5. Jeevan Chhaya

The LIC is conducting market research to find suitable policies to meet the requirements of the people. Every year, some policies are issued to benefit the population.

1. **Policies under LIC Mutual Fund**

LIC launched its Mutual Fund with a promise to the investors to provide high returns along with safety and security of investment. LIC Mutual Fund entered the Indian capital market on 19th June 1989. During the first year of operation LIC Mutual Fund came up with 5 schemes which provide distinct benefits to various cross sections of investors. Out of the 5 schemes, 3 are close ended schemes viz., Dhanashree 1989, Dhan 80 CC (I) and Dhanvarsha while the other two schemes viz., Dhanaraksha 1989 and Dhanavridhi 1989 are open ended schemes. Dhan 80 CC B (I) has been introduced since Feb. 11, 1991.

The salient features of Dhanasahayog and Dhan 80 CC B (I) are given to illustrate the LIC Mutual Fund Policies.

**I. Dhanasahayog**

**Introduction:** LIC Mutual Fund was set up as a separate Trust by Life Insurance Corporation of India. The basic objectives of LIC Mutual Fund are mopping up the savings of people, especially from rural and semi-urban areas and providing good returns, liquidity and security to the investors through investment in the capital market for productive purposes.

LIC Mutual Fund mobilised nearly Rs.375 crores in the very first year of operations from 1.5 lakh investors. Other schemes launched by the Mutual Fund are also having very good response from investors.
LIC Mutual Fund has declared a handsome income distribution (dividend), which is higher than that promised under various schemes. LIC Mutual Fund has already launched seven schemes which are primarily income and growth oriented.

The following tax benefits will be available to the sole/first individual applicant only.

(i)-Benefits under Section SOL of Income. Tax Act, 1961: Permissible maximum deduction of Rs. 10,000/- from the taxable income under Sec. SOL of Income Tax Act, 1961 as follows:

(a)-Income on Dhanasahayog together with other income from specified securities/deposits etc., shall be eligible for deduction from total income up to a maximum of Rs. 7,000/- [Sec. SOL (1) (Va)].

(b)-A further deduction from total income up to a maximum of Rs. 3,000/- is also available on income from Dhanasahayog along with income from certain other specified categories [proviso to sec. SOL (1)].

The dividend certificates will be issued under Plan B for claiming tax relief under the Section.

(ii) Wealth Tax Exemption: Investment in Dhanasahayog would be treated at par with investments entitled to exemption within the overall limit of Rs. 5,00,000/- referred to in Sec. 5 (1) (XXI Va) of Wealth Tax Act, 1957.

(iii) Long Term Capital Gains: If the investor holds Dhanasahayog Units for a minimum period of three years, he/ She is eligible to the following Capital Gains Relief, along with gains from other assets, under Sec. 48 (2) of Income Tax Act, 1961. (a) Total exemption of capital gains up to Rs. 10,000/-, (b) A deduction of 60% of the capital gains in excess of Rs. 10,000/-. If the investor is a company, the deduction rate is 30%.

(iv) No deduction of tax at source: There shall be no deduction of tax at source.

Loan facility: Dhanasahayog certificate holders can avail of loan facility from Central Bank of India as per their terms and the instructions/guidelines issued to them by Reserve Bank of India.
II. Dhan 80 CCB (I)

Introduction: LIC Mutual Fund was set up as a separate Trust by Life Insurance Corporation of India. The basic objectives of LIC Mutual Fund are mopping up the savings of people especially from rural and semi-urban areas and providing good returns, liquidity and security to the investors through investment in the capital market for productive purposes.

LIC Mutual Fund mobilised nearly Rs. 375 crores in the very first year of operations from about 1.5 lakh investors. Various schemes launched by LIC Mutual Fund are receiving very good response from investors. All the close of first Accounting year LIC Mutual Fund has declared a handsome income distribution (dividend) for 1989-90 which is higher than that promised under various schemes.

LIC Mutual Fund has already successfully launched eight schemes of various types. Out of these, there have been as many as three open ended schemes. One tax savings scheme viz. Dhan 80CC (I) was also introduced by the Mutual Fund in the year 1990. LIC Mutual Fund has been in forefront in catering to the diverse needs of investors. Keeping this in view, LIC Mutual Fund has seen to it that Dhan 80CCB (I) scheme is launched at the earliest to enable its investors to take advantage of the tax concessions. The scheme is formulated under the Equity Linked Savings Scheme, 1991.

Tax Benefits: The following tax benefits will be available to the sole/first individual applicant only.

(i) Benefits under Section 80 CCB of Income Tax Act, 1961: A deduction in computation of income under Sec. 80 CCB of the Income Tax Act, 1961, of so much of the amount, invested as does not exceed the amount of Rs. 10,000/- will be allowed. Provided however, any amount invested by the assessee in the capital units in respect of which a deduction has been allowed is returned in whole or in part either by way of repurchase of such units or on the termination of the Scheme by the Mutual Fund, as the case may be, it shall be deemed to be the income of the assessee and charged to tax.

Provided further, where a partition has taken place among the members of a Hindu Undivided Family (H.U.F.) or where an association of persons has been
dissolved after a deduction has been allowed, the person in receipt of income referred in the provided herein before shall have to pay tax.

(ii) Benefits under Section SOL of Income Tax Act. 1961: Permissible maximum deduction of Rs. 10,000/- from the taxable income under Section SOL of Income Tax Act, 1961 as follows will be available under Plans A and B.

(a) Income on Dhan 80 CCB (1) together with other income from specified securities/deposits etc. shall be eligible for deduction from total income up to a maximum of Rs. 7,000/- [Sec, SOL (1) (Va)],

(b) A further deduction from total income up to a maximum of Rs. 3,000/- is also available on income from Dhan 80 CCB (1) along with income from certain other specified categories [proviso to Sec. SOL (1)].

(iii) Wealth Tax Exemption: Investment in Dhan 80CCB (1) would be treated at par with investments entitled to exemption within the overall limit of Rs. 5,00,000/- referred to in Section 5(1) (XXIVa) of Wealth Tax Act, 1957.

(iv) Long Term Capital Gains: Under Plan C the investor will be eligible to the following Capital Gains Relief, along with gains from other assets, under Section 48 (2) of Income Tax Act, 1961.

1. Total exemption of Capital Gains up to Rs. 10,000/-.
2. A deduction of 80% of the Capital Gains in excess of Rs. 10,000/-. 

(iv) Tax Deduction: There shall be no deduction of tax at source on the Dividend declared under Plans A and B. However, when the units are encashed in whole or in part other by way of repurchase of these units or on termination of the scheme by the trustees as the case may be, the amount invested by the assessee in 'Capital Units' shall be deemed to be the income of the assessee as per the provisions of Section 80 CCB of Income Tax Act, 1961 and tax at the standard rate of 20% as per Section 194F of Income Tax Act, 1961 will be deducted. The Mutual Fund shall issue certificate of tax so deducted at source.
2. Jeevan Akshay

In return for purchase price paid by the purchaser a monthly pension will be paid during the lifetime or the purchaser of the pension.

The last payment would be falling due prior to the date of death of the pensioner. No medical examination is necessary to get the policy.

Post-dated monthly cheques are sent in advance for the whole year. No existence certificate is required for receipt of the pension.

Pension cheques are payable at par on all branches of the Central Bank of India and such other nationalised bank which LIC may notify.

On the death of the pensioner, the original amount invested by the employee along with an additional bonus will be returned to the nominee or his legal heirs.

The minimum amount to be invested (premium) is Rs. 10,000 and in multiples of Rs. 100 thereafter. There is no maximum limit.

For every Rs. 10,000 purchase price, pension payable would be Rs. 100 per month.

Minimum age at entry is 50 years. There is no restriction as regards maximum age at entry. Only persons aged 50 or more can avail of pension benefits on their own lives.

The Jeevan Akshay policies also enjoy various tax benefits:

3. Jeevan Dhara

The payment of annuities in respect of policies under Jeevan Dhara has to start one month after the completion of the deferment period. It means that the input forms for building master records for payment of annuities have to reach the Zonal Machine Department well in advance to enable them to process it and dispatch the cheques to the annuitant about two weeks before the date of vesting.

The payment of final installment premium will be received only after date of vesting, making it impossible to build the master record in time. The delay in building of the master record will be much more when they are gaps, in premium payment. This is one of the reasons behind discontinuing issue of Jeevan Dhara policies under salary saving scheme (SSS) Effective from 1st Dec, 1990.
4. Jeevan Kishor
The salient features of the plan are as follows:

Children, both male and female, between the ages of 1 (last birthday) and 12 (last birthday) are eligible to be proposed for, insurance under this Plan.

(a) If both parents are alive, generally the father should propose. However, if the mother has an income of her own, she can be the proposer.
(b) If father is not alive, mother can propose.
(c) If both parents are not alive, then the, legal guardian can propose.

Commencement of risk: The risk will commence either-two years after the date of commencement of the policy or from the policy anniversary falling immediately after the completion of 7 years of age, whichever is later.

5. Jeevan Chhaya
"Jeevan Chhaya" introduced in March 1991, can be considered to be a combination of 'Jeevan Mitra and 'Money Back' plans.

Couples having a child (not an adopted one), of age less than one year can avail of this plan, in order to ensure that an adequate financial provision is made for the higher education of the child. The child should not have completed one year of the date of registration of the proposal. Either father age or mother or each one of them individually can take policies or under this plan.

Premium payment: The premiums under this plan payable during the life time of the life assured and shall cease on the death of the life assured or on the expiry of the term of the policy, whichever is earlier.

Benefits: under the 'Jeevan Chhaya' plan are:

- Fixed Benefits: The following benefits (on all in force policies) are payable whether or not the life assured survives the term of the policy:
  (i) One fourth of the sum assured each at the end of (n - 3), (n - 2), (n -1) and nth year (where n is the term of the policy). (ii) Bonus for the full term on the full sum assured on the date of maturity.
• Death Benefit: In addition to the above fixed benefits, one additional sum assured will be payable on the death of the policy-holder at any time during the term of the policy.

6. Jeevan Kishore

With Profit Plan further curtails the age from which the risk on child's life is covered. As previsions of this policy, risk commences either two years from third the date of commencement or from the policy anniversary following immediately after the completion of 7 years of age, whichever is later.

7. Jeevan Sukanya

With Profit is designed exclusively for female children. The premiums under this plan are payable for a limited period only. The premium ceases from the policy anniversary following on or immediately after completion of 20 years of age by the life assured. The policy matures on the policy anniversary following or immediately after completion of 50 years by the child. The policy provides following benefits:

• Death Benefits
  (a) Before the commencement of risk, the premiums paid, excluding premiums for premium waiver benefit are refunded.
  (b) Fun sum assured along with vested bonuses after commencement of risk but before maturity of the policy.
  (c) After marriage of the life assured and commencement of the risk cover on the life of the husband but before the date of maturity full sum assured without bonus in case husband predeceases the wife.

• Survival Benefits
  (a) Full sum assured on the life assureds’ surviving until the end of the end of the premium-paying term.
  (b) The vested bonuses are paid on the life assureds’ surviving up to the age of maturity (bonuses continue to vest upto the end of the policy term).
8. Children’s Money Back Plan

Yet another innovative plan have been introduced by LIC with effect from 16th January 1995. The plan envisages full and complete growth of the child. The plan provides for educational as well as start in life expenses—a series of financial benefits at the time when the child needs them most. Under a policy of Rs. 5 lakhs sum assured, Rs. 1 lakh is paid as survival benefit on the policy anniversary immediately after the child completes 18 years of age. A similar amount is paid on the policy anniversary two years hence. The amount is increased to Rs. 1.5 lakhs as survival benefit payable on the policy anniversary immediately after completion of 22 years of age. A similar amount is paid on the policy anniversary two years hence.

All the premiums are paid by the parents. They can claim tax concession under Section 88 of Income Tax Act 1961. The single premium policy under the above plan can be gifted to the child for his advancement by close relations. The policy can be taken even for a new born child up to 10 years of age last birthday—the age on the commencement of the policy.

“Any sum received under a life insurance policy, including the sum allocated by way of bonus on such policy”.

The benefits payable under the policy are exempt in terms of section 10(10D) of Income Tax Act 1961.

In case of death of the life assured after commencement of the risk, the full sum assured together with guaranteed additions is payable without any deduction for the amount that may have been paid earlier by way of survival installment. Loyalty addition is another novel feature which will depend upon Corporation's experience with regard to three factors viz. Mortality Expenses and Interest.

LIC has taken interest for introducing different new policy schemes to cater the needs of customers of different segments—Asha Deep, Bima Kiran, Jeevan Shree, Jeevan Adhar, Bima Sandesh, Bhavishya Jeevan, Jeevan Surabhi, Jeevan Mitra, Jeevan Sathi, Jeevan Sarita, Jeevan Balya and Jeevan Griha have been introduced by LIC.
9. **Jeevan Suraksha**

Jeevan Suraksha plan was introduced on 15th August, 1996. It enables individuals to provide for retirement income from a chosen date. The Policy is with life cover but can be taken without life cover under certain conditions. The Policy holder taking policy with life cover provides minimum of 50% of the target pension to spouse on death during the deferment period. Spouse's pension is not provided under without life cover plan. On vesting, the policy holder has the option to receive 25% of the notional cash option in lump sum and balance in annuity.

10. **Jeevan-sneha**

Jeevan Sneha introduced on 16th June 1997 is specially designed for women. The plan is without profits money back type plan with the added feature of guaranteed additions.

Free insurance cover for a period of 3 years from the date of first unpaid premium provided at least 2 full years' premiums have been paid and option to receive pension in lieu of maturity benefits.

The Jeevan Shree was withdrawn last year in January 2002 but has made a big contribution that our average agents also started talking and selling Rs. 5 lakhs policy. Had Jeevan Shree not been there perhaps even today selling Rs. 5 lakhs or more policy would have been difficult for most of us.

After Jeevan Shree (112), New Jeevan Shree (151) has arrived on the scene.

(A) **New Jeevan Shree:** Misconception about the Plan is minimum sum assured and premium is high

Fact: (i) Jeevan Shree (112) with minimum sum assured of Rs. 5 lakhs was sold in large numbers (26387 in Mumbai D.O. III) last year based on high yield. It means people will buy even high sum assured policies if product is attractive yield-wise or benefit wise.

(ii) The guaranteed additions @ Rs. 70/- per thousand sum assured per year with accident benefit and term assurance of Rs. 15 lakhs each makes this plan attractive. Even with the higher premium the yield is up to 7%. We should always see the benefits and not the cost. Cost is only relative to benefit.
(B) **Jeevan Rekha**—Misconception about the plan is money back is after every 5 years, which is long survival gap, compared to plan life Mahalife of Tata AIG.

(C) **New Jeevan Dhara-I, New Jeevan Akshay-I, New Jeevan Suraksha-I:**

Misconception about the plan is:

(i) No guaranteed pension or annuity

(ii) The annuities are low

(iii) No bonus indicated in New Jeevan Suraksha-I/New Jeevan Dhara-I

Some other policies are available:

- New Jeevan Suraksha-I
- New Jeevan Akshay-I
- Plan 89: Jeevan Sathi
- Plan 91: New Jana Raksha:
- Plan 103: Jeevan Chhaya
- Plan 121: Asha Deep
- Plan 153: Bima Nivesh Triple Cover

Every product has distinct segment, only and eagle's eye will pave the way to enlarge the compass of clientele.

11. **Jeevan Pramukh**

**BENEFITS:** Guaranteed Additions @ Rs. 50/- per thousand of Sum Assured for each completed year, for the first five years.

Participation in profits: The policy shall participate in profits of the Corporation from the 6th year onwards and shall be entitled to receive bonuses declared as per the experience of the Corporation.

Maturity benefit: Sum Assured together with accrued Guaranteed Additions and accrued Simple Reversionary Bonuses and Final Additional Bonus, if any, will be paid to the Policy-holder on surviving the term of the policy provided the policy is in full force for full sum assured.

Death benefit: On death of the Life Assured during the term of the policy an amount equal to the Sum Assured along with accrued Guaranteed Additions and
accrued Simple Reversionary Bonuses and Final Additional Bonus, if any, will be paid provided the policy is in full force for full Sum Assured.

Grace period: A grace period of 30 days will be available for payment of yearly, half-yearly or quarterly premiums and 15 days for monthly premiums.

15-day cooling-off period: If you are not satisfied with the 'Terms and Conditions' of the policy you may return the policy to us within 15 days.

Paid-up value: The policy will acquire paid-up value after more than one year's premiums have been paid subject to Terms-and Conditions.

Guaranteed surrender value: The policy can be surrendered for cash after more than one year's premiums have been paid. The Guaranteed Surrender Value allowable under the policy will be equal to 30% of the total amount of premiums paid excluding the premiums for the first year and the extra premiums, if any.

The cash value of any existing vested Guaranteed Additions and vested simple reversionary bonuses, if any, will also be payable after completion of 3 years.

12. LIC's Jeevan Nidhi
(a) Guaranteed Additions: Guaranteed Additions @ Rs. 50/- per thousand Sum assured for each completed year, for the first five years.

(b) Participation in profits: The policy shall participate in profits of the Corporation from the 6th year onwards and shall be entitled to receive bonuses declared as per the experience of the Corporation.

(c) Benefits on Vesting:
1. Option to commute up to 1/3rd of the amount available on vesting, which shall include the Sum Assured under the Basic Man together with accrued Guaranteed Additions, simple Reversionary Bonuses and Terminal Bonus, if any.

2. Annuity is per the option selected: Annuity on the balance amount if commutation is exercised, otherwise annuity of the fund amount.

(d) Death Benefit on death before annuity vests: the Basic plan along with the occurred: Guaranteed Additions, simple Reversionary Bonuses and Terminal Bonus, if any, will be paid in a lump sum to the appointed nominee, provided the
policy is in force for full Sum Assured. Nominee will also have the option to purchase an annuity with this amount.

(g) Grace Period: A grace period of 30 days will be available for payment of yearly, half-yearly or quarterly, premiums and 15 days for monthly premiums.

(h) 15-day Cooling-off period: If policyholder is not satisfied with the "Terms and conditions" of the policy, he/she may return the policy to us within 15 days.

(i) Paid-up Value: the policy will acquired paid-up value after at least 3 full year's premiums have been paid.

(j) Revival: the policyholder can revive his lapsed policy by paying arrears or premium together with interest within a period of five years from the date of first unpaid premium subject to satisfactory evidence of health. The Corporation will decide the rate of interest for this purpose from time to time. The present rate of interest is 9% p.a.

(k) Options: Accidental Death and Disability Benefits: In case of death accident (within 180 days) an additional amount equal to the Accident Benefit Sum assured will be payable. In case of Total and Permanent disability arising due to accident an amount equal to accident benefit sum assured will be able over a period of 10 years in monthly installments. However, the payment of accident benefits will be subject to an overall limit of Rs, 25 lakh under all policies of the Life Assured with the Corporation taken together.

A two-in-one policy that gives the advantage of both whole life & Endowment schemes.

• Survival Benefit: Sum Assured + Bonus at the end of the selected term and risk cover continues.

• Death Benefit: Sum Assured + Bonus if death takes place during the selected term and policy comes to an end. However, if death takes place after the selected term, then the Sum Assured alone is payable to the nominee / legal heirs.

• Accident and Disability Benefit: Exclusive in-built accident and disability benefit up to Rs. 500000.
• Minimum Sum Assured: Rs. 100000.

• Loan facility: Available

The LIC has introduced five new policies during 2005-2006. These are LIC’s Golden Jubilee Policy-Bima gold, LIC’s Jeevan Plus, LIC’s Bima Bachat, LIC’s Amulya Jeevan and LIC’s Jeevan tarang similarly. LIC’s Jeevan Akshay III was repriced and replaced as LIC’s Jeevan Akshay IV. New Bima (Table 179) having regular premium money back plan with return of total premium in installments at prescribed intervals with loyalty additions, if any, at maturity and extended free risk cover was introduced in 2008.

SOCIAL SECURITY SCHEMES:

Janashree Bima Yojana: The object of this scheme is to provide insurance protection to the rural and urban poor below the poverty line or marginally above it. 50% of the premium is subsidised from the Social Security Fund maintained by LIC and members / Nodal Agency / State government contribute the remaining 50%. Persons aged between 18 and 59 years are covered for an amount of Rs. 30000/- each under this scheme. In case of death or total disability (including loss of 2 eyes / 2 limits of use) due to accident, a sum of Rs. 75,000 and in case of partial permanent disability (loss of 1 eye / 1 limit of 1 use) due to accident, a sum of Rs. 37,500/- is payable to the nominee / beneficiary.

NEW INSURANCE PRODUCTS

Some of the new policies are:

Rural insurance – The policies offered under this scheme are:

Personal Insurance

(a) Janta Personal Accident (Individual)

(b) Janta Personal Accident (Group)

(c) Gramin Personal Accident

Property Insurance

(a) Agricultural Pumpset

(b) Animal Driven Carts Insurance

(c) Hut Insurance
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(d) Gober Gas Insurance
(e) New Well Insurance

Cattle and Livestock Insurance
(a) Cattle Insurance
(b) Sheep and Goat Insurance
(c) Camel Insurance
(d) Horse Insurance

Poultry Insurance
(a) Duck Insurance
(b) Poultry Insurance Master Policy
(1). Insurance of Species
(2). Package Insurance
(3). Crop Insurance
(4). Medi-claim Hospitalisation and Domiciliary Hospitalisation Insurance
(5). Overseas Medi-claim Policy
(6). Student’s Safety Insurance
(7). Unborn Child Welfare Insurance
(8). Cancer Medical Expenses Policy
(9). Boiler and Pressure Plant Insurance
(10). Machinery Insurance
(11). Cold Storage Insurance
(12). Baggage Insurance
(13). Shopkeeper’s Insurance
(14). All Risks Cover Insurance
(15). Social Security Scheme
(16). Wedding Insurance
(17). Kidnap and ransom Insurance
(18). Travel Insurance

When shopping for a life insurance policy, it’s important to obtain the amount of coverage that will provide financial stability for your family at an affordable price. E-financial can help you find the policy that fits you best.
New Latest Insurance Plan

LIC policies provides you Money Back plan, Children Plan, Term Assurance Plan. If you are looking for LIC Investment plan, Life Insurance, LIC Term policy, New Bima Gold - Money back plan with difference. Compare various good LIC policies Price, Features and Ratings.

Best LIC tax saving policy with good benefits ... LIC Insurance plans to guarantee education of your children. ... Endowment with Profit Endowment with Profit Term Assurance Policy Term Assurance Policy Money Back Policy Money Back Policy.

Pension Plans, Children's Plans, Investment Plans, Money Back Plans, Whole life ... Compare all LIC Life insurance policies before you apply. Find LIC life insurance policy best insurance life quote. ... Endowment Policy, Term Policy, Money Back Policy, Joint Life Policy, Children's Policy

Lic Jeevan Anand: LIC Jeevan Anand is a good whole life plan. It has the wonderful returns and extremely helpful plan. Entire Life Plan + Endowment guaranteed Plan.

Lic Jeevan saral: LIC's New Jeevan Saral Monthly Recurring Scheme Jeevan Saral ATM Plan Table No 165. Jeevan saral policy by LIC of India which is also called ATM plan. Jeevan Saral offers insurance with money liquidity and tax saving. Awarded best innovative Insurance product from IRDA (Golden Peacock Award Winner Policy international award)

SPECIAL FEATURES:

Lic new bima gold Policy: Table-179 It is a plan where premiums paid over the term of plan are paid back during the policy term in installments and life insurance cover is available not only during the term but also during the extended term of the plan.

LIC Jeevan Tarang: Table 178 this is a with-profits whole of life plan which provides for annual survival benefit at a rate of 5½ % of the Sum Assured after the chosen Accumulation Period. The vested bonuses in a lump sum are payable on survival to the end of the Accumulation Period or on earlier death. Further, the Sum
Assured, along with Loyalty Additions, if any, is payable on survival to age 100 years or on earlier death.

**Jeevan Mitra (Triple Cover Endowment Plan):** This is an Endowment Assurance plan that provides greater financial protection against death throughout the term of plan. It pays the maturity amount on survival to the end of the policy term.

**Jeevan Shree-I:** This is an Endowment Assurance plan offering the choice of many convenient premium paying terms. It provides financial protection against death throughout the term of plan with the payment of maturity amount on survival to the end of the policy term.

**Lic Endowment Plus:** This is a unit linked Endowment plan which offers investment cum insurance cover during the term of the policy. You can choose the level of insurance cover within the limits, which will depend on the mode and level of premium you agree to pay.

**Lic Pension Plan Pension Plus:** LIC’s Pension Plus is a unit linked deferred pension plan, which provides you a minimum guarantee on the gross premiums paid. The plan is without any life cover.

**Lic Pension Plan Jeevan Nidhi:** LIC’s JEEVAN NIDHI is a with profits Deferred Annuity (Pension) plan.

**Lic Pension Plan Jeevan Akshay VI:** It is an Immediate Annuity plan, which can be purchased by paying a lump sum amount. The plan provides for annuity payments of a stated amount throughout the life time of the annuitant. Various options are available for the type and mode of payment of annuities.

**Lic Pension Plan New Jeevan Dhara-I:** These are Deferred Annuity plans that allow the policyholder to make provision for regular income after the selected term.

**Lic Pension Plan New Jeevan Suraksha-I:** These are Deferred Annuity plans that allow the policyholder to make provision for regular income after the selected term.

**Lic Term Policy Amulya Jeevan – I:** Death Benefit: In case of unfortunate death of the Life Assured during the term of the policy, Sum Assured is payable, provided the policy is kept in force.
Lic Term Policy Anmol Jeevan-I: On Death during the Term of the Policy, Sum Assured.

Lic Children plans Child Career Plan: This plan is specially designed to meet the increasing educational and other needs of growing children.

Lic Children plans Child Future Plan: This plan is specially designed to meet the increasing educational, marriage and other needs of growing children.

Lic Children plans Marriage Endowment or Educational Annuity Plan: This is an Endowment Assurance plan that provides for benefits on or from the selected maturity date to meet the Marriage/Educational expenses of the named child.

Lic Children plans Jeevan Kishore: This is an Endowment Assurance Plan available for children of less than 12 years of age. The policy may be purchased by any of the parent/grand parent.

Lic Children plans Komal Jeevan: This is a Children's Money Back Plan that provides financial protection against death during the term of plan with periodic payments on survival at specified durations.

    This plan can be purchased by any of the parent or grand parent for a child aged 0 to 10 years.

Lic Children plans Jeevan Anurag: Jeevan ANURAG is a with profits plan specifically designed to take care of the educational needs of children.

Lic Children plans Jeevan Chhaya: This is an Endowment Assurance plan that provides financial protection against death throughout the term of the plan. Besides payment of Sum Assured immediately on death, one-fourth of Sum Assured is payable at the end of each of last four years of policy term whether the life assured dies or survives the term of the policy.

Tax Savings - buy life insurance is to avail tax benefits under section 80C up to the limit of Rs. 100000 annually

Financial Planning: LIC Term, Endowment, Pension, Child, Money Back, best lic life insurance policy
Conclusion:

This chapter incorporates introduction about insurance business in India. Before independence, Insurance started in India without any regulation in the Nineteenth Century, its period of British insurance companies dominating the market serving mostly large urban centers. The insurance market in India was buzzing with 176 companies (both life and non-life). The Insurance sector in India was governed by Insurance Act, 1938. After the independence, in 1956, there were 154 Indian insurance companies, 16 non-Indian insurance companies and 75 provident societies that were issuing life insurance policies. Most of these policies were centered in the cities (especially around big cities like Bombay, Calcutta, Delhi and Madras). Then Finance Minister S. D. Deshmukh announced nationalization of the life insurance business. Life Insurance was the first to be nationalized in 1956.

Life Insurance Corporation of India was formed in 1956 by consolidating the operations of various insurance companies. The structures of Insurance industry are including Marian insurance (insurance practiced in India from three to four thousand years back), Fire insurance and Life insurance business in India. At present insurance in India governed by the Life Insurance Corporation Act, 1956 and the journey of insurance Liberalisation process in India is now over fifteen years old.

The Government of India in 1993 had set up a high powered committee by R.N.Malhotra, former Governor, Reserve Bank of India, to examine the structure of the insurance industry and recommend the changes to make it more efficient and competitive keeping in view the structural changes in other parts of the financial system on the country. In 1994, the Malhotra Committee has submitted its report to make regulations for the entry of private sector; to permit the foreign companies in India to increase healthy competition, to encourage new products and services in the insurance sector and to establish a competent authority to control and regulate the insurance sector.

The first major milestone in this journey has been the passing of Insurance Regulatory and Development Authority Act, 1999. This along with amendments to
the Insurance Act 1983, LIC Acts paves the way for the entry of private players and possibly the privatization of the hitherto public monopolies LIC.

With the opening of insurance sector for the private company in 1999, there have been deep changes in the financial arena of the country. Now all insurance companies established in country followed rule of Insurance Development and Regulation Authority (IDRA) Act.

The entry of private players in insurance business are needful and justifiable in order to enhance the efficiency of operations, achieving greater density and insurance coverage in the country and for a greater mobilization of long term savings for long gestation infrastructure prefects. New players should not be treating as rivalries to government companies, but they can supplement in achieving the objective of growth of insurance business in India.

India continues to be a developing country and large sections of the population do not have enough money to make their ends meet; hence, insurance would be their last priority. There is still a sizeable section of the population, which is having capable for insuring, but not insured. After a decade of liberalisation, it is relevant to know its impact on the life insurance business in India. The share of Life Insurance Corporation has been squeezed, although there is growth in its business in terms of number of policies and amount of premium. The private insurance companies are increasing their penetration in the market and presenting innovative products and services.

The most important reason is the credibility gap, which has to be filled up. They have to be convinced that if they pay the insurance premium then insurer will paid their claims at the time of need. Their confidence levels have to be improved. This will happen if the grievances are addressed properly and customer service increases with the guarantee that all the claims will be settled maximum in a week’s time; at least the smaller claims. This will give the customer’s confidence a boost. If the customer service improves and the credibility gap narrows it would be good selling point and with more and more players coming, this will expand the market.

In the beginning, private companies has allowed with foreign participation, which was limited to share up to 26%. The Union Cabinet granted approval in 2013
for increase of foreign direct investment (FDI) limit in the insurance sector upto 49 per cent. Alongside, it also cleared amendments aimed at attracting investments and bringing transparency in the working of the insurance companies. Opening up of insurance to private sector including foreign participation has resulted into various opportunities and challenges. So far, IDRA has been permitted the license to 23 private insurance Companies in India. Initially the companies were permit with paid up capital of Rs. 100 Crore. Now the limit has been increase to Rs.200 Crore. These companies included joint venture with Indian and foreign company & banks, Indian bank develop life insurance segment and private ltd company. Such as Tata - AIG, Birla Sun life, HDFC standard life Insurance, Reliance General Insurance, Royal Sundaram Alliance Insurance, Bajaj Auto Alliance, IFFCO-Tokio General Insurance, ING Vysya Life Insurance, SBI Life Insurance, Dabur CJU Life Insurance and Max New York Life.

Life Insurance Corporation had 5 Zonal Offices, 33 Divisional Offices and 212 Branch Offices, apart from its corporate office in the year 1956. After the entry of private players, Life Insurance Corporation functions with 2048 fully computerized Branch Offices, 109 Divisional Offices, 8 Zonal Offices, 992 Satellite Offices and the Corporate Office in 2013. The Life insurers have been showing a three times growth in number of offices in year 2000 to 2013. A major portion of this expansion was in the private sector whose offices more than doubled from LIC’s offices.

The researcher has divided the Insurance Company into two categories viz. LIC and Private Insurance Companies. The chapter describes the working of these Insurance Companies with special reference of liberalisation impact on LIC and Private Insurance Companies.
Introduction

This chapter presents the review of literature to identify and understand the implications of different issues related to impact of liberalisation on life insurances in India. Review of literature provides a direction, framework of theoretical advancement that have been considered in the present research impact of liberalisation on life insurance industry.

The objective of this chapter is to review the literature on life insurance business for the purpose of finding out the impact of liberalisation on life insurance business of different insurance company working in life insurance industry.

The chapter covers thorough literature review of various research works available related to the topic, which has been considered as the problem under the study. Based on the review of literature the researcher has enabled to identify his source for the present study. The theses related to the problem area, different reports and notification and occasional papers of Insurance development authorities of India, special reports of Indian insurance industry, Economic Survey, International and National research papers, Annual Reports of IRDA, Indian Insurance’ profile 1991-92 to 2012-13 yearly issued by IRDA were the main parts of literature review.

Technological advancement has been seen in Insurance industry and government liberalized the norms for insurance sector in Indian insurance business. It definitely affects the working of insurance sector. There are many researches which analyze the performance of private & nationalised insurance company by considering different parameters i.e., market share, premium, profitability, policy etc., but no research considers all the variables together.

The life insurance is a unique medium of social and economic security there has been increase in its awareness among the people which underlines its importance. It is the reason that there have been various researches on this subject from time to time. Few of the literature review having relative importance to the topic are as follows:
There have been various research conducts on the topic of life insurance in different universities titled ‘bhartiya jivan bima nigam ki vyavsay samvardhan nitio ka aalocharanatmak addhyan’ and “the modern privatisation of Life Insurance Corporation” but nobody perform the work on impact of liberalisation policy on business of life insurance services.

There have been various news papers and magazines publish on life insurance and relevant topic. Such as Insurance Development Regulatory Authority published journal in Feb. 2009, in which Mr. Pramod Kumar Verma suggest problem of insurance holder, problem of awareness regarding insurance in villagers mention in topic “Grameen Bema Vienna Sambhvnaye evm chunotiyo”. Similarly, many more journals published on the life insurance corporation.

Drucker (1999) admitted that by providing financial protection against the major eighteenth and nineteenth century risk of dying too soon, life insurance became the biggest financial industry of that century, and providing financial protection against the new risk of not dying soon enough may well become that next century’s major and most profitable financial industry.

TS Rama Krishana Rao (2000) opined that 1999-2000 was a landmark year in the history of Indian insurance industry. The year 2007 is going to be another watershed for the industry. Detarrification from first January 2007 will totally change the complexion of the non-life industry. Financial inclusion is being emphasized in various fora. The insurance industry will have to play a vital role by providing health insurance and other insurance products for the poor.

Jain (2004) revealed that waves of liberalization have done wonders to proper the insurance occupation to the status of a career with a bright future. The average mindset, particularly of younger generation in India is very amenable to these changes in insurance as an avenue where exhilarating opportunities are opened up in changed environment.

Sukla (2006) reviewed that the euphoria is well earned as well look at the economic measures of liberalization initiated in insurance sector. Six years

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into competitive market, the Indian insurance industry exhibited a healthy growth trend of new business and market share. From total premium underwritten of Rs.34898 crore in the year 2000-01 to Rs.66287.93 crore in 2003-04, followed by the aggressive achievement posted at Rs.81301.40 crore in 2004-05, the life insurance industry saw the new players stabilize their operations keenly matched by LIC and the premium numbers bring out the fact that the size of the insurance market grew over the eleven years of liberalization. The author also views that with liberalization, India is penning the script of insurance convergence (catch up) and not Insurance divergence (falling behind). “Since opening of insurance industry, at 2003-04, private players have brought 21.87 percentage of their new business, through referrals and direct business, a sign of harnessing the strengths of the competitive market of the respective organization. It clearly indicates the comfort zone of operation of the players. But the real operational efficiency will emerge beyond the boundaries of comfort when they will try to expand the market share in the unfamiliar territory.

In addition, Rao (2007) reported that “insurance is a vital economic activity and there is an excellent scope for its growth in the emerging markets. The opening up of the insurance sector has raised high hopes among people both in India and abroad. The recent detarrification in the non-life domain has provided a great deal of operational freedom to the players”.

Sabera (2007) indicated that the Government of India liberalized the insurance sector in March 2000, which lifted the entry restrictions for private insurance players, allowing foreign players to enter into the market and start their operations in India. The entry of private players helps in spreading and keeping the operation in the Indian insurance sector which in turn results in restructuring and revitalizing of public sector companies.

The insurance sector is not new for development and economic growth of any economy and it has been recognized for many years. The significance of insurance was also acknowledged in the first conference of United Nations Conference on Trade and Development (UNCTAD) in 1964 by stating that “a
sound national insurance and reinsurance market is an essential characteristic of economic growth.” It seems Insurance not only facilitates economic transactions through risk transfer and indemnification but it also promotes financial intermediation (Ward and Zurbruegg, 2000).

More specifically, insurance can have effects such as promote financial stability, mobilize savings, facilitate trade and commerce, enable risk to be managed more efficiently, encourage loss mitigation, foster efficient capital allocation and also can be a substitute for and complement government security programs (Skipper, 2001).

“If one views the key economic benefits of insurance as risk transfer, indemnification and financial intermediation, then the benefits of risk transfer and indemnification are likely to be the major characteristics of non-life and health insurance, while financial intermediation is a part of life insurance. Thus an aggregate approach will embrace all of these ideas within the same analysis.” (Ward and Zurbruegg, 2000).

Although this interpretation seems correct and logical, but some studies which had been conducted in the economic literature about aggregation problem show it may cause unreliable results.

**Review of other major areas**

1. **The role of Insurance in Economic Growth and Development.**

   Insurance is an important growing part of the financial sector in virtually all the developed and developing countries (Das et al., 2003). A resilient and well regulated insurance industry can significantly contribute to economic growth and efficient resource allocation through transfer of risk and mobilization of savings. In addition, it can enhance financial system efficiency by reducing transaction costs, creating liquidity and facilitating economies of scale in investment. (Bodla et al., 2003)

   Ward and Zurbruegg (2000) examine the casual relationship between growth in the insurance industry and economic development by recognizing that the economic benefits of insurance are conditioned by national regulations, economic systems and culture. Further, Ward and Zurbruegg
(2000) argue that an examination of the inter-relationship between insurance and economic growth needs to be conducted on a country-by-country basis.

Patrick, (1966) discusses that economic growth can be either supply-led through growth in financial development or alternatively financial development can be demand-led through growth in the economy. Whereas several studies establish that financial development is an important determinant of countries’ economic growth, the aspect of understanding the casual relationship between insurance market growth and economic development is still lacking.

Similarly, Outreville (1990) investigated the economic significance of insurance in developing countries. He compares 45 developed and developing countries and concludes that there is a positive but non-linear relationship between general insurance premiums per capita and GDP per capita.

Ward and Zurbruegg (2000) suggest that in some countries, the insurance industry plays a key role in economic growth.

Beenstock, et al., (1986) and Browne and Kim (1993) found that the role of the state in providing insurance services is a determinant of the demand for life insurance, because the level of education and the age dependency ratio are likely to differ across countries.

Others highlight the role of insurance in individual and corporate risk management and their contribution to economic development. The more developed and efficient a country’s financial market the greater will be its contribution to economic prosperity.

While the role of insurance as contributor to the process of economic development has not been properly appreciated and examined in economic literature. Among Indian authors Shrivastava and Shrivastava (2002) hold the view that there is dearth of material inter linkage between economic development on one hand and insurance services on the other, whereas role played by other services like banking, transport, communication, public administration, defence etc in accelerating the national income of an economy has been properly highlighted.
To understand the relationship between concept of insurance and economic development, Insurance may be defined as a contract between insurer and insured under which insurer indemnifies the loss of the insured against the identified perils for which mutually agreed upon premium has been paid by the insured. The contract lays down the time framework within which the losses will be met by the insurer.

Samuel (2001) defines the term insurance by referring to the two important Schools of thoughts on the subject viz, i) Transfer School and ii) Pooling School.

According to Transfer School, “insurance is a device for the reduction of uncertainty of one party, called the insured, through the transfer of particular risks to another party; called the insured, who offers a restoration, at least in part, of economic losses suffered by the insured” (Irving, 1956).

On the other hand, according to Pooling School “the essence of insurance lies in the elimination of uncertainty or risk of loss for the individual through the combination of large number of Similarly, exposed individuals” (Alfred, 1935)

“If a country is going to restructure and liberalize its insurance regulatory environment, it should do so to maximize the opportunities for growth and development. Growth is consistent with certain structures for education, the public sector, savings and investment opportunities, private property rights, and proper fiscal and monetary policies (Skipper et al., (2000). These are the standards of IMF prescriptive for market development (IMF, 1996).

In most of the economic literature, the prosperity of nation was however measured through the yard stick of increase in the national income of the economy; measured through different variants such as Gross Domestic Product (GDP) or Net Domestic Product (NDP), at current or constant prices. Normally in order to assess the real pace of development, the growth of GDP at constant prices was taken into account. They observe that the writing did not consider the qualitative changes such as structural and institutional transformation of the productive system within the ambit of the concept of
economic development. The issues such as alleviation of poverty, reduction in inequalities of income and un-employment were assumed to be taken care of the mere growth of the GDP (Shrivastava and Shrivastava, 2002).

In this description while examining the relationship between the two i.e., economic development and insurance, development has been taken up in the sense of growth, implying sustained increase in the GDP/Per Capita GDP of the country. The growth of GDP is a function of host of factors, both economic and non-economic in nature, which directly or indirectly subscribe to it. From an economic angle, these factors could be grouped into the following four categories (Samuelson, 2001).

- Human Resources. (Labour, Education, Discipline, Motivation etc.)
- Natural Resources. (Land, Minerals, Fuels, Climate etc.)
- Capital Formation. (Machines, Factories, Roads etc.)
- Technology (Science, Engineering, Management, Enterprises.)

2. The Role of Insurance in Financial Intermediation and Domestic Capital Markets.

The mainstream literature on the factors of financial market development does not explicitly include the insurance market. However, the activities of insurance companies as financial intermediaries and as institutional investors are crucial components of capital market development, which cannot be ignored.

Conyon and Leech (1994) note that institutional investors (i.e., pension funds, insurance companies and mutual funds) improve the productive potential of projects.

Cole (1997) states that a solid financial system has five components: (a) sound fiscal and macroeconomic policies, that is public finance discipline and stable monetary, interest, and exchange rate policies; (b) qualified and competitive financial institutions ; (c) effective prudential supervision; (d) an adequate legal system; and (e) a stable and predictable political system.
Carmichael and Pomerleano (2000) highlight contribution of insurance as a promoter of financial stability among households and firms by transferring risks to an entity better equipped to withstand them, it encourages individuals and firms to specialize, create wealth and undertake beneficial projects they would not be otherwise prepared to consider.

A number of empirical studies show that the development of financial intermediaries, including insurance, has a strong correlation with economic growth. Patrick (1996) suggests that financial sector can either have a supply-leading or demand-following relationship with economic growth.

Outreville (1996) examined factors that contribute to insurance growth by using cross-sectional data of 48 countries.

Webb (2000) is of the view that insurance contributes by fostering more efficient allocation of capital. Insurers spend time collecting information to evaluate projects, firms and individuals in their decision to issue and price insurance and in their investment activities. By comparison, individual savers and investors typically do not have time, resources or ability to collect this information. In addition, activities of insurers are in continually evaluating and monitoring risks provides markets with information on the likelihood of losses which can lead to improved resource allocation.

The insurance sector can also contribute to the development of capital markets, by making a pool of funds accessible to both borrowers and issuers of securities. This is due to the fact that insurance companies have long term liabilities than banks.

In developing and underdeveloped countries, the most important factor, contributing to the process of economic development is the capital formation. The relationships between capital formation and insurance services in both developed and developing economies of the world has been quite pronounced and have greater significance.

Bodla et al., (2003) laid down the three essential steps in the process of capital formation viz:
1. Real savings.
2. Mobilization and channelizing of savings through financial and non-financial intermediaries for being placed at the disposal of investors.

3. The act of investment.

Insurance can promote efficiency in the financial system by mobilization of scattered resources, creation of liquidity and economies of scale (Gupta, 2004). The features of insurance have been widely highlighted by Skipper (2001) with features overlapping the process of capital formation. The contribution of insurance in the process of capital formation is through all these stages. Insurance plays an important role in channelizing savings into domestic investment (Skipper, 2000).

a) Insurance and Savings

The act of saving involves refraining from the present consumption and thereby placing a proportion of income for being consumed at a later date. The act of investment can only take place when there are savings in the economy (Shrivastava and Shrivastava, 2002). Historically a directly proportional relation has been established between savings and growth of GNP. Savings can be either financial or non-financial (skipper, 1997). Economists generally agree as to the positive relationship between saving rates and growth rates. “Countries that save more tend to grow faster” (skipper, 1997).

Ramesh Jain (1980)2 conducts a case study at Sagar branch, Calcutta, of Life Insurance Company view the spread of life insurance in a particular area and to channelize the mobilized saving for nation building activities. Analyzing the processing of procurement of insurance business and administration of Life Insurance Company in branch level, the study also brings out the growth of total new business and about 30% of Life Insurance Companies individual assurance business originated from the rural sector - it adds to the privilege of Life Insurance Company to contribute their investments to many of the vital projects and schemes under 20 point programmes. The findings of the study were to establish servicing center to

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have continuous interaction with the policyholders and the sagar branch has still greater potentialities of expansion in rural area.

Shrivastava and Shrivastava (2002) and Bodla et al. (2003) have come up with relation between rate of growth of GDP, saving ratios and capital output ratio. It has established direct positive correlation between the rate of savings on the one hand and the rate of growth of GNP on the other. Authors categorize the source of generation of savings into three main heads:

a) Household sector.
b) Private Corporate Sector.
c) Public Sector.

With the help of the share of all the above heads to GDP, actual figure of the share of the three heads to GDP reflect that household savings constitute the major proportion of the total savings in the country.

b) Mobilising and Channelizing of Savings through Insurance

Insurance Companies also play a secondary but increasingly important intermediation role. They take funds from policyholders and invest them in financial and real markets (Hodgson, 1999). Shrivastava and Shrivastava (2002) highlight the role of insurance as a financial intermediary with specialized knowledge that place the savings of different units into most productive investment channels. Insurers help mobilize savings in three ways.

First, insurers lower transaction costs associated with drawing together savers and borrowers compared with direct lending and investing by policyholders.

Second, they create liquidity as they invest funds from customers to make long term loans and other investments.

Third, by gathering small sums from large numbers of policyholders, insurers are often able to provide finance on a scale required for large infrastructure projects. This assists the national economy in expanding the set of feasible investment projects and encouraging economic efficiency (Webb, 2000).
c) Investment

In meeting insurance needs, insurance companies also act as financial intermediaries. In collecting and managing a pool of insurance premiums, insurers are part of the group of institutional investors which have become key holders of financial assets and have an increasingly important role in today’s capital markets. (OECD, 2004).

Insurance and Risk Management

Risk management can be defined as the logical development and carrying out of a plan to deal with potential losses (Dorfman, 2002). Regda (2004) defines Risk Management as a process that identifies loss exposures faced by an organization and selects the most appropriate techniques for treating such exposures. Risk management should not be confused with insurance management. Risk management is a much broader concept and includes all techniques for treating loss exposures, in addition to insurance.

i) Works by Pooling Risk

At its most basic, insurance as an agreement where, in exchange for the payment of a premium, the insurers agrees to pay the policyholders a defined amount in event of a specific loss. Thus, insurance companies are risk bearers; they accept or underwrite the risk in return for an insurance premium.

The premium paid by an individual policyholder becomes part of an insurance pool which is at the disposal of the insurers. In setting premiums, the insurer considers the expected losses across the insurance pool and the potential for variation.

ii) Helps to manage risk

Risk management is a key contribution of the industry. Uncertainty and risk accompany most economic activities. The acquisition of assets that characterizes most investments also implies the acquisition of risk. Physical assets in particular are subject to unexpected but costly damage. New Endeavour’s, which are particular drivers of economic growth, are typically
accompanied by even more risk. Many individuals are risk averse and prefer to avoid or minimize risk.

The possibility of shifting risks, of insurance in the broadest sense, permits individuals to engage in risky activities which they would not otherwise undertake. Insurance provides the vital market function of allocating and pricing risk. (Arrow, 1970).

The efficient pricing of risk and its transfer to those best equipped to handle it contributes significantly to resource allocation and economic growth. And without a reliable mechanism for pooling and transferring that risk, much economic activity just simply wouldn’t take place (Costello, 2004).

Insurers enable risk to be managed more efficiently in three ways, through:

a. Risk pricing;

b. Risk transformation; and

c. Risk pooling and risk reduction.

In their insurance activities, insurers evaluate potential losses—the greater the potential loss, the higher the price of insuring that risk. Insurer’s pricing of risks provides information to policyholders about the consequences of their activities that will assist in the efficient allocation of resources (Webb, 2000).

Insurance enables individuals to transfer their risk to insurers, transforming the insured’s risk profile. Insurance provides an important way of transferring risk from risk-averse individuals to companies that specialize in evaluating and dealing with risk. Insurance companies play a critical role as specialists in information about risks and in risk management (ACCC, 2002).

Insurers cover individuals against losses or manage risks by pooling risks. Aggregation brings other benefits. By insuring a large pool of individuals who are facing similar risks, insurance companies can predict with greater accuracy the likelihood of an event occurring.
3. Relevant Factors for Insurance Development.

The growth of insurance are level of savings and GDP per capita that have a positive impact on insurance but also benefit from the existence of insurance contracts.

According to Swiss Re (2004) important factors that determine the growth of the insurance business are the distribution of wealth, legal systems and property rights, the availability of insurance products, regulation and supervision, trust and risk awareness. Other non-economic factors have an impact on the development of insurance: religion, culture and education. Specific factors are identified for life insurance and non-life insurance such as for life, economic stability (e.g., inflation, exchange rate), demography, the tax system, the savings rate, and the pension system.

Factors influencing Insurance demand.

**General Factors**

- Economic growth
- Products offered
- Wealth, Distribution of Income.
- Distribution Channels
- Religion, culture
- Risk Awareness
- Education
- Insurance Regulation
- Property rights, legal certainty
- Trust in Insurance

**Source:** Indian Insurance Industry, Transition and Prospects, 2002

There are several potential sources of market failures in the insurance business. Most of the theoretical research on insurance has focused on the problems of adverse selection and moral hazard in the insurance market.

the consumer can fully understand the solvency risk, and that consumers have the ability to use relevant information-as per the empirical evidence, they disputer the predominance of the U.K. unregulated insurance market and
that insurance failures (making reference to company failures during the period 1986-1999) are more severe than the losses of other financial institutions. The insurance business has the capability of diversifying its risk portfolio through reinsurance.

4. Defining Effectiveness in Insurance Markets

The extent to which the insurer successfully facilitates the insurance process becomes the overarching criterion for metric ton effectiveness. How quickly, how cheaply, how simply and among other things, how reliably an insurance company administers its policies will help determine how effectively it assists in reducing the downside of risk.

Pareto frontier focus on economic efficiency, which is achieved when an insurer has reached cost efficiency, or the production-maximizing (technical efficiency) and the cost-minimizing (allocative efficiency) combination of inputs. Beyond insurer efficiency, some studies choose to measure company performance. Avoiding some of the subjectivity associated with profits reported by long-term insurers.

Ashis Deb Roy (1987) in his article entitled “We Care for our Customers” has examined the nature and importance of better customer services to policyholders and has emphasized the need for quality in service. He has given a detailed note on the various steps to be taken by Life Insurance Company to improve the customer service such as training programmes conducted by Company to its agents and employees, opening new branches and introduction of computers in insurance branch offices.

Venkatesh, N.C. (1987) in his article entitled “On the Trail of Better Service” has discussed the importance of better and personal servicing to the customers and has emphasized the importance of satisfying the policyholders.

Liberalisation of Insurance Industry

Market liberalization of insurance services involves removing restrictions to foreign and domestic investment and allowing firms the freedom to set
rates. In the process of liberalizing markets, governments generally set minimum capital requirements for insurers, introduces solvency margins and allow firms to engage in brokerage and perhaps insurance activities (Drury, 2000; Swiss Re, 2000). Liberalized markets may be partially (less than 100% equity ownership permitted) or completely open (100% foreign equity ownership) to foreign competition although the WTO is pushing all member countries towards complete openness over the long-term (WTO, 2004). The sequence of steps involved in liberalizing the insurance markets involves the removal of obligatory concessions to state run reinsurers, freedom of cross-border business, acquisition of minority holdings in firms for joint ventures, acquisition of majority holdings and establishing local subsidiaries (Swiss Re, 2000).

Trade liberalization generates economic growth by improving resource allocation, increasing host country access to technology, allowing firms to take advantage of economies of scale and scope and increasing domestic competition (Dornbush, 1992). The growth effect from liberalization can be substantial in emerging markets and developing countries, where economic inefficiencies, an absence of technology and weak competition are often the norm.

In one of the few studies on the effects of insurance services liberalization and participation of MNE’S, researchers found that liberalizing markets attracted greater foreign direct investment (Ma and Pope, 2003). This increased FDI can generate positive employment and economic spillover effects for the domestic economy.

Skipper’s study has shown that liberalization of insurance markets may enhance a state’s economy in an indirect way; his study approaches the role of insurers as financial intermediaries which are essential for economic development.

The study findings are consistent with the view that market access is a necessary, but not a sufficient condition for contestable markets. Study findings also are consistent with the view that, in a restrictive regulatory
environment, welfare gains will be minimal if deregulation does not closely follow market opening. Dr. Boonyasai’s research speaks eloquently in favour of liberal insurance markets (Skipper, 2001).

Harold. D. Skipper highlights the features of liberal insurance market as a perfectly competitive market with features as;

a) Easy entry and exit access.

b) Buyers and sellers perfectly informed.

c) Sellers offering identical products at same prices.

d) Market requiring no government direction or oversight to accomplish these desirable social goals.

e) Market having perfect competition.

Skipper (2001) holds view that even if an ideal one cannot be realized in practice, still this economic ideal provides a useful construct against which we can compare actual market functioning. “We know that the closer a market is to this competitive ideal, the more efficiently it functions. Indeed a market that is workably competitive functions well and provides most of the benefits of perfect competition. Markets characterized by workably competition, generally have low entry and exit barriers, numerous buyers and sellers, good information, governmental transparency and the absence of artificial restrictions on competition”.

Skipper however adds that rather substantial government intervention ordinarily is necessary because of important imperfections that exist in such markets. Because of these market imperfections (also called market failures), government intervention into key areas is required to ensure healthy competition and good performance. Julai F Chu stratifies Asian insurance markets into three levels; fully mature, transitional and incipient, placing China and India as the two major incipient markets, which are the world’s two most populated countries.

Kundu (2003) in an article titled ‘What’s next in India’s Insurance market’ discussed the changes in various issues of Insurance Industry after the entry of new players. Despite of having huge population, India still has a low
insurance penetration. Today, people are increasingly looking not just at products but at integrated financial solutions that can offer stability of returns along with total protection. Technology will play an important role in aiding design and administrating of products as well in efforts to build long customer relationships.

Kapse.S and Kodwani d.g (2003) in their article titled “insurance as an investment option”. It is argued that in the changing scenario for the insurance sector there is going to be a good opportunities for insurance sector to expand its market base. For this purpose there is need to improve the features of the insurance products to make them more liquid or short term schemes could be increased. It is shown that although rewards implied by the insurance products particularly by the tax benefits are quite close to those observed in banks and small saving scheme of the governments.

Krishnamurthy. S, Mony S.V, Jhaveri. N, Bakhshi.S, Bhat.S and Dixit M.R (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 liberalization 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.
Rastogi, S and Sarkar, R (2006), in the research paper deals with enhancing competitiveness: the case of the Indian life insurance industry identifies the causes and the objectives with which the sector was reformed in 2000. Despite huge population and abundance growth opportunity, India was one of the least insured countries compared to the other developed nations. In view to increase market penetration, the life insurance sector was opened for private entry in the year 2000. Opening of the sector to private firms was aimed at fostering competition and innovation through a greater variety of products. The study was an effort at studying the trends emerging with in this sector and an attempt has been made to analyze whether the industry has benefited from the governmental reforms. Hence this paper is an endeavor towards analyzing the industry in its present form and comparing it with the pre-liberalized era, thereby understanding the alternate strategies that can facilitate the development of sound policies and practices leading to a globally competitive insurance industry within the country.

Murthy, R. Babu and Ansari (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 (LIC) 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 analyze the growth and development of LIC business before and after liberalization, 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 situation for both the parties are the main aim of this study to achieve this healthier competition has to be intensified by both the sectors, to increase insurance-density and penetration levels in order to
fulfill customer needs and reach their expectations of the Indian Insurance market.

Paramita Chatterjee (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. ICICI Prudential, HDFC Standard, SBI Life and Bajaj Allianz are the dominant players of the life Insurance sector. 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. S (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. 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, LIC is having huge customer base being an old giant are some of the main findings of this study. He concluded that LIC is a most popular and leading brand but with aggressive marketing approach; private companies are giving direct competition to LIC.

C. Barathi, C. D. Balaji and Ch. Ibohal Meithei (2011), in the research paper title“ 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. He 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 insurance this paper explore 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.

H. Sadhak (2009) in his book, “Life Insurance in India, opportunities, challenges and strategic perspective” reported that Deregulation and Liberalization of national economy had significant impact on institutional investor such as life insurance, pension fund and investment institution, it has given the Globalization and Emerging trends in life insurance sector. Indian life insurance changing market structure market regulation is integral part of market structure, since regulation in a competitive market environment attempts to promote a healthy competition and protect the consumers.”

G. Ganesh (2001) in his book, “Privatization in India” reviewed that insurance sector in India. Insurance companies have been playing a vital role to protect or reduced risk in the Human life. Open up the insurance sector and allowing foreign equity has aroused widespread interest and a number of domestic and foreign player, privatization is playing a vital role in insurance sector reform have been created a competitive edge in an insurance sector, in which they have also focus on pre liberalization and post liberalization of insurance sector.”

L.M Bhole (2004) in his book, “Financial Institution and Markets” admitted that, the general nature of insurance companies both economic and social purpose and relevance. They have concerned to insurance sector reform which by Malhotra committee recommendation in Indian insurance sector. In which discus the investment pattern and policy, investment funds, portfolio restriction and sector wise investment of LIC.”

Kamlesh Gabhar (2006) in his book, “Foreign Direct Investment in India” reported that Foreign Direct Investment in India and its nature and scope of investment in Indian companies and various sector through collaboration, merger, acquisition and joint venture of equity. Since independence till 1990,
the performance of Indian economy has been dominated by a regime of multiple control, they are also pointed on Determinants and Deterrents of FDI inflow in India, macro economy determinants of FDI in India.”

P.K. Biswasray and Bh. Venkateswara Rao (2008) in his book, “Marketing of Life Insurance Business” revealed that about the insurers companies his service towards their customers. Insurers companies are using latest IT technology for better facilitate to their customers, in which they have emphasis on the public company’s (LIC), their Diversified activities in various state in India and Global level. It has also revealed fund performance of LIC in various sector, impact of reform in insurance sector on LIC, by private player participation, they are discus on product innovation and distribution channel and his operational performance of LIC.”

In view of the above research literature, although various aspects of insurance industry have been studied and their impact has well been discussed. For example, Skipper (2001) highlights various benefits of liberalization of insurance sector, however afterwards the literature is silent regarding the quantification of impact of liberalization on insurance markets worldwide. Similarly, no evidence is seen regarding such study in India, which happens to figure among world’s most populist country. Similarly, no such evidence which would have highlighted post liberalization insurance performance is known till date. In this backdrop, the present study is an inclusive attempt and includes highlighting of the quantitative impact in the pre & post liberalization era for Indian life insurance industry business, which has received less attention in the economic literature.

**Conclusion**: in this chapter provides literature related to life insurance & liberalisation Impact on insurance business to study the present problem, provides a direction, framework of theoretical advancement that have been considered in the present research, to identify and understand the implications of different issues related to impact of liberalisation on life insurances in India.
The literature review of various researches carefully reviewed to explore & describe the existing state of the research works available related to the topic, which has been considered as the problem under the study.

Research is related to problem, different reports and notification and occasional papers of insurance & liberalisation, special reports of Indian Insurance Association, Economic Survey, International and National research papers, Annual Reports of Insurance company, Insurance Journal profile 2000 to 2013 yearly issued by IRDA. Based on the above literature the researcher has enabled to identify his source for the present study.

There are many researches which analyze the performance of private & nationalised insurance company by considering different parameters i.e., market share, premium, profitability, policy etc., but no research considers all the variables together.

In view of the above research literature, although various aspects of insurance industry have been studied and their impact has well been discussed. There is no research available to the best of knowledge of the researcher, which has considered this problem under study.
THE STATEMENT OF PROBLEM:

The review of literature suggests that there is a gap in the available literature regarding the study of "Impact of liberalisation on the business of life insurance".

RATIONALE BEHIND STUDY

The study is entirely being based on secondary data. These data has been collected from the relevant Annual Reports of the Life Insurance Corporation of India, Statistical Year Books of Life Insurance Corporation of India, Yogakshama and various news bulletins of the LIC. The Annual Reports of Insurance Regulatory and Development Authority (IRDA) and other related literature available both as hard copy and on the net have been consulted for collection of data.

Apart from these two major sources various magazines devoted to the issues related to Insurance, like Life Insurance plus, Insurance Times, Business Today, Business World, Yogakshama etc. have been used to supplement data and information required for the study. Interactions and discussions with the officials of the Life Insurance Corporation have also contributed to augmenting the required data and information.

Raw data has been first subjected to simple tabulation and then further processed to get the required form so as to represent various variables required for the study. These variables have been identified as per the objectives of the study. Broadly the chapters have been formed to devote one chapter to each of the objectives so as to arrive at analytically correct conclusions. Compound growth rates have been tested for significance. Line graphs and pie charts and other visual tools may be used.

Liberalization of Indian economy provided new horizons to the insurance business. The entire insurance business got new oxygen with the entry of new generation Private Sector insurance company. The growth of economy and
use of technology made the Indian customers realize that they are at par with the developed economies. They now expect high quality and timely services even on extra cost. Now the customers have more choices than before. Foreign insurance have negligible presence in the system. So far they have targeted only the corporate sector and higher income group in metros, but now they are focusing their attention to other cities and also to middle income group. They are extending their reach through their arms (subsidiaries) like Mutual Fund, ULIP etc.

This study aims to analyze the impact of liberalisation on life insurance business, as where do they stand on the eve of implication of Privatisation of insurance. The study also aims to find out the quality of services being provided by the insurance company. While attempting to bring out the status of various IRDA guidelines relating to customer services the study will also undertake the quantitative benchmarking of different qualitative services provided by the Insurance sector company. The study will also examine the expectations and requirements of customers from Insurance Sector Company. It will help the insurer to know about the expectations of their customers and how can they improve their services.

The basic aim of this study is to evaluate the impact of liberalization over insurance sector. I have tried to find the answer on the questions that is: What is the impact of liberalisation in context of insurance services, improvement of satisfaction level of life insurance growth. This study uses mainly quantitative analysis but it also draws on qualitative information for better understanding of the relevant research questions. The study is descriptive in nature.

The following Research is based on secondary data. Secondary data had been collected from various sources such as Insurance Development and Regulation Authority (IDRA) act, life Insurance Corporation, Private Insurance Corporation, Policy of Government, Departments of Finance, Statistical Department and Gazetteers.
As per need of the study, collected data is classified, tabulated and analysed. Percentage and Average are calculated and trends are ascertained then statistical tests are applied.

**IMPORTANCE OF THE STUDY**

The insurance industry is one of the highest growing industries in the nation which offers unlimited growth prospective. The LIC was the single company in life insurance business in India from 1956 to 1999. The poor performance, poor customer services, ineffective marketing, low insurance penetration were some of the problems with LIC, because no one company against with them. In view to overcome these problems and improved market penetration; liberalization of Indian insurance industry were announced in an IRDA reform 1999. Hence the researcher has taken up the present study to analysis the present condition of life insurance in pre & post liberalization and benefits to the industry after opening up of the sector to the private insurers after liberalisation. It is necessary to find out the reasons of better performance and the reactions of customers to the offerings of services of LIC & private insurance company. This is why this type of study is required.

**OBJECTIVES:**

The basic objective of the present study is to do impact of liberalisation on the Business of Life Insurance and study their problem. Following are the specific objectives of present study:

1. To study liberalisation in field of life Insurance in India.
2. To study various schemes of life Insurance Corporation of India and other Private Insurance Corporation.
3. To evaluate the impact of liberalisation on insurance business and life insurance business.
4. To examine the effect of liberalisation policy in field of administrative channel of life Insurance Corporation of India.

**HYPOTHESIS:**

1. Liberalisation helps in bringing transparency in insurance sector.
2. After liberalisation policy the competition is increase where as the working culture of life Insurance Corporation has been improved.
3. More innovative products are available in the market in comparison with pre liberalisation era.

**TESTING OF HYPOTHESIS**

Testing of hypothesis has been analysis the secondary data on basis of Percentage Analysis, Absolute Growth, Average Growth and Trend analysis. Their conclusive results take for testing of hypothesis.

**RESEARCH DESIGN**

The research design is the conceptual structure within which research is conducted; it constitutes the blueprint for the collection, measurement and analysis of data. As such the design includes an outline of what the researcher will do from writing the hypothesis and its operational implications to the final analysis of data.

**Type of present research:** this Research is a descriptive & exploratory Research, in which the conclusions are not the final conclusions as many dimensions can be considered through these analyses. It may be affected by the Mission of the organization, Efficiency of Management, Competitive advantage, differentiation in various policies, Geographical variations, Length of service, Customer segmentation, Government intervention etc. So some other conclusions can be worked out with the help of available data.

**Descriptive research:** Descriptive research is also called Statistical Research. The main goal of this type of research is to describe the data and
characteristics about what is being studied. The idea behind this type of research is to study frequencies, averages, and other statistical calculations. Although this research is highly accurate, it does not gather the causes behind a situation. Descriptive research is mainly done when a researcher wants to gain a better understanding of a topic. It is quantitative and uses surveys and panels and also the use of probability sampling. Descriptive research is the exploration of the existing certain phenomena.

Descriptive research includes surveys and fact-finding enquiries of different kinds. The major purpose of descriptive research is description of the state of affairs as it exists at present. In business research we quite often use the term Ex-post facto research for descriptive research studies. The main feature of this method is that the researcher has no control over the variables; he can only report what has happened or what is happening. Most Ex-post facto research projects are used for descriptive studies in which research seeks to measure such items as for example frequency of shopping, preferences of people, or similar data. Ex-post facto research also includes attempts by researchers to discover causes even when they cannot control the variables. The methods of research utilized in descriptive research are survey method of all kinds, including comparative and correlation methods.

**Exploratory Research:** Exploratory research has the goal of formulating problems more precisely, clarifying concepts, gathering explanations, gaining insight, eliminating impractical ideas, and forming hypotheses.

Exploratory research can be performed using a literature search, surveying certain people about their experiences, focus groups, and case studies.

Exploratory research may develop hypotheses, but it does not seek to test them.

Exploratory research is characterized by its flexibility. Many times a decision maker is grappling with broad and poorly defined problems. Exploratory research uses a less formal approach. It pursues several possibilities simultaneously and in a sense it is not quite sure of its objective.
Exploratory research is designed to provide a background, to familiarize and, as the word implies, just “explore”, the general subject. A part of exploratory research is the investigation of relationships among variables without knowing why they are studied.

The exploratory research area include literature survey. The literature search is fast, economical way to develop a better understanding of a problem area in which you are investigating and have limited experience and knowledge. It also familiarizes you with past research results, data sources, and the type of data available.

**DATA TYPE AND DATA COLLECTION:**

For data to be useful effective method of data collection, our observations need to be organized so that we can get some patterns and come to logical conclusions. Statistical investigation requires systematic collection of data, so that all relevant groups are represented in the data.

Depending upon the sources utilized, whether the data has come from actual observations or from records that are kept for normal purposes, statistical data can be classified into two categories, primary and secondary.

**Secondary data:** When an investigator uses the data, which has already been collected by others, such data is called secondary data. This data is primary data for the agency that collects it and becomes secondary data for someone else who uses this data for his own purposes. The secondary data can be obtained from journals, reports, government publications, publication of professional and research organization and so on. Researcher has been analysis the research on basis of secondary data.

Secondary Data have been collected from various secondary sources.

Different reports notifications and occasional papers of Insurance, special reports of Insurance Development and Regulation Authority (IDRA) act, Policy of Government, Departments of Finance, Statistical Department and Gazetteers, Economic Survey, International and National Research Papers, Annual Reports of LIC & other Insurance company, Annual Report &
quarterly report’ Profile 2000-01 to 2011-12 issued by Insurance Development and Regulation Authority (IRDA) , Text books, Reports, Magazines like Business Standard, Business World, Business Today etc. News papers, Government gazette, Economic Surveys etc. have been reviewed for collecting the secondary data. India’s top Insurance survey reports have also been tapped for data and details.

**DATA TOOLS AND INSTRUMENTS FOR ANALYSIS:**

i) Absolute Growth  
ii) Average Annual Growth  
iii) Percentage Analysis  
iv) Trend analysis  
v) Standards of Comparison

**Absolute growth rate:** Absolute change has been measured through this analysis. Absolute growth rate calculated on percentage basis by taking data of 1984 to 1999 and 2000 to 2013. This tool measures Absolute growth of all variables. To measure the changes year previous year has taken as base year. It gives a consolidated picture of growth / decline of the particular element in these years. (Formula used in table no. 4(i) to 4(vi))

\[
\text{Absolute Growth Rate} = \frac{\text{Absolute Change in years}}{\text{Value At the beginning of the year}} \times 100
\]

**Average Annual Growth Rate:** It is quite difficult to compare the yearly data of different Insurance’ groups and even it doesn’t give a proper picture about the performance of Insurance company so to cope up with this problem Average Annual Growth Rate has been calculated. This tool has been used for comparison and analysis, average annual changes in variables. Average annual performance has been measured. (Formula used in table no. 4(i) to 4(vi))

\[
\text{Average Annual Growth Rate} = \frac{\text{Absolute Growth Rate of 5 years}}{5}
\]
**Percentage Analysis**

Percentage analysis is the method to represent raw streams of data as a percentage (a part in 100 - percent) for better understanding of collected data. To compare the data of LIC & other insurance company, aggregate value of each group is normalized by aggregate value of all insurance company. (Formula used in table no. 4(vii))

**Secular trends or trend analysis**

Secular Trend is the general tendency of the time series data to increase or decrease or stagnate during a long period of time. An upward tendency is usually observed in time series relating to population, production and sales, prices, incomes money in circulation while a downward tendency is noticed in data of death’s and epidemics as a result of advancement in medical sciences, illiteracy, etc. Thus trend is either upward or downward. It should be clearly understood that trend is general, smooth, long-term average tendency. It is not necessary that the increase or decrease should be in the same direction throughout the given period. With the help of a long-term trend, it is possible to determine and present the direction of change.

**Linear trend by the method of least / minimum squares**

**Method of least squares**

We know that the sum of the deviations from the arithmetic mean is zero, therefore, the sum of the deviations from the line of the best fit is zero. For this reason the sum of the squares of the deviations of various points from the Line of Best Fit is the least. That is why this method is known as the Method of Least Squares.

- $\sum (Y-YC)=0$, i.e., the sum of deviations of the actual values of $Y$ and computed values of $Y$ is zero.
- $\sum(Y-YC)^2$ is least, i.e. the sum of the squares of deviations from the actual and the computed valued of $Y$ is least.
The straight line trend has an equation of the type: $Y = a + bX$, Where $Y$ represents the estimated values of the trend, $X$ represents the deviations in time period; ‘$a$’ and ‘$b$’ is constants.

The values of two constants ‘$a$’ and ‘$b$’ are estimated by solving the following two normal equations.

\[
\begin{align*}
\sum Y &= Na + b\sum X \\
\sum XY &= a\sum X + b\sum X^2,
\end{align*}
\]

Where $N$ represents number of years for which data is given.

The variable $X$ can be measured from any point of time as origin. To make calculation simpler, it is better to take the min-point of time as the origin because the negative values of first half of the times series will equalise the positive values in the second half of the series which symbolically gives half of the series which symbolically gives $\sum X=0$ When $\sum X=0$, the two normal equations for finding the constants ‘$a$’ and ‘$b$’ will be

\[
\begin{align*}
\sum Y &= Na \implies a &= \frac{\sum y}{N} \\
\sum XY &= b\sum X^2 \implies b &= \frac{\sum xy}{\sum X^2}
\end{align*}
\]

This provides the constant ‘$a$’ is simply equal to the mean of $Y$ Values and the constant ‘$b$’ gives the rate of change. The constant ‘$a$’ refers to the $Y$-intercept, i.e., the difference between the point of origin and the point where the trend line touches the $Y$-axis. The constant ‘$b$’ refers to the slope of the line which indicates the change in $Y$ for each unit change in $X$. (Formula used in table no. 4(xiv) to 4(xix))

**Merits and Limitations of the Least Squares Method**

**Merits:**

1. This method gives the trend values for the entire time period.
2. This method can be used to forecast future trend because trend line establishes a functional relationship between the value and the time.
3. This method is completely objective method.
Limitations:

1. It requires many calculations and is tedious and complicated.
2. Future forecast made by this method are based only on trend values, seasonal, cyclical or irregular variations are ignored.

Standards of Comparison

**Time series analysis:** The easiest way to evaluate the performance of a firm is to compare its present ratios with the past ratios. When the financial information over a period of time is compared, it is known as the time series analysis. It gives an indication of the direction of the change and reflects whether the firm’s financial performance has improved, deteriorated or remained constant over time. The analyst should not simply determine the change, but, more importantly, he/she should understand why information has changed. The change may be affected by changes in the policies with various schemes & multiple facilities in the life insurance business.

**Cross-Sectional analysis:** Another way of comparison is to compare performance about policy, premium of LIC with private insurance company in the same industry at the same point in time. This kind of comparison is to compare premium & no of policies of LIC with private insurance company in the same industry at the same point in time. This kind of comparison is known as the cross-sectional analysis. This kind of comparison indicates the relative financial position and performance of the LIC & private insurance company.

**Industry analysis:** To determine the Premium growth and policy performance of a life insurance industry, it’s may be compared with average growth of the industry. Its analysis known as the industry analysis helps to ascertain the financial standing and capability of the LIC vis-à-vis other Private Insurance company in the life insurance industry. Industry analyses are the important standards in view of the fact that each industry policy &
scheme has its characteristics, which influence the Premium and operating relationships. But there are certain practical difficulties in using the industry analyses ratios. First, it is difficult to get average growth ratios for the industry. Second, even if the industry growth ratios as are available, they are averages – averages of growth ratios of strong and weak industry. Sometimes differences may be so wide that the average may be of little utility. Third, averages will be meaningless and the comparison futile if company within the same industry widely differ in their accounting policies and practices. If it is possible to standardize the accounting data for the companies in the industry and eliminate extremely strong and extremely weak company, the industry growth ratios will prove to be very useful in evaluating the relative Premium growth and policy performance of a life insurance industry.

OPERATIONAL DEFINITIONS

**New policy:** It is a pointer towards the spread of message of insurance among those people who have never availed of the benefits of life insurance as well as the existing policyholders. It is another important indicator of growth and performance of the insurance companies.

**Amount collected for funds:** insurance companies provide his policy holder about various options about fund, for invest money by them as his choice out of these funds. All life insurers having lump sum fund which is generate from premium paid by single insurer. These funds invested in the area of business whose contribution for economic development of country.

**Group insurance:** Group Insurance is a means through which a group of persons who usually have a business or professional relationship to the contract owner are provided insurance coverage under a single contract. Group insurance can be described as an economical way of providing insurance protection against financial losses (such as those caused by death, disability, medical care expenses or retirement) of a group of individuals who are associated with the policyholder by some relationship other than insurance.
In its broadest concept, group insurance includes a considerable list of insurance coverage’s: life insurance, health insurance, annuities, and property & casualty insurances.

In fact all insurance may be considered group insurance, since an individual can be insured only by being part of a group on which the law of averages may operate.

**SCOPE OF STUDY**

The present study comprises the Impact of liberalisation on the business of life insurance Company, working in India. The study aims at various areas for which performance is to be measured. The study explores the different reasons contributing to better or below/lower performance of various life insurance companies.

It is to be noted that because of a number of restraint in the form of efforts, resources and time, the above study is mainly restricted to Liberalisation. The research work is related to Impact of Liberalisation on the Business of Life Insurance services industries.

The study aims at to highlight different parameter wise differences among the different life insurance company for the study period 1984 to 1999 and 2000 to 2013. The study also highlights the areas/avenue where Life Insurance Corporation is better in comparison with private life insurance company explaining their reasons. The study finally suggests different strategies for their performance improvement. It will also be seen whether the life insurance company are utilizing their resources in efficient manner or not.

**CONCLUSION**

In this chapter explains Research Methodology, which is being followed in the present research work. It has been cover the rationale of undergoing the research work and implication of research. Researcher has been used multiple variables to identify as per the objectives of the study. Broadly the chapters
have been formed to each of the objectives so as to arrive at analytically correct conclusions.

Testing of hypothesis has been analysis the secondary data on basis of Percentage Analysis, Absolute Growth, Average Growth and Trend analysis. Their conclusive results take for testing of hypothesis.

The research design is the conceptual structure; it constitutes the blueprint for the collection, measurement and analysis of data. As such the design includes an outline of what the researcher will do from writing the hypothesis and its operational implications to the final analysis of data.

The above research problem is a descriptive & exploratory; in descriptive research main goal is to describe the data and characteristics about what is being studied. The idea behind this type of research is to study frequencies, averages, and other statistical calculations. Although this research is highly accurate, it does not gather the causes behind a situation. Exploratory research has the goal of formulating problems more precisely, clarifying concepts, gathering explanations, gaining insight, eliminating impractical ideas, and forming hypotheses. So in above research the conclusions are not the final conclusions as many dimensions can be considered through these analyses. It may be affected by the Mission of the organization, Efficiency of Management, Competitive advantage, differentiation in various policies, Geographical variations, Customer segmentation, Government intervention etc. So some other conclusions can be worked out with the help of available data.

For data to be useful effective method of data collection, our observations need to be organized so that we can get some patterns and come to logical conclusions. Statistical investigation requires systematic collection of data, so that all relevant groups are represented in the data.

The study is entirely being based on secondary data. These data has been collected from the relevant Annual Reports of the Life Insurance Corporation of India, Private Insurance Corporation, Policy of Government, Departments of Finance, Statistical Department and Gazetteers, Statistical Year Books of
Life Insurance Corporation of India, Yogakshama and various news bulletins of the LIC. The Annual Reports of Insurance Regulatory and Development Authority (IRDA) and other related literature available both as hard copy and on the net have been consulted for collection of data. Apart from these major sources various magazines devoted to the issues related to Insurance, have been used to supplement data and information required for the study. Interactions and discussions with the officials of the Life Insurance Corporation have also contributed to augmenting the required data and information. This study uses mainly quantitative analysis but it also draws on qualitative information for better understanding of the relevant research questions.

The analysis has been done with help of absolute, average, percentage analysis, trend & comparative analysis are ascertained then statistical tests are applied. Compound growth rates have been tested for significance. Line graphs and pie charts and other visual tools may be used.

The study explores the different reasons contributing to performance of various life insurance companies because of a number of restraint in the form of efforts, resources and time, the above study is mainly restricted to Liberalisation.

The study also highlights the areas where Life Insurance Corporation is better in comparison with private life insurance company explaining their reasons. The study finally suggests different strategies for their performance improvement.
ANALYSIS & INTERPRETATION

Analysis primarily deals with the interpretation of the data incorporated in the proforma financial statements of a life insurance Company and the presentation of the data in a form in which it can be utilised for a comparative appraisal of the data.

Its purpose is to find out whether the data is attractive enough to need for its study of various research objective & hypothesis. It deals not only with the financial aspects but also with its operational aspects. As such, it is necessary to undertake such an analysis not only in the quantitative analysis but also in the study of trend analysis.

Researcher want to study the impact of liberalisation on life insurance business so study about LIC, being the oldest player in the existing insurance market and 23 private sector insurers companies.

For analysis of the performance of LIC and private insurers, it is found that premium income, number of policies, total income and market share etc.

For the above analysis and interpretation researcher uses the following table & graph:

4.1 Comparative study of premium income of Life Insurance Corporation & other private insurance company.
4.2 Comparative study of number of new policy issue by Life Insurance Corporation & other private insurance company:
4.3 Study of Amount collected for funds by Life Insurance Corporation & other private insurance company:
4.4 A growth study of life insurance corporation business about Individual insurance business in pre & post liberalization.
4.4(i): A growth study of life insurance corporation business about Individual insurance business in pre liberalization.
4.4(ii): A growth study of life insurance corporation business about Individual insurance business in post liberalization:
4.5 A growth study of Group Insurance Business of Life Insurance Corporation India in pre & post liberalization period
4.5(i): Life insurance corporation business about Group insurance business in pre liberalization.

4.5(ii): A study of life insurance corporation business about Group insurance business in post liberalization period.

4.6 A growth study of Group Retirement Business of Life Insurance Corporation India in pre & post liberalization period:

4.6(i): Life insurance corporation business about Group Retirement business in pre liberalization.

4.6(ii): Life insurance corporation business about Group Retirement business in post liberalization.

4.7 Effect of liberalisation on life insurance corporation business:

4.7(i): Individual insurance Business of life insurance Corporation under pre liberalisation:

4.7(ii): Individual insurance Business of life insurance Corporation under post liberalisation:

4.7(iii): Group insurance Business of life insurance Corporation under pre liberalisation:

4.7(iv): Group insurance Business of life insurance Corporation under post liberalisation:

4.7(v): Group Retirement Business of life insurance Corporation under pre liberalisation:

4.7(vi): Group Retirement Business of life insurance Corporation under post liberalisation:
Table No. 4(i): Income of Life Insurance Corporation from Premium

<table>
<thead>
<tr>
<th>Year</th>
<th>First year Regular Premium</th>
<th>Increase Percentage</th>
<th>First year single Premium</th>
<th>Increase Percentage</th>
<th>First year (including single Pre)</th>
<th>Increase Percentage</th>
<th>Renewal premium</th>
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Source: Information from various years IRDA annual & quarterly report

“Impact of Liberalisation on the Business of Life Insurance”
Table No. 4(ii): Income of Private Life Insurance Company from Premium

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<tr>
<th>Year</th>
<th>First Yr Regular Premium</th>
<th>Increase Percentage</th>
<th>First Year Single Premium</th>
<th>Increase Percentage</th>
<th>First Year (including single Pre)</th>
<th>Increase Percentage</th>
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Source: Information from various years IRDA annual & quarterly report

“Impact of Liberalisation on the Business of Life Insurance”
### Table No. 4(iii): Gross Total Premium of Life Insurance Company

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<thead>
<tr>
<th>Year</th>
<th>LIC (Total Premium Income)</th>
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<th>Pvt. Insurance Comp (Total Premium Income)</th>
<th>Percentage</th>
<th>Gross Premium</th>
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Source: Information from various years IRDA annual & quarterly report

“Impact of Liberalisation on the Business of Life Insurance”
4.1: Comparative study of premium income of Life Insurance Corporation & other private insurance company.

It is revealed from the Table No. 4(i), 4(ii) & 4(iii) and graph no. 1, 2 & 3, it may be recalled that in 2000-01, when the industry was opened up, the life insurance premium was Rs.34898.48 Crore out of which LIC business 99.98 percent (Rs 34892.02 crore) which comprised of Rs.6960.95 crore (19.96 per cent) of regular premium, Rs.2740.45 crore (7.86 per cent) of single premium and Rs.25191.07 crore (72.18 per cent) of renewal premium. While Private insurer (just start business) business was 00.02 percent (Rs. 6.45 crore) it’s included only single premium in 2000-01 were Rs.06.45 crore (100.00 %).

Life insurance industry recorded a premium income Rs. 50094.45 Crore during 2001-02 out of which LIC business was 99.46 percent (Rs 49821.91 crore) its included Regular premium, single premium and renewal premium in 2001-02 were Rs.10492.72 crore (21.06 per cent); Rs.9096.05 crore (18.25 per cent); and Rs.30233.13 crore (60.68 per cent), respectively. While Private insurer (only eleven private insurance Company register) business was 00.55 percent (Rs 272.55 crore) its included Regular premium, single premium and renewal premium in 2001-02 were Rs.170.49 crore (62.55 per cent); Rs98.02 crore (35.96 per cent); and Rs 4.03 (01.48 per cent), respectively.

In the financial year, total life insurance premium income is registering growth of 43.54 percent. While private sector insurers posted 4125.58 percent growth & LIC recorded 42.79 percent growth in their total premium income.

Further bifurcation of the premium indicates renewal premium accounted growth for 20.02 percent, first year premium contributed the growth 50.75 percent and single premium contributed 231.92 percent growth in LIC premium income and first year premium contributed the growth 100.00 percent and single premium contributed 1419.69 percent growth in Private life insurance company premium income.

Life insurance industry recorded a premium income Rs. 55747.55 Crore during 2002-03 out of which LIC business was 97.99 percent (Rs 54628.49 crore) its included Regular premium, single premium and renewal premium in
2002-03 were Rs.10630.80 crore (19.46 per cent); Rs.5345.96 crore (9.79 per cent); and Rs.38651.73 crore (70.75 per cent), respectively. While Private insurer (only twelve private insurance Company register) business was 02.01 percent (Rs 1119.06 crore) its included Regular premium, single premium and renewal premium in 2002-03 were Rs.629.95 crore (56.29 per cent); Rs 328.18 crore (29.33 per cent); and Rs 153.37 (13.71 per cent), respectively.

In the financial year, total life insurance premium income is registering growth of 11.285 percent. While private sector insurers posted 310.59 percent growth & LIC recorded 9.65 percent growth in their total premium income.

Further bifurcation of the premium indicates renewal premium accounted growth for 27.85 percent, first year premium contributed the growth 01.32 percent and single premium contributed 41.23 percent Declined in LIC premium income and renewal premium accounted growth for 3696.29 percent( because in 2001-02 start many new policy that’s needed first renewal in 2002-03) , first year premium contributed the growth 269.49 percent and single premium contributed 234.81 percent growth in Private life insurance company premium income.

Life insurance industry recorded a premium income Rs. 66653.76 Crore during 2003-04 out of which LIC business was 95.32 percent (Rs 63533.43 crore) its included Regular premium, single premium and renewal premium in 2003-04 were Rs.11759.47 crore (18.51 per cent); Rs.5229.83 crore (8.23 per cent); and Rs.46185.81 crore (72.70 per cent), respectively. While Private insurer (only twelve private insurance Company register) business was 4.68 percent (Rs 3120.33 crore) its included Regular premium, single premium and renewal premium in 2003-04 were Rs. 2045.52 crore (65.55 per cent); Rs 395.18 crore (12.66 per cent); and Rs 679.62 (21.78 per cent) respectively.

In the financial year, total life insurance premium income is registering growth of 19.564 percent. While private sector insurers posted 178.835 percent growth & LIC recorded 16.3 percent growth in their total premium income.
Further bifurcation of the premium indicates renewal premium accounted growth for 19.49 percent, first year premium contributed the growth 10.62 percent and single premium contributed 02.17 percent Declined in LIC premium income and renewal premium accounted growth for 343.12 percent (because start many new policy that’s needed regular renewal), first year premium contributed the growth 224.71 percent and single premium contributed 20.42 percent growth in Private life insurance company premium income.

Life insurance industry recorded a premium income Rs. 82854.80 Crore during 2004-05 out of which LIC business was 90.67 percent (Rs. 75127.29 crore) its included Regular premium, single premium and renewal premium in 2004-05 were Rs. 11658.24 crore (15.52 per cent); Rs.8994.82 crore (11.97 per cent); and Rs.54474.23 crore (72.51 per cent), respectively. While Private insurer (only thirteen private insurance Company register) business was 9.33 percent (Rs 7727.51 crore) its included Regular premium, single premium and renewal premium in 2004-05 were Rs. 4223.09 crore (54.65 per cent); Rs 1341.48 crore (17.36 per cent); and Rs 2162.94 (27.99 per cent) respectively.

In the financial year, total life insurance premium income is registering growth of 24.306 percent. While private sector insurers posted 147.65 percent growth & LIC recorded 18.25 percent growth in their total premium income.

Further bifurcation of the premium indicates renewal premium accounted growth for 17.95 percent, first year premium contributed the declined 0.86 percent and single premium contributed 71.99 percent growth in LIC premium income and renewal premium accounted growth for 218.26 percent (because many new policy that’s needed regular renewal), first year premium contributed the growth 106.46 percent and single premium contributed 239.46 percent growth in Private life insurance company premium income.

Life insurance industry recorded a premium income Rs. 105875.76 Crore during 2005-06 out of which LIC business was 85.75 percent (Rs. 90792.22 crore) its included Regular premium, single premium and renewal premium in 2005-06 were Rs. 13728.03 crore (15.12 per cent); Rs. 14787.80 crore (16.29
per cent); and Rs. 62276.35 crore (68.59 per cent), respectively. While Private insurer (only thirteen private insurance Company register) business was 14.25 percent (Rs. 15083.54 crore) its included Regular premium, single premium and renewal premium in 2005-06 were Rs. 7547.73 crore (50.04 per cent); Rs 2721.94 crore (18.05 per cent); and Rs 4813.87 (31.91 per cent) respectively.

In the financial year, total life insurance premium income is registering growth of 27.785 percent. While private sector insurers posted 95.193 percent growth & LIC recorded 20.85 percent growth in their total premium income.

Further bifurcation of the premium indicates renewal premium accounted growth for 14.32 percent, first year premium contributed the growth 17.75 percent and single premium contributed 64.40 percent growth in LIC premium income and renewal premium accounted growth for 122.56 percent (because many new policy that’s needed regular renewal ), first year premium contributed the growth 78.73 percent and single premium contributed 102.91 percent growth in Private life insurance company premium income.

Life insurance industry recorded a premium income Rs. 156075.84 Crore during 2006-07 out of which LIC business was 81.90 percent (Rs. 127822.84 crore) its included Regular premium, single premium and renewal premium in 2006-07 were Rs. 29886.35 crore (23.28 per cent); Rs. 26337.22 crore (20.60 per cent); and Rs. 71599.28 crore (56.01 per cent), respectively. While Private insurer (only fourteen private insurance Company register) business was 18.10 percent (Rs. 28253.00 crore) its included Regular premium, single premium and renewal premium in 2006-07 were Rs. 15472.59 crore (54.76 per cent); Rs 3921.11 crore (13.88 per cent); and Rs 8827.35 crore (31.24 per cent) respectively.

In the financial year, total life insurance premium income is registering growth of 47.414 percent. While private sector insurers posted 87.310 percent growth & LIC recorded 40.79 percent growth in their total premium income.

Further bifurcation of the premium indicates renewal premium accounted growth for 14.97 percent, first year premium contributed the growth 117.70 percent and single premium contributed 78.10 percent growth in LIC
premium income and renewal premium accounted growth for 83.37 percent (many new policy that’s needed regular renewal so its regular growth ), first year premium contributed the growth 105.00 percent and single premium contributed 44.06 percent growth in Private life insurance company premium income.

Life insurance industry recorded a premium income Rs. 201351.41 Crore during 2007-08 out of which LIC business was 74.39 percent (Rs. 149789.99 crore) its included Regular premium, single premium and renewal premium in 2007-08 were Rs. 26222.00 crore (17.51 per cent); Rs. 33774.56 crore (22.55 per cent); and Rs. 89793.42 crore (59.95 per cent), respectively. While Private insurer (only fifteen private insurance Company register) business was 25.61 percent (Rs. 51561.42 crore) its included Regular premium, single premium and renewal premium in 2007-08 were Rs. 28666.15 crore (55.60 per cent); Rs 5049.80 crore (9.79 per cent); and Rs 17845.47 crore (34.61 per cent) respectively.

In the financial year, total life insurance premium income is registering growth of 29.009 percent. While private sector insurers posted 82.499 percent growth & LIC recorded 17.19 percent growth in their total premium income.

Further bifurcation of the premium indicates renewal premium accounted growth for 25.41 percent, first year premium contributed the declined 12.26 percent and single premium contributed 28.24 percent growth in LIC premium income and renewal premium accounted growth for 102.16 percent (because many new policy that’s needed regular renewal ), first year premium contributed the growth 85.27 percent and single premium contributed 28.78 percent growth in Private life insurance company premium income.

Life insurance industry recorded a premium income Rs. 221785.47 Crore during 2008-09 out of which LIC business was 70.92 percent (Rs. 157288.04 crore) its included Regular premium, single premium and renewal premium in 2008-09 were Rs. 19140.61 crore (12.17 per cent); Rs. 34038.47 crore (21.64 per cent); and Rs. 104108.96 crore (66.19 per cent), respectively. While Private insurer (only eighteen private insurance Company register) business
was 29.08 percent (Rs. 64497.43 crore) its included Regular premium, single premium and renewal premium in 2008-09 were Rs. 30229.95 crore (46.87 per cent); Rs 3597.2 crore (5.58 per cent); and Rs 26125.42 crore (40.51 per cent) respectively.

In the financial year, total life insurance premium income is registering growth of 10.148 percent. While private sector insurers posted 25.088 percent growth & LIC recorded 5.00 percent growth in their total premium income.

Further bifurcation of the premium indicates renewal premium accounted growth for 15.94 percent, first year premium contributed the declined 27.01 percent and single premium contributed 00.78 percent growth in LIC premium income and renewal premium accounted growth for 46.40 percent( because many new policy that’s needed regular renewal ), first year premium contributed the growth 5.46 percent and single premium contributed 28.77 percent declined in Private life insurance company premium income.

Life insurance industry recorded a premium income Rs. 265447.25 Crore during 2009-10 out of which LIC business was 70.10 percent (Rs. 186077.31 crore) its included Regular premium, single premium and renewal premium in 2009-10 were Rs. 26184.48 crore (14.07 per cent); Rs. 45337.42 crore (24.36 per cent); and Rs. 114555.41 crore (61.56 per cent), respectively. While Private insurer (only twenty one private insurance Company register) business was 29.90 percent (Rs. 79369.94 crore) its included Regular premium, single premium and renewal premium in 2009-10 were Rs. 34529.67 crore (43.50 per cent); Rs 3842.34 crore (4.84 per cent); and Rs 45217.94 crore (56.97 per cent) respectively.

In the financial year, total life insurance premium income is registering growth of 19.686 percent. While private sector insurers posted 23.059 percent growth & LIC recorded 18.30 percent growth in their total premium income.

Further bifurcation of the premium indicates renewal premium accounted growth for 10.03 percent, first year premium contributed the growth 36.80 percent and single premium contributed 33.19 percent growth in LIC premium income and renewal premium accounted growth for 73.08 percent(}
because in 2001-02 start many new policy that’s needed regular renewal ), first year premium contributed the growth 14.22 percent and single premium contributed 6.81 percent growth in Private life insurance company premium income.

Life insurance industry recorded a premium income Rs. 291638.64 Crore during 2010-11 out of which LIC business was 69.77 percent (Rs. 203473.40 crore) its included Regular premium, single premium and renewal premium in 2010-11 were Rs. 36265.36 crore (17.82 per cent); Rs. 50746.99 crore (24.96 per cent); and Rs. 116461.05 crore (57.24 per cent), respectively. While Private insurer (only twenty one private insurance Company register) business was 30.23 percent (Rs. 88165.24 crore) its included Regular premium, single premium and renewal premium in 2010-11 were Rs. 27664.19 crore (31.38 per cent); Rs 11704.46 crore (13.28 per cent); and Rs 48779.40 crore (55.33 per cent) respectively.

In the financial year, total life insurance premium income is registering growth of 9.867 percent. While private sector insurers posted 11.081 percent growth & LIC recorded 9.349 percent growth in their total premium income.

Further bifurcation of the premium indicates renewal premium accounted growth for 01.66 percent, first year premium contributed the growth 38.50 percent and single premium contributed 11.93 percent growth in LIC premium income and renewal premium accounted growth for 07.88 percent, first year premium contributed the declined 19.88 percent and single premium contributed 204.62 percent growth in Private life insurance company premium income.

Life insurance industry recorded a premium income Rs. 287072.11 Crore during 2011-12 out of which LIC business was 70.68 percent (Rs. 202889.28 crore) its included Regular premium, single premium and renewal premium in 2011-12 were Rs. 40194.54 crore (19.81 per cent); Rs. 41667.71 crore (20.54 per cent); and Rs. 121027.03 crore (59.65 per cent), respectively. While Private insurer (only twenty one private insurance Company register) business was 29.32 percent (Rs. 84182.83 crore) its included Regular premium, single
premium and renewal premium in 2011-12 were Rs. 22040.78 crore (26.18 per cent); Rs 10039.14 crore (11.93 per cent); and Rs 52079.05 crore (61.86 per cent) respectively.

In the financial year, total life insurance premium income is registering declined of 1.566 percent. While private sector insurers posted 4.517 percent declined & LIC recorded 0.287 percent declined in their total premium income.

Further bifurcation of the premium indicates renewal premium accounted growth for 03.92 percent, first year premium contributed the growth 10.83 percent and single premium contributed 17.89 percent declined in LIC premium income and renewal premium accounted growth for 06.76 percent, first year premium contributed the declined 20.33 percent and single premium contributed 14.23 percent declined in Private life insurance company premium income.

Life insurance industry recorded a premium income Rs. 287202.49 Crore during 2012-13 out of which LIC business was 72.70 percent (Rs. 208803.58 crore) its included Regular premium, single premium and renewal premium in 2012-13 were Rs. 30313.52 crore (14.52 per cent); Rs. 46297.98 crore (22.17 per cent); and Rs. 132192.08 crore (63.31 per cent), respectively. While Private insurer (only twenty three private insurance Company register) business was 27.30 percent (Rs. 78398.91 crore) its included Regular premium, single premium and renewal premium in 2012-13 were Rs. 21877.15 crore (27.90 per cent); Rs 8872.43 crore (11.32 per cent); and Rs 47649.33 crore (60.78 per cent) respectively.

In the financial year, total life insurance premium income is registering Growth of 0.0454 percent. While private sector insurers posted 6.871 percent declined & LIC recorded 2.915 percent Growth in their total premium income.

Further bifurcation of the premium indicates renewal premium accounted growth for 09.23 percent, first year premium contributed the declined 24.58 percent and single premium contributed 11.11 percent Growth in LIC

“Impact of Liberalisation on the Business of Life Insurance”
premium income and renewal premium accounted declined for 08.51 percent, first year premium contributed the declined 00.74 percent and single premium contributed 11.62 percent declined in Private life insurance company premium income.

**Conclusion:** After analysis the Table No. 4(i), 4(ii) & 4(iii) and graph no.1, 2 & 3 It may be recalled that in 2000-01, when the private industry was opened up, the life insurance premium was Rs.34898.48 Crore out of which LIC business 99.98 percent (Rs 34892.02 crore) which comprised of Rs.6960.95 crore (19.96 per cent) of regular premium, Rs.2740.45 crore (7.86 per cent) of single premium and Rs.25191.07 crore (72.18 per cent) of renewal premium. While Private insurer (just start business) business was 00.02 percent (Rs. 6.45 crore) it’s included only single premium in 2000-01 were Rs.06.45 crore (100.00 per cent).

Whereas Life insurance industry recorded a premium income Rs. 287202.49 Crore during 2012-13 out of which LIC business was 72.70 percent (Rs. 208803.58 crore) its included Regular premium, single premium and renewal premium in 2012-13 were Rs. 30313.52 crore (14.52 per cent); Rs. 46297.98 crore (22.17 per cent); and Rs. 132192.08 crore (63.31 per cent), respectively. While Private insurer (only twenty three private insurance Company register) business was 27.30 percent (Rs. 78398.91 crore) its included Regular premium, single premium and renewal premium in 2012-13 were Rs. 21877.15 crore (27.90 per cent); Rs 8872.43 crore (11.32 per cent); and Rs 47649.33 crore (60.78 per cent) respectively.

In the 2012-13 when compare the data with 2000-01, it shows that total life insurance premium income is registering seven times Growth. While private sector insurers posted tremendous growth by twelve thousand five hundred times Growth in new market segmentation & LIC recorded six times Growth in their total premium income after liberalisation & Private insurance started business. it show that overall market of LIC increase but market share declined from 99.98 percent to 72.70 percent, it shows that Private insurance company give heavy challenge to LIC.

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Further bifurcation of the premium indicates renewal premium accounted growth for five times growth, first year premium contributed the five times growth and single premium contributed two times growth in LIC premium income and first year premium, single premium hundred percent growth in Private life insurance company premium income because in 2000-01 Private life insurance started their business.

4.2: Comparative study of number of new policy issue by Life Insurance Corporation & other private insurance company: It is another important indicator of growth and performance of the insurance companies. It is a pointer towards the spread of message of insurance among those people who have never availed of the benefits of life insurance as well as the existing policyholders.

<table>
<thead>
<tr>
<th>Year</th>
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<th>Private Life Insurance Company</th>
<th>Total</th>
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<tr>
<td></td>
<td>No. of Polices</td>
<td>%</td>
<td>No. of Polices</td>
</tr>
<tr>
<td>2000-01</td>
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<td>2012-13</td>
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<td>83.24</td>
<td>7399173.00</td>
</tr>
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</table>

Source: Information from various years IRDA annual & quarterly report

“Impact of Liberalisation on the Business of Life Insurance”
It is revealed from the information of Table No. 4(iv)- and graph no 04, during 2000-01, life insurers issued 212.75 lakh new policies, out of which LIC issued 212.75 lakh policies (100 percent of total policies issued).

During 2001-02, life insurers issued 232.75 Lakh new policies, out of which LIC issued 232.75 lakh policies (100 percent of total policies issued) and the private life insurers issued NIL policies (0 percent). Therefore LIC registered a decline of some percent in the number of policies issued against the previous year, the private sector insurers continued the previous year’s experience of significant and reported a Growth of some percent in the number of new policies issued. During 2002-03, life insurers issued 253.70 lakh new policies, out of which LIC issued 245.46 lakh policies (96.75 percent of total policies issued) and the private life insurers issued 8.25 lakh policies (3.25 percent). While LIC registered a growth of 5.46 percent in the number of policies issued against the previous year, the private sector insurers continued the previous year’s experience of significant and reported a Growth of 100 percent (it’s started business in this year) in the number of new policies issued. Overall the industry witnessed a 9 percent Growth in the number of new policies issued.

During 2003-04, life insurers issued 286.26 lakh new policies, out of which LIC issued 269.68 lakh policies (94.21 percent of total policies issued) and the private life insurers issued 16.59 lakh policies (5.79 percent). While LIC registered a growth of 9.87 percent (0.00 percent declined in 2002-03) in the number of policies issued against the previous year, the private sector insurers continued the previous year’s experience of significant and reported a Growth of 101.05 percent (00.00 percent declined in 2002-03) in the number of new policies issued. Overall the industry witnessed a 12.83 percent Growth (0.00 percent declined in 2002-03) in the number of new policies issued.

During 2004-05, life insurers issued 262.11 lakh new policies, out of which LIC issued 239.78 lakh policies (91.48 percent of total policies issued) and the private life insurers issued 22.33 lakh policies (8.52 percent). While LIC registered a decline of 11.09 percent (9.87 percent growth in 2003-04) in
the number of policies issued against the previous year, the private sector insurers continued the previous year’s experience of significant and reported a Growth of 34.62 percent (101.05 percent declined in 2003-04) in the number of new policies issued. Overall the industry witnessed an 8.44 percent decline (12.83 percent Growth in 2003-04) in the number of new policies issued.

During 2005-06, life insurers issued new policies underwritten by the industry were 354.62 lakh (as against 262.11 lakh during 2004-05) showing an increase of 35.29 per cent (as against a declined of 8.44 per cent in the year before). While the private insurers exhibited a growth of 73.37 per cent, (more than twice the growth reported in the previous year 34.62 per cent), LIC showed a growth of 31.75 per cent (as against a negative growth of 11.09 per cent in 2004-05). The market share of the private insurers and LIC, in terms of policies underwritten, was 10.92 per cent (38.71 lakh as against 22.33 lakh during 2004-05) and 89.08 per cent (315.90 lakh as against 239.78 lakh during 2004-05) as against 8.52 per cent and 91.48 per cent respectively in 2004-05.

During 2006-07, life insurers issued new policies underwritten by the industry were 461.51 lakh (as against 354.62 lakh during 2005-06) showing an increase of 30.14 per cent (as against a growth of 35.29 per cent in the year before). While the private insurers exhibited a growth of 104.64 per cent, (more than one & half times the growth reported in the previous year 73.37 per cent), LIC showed a dip in growth to 21.01 per cent (as against a growth of 31.75 per cent in 2005-06). The market share of the private insurers and LIC, in terms of policies underwritten, was 17.17 per cent (79.22 lakh as against 38.71 lakh during 2005-06) and 82.83 per cent (382.29 lakh as against 315.90 lakh during 2005-06) as against 10.92 per cent and 89.08 per cent respectively in 2005-06.

During 2007-08, life insurers issued 508.74 lakh new policies, out of which LIC issued 376.12 lakh policies (73.93 percent of total policies issued) and the private life insurers issued 132.62 lakh policies (26.07 percent). While LIC registered a decline of 1.61 percent (21.01 percent growth in 2006-07) in
the number of policies issued against the previous year, the private sector insurers continued the previous year’s experience of significant and reported a Growth of 67.40 percent (104.64 percent Growth in 2006-07) in the number of new policies issued. Overall the industry witnessed a 10.23 percent growth (30.14 percent Growth in 2006-07) in the number of new policies issued.

During 2008-09, life insurers issued 509.23 lakh new policies, out of which LIC issued 359.12 lakh policies (70.52 percent of total policies issued) and the private life insurers issued 150.10 lakh policies (29.48 percent). while LIC registered a decline of 4.52 percent (1.61 percent declined in 2007-08) in the number of policies issued against the previous year, the private sector insurers continued the previous year’s experience of insignificant and reported an unexpected growth of 13.19 percent (67.40 percent Growth in 2007-08) in the number of new policies issued. Overall the industry witnessed a 0.10 percent Decline (10.23 percent Growth in 2007-08) in the number of new policies issued.

During 2009-10, life insurers issued 532.25 lakh new policies, out of which LIC issued 388.63 lakh policies (73.02 percent of total policies issued) and the private life insurers issued 143.62 lakh policies (26.98 percent). while LIC registered a growth of 8.22 percent (4.52 percent declined in 2008-09) in the number of policies issued against the previous year, the private sector insurers continued the previous year’s experience of insignificant and reported a decline of 4.32 percent (13.19 percent growth in 2008-09) in the number of new policies issued. Overall the industry witnessed a 4.52 percent growth (0.10 percent growth in 2008-09) in the number of new policies issued.

During 2010-11, life insurers issued new policies underwritten by the industry were 481.52 lakh (as against 532.25 lakh during 2009-10) showing a decline of 9.53 per cent (as against a growth of 50.15 per cent in the year before). While the private insurers exhibited a decline of 22.62 per cent, (the growth reported in the previous year 318.60 per cent), LIC showed a dip in growth to 4.70 per cent (as against a growth of 21.38 per cent in 2009-10).
The market share of the private insurers and LIC, in terms of policies underwritten, was 23.08 per cent (111.14 lakh as against 143.62 lakh during 2009-10) and 76.92 per cent (370.38 lakh as against 388.63 lakh during 2009-10) as against 26.98 per cent and 73.02 per cent respectively in 2009-10.

During 2011-12, life insurers issued new policies underwritten by the industry were 441.93 lakh (as against 481.52 lakh during 2010-11) showing a decline of 8.22 per cent (as against a decline of 9.53 per cent in the year before). While the private insurers exhibited a decline of 24.04 per cent, (the decline reported in the previous year 22.62 per cent), LIC showed a dip in growth to 3.47 per cent (as against a decline of 4.70 per cent in 2010-11). The market share of the private insurers and LIC, in terms of policies underwritten, was 19.10 per cent (84.42 lakh as against 111.14 lakh during 2010-11) and 80.90 per cent (357.51 lakh as against 370.38 lakh during 2010-11) as against 23.08 per cent and 76.92 per cent respectively in 2010-11.

During 2012-13, life insurers issued 441.55 lakh new policies, out of which LIC issued 367.55 lakh policies (83.24 percent of total policies issued) and the private life insurers issued 73.99 lakh policies (16.76 percent). While LIC registered a growth of 2.81 percent (3.47 percent decline in 2011-12) in the number of policies issued against the previous year, the private sector insurers continued the previous year’s experience of significant decline and reported a dip of 12.35 percent (24.04 percent decline in 2011-12) in the number of new policies issued.

Overall the industry witnessed a 0.09 percent decline (8.22 percent decline in 2011-12) in the number of new policies issued.

**Conclusion:** After analysis the Table No. 4(iv)- and graph no 04, It may be recalled that in 2000-01, when the private industry was opened up, life insurers issued 212.75 lakh new policies, out of which LIC issued 212.75 lakh policies (100 percent of total policies issued). During 2001-02, life insurers issued 232.75 Lakh new policies, out of which LIC issued 232.75 lakh policies (100 percent of total policies issued) and the private life insurers issued NIL policies (0 percent). Thereafter LIC registered a decline of some
percent in the number of policies issued against the previous year, the private sector insurers continued the previous year’s experience of significant and reported a Growth of some percent in the number of new policies issued.

Whereas life insurers issued 441.55 lakh new policies in 2012-13, out of which LIC issued 367.55 lakh policies (83.24 percent of total policies issued) and the private life insurers issued 73.99 lakh policies (16.76 percent). While LIC registered a growth of 72.76 percent growth in the number of policies issued against the 2001, the private sector insurers continued the previous year’s experience of significant growth and reported a highly growth in the number of new policies issued.

In the 2012-13 when compare the data with 2000-01, it shows that total life insurance new policies are registering two times Growth. While private sector insurers posted tremendous growth by hundred percent Growths in new market segmentation & LIC recorded two times Growth in their total no on new policies after liberalisation & Private insurance started business. it show that overall market of LIC increase but market share decline from 100 percent to 83 percent , we can say thatPrivate insurance company give heavy challenge to LIC.

The performance of LIC in terms of new policies business has deteriorated and those of private players have been improved Tremendous with every successive year, private players are gaining the trust of the public and have quite successful in snatching the business from LIC. The number of policies of industry has increased in all years except 2004-05, where a decrease of 262.11198 is recorded from 286.26916 of the previous year. The increase in number of policies was maximum in the year 2005-06 and 2006-07. Hence it can be inferred that, there is considerable growth in the number of new policies business in a period of post liberalization.

There was many up and downs seen in the policy growth of industry. The growth was registered maximum in the year 2005-06 and lowest in 2008-09 due to the global slowdown of the economy.
4.3: Study of Amount collected for funds by Life Insurance Corporation & other private insurance company: Life Insurance Corporation & other private insurance company provide his policy holder about various options about fund, for invest money by them as his choice out of these funds. All life insurers having lump sum fund which is generate from premium paid by single insurer. These funds invested in the area of business whose contribution for economic development of country. Funds of Life Insurance Corporation & other private insurance company are as follows.

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<th>Year</th>
<th>Life Fund</th>
<th>Pension , General Annuity Fund &amp; Group Fund</th>
<th>Unit Link Fund</th>
<th>Total Of All Fund</th>
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<td>2012-13</td>
<td>1037656.00</td>
<td>251011.00</td>
<td>114324.00</td>
<td>1402991.00</td>
</tr>
</tbody>
</table>

Source: Information from various years IRDA annual & quarterly report

“Impact of Liberalisation on the Business of Life Insurance”
### Table No. 4(vi)- Fund of Private Life Insurance Company (Rs. In Crore)

<table>
<thead>
<tr>
<th>Year</th>
<th>Life Fund</th>
<th>Annuity Fund &amp; Group Fund</th>
<th>Unit Link Fund</th>
<th>Total Of All Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002-03</td>
<td>1947.92</td>
<td>143.66</td>
<td>260.26</td>
<td>2351.84</td>
</tr>
<tr>
<td>2003-04</td>
<td>2872.03</td>
<td>314.92</td>
<td>1478.43</td>
<td>4665.38</td>
</tr>
<tr>
<td>2004-05</td>
<td>4790.98</td>
<td>603.18</td>
<td>4766.77</td>
<td>10160.93</td>
</tr>
<tr>
<td>2005-06</td>
<td>7741.13</td>
<td>1178.74</td>
<td>14459.68</td>
<td>23379.55</td>
</tr>
<tr>
<td>2006-07</td>
<td>12115.24</td>
<td>2066.44</td>
<td>30797.56</td>
<td>44979.24</td>
</tr>
<tr>
<td>2007-08</td>
<td>18645.00</td>
<td>3518.00</td>
<td>65404.00</td>
<td>87567.00</td>
</tr>
<tr>
<td>2008-09</td>
<td>23163.00</td>
<td>6818.00</td>
<td>86791.00</td>
<td>116772.00</td>
</tr>
<tr>
<td>2009-10</td>
<td>33137.00</td>
<td>10039.00</td>
<td>176951.00</td>
<td>220127.00</td>
</tr>
<tr>
<td>2010-11</td>
<td>42784.00</td>
<td>16645.00</td>
<td>222099.00</td>
<td>281528.00</td>
</tr>
<tr>
<td>2011-12</td>
<td>60006.00</td>
<td>23913.00</td>
<td>228269.00</td>
<td>312188.00</td>
</tr>
<tr>
<td>2012-13</td>
<td>82343.00</td>
<td>31375.00</td>
<td>228184.00</td>
<td>341902.00</td>
</tr>
</tbody>
</table>

Source: Information from various years IRDA annual & quarterly report

### Table No. 4(vii)- Total Amount collected for funds (Rs. In Crore)

<table>
<thead>
<tr>
<th>Year</th>
<th>Life Insurance Corporation of India</th>
<th>Private Life Insurance Company</th>
<th>Amount collect from gross fund</th>
<th>Percent age</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002-03</td>
<td>258200.64</td>
<td>2351.84</td>
<td>260552.48</td>
<td>100.00</td>
</tr>
<tr>
<td>2003-04</td>
<td>347959.14</td>
<td>4665.38</td>
<td>352624.52</td>
<td>100.00</td>
</tr>
<tr>
<td>2004-05</td>
<td>418289.00</td>
<td>10162.93</td>
<td>428451.93</td>
<td>100.00</td>
</tr>
<tr>
<td>2005-06</td>
<td>463771.14</td>
<td>23379.55</td>
<td>487150.69</td>
<td>100.00</td>
</tr>
<tr>
<td>2006-07</td>
<td>559200.56</td>
<td>44979.24</td>
<td>604179.80</td>
<td>100.00</td>
</tr>
<tr>
<td>2007-08</td>
<td>647475.00</td>
<td>87567.00</td>
<td>735042.00</td>
<td>100.00</td>
</tr>
<tr>
<td>2008-09</td>
<td>799593.00</td>
<td>116772.00</td>
<td>916365.00</td>
<td>100.00</td>
</tr>
<tr>
<td>2009-10</td>
<td>985028.00</td>
<td>220127.00</td>
<td>1205155.00</td>
<td>100.00</td>
</tr>
<tr>
<td>2010-11</td>
<td>1148589.00</td>
<td>281528.00</td>
<td>1430117.00</td>
<td>100.00</td>
</tr>
<tr>
<td>2011-12</td>
<td>1269070.00</td>
<td>312188.00</td>
<td>1581258.00</td>
<td>100.00</td>
</tr>
<tr>
<td>2012-13</td>
<td>1402991.00</td>
<td>341902.00</td>
<td>1744893.00</td>
<td>100.00</td>
</tr>
</tbody>
</table>

Source: Information from various years IRDA annual & quarterly report

"Impact of Liberalisation on the Business of Life Insurance"
It is revealed from the Table No. 4(v), 4(vi) & 4(vii) and graph no. 5, 6 & 7. It may be recalled about amount collected for funds by Life Insurance Corporation & other private insurance company. After analysis of table show the conclusion that in 2002-03 total funds collected by LIC & other private life insurance company Rs. 260552.48 crore out of which contribution of Life Insurance Corporation Rs. 258200.64 crore (99.10 percent), where as contribution of other private life insurance company Rs.2351.84 crore (00.90 percent).

In 2003-04 total funds collected by LIC & other private life insurance company raised up to Rs. 352624.52 crore out of which contribution of Life Insurance Corporation Rs. 347959.14 crore (98.68 percent), and contribution of other private life insurance company Rs.4665.38 crore (01.32 percent).

Similarly, in 2003-04 total amounts collected as funds by LIC & other private life insurance Company increased by 35.34 percent in comparison of 2002-03, where as LIC & other private life insurance Company funds increase by 34.76 percent and 98.37 percent respectively.

2004-05 total amount collected for funds by LIC & other private life insurance company raised up to Rs. 428451.93 crore out of which contribution of Life Insurance Corporation Rs. 418289.00 crore (97.63 percent), and contribution of other private life insurance company Rs.10162.93 crore (02.37 percent).

Similarly, in 2004-05 total amounts collected as funds by LIC & other private life insurance Company increased by 21.50 percent in comparison of 2003-04, where as LIC & other private life insurance Company funds increase by 20.21 percent and 117.84 percent respectively.

2005-06 total amount collected for funds by LIC & other private life insurance company raised up to Rs. 487150.69 crore out of which contribution of Life Insurance Corporation Rs. 463771.14 crore (95.20 percent), and contribution of other private life insurance company Rs.23379.55 crore (04.80 percent).
Similarly, in 2005-06 total amounts collected as funds by LIC & other private life insurance Company increased by 13.70 percent in comparison of 2004-05, where as LIC & other private life insurance Company funds increase by 10.87 percent and 130.05 percent respectively.

2006-07 total amounts collected for funds by LIC & other private life insurance company raised up to Rs. 604179.80 crore out of which contribution of Life Insurance Corporation Rs. 559200.56 crore (92.56 percent), and contribution of other private life insurance company Rs.44979.24 crore (7.44 percent).

Similarly, in 2006-07 total amounts collected as funds by LIC & other private life insurance Company increased by 24.02 percent in comparison of 2005-06, where as LIC & other private life insurance Company funds increase by 20.58 percent and 92.39 percent respectively.

2007-08 total amounts collected for funds by LIC & other private life insurance company raised up to Rs. 735042.00 crore out of which contribution of Life Insurance Corporation Rs. 647475.00 crore (88.09 percent), and contribution of other private life insurance company Rs.87567.00 crore (11.91 percent).

Similarly, in 2007-08 total amounts collected as funds by LIC & other private life insurance Company increased by 21.66 percent in comparison of 2006-07, where as LIC & other private life insurance Company funds increase by 15.79 percent and 94.68 percent respectively.

2008-09 total amount collected for funds by LIC & other private life insurance company raised up to Rs. 916335.00 crore out of which contribution of Life Insurance Corporation Rs. 799593.00 crore (87.26 percent), and contribution of other private life insurance company Rs.116772.00 crore (12.74 percent).

Similarly, in 2008-09 total amounts collected as funds by LIC & other private life insurance Company increased by 24.67 percent in comparison of 2007-08, where as LIC & other private life insurance Company funds increase by 23.49 percent and 33.35 percent respectively.
2009-10 total amounts collected for funds by LIC & other private life insurance company raised up to Rs. 1205155.00 crore out of which contribution of Life Insurance Corporation Rs. 985028.00 crore (81.73 percent), and contribution of other private life insurance company Rs.220127.00 crore (18.27 percent).

Similarly, in 2009-10 total amounts collected as funds by LIC & other private life insurance Company increased by 31.51 percent in comparison of 2008-09, where as LIC & other private life insurance Company funds increase by 23.19 percent and 88.51 percent respectively.

2010-11 total amounts collected for funds by LIC & other private life insurance company raised up to Rs. 1430117.00 crore out of which contribution of Life Insurance Corporation Rs. 1148589.00 crore (80.31 percent), and contribution of other private life insurance company Rs.281528.00 crore (19.69 percent).

Similarly, in 2010-11 total amounts collected as funds by LIC & other private life insurance Company increased by 18.67 percent in comparison of 2009-10, where as LIC & other private life insurance Company funds increase by 16.60 percent and 27.89 percent respectively.

2011-12 total amounts collected for funds by LIC & other private life insurance company raised up to Rs. 1581258.00 crore out of which contribution of Life Insurance Corporation Rs. 1269070.00 crore (80.26 percent), and contribution of other private life insurance company Rs.312188.00 crore (19.74 percent).

Similarly, in 2011-12 total amounts collected as funds by LIC & other private life insurance Company increased by 10.57 percent in comparison of 2010-11, where as LIC & other private life insurance Company funds increase by 10.49 percent and 10.89 percent respectively.

2012-13 total amounts collected for funds by LIC & other private life insurance company raised up to Rs. 1744893.00 crore out of which contribution of Life Insurance Corporation Rs. 1402991.00 crore (80.41 percent), and contribution of other private life insurance company
Rs.341902.00 crore (19.59 percent). Similarly, in 2012-13 total amounts collected as funds by LIC & other private life insurance Company increased by 10.35 percent in comparison of 2011-12, where as LIC & other private life insurance Company funds increase by 10.55 percent and 09.52 percent respectively.

**Conclusion:** After analysis the Table No. 4(v), 4(vi) & 4(vi) and graph no. 5, 6 & 7. It may be recalled about amount collected for funds by Life Insurance Corporation & other private insurance company. After analysis of table show the conclusion that in 2002-03 total funds collected by LIC & other private life insurance company Rs. 260552.48 crore out of which contribution of Life Insurance Corporation Rs. 258200.64 crore (99.10 percent), where as contribution of other private life insurance company Rs.2351.84 crore (00.90 percent).

Whereas life insurers total amount collected for funds by LIC & other private life insurance company raised up to Rs. 1744893.00 crore out of which contribution of Life Insurance Corporation Rs. 1402991.00 crore (80.41 percent), and contribution of other private life insurance company Rs.341902.00 crore (19.59 percent) in 2012-13. Similarly, in 2012-13 total amounts collected as funds by LIC & other private life insurance Company increased by 6 times in comparison of 2002, where as LIC & other private life insurance Company funds increase by 5 times and 145 percent respectively, we can say that Private insurance company gave heavy challenge to LIC. Thereafter LIC registered a growth of some percent in the amount collected for funds against the 2002, the private sector insurers continued the previous year’s experience of significant and reported a highly Growth of in the number of amount collected for funds.
4.4: A growth study of life insurance corporation business about

**Individual insurance business in pre & post liberalization:** It is revealed from the Table no. 4(viii) & 4(ix) and graphs no 8 & 9.

**New Business:** A new contracts in a given financial year is referred to as the new business for an insurance company.

**Premium:** A premium is a regular periodic payment to be made by the policyholder to the insurance provider.

New business premium is the premium acquired from new policies for a particular year. The premium earned from the new contracts in a given financial year is referred to as the new business premium for an insurance company.

**Renewal Business:** the subsequent policy that are taken by the insured from the insurer in order to keep the policy in operation and avail the benefits of the policy accordingly.

Renewal premiums are the subsequent premiums that are paid by the insured to the insurer in order to keep the policy in operation. If a policy holder fails to pay the premiums, then his policy lapses after a grace period. The renewal premiums are paid after the initial premium and are indispensable for the continuation of the policy.
Table No. 4(viii)- Pre liberalisation Individual Insurance Business of Life Insurance corporation

<table>
<thead>
<tr>
<th>Year</th>
<th>New Business</th>
<th>Renewal Business</th>
</tr>
</thead>
<tbody>
<tr>
<td>1984-85</td>
<td>26.99</td>
<td>5376</td>
</tr>
<tr>
<td>1985-86</td>
<td>32.85</td>
<td>7056</td>
</tr>
<tr>
<td>1986-87</td>
<td>38.68</td>
<td>9067</td>
</tr>
<tr>
<td>1987-88</td>
<td>46.93</td>
<td>12435</td>
</tr>
<tr>
<td>1988-89</td>
<td>59.79</td>
<td>17223</td>
</tr>
<tr>
<td>1989-90</td>
<td>73.92</td>
<td>23220</td>
</tr>
<tr>
<td>1990-91</td>
<td>86.45</td>
<td>28139</td>
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<tr>
<td>1991-92</td>
<td>92.38</td>
<td>32064</td>
</tr>
<tr>
<td>1992-93</td>
<td>99.58</td>
<td>35957</td>
</tr>
<tr>
<td>1993-94</td>
<td>107.26</td>
<td>41814</td>
</tr>
<tr>
<td>1994-95</td>
<td>108.75</td>
<td>55229</td>
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<tr>
<td>1995-96</td>
<td>110.21</td>
<td>51816</td>
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<td>1996-97</td>
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<tr>
<td>1997-98</td>
<td>133.11</td>
<td>63618</td>
</tr>
<tr>
<td>1998-99</td>
<td>148.44</td>
<td>75316</td>
</tr>
</tbody>
</table>

Source: Information from various years IRDA annual & quarterly report

4.4. (i): A growth study of life insurance corporation business about Individual insurance business in pre liberalization

It has been revealed out from the Table No. 4(viii) & Graph no.8, that the performance of LIC in terms of new policies business has continue showing growth through issue new policy to policy holder between the years 1984-85 to 1998-99. During the year in 1984-85, the number of policies of LIC was only 26.99 lakh from where premium receive Rs. 301 crore. That is increase in 1985-86 to 32.85 lakh policies & premium receives Rs. 401 crore.
Similarly, in 1985-86 the percentage of number of policies of LIC & premium receive was increased by 21.71 & 33.22 percent respectively.

During the year 1986-87, 38.68 lakh policies & premium receives Rs. 503 crore. The percentage of number of policies of LIC & premium receive was increased by 17.75 & 25.44 percent respectively. 1987-88, 46.93 lakh policies (increase by 21.33 percent) & premium receives on these policies Rs. 723 crore (increase by 43.74 percent). During the year 1988-89, 59.79 lakh policies (increase by 27.40 percent) & premium receives on these policies Rs. 964 crore (increase by 33.33 percent). During the year 1989-90, 73.92 lakh policies (increase by 23.63 percent) & premium receives on these policies Rs. 1256 crore (increase by 30.29 percent).

During the year in 1990-91, the number of policies of LIC was only 86.45 lakh from where premium receive Rs. 1527 crore. That is increase in 1991-92 to 92.38 lakh policies & premium receives Rs. 1790 crore. Similarly, in 1991-92 the percentage of number of policies of LIC & premium receive was increased by 06.86 & 17.22 percent respectively.

1992-93, 99.58 lakh policies (increase by 7.79 percent) & premium receives on these policies Rs. 2038 crore (increase by 13.85 percent). During the year 1993-94, 107.26 lakh policies (increase by 7.71 percent) & premium receives on these policies Rs. 2508 crore (increase by 23.06 percent). During the year 1994-95, 108.75 lakh policies (increase by 1.39 percent) & premium receives on these policies Rs. 2534 crore (increase by 1.04 percent).

During the year in 1995-96, the number of policies of LIC was 110.21 lakh from where premium receive Rs. 2814 crore. That is increase in 1996-97 to 122.68 lakh policies & premium receives Rs. 3345 crore. Similarly, in 1996-97 the percentage of number of policies of LIC & premium receive was increased by 11.31 & 18.87 percent respectively.

During the year in 1997-98, the number of policies of LIC was 133.11 lakh from where premium receive Rs. 3841 crore. That is increase in 1998-99 to 148.44 lakh policies & premium receives Rs. 4863 crore. Similarly, in
1998-99 the percentage of number of policies of LIC & premium receive was increased by 11.52 & 18.39 percent respectively.

It is revealed from the following information that LIC business about new policy increase regularly. The number of policies of LIC was only 26.99 lakh in 1984-85 but it increase to 148.44 lakh in 1998-99, that’s show 5 times growth in policies and premium receive Rs. 301 crore in 1984-85 & it increase to 4863 crore in 1998-99, that’s show 16 times growth in premium amount. Above information shows financial soundness about Life Insurance Corporation business.

In the same duration, that the performance of LIC in terms of Renewal business has continue showing growth through continue renew of policy to policy holder between the years 1984-85 to 1998-99. During the year in 1984-85, the number of policies of LIC was only 264.77 lakh from where premium receive Rs. 1405 crore. That is continuing increase in 1985-86, 1986-87, 1987-88, 1988-89 to 279.89, 298.02, 323.46, 360.79 lakh policies & premium receives Rs. 1609, 1884, 2337, 2938 crore respectively. During the five year premium amount double in compare to 1984-85.

During the year 1989-90, 403.39 lakh policies (increase by 11.81 percent compare to 1988-89) & premium receives on these policies Rs. 3812 crore (increase by 29.75 percent compare to 1988-89). During the year 1991-91, 1991-92, 1992-93, 1993-94 renewal policies were increase to 455.08, 508.63, 566.12, 608.00 lakh policies & premium receives Rs. 4777, 5946, 7146, 8758 crore respectively. During the above five year 1989-90 to 1993-94 premiums amount were more than double in compare to 1989-90.

During the year 1994-95, 654.52 lakh policies (increase by 7.65 percent) & premium receives on these policies Rs. 10385 crore (increase by 18.58 percent).

During the year in 1995-96, the number of policies of LIC was 708.78 lakh from where premium receive Rs. 12094 crore. That is increase in 1996-97 to 776.66 lakh policies & premium receives Rs. 14500 crore. Similarly, in
1996-97 the percentage of number of policies of LIC & premium receive was increased by 9.58 & 19.89 percent respectively.

During the year in 1997-98, the number of policies of LIC was 849.15 lakh from where premium receive Rs. 17066 crore. That is increase in 1998-99 to 916.37 lakh policies & premium receives Rs. 20234 crore. Similarly, in 1998-99 the percentage of number of policies of LIC & premium receive was increased by 7.92 & 18.56 percent respectively.

**Conclusion:** It is revealed from the following information that LIC business about renewal increase regularly. The number of policies of LIC was only 264.77 lakh in 1984-85 but it increase to 916.37 lakh in 1998-99, that’s show 3 times growth in policies and premium receive Rs. 1405 crore in 1984-85 & it increase to 20234 crore in 1998-99, that’s show 14 times growth in premium amount. Above information prove about financial soundness about Life Insurance Corporation business.

So we can say that life insurance corporation business (individual business) has continuously shown growth in pre liberalization period.
4.4(ii): A growth study of life insurance corporation business about Individual insurance business in post liberalization:

<table>
<thead>
<tr>
<th>Year</th>
<th>New Business</th>
<th></th>
<th></th>
<th>Renewal Business</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1999-00</td>
<td>169.77</td>
<td>91214</td>
<td>6008</td>
<td>1012.99</td>
<td>534589</td>
</tr>
<tr>
<td>2000-01</td>
<td>196.57</td>
<td>124772</td>
<td>8852.00</td>
<td>1130.24</td>
<td>643241</td>
</tr>
<tr>
<td>2001-02</td>
<td>224.91</td>
<td>192572</td>
<td>16009.00</td>
<td>1257.89</td>
<td>668131</td>
</tr>
<tr>
<td>2002-03</td>
<td>242.68</td>
<td>179512</td>
<td>12505.00</td>
<td>1387.88</td>
<td>790738</td>
</tr>
<tr>
<td>2003-04</td>
<td>266.26</td>
<td>199698</td>
<td>12560.00</td>
<td>1540.94</td>
<td>926043</td>
</tr>
<tr>
<td>2004-05</td>
<td>235.42</td>
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<td>11513.00</td>
<td>1648.36</td>
<td>1034267</td>
</tr>
<tr>
<td>2005-06</td>
<td>315.27</td>
<td>287809</td>
<td>15573.00</td>
<td>1834.78</td>
<td>1287481</td>
</tr>
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<td>381.86</td>
<td>302470</td>
<td>24444.00</td>
<td>2096.57</td>
<td>1503849</td>
</tr>
<tr>
<td>2007-08</td>
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<td>24395.00</td>
<td>2311.13</td>
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</tr>
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<td>359.12</td>
<td>327517.4</td>
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<td>354430.6</td>
<td>18598.59</td>
<td>2536.31</td>
<td>1591408</td>
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<td>370.38</td>
<td>337786.6</td>
<td>20335.8</td>
<td>2654.46</td>
<td>1665541</td>
</tr>
<tr>
<td>2011-12</td>
<td>357.51</td>
<td>326049.1</td>
<td>20280.29</td>
<td>2772.61</td>
<td>1739674</td>
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<td>2012-13</td>
<td>367.55</td>
<td>335205.7</td>
<td>20582.8</td>
<td>2890.76</td>
<td>1813807</td>
</tr>
</tbody>
</table>

Source: Information from various years IRDA annual & quarterly report

It has been revealed out from the Table No. 4(ix) & Graph no.9, that the performance of LIC in terms of new policies business has continue showing growth through issue new policy to policy holder between the years 1999-00 to 2012-13. During the year in 1999-00, the number of policies of LIC was only 169.77 lakh from where premium receive Rs. 6008 crore. That is increase in 2000-01 to 196.57 lakh policies & premium receives Rs. 8852
crore. Similarly, in 2000-01 the percentage of number of policies of LIC & premium receive was increased by 15.79 & 47.34 percent respectively.

During the year 2001-02, 224.91 lakh policies & premium receive Rs. 16009.00 crore. The percentage of number of policies of LIC & premium receive was increased by 14.42 & 80.85 percent respectively. 2002-03, 242.68 lakh policies (increase by 7.90 percent) & premium receives on these policies Rs. 12505.00 crore (decrease by 21.89 percent) reduction in premium because reduction in insurance amount. During the year 2003-04, 266.26 lakh policies (increase by 9.72 percent) & premium receives on these policies Rs. 12560.00 crore (increase by 0.44 percent). During the year 2004-05, 235.42 lakh policies (decline by 11.58 percent) & premium receives on these policies Rs. 11513.00 crore (decline by 8.34 percent) in the current reduction in premium because reduction in issue of new policy. After conversion of various officer of life insurance corporation Indore district they show that these decline due to unit linked plan was started by Life Insurance Corporation.

During the year in 2005-06, the number of policies of LIC was only 315.27 lakh from where premium receive Rs. 15573.00 crore. That is increase in 2006-07 to 381.86 lakh policies & premium receive Rs. 24444.00 crore. Similarly, in 2006-07 the percentage of number of policies of LIC & premium receive was increased by 21.12 & 56.96 percent respectively.

2007-08, 375.74 lakh policies (decline by 1.60 percent) & premium receive Rs. 24395.00 crore (decline by 0.20 percent).

During the year 2008-09, 359.12 lakh policies (decrease by 4.42 percent) & premium receives on these policies Rs. 15718.65 crore (decrease by 35.57 percent). During the year 2009-10, 388.63 lakh policies (increase by 8.22 percent) & premium receives on these policies Rs. 18598.59 crore (increase by 18.32 percent).

During the year in 2010-11, the number of policies of LIC was 370.38 lakh from where premium receive Rs. 20335.8 crore. That is increase in 2011-12 to 357.51 lakh policies & premium receive Rs. 20280.29 crore. Similarly,
in 2012-13 the percentage of number of policies of LIC & premium receive was increased by 2.81 & 1.49 percent respectively.

It is revealed from the following information that LIC business about new policy increase regularly. The number of policies of LIC was only 169.77 lakh in 1999-00 but it increase to 375.74 lakh in 2007-08, that’s show 2 times growth in policies and premium receive Rs. 6008 crore in 1999-00 & it increase to 24395 crore in 2007-08, that’s show 4 times growth in premium amount. The number of policies of LIC was only 169.77 lakh in 1999-00 but it increase to 367.55 lakh in 2012-13, that’s show 02 times growth in policies and premium receive Rs. 6008 crore in 1999-00 & it increase to 20582 crore in 2012-13, that’s show 3 times growth in premium amount. Above information shows financial soundness about Life Insurance Corporation business.

In the same duration, that the performance of LIC in terms of Renewal business has continue showing growth through continue renew of policy to policy holder between the years 1999-00 to 2012-13. During the year in 1999-00, the number of policies of LIC was only 1012.99 lakh from where premium receive Rs. 24540 crore. That is increase in 2000-01 to 1130.24 lakh policies & premium receives Rs. 34118 crore. Similarly, in 2000-01 the percentage of number of policies of LIC & premium receive was increased by 11.57 & 39.03 percent respectively.

During the year 2001-02, 1257.89 lakh policies & premium receives Rs. 44657 crore. The percentage of number of policies of LIC & premium receive was increased by 11.29 & 30.89 percent respectively. 2002-03, 1387.88 lakh policies (increase by 10.33 percent) & premium receives on these policies Rs. 53997 crore (increase by 20.91 percent). During the year 2003-04, 1540.94 lakh policies (increase by 11.03 percent) & premium receives on these policies Rs. 62353 crore (increase by 15.47 percent). During the year 2004-05, 1648.36 lakh policies (increase by 6.97 percent) & premium receives on these policies Rs. 68958 crore (increase by 10.59 percent).
During the year in 2005-06, the number of policies of LIC was only 1834.78 lakh from where premium receive Rs. 77949 crore. That is increase in 2006-07 to 2096.57 lakh policies & premium receives Rs. 94648 crore. Similarly, in 2006-07 the percentage of number of policies of LIC & premium receive was increased by 14.27 & 21.42 percent respectively.

2007-08, 2311.13 lakh policies (increase by 10.23 percent) & premium receives on these policies Rs. 105294 crore (increase by 11.25 percent).

During the year 2008-09, 2418.16 lakh policies (increase by 4.63 percent) & premium receives on these policies Rs. 101152 crore (decrease by 3.93 percent). During the year 2009-10, 2536.31 lakh policies (increase by 4.89 percent) & premium receives on these policies Rs. 106094 crore.

During the year in 2010-11, the number of policies of LIC was 2654.46 lakh from where premium receive Rs.111036 crore. That is increase in 2011-12 to 2772.62 lakh policies & premium receives Rs.115978 crore. Similarly, in 2012-13 the percentage of number of policies of LIC & premium receive was increased by 4.26 percent respectively.

It is revealed from the following information that LIC business about renewal increase regularly. The number of policies of LIC was only 1012.99 lakh in 1999-00 but it increase to 2311.13 lakh in 2007-08 ,that’s show 2 times growth in policies and premium receive Rs. 24540 crore in 1999-00 & it increase to 105294 crore in 2007-08 ,that’s show 5 times growth in premium amount . The number of policies of LIC was only 1012.99 lakh in 1999-00 but it increase to 2890.76 lakh in 2012-13, that’s show 3 times growth in policies and premium receive Rs. 24540 crore in 1999-00 & it increase to 120920 crore in 2012-13, that’s show 5 times growth in premium amount. Above information prove about financial soundness about Life Insurance Corporation business. So we can say that life insurance corporation business (individual business & renewal business) has continuously shown growth in post liberalization period.

“Impact of Liberalisation on the Business of Life Insurance”
4.5: A growth study of Group Insurance Business of Life Insurance Corporation India in pre & post liberalization period: It is revealed from the Table No. 4 (x) & 4 (xi) and graph no 10 & 11.

4.5(i): life insurance corporation business about Group insurance business in pre liberalization.

**Group life insurance:** Group life insurance (also known as wholesale life insurance or institutional life insurance) is term insurance covering a group of people, usually employees of a company, members of a union or association, or members of a pension or superannuation fund. Individual proof of insurability is not normally a consideration in the underwriting. Rather, the underwriter considers the size, turnover, and financial strength of the group. Contract provisions will attempt to exclude the possibility of adverse selection. Group life insurance often includes a provision for a member exiting the group to buy individual coverage.

In group insurance, minimum number of member is ten & no limit maximum member, so maximum number in group most affordable for company because its reduce cost.

But corporation observe that these group couldn’t formed only for benefit of group life insurance. Whole premium of group insurance was paid by member of this group jointly.

Above information mentioned in table K. show the data of Group Insurance Business of Life Insurance Corporation India in pre liberalization period.
<table>
<thead>
<tr>
<th>Year</th>
<th>New Business</th>
<th>Renewal Business</th>
</tr>
</thead>
<tbody>
<tr>
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<td>No. Of Polices</td>
<td>No. of Insurer</td>
</tr>
<tr>
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<td>2231</td>
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<td>1990-91</td>
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<tr>
<td>1991-92</td>
<td>12293</td>
<td>39.80</td>
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<tr>
<td>1992-93</td>
<td>6465</td>
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<td>31.00</td>
</tr>
<tr>
<td>1997-98</td>
<td>8640</td>
<td>25.20</td>
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<tr>
<td>1998-99</td>
<td>8832</td>
<td>21.20</td>
</tr>
</tbody>
</table>

Source: Information from various years IRDA annual & quarterly report

It has been revealed out from the Table No. 4 (x) & Graph no.10, that the performance of LIC in terms of Group Insurance Business has continue showing growth through issue new policy to policy holder between the years 1984-85 to 1998-99. During the year in 1984-85, the number of policies of LIC was only 2231 lakh from where premium receive Rs. 8395 crore. That is increase in 1985-86 to 2726 lakh policies & Insurable Amount Rs. 8410 crore. Similarly, in 1985-86 the percentage of number of policies of LIC & premium receive was increased by 22.19 & 0.18 percent respectively.
During the year 1986-87, 3785 lakh policies & Insurable Amount were Rs. 10851 crore. The percentage of number of policies of LIC & premium receive was increased by 38.85 & 29.02 percent respectively. 1987-88, 5487 lakh policies (increase by 44.97 percent) & Insurable Amount on these policies Rs. 13822 crore (increase by 27.38 percent). During the year 1988-89, 7818 lakh policies (increase by 42.48 percent) & Insurable Amount on these policies Rs. 16251 crore (increase by 17.57 percent). During the year 1989-90, 8585 lakh policies (increase by 9.81 percent) & Insurable Amount on these policies Rs. 20271 crore (increase by 24.74 percent).

During the year in 1990-91, the number of policies of LIC was only 11548 lakh from where premium receive Rs. 25912 crore. That is increase in 1991-92 to 12293 lakh policies & Insurable Amount Rs. 28942 crore. Similarly, in 1991-92 the percentage of number of policies of LIC & premium receive was increased by 6.45 & 11.69 percent respectively.

1992-93, 6465 lakh policies (decline by 47.41 percent) & Insurable Amount on these policies Rs. 39907 crore (increase by 37.89 percent). During the year 1993-94, 6529 lakh policies (increase by 0.99 percent) & premium receives on these policies Rs. 38729 crore (decline by 2.95 percent). During the year 1994-95, 6772 lakh policies (increase by 3.72 percent) & Insurable Amount on these policies Rs. 50652 crore (increase by 30.79 percent).

During the year in 1995-96, the number of policies of LIC was 9078 lakh from where premium receive Rs. 62719 crore. That is increase in 1996-97 to 8381 lakh policies & Insurable Amount Rs. 62692 crore. Similarly, in 1996-97 the percentage of number of policies of LIC & premium receive was decreased by 7.68 & 0.04 percent respectively.

During the year in 1997-98, the number of policies of LIC was 8640 lakh from where premium receive Rs. 75148 crore. That is increase in 1998-99 to 8832 lakh policies & Insurable Amount Rs. 69558 crore. Similarly, in 1998-99 the percentage of number of policies of LIC & premium receive was increased by 2.22 & decreased by 7.44 percent respectively.
It is revealed from the following information that LIC Group Insurance business about new policy increase regularly. The number of policies of LIC was only 2271 lakh in 1984-85 but it increase to 7818 lakh in 1998-99, that’s show 3.5 times growth in policies and premium receive Rs. 8395 crore in 1984-85 & it increase to 16251 crore in 1998-99, that’s show 2 times growth in premium amount. When we study overall information of 1990-91 to 1998-99 about the policyholder it shows regular fluctuation in no. of policies. Above information shows financial soundness about Life Insurance Corporation Group Insurance business before liberalization.

In the same duration, that the performance of LIC in terms of Renewal Group Insurance business has continue showing growth through continue renew of policy to policy holder between the years 1984-85 to 1998-99. During the year in 1984-85, the number of policies of LIC was only 14521 lakh from where premium receive Rs. 10219 crore. That is continuing increase in 1985-86, 1986-87, 1987-88, 1988-89 to 16635, 19528, 23781, 30028 lakh policies & Insurable Amount Rs. 11764, 12645, 17496, 20052 crore respectively. During the five year premium amount double in compare to 1984-85.

During the year 1989-90, 37089 lakh policies (increase by 23.51 percent compare to 1988-89) & Insurable Amount on these policies Rs. 23050 crore (increase by 14.95 percent compare to 1988-89).

During the year in 1990-91, the number of policies of LIC was only 46624 lakh from where premium receive Rs. 30502 crore. That is increase in 1991-92 to 54704 lakh policies & Insurable Amount Rs. 32973 crore. Similarly, in 1991-92 the percentage of number of policies of LIC & premium receive was increased by 17.33 & 8.10 percent respectively.

1992-93, 59128 lakh policies (increase by 8.09 percent) & Insurable Amount on these policies Rs. 43087 crore (increase by 30.67 percent). During the year 1993-94, 64426 lakh policies (increase by 8.96 percent) & Insurable Amount on these policies were Rs. 46743 crore (increase by 8.49 percent).
During the above five year 1989-90 to 1993-94 premiums amount were more than double in compare to 1989-90.

During the year 1994-95, 71726 lakh policies (increase by 11.33 percent) & Insurable Amount on these policies were Rs. 51035 crore (increase by 9.18 percent).

During the year in 1995-96, the number of policies of LIC was 72592 lakh from where premium receive Rs. 64652 crore. That is increase in 1996-97 to 78372 lakh policies & Insurable Amount Rs. 64607 crore. Similarly, in 1996-97 the percentage of number of policies of LIC & premium receive was increased by 7.96 & decreased by 0.07 percent respectively.

During the year in 1997-98, the number of policies of LIC was 78600 lakh from where premium receive Rs. 74799 crore. That is increase in 1998-99 to 80785 lakh policies & Insurable Amount Rs. 77919 crore. Similarly, in 1998-99 the percentage of number of policies of LIC & premium receive was increased by 2.78 & 4.17 percent respectively.

It is revealed from the following information that LIC Renewal Group Insurance business increase regularly. The number of policies of LIC Renewal Group Insurance was only 14521 lakh in 1984-85 but it increase to 80785 lakh in 1998-99 ,that’s show 5 times growth in policies and premium receive Rs. 10219 crore in 1984-85 & it increase to 77919 crore in 1998-99 ,that’s show 7 times growth in premium amount. Above information prove about financial soundness about Life Insurance Corporation Renewal Group Insurance business.

So we can say that life insurance corporation Renewal Group Insurance business has continuously shown growth in pre liberalization period.
4.5(ii): A study of life insurance corporation business about Group insurance business in post liberalization period.

Table 4 (xi) Post liberalisation Group Insurance Business of Life Insurance corporation India

<table>
<thead>
<tr>
<th>Year</th>
<th>New Business</th>
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<th></th>
<th>Renewal Business</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No. Of Polices (in Lacs)</td>
<td>No. of Insurer (in Lacs)</td>
<td>Insurable Amount (Rs. In Crore)</td>
<td>No. Of Polices (in Lacs)</td>
<td>No. of Insurer (in Lacs)</td>
<td>Insurable Amount (Rs. In Crore)</td>
</tr>
<tr>
<td>1999-00</td>
<td>9266</td>
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<td>66619</td>
<td>83254</td>
<td>234.90</td>
<td>76385</td>
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<tr>
<td>2000-01</td>
<td>8492</td>
<td>18.90</td>
<td>78135</td>
<td>84203</td>
<td>236.70</td>
<td>89326</td>
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<td>88502</td>
<td>93836</td>
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<td>124312</td>
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<tr>
<td>2003-04</td>
<td>15797</td>
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<td>100051</td>
<td>252.50</td>
<td>143398</td>
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<td>2004-05</td>
<td>18189</td>
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<td>106912</td>
<td>306.50</td>
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<td>2005-06</td>
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<td>152865</td>
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<td>405.95</td>
<td>322042</td>
</tr>
<tr>
<td>2007-08</td>
<td>22113</td>
<td>262.80</td>
<td>67785</td>
<td>128840</td>
<td>494.80</td>
<td>306712</td>
</tr>
</tbody>
</table>

Source: Information from various years IRDA annual & quarterly report

It has been revealed out from the Table No. 4 (xi) & Graph no.11, that the performance of LIC Group insurance business in terms of new policies has continue showing fluctuation through issue new policy to policy holder between the years 1999-00 to 2007-08. During the year in 1999-00, the number of policies of LIC was only 9266 lakh from where Insurable Amount Rs. 66619 crore. That is decrease in 2000-01 to 8492 lakh policies & Insurable Amount Rs. 78135 crore. Similarly, in 2000-01 the percentage of number of policies of LIC & Insurable Amount was decreased by 8.35 & increased by 17.29 percent respectively.

During the year 2001-02, 15957 lakh policies & Insurable Amount were Rs. 88502 crore. The percentage of number of policies of LIC & Insurable Amount was increased by 87.91 & 13.27 percent respectively. 2002-03,
15329 lakh policies (decrease by 3.94 percent) & Insurable Amount on these policies Rs. 110763 crore (increase by 25.15 percent) reduction in policies show reduction in reduction in premium percentage. During the year 2003-04, 15797 lakh policies (increase by 3.05 percent) & Insurable Amount on these policies Rs. 128048 crore (increase by 15.61 percent). During the year 2004-05, 18189 lakh policies (increase by 15.14 percent) & Insurable Amount on these policies Rs. 117663 crore (decline by 8.11 percent) in the current reduction in premium because may be reduction in insurance amount.

During the year in 2005-06, the number of policies of LIC was only 18033 lakh from where Insurable Amount Rs. 177317 crore. That is increase in 2006-07 to 20434 lakh policies & Insurable Amount Rs. 152865 crore. Similarly, in 2006-07 the percentage of number of policies of LIC & Insurable Amount was increased by 13.31 & decreased by 13.79 percent respectively.

2007-08, 22113 lakh policies (increase by 8.22 percent) & Insurable Amount on these policies Rs. 67785 crore (decline by 55.66 percent).

It is revealed from the following information that LIC business about new policy increase regularly. The number of policies of LIC was only 9266 lakh in 1999-00 but it increase to 18033 lakh in 2005-06 ,that’s show 2 times growth in policies and Insurable Amount Rs. 66619 crore in 1999-00 & it increase to 177317 crore in 2005-06 ,that’s show 3 times in Insurable Amount.

Where as in 2007-08 no of policy were increase but premium amount reduce up to 50 percent.

The number of policies of LIC was only 9266 lakh  in 1999-00 but it increase to 22113 lakh in 2007-08, that’s show 2 times growth in policies and Insurable Amount Rs. 66619 crore in 1999-00 & it increase to 67785 crore in 2007-08, that’s show nothing growth in premium amount. Above information shows financial soundness about Life Insurance Corporation business.

In the same duration, that the performance of LIC in terms of Renewal Group insurance business has continue showing growth through continue
renew of policy to policy holder between the years 1999-00 to 2007-08. During the year in 1999-00, the number of policies of LIC was only 83254 lakh from where Insurable Amount Rs. 76385 crore. That is increase in 2000-01 to 84203 lakh policies & Insurable Amount Rs. 89326 crore. Similarly, in 2000-01 the percentage of number of policies of LIC & Insurable Amount was increased by 1.14 & 16.94 percent respectively.

During the year 2001-02, 93836 lakh policies & Insurable Amount were Rs. 100598 crore. The percentage of number of policies of LIC & Insurable Amount was increased by 11.44 & 12.62 percent respectively. 2002-03, 95325 lakh policies (increase by 1.59 percent) & Insurable Amount on these policies Rs. 124312 crore (increase by 23.57 percent). During the year 2003-04, 100051 lakh policies (increase by 4.96 percent) & Insurable Amount on these policies Rs. 143398 crore (increase by 15.35 percent). During the year 2004-05, 106912 lakh policies (increase by 6.86 percent) & Insurable Amount on these policies were Rs. 136287 crore (decrease by 4.96 percent).

During the year in 2005-06, the number of policies of LIC was only 109995 lakh from where Insurable Amount Rs. 199427 crore. That is increase in 2006-07 to 111729 lakh policies & Insurable Amount Rs. 322042 crore. Similarly, in 2006-07 the percentage of number of policies of LIC & Insurable Amount was increased by 1.58 & 61.48 percent respectively.

2007-08, 128840 lakh policies (increase by 15.31 percent) & Insurable Amount on these policies Rs. 306712 crore (decline by 4.76 percent).

It is revealed from the following information that LIC Group insurance business about renewal increase regularly. The number of policies of LIC was only 83254 lakh in 1999-00 but it increase to 128840 lakh in 2007-08 ,that’s show approx 2 times in policies and Insurable Amount were Rs. 76385 crore in 1999-00 & it increase to 306712 crore in 2007-08 ,that’s show 4 times growth in Insurable amount . Above information prove about financial soundness about Life Insurance Corporation business. So we can say that life insurance corporation Group insurance business (new business & renewal business) has continuously shown growth in post liberalization period.

"Impact of Liberalisation on the Business of Life Insurance"
4.6: A growth study of Group Retirement Business of Life Insurance Corporation India in pre & post liberalization period: It is revealed from the Table No. 4(xii) & 4(xiii) and graphs no 12 & 13.

4.6(i): Life insurance corporation business about Group Retirement business in pre liberalization.

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<tr>
<th>Year</th>
<th>New Business</th>
<th>Renewal Business</th>
</tr>
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<tbody>
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<td>No. Of Polices (in Lacs)</td>
<td>No. of Insurer (in Lacs)</td>
</tr>
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<td>1984-85</td>
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<td>1998-99</td>
<td>369</td>
<td>0.60</td>
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</table>

Source: Annual Report & Account of Life Insurance Corporation India

It has been revealed out from the Table No. 4(xii) & Graph no.12, mentioned about no of policy, no of policy holder & Insurable amount, that the performance of LIC in terms of Group Retirement Business has continue showing growth through issue new policy to policy holder between the years
1984-85 to 1998-99. During the year in 1984-85, the number of policies of LIC was only 120 lakh from where Insurable Amount Rs. 6.30 crore. That is increase in 1985-86 to 134 lakh policies & Insurable Amount Rs. 5.80 crore. Similarly, in 1985-86 the percentage of number of policies of LIC & Insurable Amount was increased by 11.67 & decrease by 7.94 percent respectively.

During the year 1986-87, 151 lakh policies & Insurable Amount were Rs. 5.00 crore. The percentage of number of policies of LIC & Insurable Amount was increased by 12.69 & decrease by 13.79 percent respectively. 1987-88, 233 lakh policies (increase by 54.30 percent) & Insurable Amount on these policies Rs. 7.40 crore (increase by 48.00 percent). During the year 1988-89, 263 lakh policies (increase by 12.88 percent) & Insurable Amount on these policies Rs. 8.50 crore (increase by 14.86 percent). During the year 1989-90, 271 lakh policies (increase by 3.04 percent) & Insurable Amount on these policies Rs. 14.50 crore (increase by 70.59 percent).

During the year in 1990-91, the number of policies of LIC was only 275 lakh from where Insurable Amount Rs. 10.30 crore. That is increase in 1991-92 to 306 lakh policies & Insurable Amount Rs. 12.30 crore. Similarly, in 1991-92 the percentage of number of policies of LIC & Insurable Amount was increased by 11.27 & 19.42 percent respectively.

1992-93, 249 lakh policies (decline by 18.63 percent) & Insurable Amount on these policies Rs. 14.40 crore (increase by 17.07 percent). During the year 1993-94, 273 lakh policies (increase by 9.64 percent) & Insurable Amounts on these policies Rs. 18.20 crore (increase by 26.39 percent). During the year 1994-95, 328 lakh policies (increase by 20.15 percent) & Insurable Amount on these policies Rs. 24.20 crore (increase by 32.97 percent).

During the year in 1995-96, the number of policies of LIC was 353 lakh (increase by 7.62 percent) from where Insurable Amount Rs. 59.30 crore (increase by 145.04 percent). That is increase in 1996-97 to 373 lakh policies & Insurable Amount Rs. 92.90 crore. Similarly, in 1996-97 the percentage of
number of policies of LIC & Insurable Amount was increased by 5.67 & 56.66 percent respectively.

During the year in 1997-98, the number of policies of LIC was 393 lakh (increase by 5.36 percent) from where Insurable Amount Rs. 145.00 crore (increase by 56.08 percent). That is increase in 1998-99 to 369 lakh policies & Insurable Amount Rs. 132.40 crore. Similarly, in 1998-99 the percentage of number of policies of LIC & Insurable Amount was decreased by 6.11 & decreased by 8.69 percent respectively.

It is revealed from the following information that LIC Group Retirement business about new policy having regular fluctuation. The number of policies of LIC was only 120 lakh in 1984-85 but it increase to 369 lakh in 1998-99, that’s show 3.5 times growth in policies and Insurable Amount Rs. 6.3 crore in 1984-85 & it increase to 132.4 crore in 1998-99, that’s show 20 times growth in insurable amount. When we study overall information of 1990-91 to 1998-99 about the policyholder it shows regular growth in no. of policies but regular fluctuation in insurable amount. Above information shows financial soundness about Life Insurance Corporation Group Retirement new business before liberalization.

In the same duration, that the performance of LIC in terms of Renewal Group Retirement business has continue showing growth in renew of policy to policy holder between the years 1984-85 to 1998-99. During the year in 1984-85, the number of policies of LIC was only 1391 lakh from where Insurable Amount Rs. 32 crore. That is continuing increase in 1985-86, 1986-87, 1987-88, 1988-89 to 1512, 1654, 1834, 2095 lakh policies & Insurable Amount Rs. 35, 38, 43, 212 crore respectively. During the five year premium amount seven times as compare to 1984-85.

During the year 1988-89, policies were increase by 14.23 percent & Insurable Amount on these policies increase by 393.02 percent that’s show remarkable growth compare to 1987-88. During the year 1989-90, 2405 lakh policies (increase by 14.80 percent compare to 1988-89) & Insurable Amount
on these policies Rs. 245 crore (increase by 15.57 percent compare to 1988-89).

During the year in 1990-91, the number of policies of LIC was only 2600 lakh from where Insurable Amount Rs. 253 crore. That is increase in 1991-92 to 2806 lakh policies & Insurable Amount Rs. 302 crore. Similarly, in 1991-92 the percentage of number of policies of LIC & Insurable Amount was increased by 7.92 & 19.37 percent respectively.

1992-93, 3040 lakh policies (increase by 8.34 percent) & Insurable Amount on these policies Rs. 359 crore (increase by 18.87 percent). During the year 1993-94, 3314 lakh policies (increase by 9.01 percent) & Insurable Amount on these policies were Rs. 404 crore (increase by 12.53 percent). During the five year 1989-90 to 1993-94, Insurable Amount was double in compare to 1989-90.

During the year 1994-95, 3642 lakh policies (increase by 9.90 percent) & Insurable Amount on these policies were Rs. 428 crore (increase by 5.94 percent).

During the year in 1995-96, the number of policies of LIC was 3977 lakh from where Insurable Amount Rs. 483 crore. That is increase in 1996-97 to 4349 lakh policies & Insurable Amount Rs. 546 crore. Similarly, in 1996-97 the percentage of number of policies of LIC & Insurable Amount was increased by 9.35 & 13.04 percent respectively.

During the year in 1997-98, the number of policies of LIC was 4719 lakh (increase by 8.51 percent) from where Insurable Amount Rs. 683 crore (increase by 25.09 percent). That is increase in 1998-99 to 4963 lakh policies & Insurable Amount Rs. 816 crore. Similarly, in 1998-99 the percentage of number of policies of LIC & Insurable Amount was increased by 5.17 & 19.47 percent respectively.

It is revealed from the following information that LIC Renewal Group Retirement business increase regularly. The number of policies of LIC Renewal Group Retirement was only 1391 lakh in 1984-85 but it increase to 4963 lakh in 1998-99 ,that’s show 3 times growth in policies and Insurable

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Amount Rs. 32 crore in 1984-85 & it increase to 816 crore in 1998-99, that’s show remarkable growth more than 25 times in Insurable amount. Above information prove that financial soundness about Life Insurance Corporation Renewal Group Retirement business.

So we can say that life insurance corporation new & Renewal Group Retirement business has continuously shown growth in pre liberalization period.

4.6(ii): A study of life insurance corporation Group Retirement business in post liberalization period.

<table>
<thead>
<tr>
<th>Year</th>
<th>New Business</th>
<th></th>
<th>Renewal Business</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No. Of Polices (in Lacks)</td>
<td>No. of Insurer (in Lacks)</td>
<td>Insurable Amount (Rs. In Crore)</td>
<td>No. Of Polices (in Lacks)</td>
</tr>
<tr>
<td>1999-00</td>
<td>323</td>
<td>0.80</td>
<td>138.90</td>
<td>5246</td>
</tr>
<tr>
<td>2000-01</td>
<td>408</td>
<td>1.00</td>
<td>146.10</td>
<td>5753</td>
</tr>
<tr>
<td>2001-02</td>
<td>427</td>
<td>0.60</td>
<td>163.40</td>
<td>6109</td>
</tr>
<tr>
<td>2002-03</td>
<td>305</td>
<td>1.10</td>
<td>186.90</td>
<td>6461</td>
</tr>
<tr>
<td>2003-04</td>
<td>344</td>
<td>1.70</td>
<td>214.90</td>
<td>7232</td>
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<tr>
<td>2004-05</td>
<td>231</td>
<td>0.40</td>
<td>82.50</td>
<td>7321</td>
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<td>2005-06</td>
<td>127</td>
<td>0.70</td>
<td>91.10</td>
<td>6135</td>
</tr>
<tr>
<td>2006-07</td>
<td>263</td>
<td>1.10</td>
<td>212.00</td>
<td>6180</td>
</tr>
<tr>
<td>2007-08</td>
<td>445</td>
<td>4.20</td>
<td>279.00</td>
<td>6463</td>
</tr>
</tbody>
</table>

Source: Information from various years IRDA annual & quarterly report

It has been revealed out from the Table No. 4(xiii) & Graph no.13, that the performance of LIC Group Retirement business in terms of new policies has continue showing fluctuation through issue new policy to policy holder between the years 1999-00 to 2007-08. During the year in 1999-00, the number of policies of LIC was only 323 lakh from where premium receive
Rs. 138.90 crore. That is decrease in 2000-01 to 408 lakh policies & Insurable Amount Rs. 146.10 crore. Similarly, in 2000-01 the percentage of number of policies of LIC & premium receive was increased by 26.32 & 5.18 percent respectively.

During the year 2001-02, 427 lakh policies & Insurable Amount were Rs. 163.40 crore. The percentage of number of policies of LIC & premium receive was increased by 4.66 & 11.84 percent respectively and no of insurer were reduce by 40 percent. 2002-03, 305 lakh policies (decrease by 28.57 percent) & Insurable Amount on these policies Rs. 186.90 crore (increase by 14.38 percent) reduction in policies show reduction in reduction in premium percentage. During the year 2003-04, 344 lakh policies (increase by 12.79 percent) & Insurable Amount on these policies Rs. 214.90 crore (increase by 14.98 percent). During the year 2004-05, 231 lakh policies (decrease by 32.85 percent) & Insurable Amount on these policies Rs. 82.50 crore (decline by 61.61 percent) in the current reduction in premium because may be reduction in insurance amount and reduction in number of insurer by 76.47 percent.

During the year in 2005-06, the number of policies of LIC was only 127 lakh from where premium receive Rs. 91.10 crore. That is increase in 2006-07 to 263 lakh policies & Insurable Amount Rs. 212.00 crore. Similarly, in 2006-07 the percentage of number of policies of LIC & premium receive was increased by 107.09 & 132.71 percent respectively.

2007-08, 445 lakh policies (increase by 69.20 percent) & Insurable Amount on these policies Rs. 279.00 crore (increase by 31.60 percent) and remarkable increase in number of insurer by 281.82 percent.

It is revealed from the following information that LIC business about new policy increase regularly. The number of policies of LIC was only 323 lakh in 1999-00 but it increase to 127 lakh in 2005-06, that’s show 2 times decline in policies but it’s on basis of regular fluctuation done and Insurable receive Rs. 138.90 crore in 1999-00 & it decline to 91.1 crore in 2005-06, that’s show half times in Insurable amount. Where as in 2007-08 no of policy were increases again but Insurable amount increase by near to double as compared
to 1999-00. Above information shows financial soundness about Life Insurance Corporation business.

In the same duration, that the performance of LIC in terms of Renewal Group Retirement business has continue showing growth through continue renew of policy to policy holder between the years 1999-00 to 2007-08. During the year in 1999-00, the number of policies of LIC was only 5246 lakh from where Insurable Amount Rs. 971 crore. That is increase in 2000-01 to 5753 lakh policies & Insurable Amount Rs. 1138 crore. Similarly, in 2000-01 the percentage of number of policies of LIC & Insurable Amount was increased by 9.66 & 17.20 percent respectively.

During the year 2001-02, 6109 lakh policies & Insurable Amount were Rs. 1272 crore. The percentage of number of policies of LIC & Insurable Amount was increased by 6.19 & 11.78 percent respectively. 2002-03, 6461 lakh policies (increase by 5.76 percent) & Insurable Amount on these policies Rs. 1489 crore (increase by 17.06 percent). During the year 2003-04, 7232 lakh policies (increase by 11.93 percent) & Insurable Amount on these policies Rs. 1706 crore (increase by 14.57 percent). During the year 2004-05, 7321 lakh policies (increase by 1.23 percent) & Insurable Amount on these policies were Rs. 1917 crore (increase by 12.37 percent).

During the year in 2005-06, the number of policies of LIC was only 6135 lakh (decrease by 16.20 percent) from where Insurable Amount Rs. 2189 crore (increase by 14.19 percent). That is increase in 2006-07 to 6180 lakh policies & Insurable Amount Rs. 2576 crore. Similarly, in 2006-07 the percentage of number of policies of LIC & Insurable Amount was increased by 0.73 & 17.68 percent respectively. 2007-08, 6463 lakh policies (increase by 4.58 percent) & Insurable Amount on these policies Rs. 3211 crore (increase by 24.65 percent).

It is revealed from the following information that LIC Group Retirement business about renewal increase regularly. The number of policies of LIC was only 5246 lakh in 1999-00 but it increase to 6463 lakh in 2007-08 ,that’s 30 percent growth in policies and Insurable Amount were Rs. 971 crore in 1999-
00 & it increase to 3211 crore in 2007-08 ,that’s show 3 times growth in Insurable amount . Above information prove about financial soundness about Life Insurance Corporation business. So we can say that life insurance corporation Group Retirement business (new business & renewal business) has continuously shown growth except some years in post liberalization period.
4.7: Effect of liberalisation on life insurance corporation business: For analysis the effect of life insurance corporation business is calculated by the method of least square method in liberalisation period.

**Table No.4(xiv):- No of policy of individual insurance Business of life insurance corporation under pre liberalisation**

<table>
<thead>
<tr>
<th>Year</th>
<th>No. Of Policies (in Lakh) Y</th>
<th>T=a+bx</th>
<th>X=Year-1992</th>
<th>X²</th>
<th>XY</th>
</tr>
</thead>
<tbody>
<tr>
<td>1985</td>
<td>26.99</td>
<td>27.07</td>
<td>-7</td>
<td>49</td>
<td>-188.93</td>
</tr>
<tr>
<td>1986</td>
<td>32.85</td>
<td>35.47</td>
<td>-6</td>
<td>36</td>
<td>-197.1</td>
</tr>
<tr>
<td>1987</td>
<td>38.68</td>
<td>43.87</td>
<td>-5</td>
<td>25</td>
<td>-193.4</td>
</tr>
<tr>
<td>1988</td>
<td>46.93</td>
<td>52.27</td>
<td>-4</td>
<td>16</td>
<td>-187.72</td>
</tr>
<tr>
<td>1989</td>
<td>59.79</td>
<td>60.67</td>
<td>-3</td>
<td>9</td>
<td>-179.37</td>
</tr>
<tr>
<td>1990</td>
<td>73.92</td>
<td>69.07</td>
<td>-2</td>
<td>4</td>
<td>-147.84</td>
</tr>
<tr>
<td>1991</td>
<td>86.45</td>
<td>77.47</td>
<td>-1</td>
<td>1</td>
<td>-86.45</td>
</tr>
<tr>
<td>1992</td>
<td>92.38</td>
<td>85.87</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
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<td>1993</td>
<td>99.58</td>
<td>94.27</td>
<td>1</td>
<td>1</td>
<td>99.58</td>
</tr>
<tr>
<td>1994</td>
<td>107.26</td>
<td>102.67</td>
<td>2</td>
<td>4</td>
<td>214.52</td>
</tr>
<tr>
<td>1995</td>
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<td>111.07</td>
<td>3</td>
<td>9</td>
<td>326.25</td>
</tr>
<tr>
<td>1996</td>
<td>110.21</td>
<td>119.47</td>
<td>4</td>
<td>16</td>
<td>440.84</td>
</tr>
<tr>
<td>1997</td>
<td>122.68</td>
<td>127.87</td>
<td>5</td>
<td>25</td>
<td>613.4</td>
</tr>
<tr>
<td>1998</td>
<td>133.11</td>
<td>136.27</td>
<td>6</td>
<td>36</td>
<td>798.66</td>
</tr>
<tr>
<td>1999</td>
<td>148.44</td>
<td>144.67</td>
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<td>49</td>
<td>1039.08</td>
</tr>
<tr>
<td>15</td>
<td>1288.02</td>
<td></td>
<td>280</td>
<td>2351.52</td>
<td></td>
</tr>
</tbody>
</table>

Sources: calculated by minimum square method of 15 year data

\[ a = \frac{\sum y}{N} \]
\[ b = \frac{\sum xy}{\sum X^2} \]

N= 15
\[ \sum y = \] 1288.02
\[ \sum X^2 = 2351.52 \]
\[ \sum xy = \]

4.7(i): Individual insurance Business of life insurance corporation under pre liberalisation: It is revealed from the information of Table No. 4(xiv) and graph 14, during 1985-1999, Therefore LIC registered a significant Growth of
8 to 30 percent in the number of policies issued of individual insurance business against the previous year (Except 1995 & 1996, in above year show very poor growth that’s one percent). Likewise, the number of policies of industry has increased in all years except 2004-05, where a 148.44 lakh policy in 1999 is recorded from 26.99 lakh policy in 1985 during pre liberalisation period.

The performance of LIC in terms of new policies business has been improved tremendously with every successive year, insurer are gaining the trust of the public and have quite successful in growth the business from LIC.

While in this duration, when we study overall information between 1985 to 1999 it shows regular growth in no. of policies but regular fluctuation in trend value to actual no of policy.

During the year 1985-1989 & 1995-1998, the value of actual no. of policy as compared to trend value no. of policy were decrease & in the year 1990-1994 & 1999, it show increase in value of actual no. of policy as compared to trend value no. of policy. Therefore it shows regular fluctuation of actual policy & trend value through least square method.

Above information shows financial soundness about Life Insurance Corporation new business before liberalization.

Hence it can be inferred that, there is considerable growth in the number of new policies business in a period of pre liberalization.
Table No.4(xv):-No of policy of individual insurance Business of life insurance corporation under post liberalisation

<table>
<thead>
<tr>
<th>Year</th>
<th>No. Of Policies Y (in Lakh)</th>
<th>T=a+bx</th>
<th>X=Year-2006.5</th>
<th>X²</th>
<th>XY</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>169.77</td>
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<td>30.25</td>
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<tr>
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<td>228.27</td>
<td>-4.5</td>
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<td>-1012.095</td>
</tr>
<tr>
<td>2003</td>
<td>242.68</td>
<td>245.03</td>
<td>-3.5</td>
<td>12.25</td>
<td>-849.38</td>
</tr>
<tr>
<td>2004</td>
<td>266.26</td>
<td>261.79</td>
<td>-2.5</td>
<td>6.25</td>
<td>-665.65</td>
</tr>
<tr>
<td>2005</td>
<td>235.42</td>
<td>278.55</td>
<td>-1.5</td>
<td>2.25</td>
<td>-353.13</td>
</tr>
<tr>
<td>2006</td>
<td>315.27</td>
<td>295.31</td>
<td>-0.5</td>
<td>0.25</td>
<td>-157.635</td>
</tr>
<tr>
<td>2007</td>
<td>381.86</td>
<td>312.07</td>
<td>0.5</td>
<td>0.25</td>
<td>190.93</td>
</tr>
<tr>
<td>2008</td>
<td>375.74</td>
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<td>1.5</td>
<td>2.25</td>
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<tr>
<td>2009</td>
<td>359.12</td>
<td>345.59</td>
<td>2.5</td>
<td>6.25</td>
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<tr>
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<td>3.5</td>
<td>12.25</td>
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<tr>
<td>2011</td>
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<td>20.25</td>
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<tr>
<td>2012</td>
<td>357.51</td>
<td>395.87</td>
<td>5.5</td>
<td>30.25</td>
<td>1966.305</td>
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<tr>
<td>2013</td>
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<td>412.63</td>
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<tr>
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<td>4251.67</td>
<td>227.5</td>
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</tr>
</tbody>
</table>

Sources: calculated by minimum square method of 14 year data

\[
a = \frac{\sum y}{N} = \frac{303.6907143}{14} = 21.69
\]
\[
b = \frac{\sum xy}{\sum x^2} = \frac{4.75650549}{4.75650549} = 1.676
\]

4.7(ii): Individual insurance Business of life insurance corporation under post liberalisation: It is revealed from the information of Table No. 4(xv) and graph 15, during 2000-2013, Therefore LIC registered a significant Growth between decline of 3 to growth of 35 percent in the number of policies issued of individual insurance business against the previous year (in 2005 highly decline & in 2006 shows high growth in no of policy).
Likewise, the number of policies of industry has increased in all years except 2005, where a 367.55 lakh policy in 2013 is recorded from 169.76 lakh policy in 2000 during post liberalisation period.

The performance of LIC in terms of new policies business has been improved Tremendous with every successive year, insurer are gaining the trust of the public and have quite successful in growth the business from LIC.

While in this duration, when we study overall information between 2000 to 2013 it shows regular growth in no. of policies but regular fluctuation in trend value to actual no of policy.

During the year 2000-2003, 2005 & 2011-13, the value of actual no. of policy as compared to trend value no. of policy were decrease & in the year 2004 & 2006-2010, it show increase in value of actual no. of policy as compared to trend value no. of policy. Therefore it shows regular fluctuation of actual policy & trend value through least square method.

Above information shows financial soundness about Life Insurance Corporation new business after liberalization. Hence it can be inferred that, there is considerable growth in the number of new policies business in a period of post liberalization.

Therefore we say that liberalisation has shown positively effect on individual life insurance business, in other words we can say that individual life insurance businesses were growing after liberalisation.
<table>
<thead>
<tr>
<th>Year</th>
<th>No. Of Policies (in Lakh)</th>
<th>T=a+bx</th>
<th>X=Year-1992</th>
<th>X²</th>
<th>XY</th>
</tr>
</thead>
<tbody>
<tr>
<td>1985</td>
<td>2231</td>
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<td>-6</td>
<td>36</td>
<td>-16356</td>
</tr>
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<td>5373</td>
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<td>-18925</td>
</tr>
<tr>
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<td>8381</td>
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<td>25</td>
<td>41905</td>
</tr>
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<td>1998</td>
<td>8640</td>
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<td>51840</td>
</tr>
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<td>1999</td>
<td>8832</td>
<td>9946</td>
<td>7</td>
<td>49</td>
<td>61824</td>
</tr>
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<td>15</td>
<td>109170</td>
<td></td>
<td>280</td>
<td>106702</td>
<td></td>
</tr>
</tbody>
</table>

Sources: calculated by minimum square method of 15 year data

\[ a = \frac{\sum Y}{N} \]
\[ b = \frac{\sum XY}{\sum X^2} \]

4.7(iii): Group insurance Business of life insurance Corporation under pre liberalisation: For analysis the effect of life insurance corporation Group insurance business is calculated by the method of least square method in liberalisation period. It is revealed from the information of Table No. 4(xvi) and graph 16, during 1985-1999; Therefore LIC registered a significant Growth of 1 to 45 percent in the number of policies issued of Group insurance business against the previous year (Except 1993 & 1997, in above year show...
negative growth that’s 47 & 7 percent respectively). Likewise, the growth in number of policies of industry has increased in all years & in 1986-1988, 1991 & 1996 shows high growth percentage that’s 20 to 45 percent. Where an 8832 lakh policy in 1999 is recorded from 2231 lakh policy in 1985 during pre liberalisation period it shows 4 times growth.

The performance of LIC in terms of new policies of group insurance business has been improved Tremendous with every successive year, insurer are gaining the trust of the public and have quite successful in growth the business from LIC.

While in this duration, when we study overall information between 1985 to 1999 it shows regular growth in no. of policies but regular fluctuation in trend value to actual no of policy.

During the year 1985-1988, 1993-1995 & 1997-1999, the value of actual no. of policy were decrease as compared to trend value & in the year 1989-1992 & 1996, shows increase in value of actual no. of policy as compared to trend value no. of policy. Therefore it shows regular fluctuation of actual policy & trend value through least square method.

Above information shows financial soundness about Life Insurance Corporation Group Insurance new business before liberalization.

Hence it can be inferred that, there is considerable growth in the number of new policies Group Insurance business in a period of pre liberalization.
Table No.4(xvii):-No of policy of Group insurance Business of life insurance corporation under post liberalisation

<table>
<thead>
<tr>
<th>Year</th>
<th>No. Of Policies (in Lakh) Y</th>
<th>T=a+bx</th>
<th>X=Year-2004</th>
<th>X²</th>
<th>XY</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
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<td>8492</td>
<td>11246.67</td>
<td>-3</td>
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<td>-25476</td>
</tr>
<tr>
<td>2002</td>
<td>15957</td>
<td>12816.67</td>
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<td>4</td>
<td>-31914</td>
</tr>
<tr>
<td>2003</td>
<td>15329</td>
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Sources: calculated by minimum square method of 9 year data

\[ a = \frac{\sum y}{N} = \frac{15956.66667}{9} = 15956.67 \]

\[ b = \frac{\sum xy}{\sum X^2} = \frac{1570.433333}{1570} = 1 \]

4.7(iv): Group insurance Business of life insurance Corporation under post liberalisation: It is revealed from the information of Table No. 4(xvii) and graph 17, during 2000-2008, Therefore LIC registered a significant growth between decline of 8 to growth of 88 percent in the number of policies issued of individual insurance business against the previous year (in 2001 highly decline & in 2002 shows high growth in no of policy). Likewise, the number of policies of industry has increased in all years except 2001, 2003 & 2006, where a 22113 lakh policy in 2008 is recorded from 9266 lakh policy in 2000 during post liberalisation period.

The performance of LIC in terms of new policies group insurance business has been improved Tremendous with every successive year, insurer
are gaining the trust of the public and have quite successful in growth the business from LIC.

While in this duration, when we study overall information between 2000 to 2008 it shows regular growth in no. of policies but regular fluctuation in trend value to actual no of policy.

During the year 2000, 2001, 2004 & 2006-08, the value of actual no. of policy were decrease as compared to trend value & in the year 2002, 2003 & 2005, show increase in value of actual no. of policy as compared to trend value. Therefore it shows regular fluctuation of actual policy & trend value through least square method.

Above information shows financial soundness about Life Insurance Corporation Group insurance new business after liberalization. Hence it can be inferred that, there is considerable growth in the number of new policies of group insurance business in a period of post liberalization.

Therefore we say that liberalisation has shown positively effect on group insurance life insurance business, in other words we can say that group insurance life insurance businesses were growing after liberalisation.
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Sources: calculated by minimum square method of 15 year data

\[ a = \frac{\sum y}{N} = 272.7333333 \]
\[ b = \frac{\sum xy}{\sum x^2} = 18.07142857 \]

4.7(v): Group Retirement Business of life insurance Corporation under pre liberalisation: For analysis the effect of life insurance corporation group retirement business is calculated by the method of least square method in liberalisation period. It is revealed from the information of Table No. 4(xviii) and graph 18, during 1985-1999, Therefore LIC registered a significant Growth of negative 18 to 54 percent positive in the number of policies issued of Group retirement business against the previous year (Except 1993 & 1999,
in above year show negative growth that’s 19 & 6 percent respectively). Likewise, the growth in number of policies of industry has increased in all years & in 1988 shows high growth percentage that’s 55 percent. Where a 369 lakh policy in 1999 is recorded from 120 lakh policy in 1985 during pre liberalisation period it shows 3 times growth.

The performance of LIC in terms of new policies of group retirement business has been improved Tremendous with every successive year, insurer are gaining the trust of the public and have quite successful in growth the business from LIC.

While in this duration, when we study overall information between 1985 to 1999 it shows regular growth in no. of policies but regular fluctuation in trend value to actual no of policy.

During the year 1985-1987, 1993-1994 & 1999, the value of actual no. of policy were decrease as compared to trend value & in the remaining year shows increase in value of actual no. of policy as compared to trend value. Therefore it shows regular fluctuation of actual policy & trend value through least square method.

Above information shows financial soundness about Life Insurance Corporation Group retirement new business before liberalization.

Hence it can be inferred that, there is considerable growth in the number of new policies Group retirement business in a period of pre liberalization.
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Source: calculated by minimum square method of 9 year data

4.7(vi): Group Retirement Business of life insurance corporation under post liberalisation: It is revealed from the information of Table No. 4(xix) and Graph 19, during 2000-2008, Therefore LIC registered a significant growth between decline of 45 to growth of 107 percent in the number of policies issued of Group retirement business against the previous year (in 2006 highly decline & in 2007 show Tremendous growth in no of policy). Likewise, the number of policies of industry has increased in all years except 2003, 2005 & 2006, where a 445 lakh policy in 2008 is recorded from 323 lakh policies in 2000 during post liberalisation period.

The performance of LIC in terms of new policies Group retirement business has been improved Tremendous with every successive year, insurer
are gaining the trust of the public and have quite successful in growth the business from LIC.

While in this duration, when we study overall information between 2000 to 2008 it shows regular growth in no. of policies but regular fluctuation in trend value to actual no of policy.

During the year 2000, 2003, & 2005-07, the value of actual no. of policy were decrease as compared to trend value & in the year remaining years show increase in value of actual no. of policy as compared to trend value. Therefore it shows regular fluctuation of actual policy & trend value through least square method.

Above information shows financial soundness about Life Insurance Corporation Group retirement new business after liberalization. Hence it can be inferred that, there is considerable growth in the number of new policies of Group retirement business in a period of post liberalization.

Therefore we say that liberalisation has shown negative growth on Group retirement life insurance business, in other words we can say that Group retirement life insurance business were grow very low rate after liberalisation because multiple sources of security & saving in capital market available in market.

The performance of LIC in terms of individual insurance business, Group insurance business & group retirement business has continuously shown growth in number of policy to policy holder between the years 1985 to 2008.

It is a pointer towards the spread of message of insurance among those people who have never availed of the benefits of life insurance as well as the existing policyholders show regular interest in insurance show it shows a remarkable growth.

There is considerable growth in the number of new policies business in a period of pre & post liberalization after many up and downs seen in the policy growth of industry.

Thus it can be concluded that a life insurance industry has achieved a remarkable growth after liberalisation and the entry of large number of private
players with new technology and innovative tailor-made product has improved the performance and growth of Indian life insurance business.

Conclusion
The performance of LIC & private insurance player were mostly affected by liberalisation policy. When we study Table No. 4(i), 4(ii) & 4(iii), about overall life insurance business competition in life insurance sector increase after liberalization but all company and its agent try to satisfy all present and new customers. Whereas analysis & interpretation show that competition in life insurance sector after liberalization also show the negative impact on life insurance corporation business because market share of LIC decline regularly whereas market share of Private Insurance player takes growth.

Likewise LIC business related to number of policies & fund also has shown similar effect of decline in market share.

Insurance is a big opportunity in a country like India with a large population and untapped potential. The life insurance business (measured in the context of first year premium) registered a growth. This has resulted in increasing insurance penetration in the country. After analysis & interpretation of renewal premium data, observe that renewal premium of LIC & other private life insurers continue increase, its good symbol to show faith by insured about improvement of quality (Customer satisfaction level increase). It’s important that LIC business not decrease but contribution of LIC decline in life insurance sector business due to existence of other Private life insurers. LIC aware about this problem & ready to face competition so create some changes in administration and management systems it shows in previous chapter.
Testing of Hypothesis

Testing of hypothesis has been analysis the secondary data on basis of Percentage Analysis, Absolute Growth, Average Growth and Trend analysis. Their conclusive results take for testing of hypothesis. It has been proved that liberalization has a significant impact on the growth of Indian life insurance business.

1.1 Liberalisation helps in bringing transparency in insurance sector.

The first hypothesis was that the transparency is bringing in Indian life insurance Company. Here the transparency is tested on the basis of fund, market share and multiple policy & premium of different life insurance company. Total fund, premium income, market share and the policy of insurance are analyses.

Although the performance of Indian life insurance especially, Life insurance corporation is very large 83% share in total number of new business policy holder, 73% share in total premium, 80% share in total funds, 73% share in market share but the size or market share is not synonyms to the transparency. On most of the parameters the Indian life insurance sector are far behind than Private life insurance and Life Insurance Corporation.

The Life Insurance Corporation is in better position as compared to Private insurance company in area of growth in policy, funds, premium income, growth in individual business, group insurance business & group retirement business.

Hence it can be said that this hypothesis is completely proved as in most of the areas Life Insurance Corporation are doing better performance than private Life Insurance Corporation.

1.2 After liberalisation policy the competition is increase where as the working culture of life Insurance Corporation has been improved.

The second hypothesis was that the competition improves the working culture of life Insurance Corporation in Indian life insurance Company.
Here the working culture was tested on the basis of Innovative products, smart marketing and growth in Premium of different life insurance company.

The existing rule says that a foreign partner can hold 26% equity in an insurance company, a proposal to increase this limit to 49% is pending with the government. Now government have been granted licenses to 23 private companies, these company develop many Innovative policy products, smart marketing, smart relation with customer and aggressive distribution for Indian customers faster than anyone expected. Indians, who had always seen life insurance as a tax saving device, are now suddenly turning to the private sector and snap up the new innovative products on offer so LIC also change management system between customer & agent for develop relation and good working environment for growth the market share. LIC has been developing some consumer awareness program, it include awareness levels of the customer (about personal risks, insurance coverage and insurance product knowledge), product awareness (Need based selling/ unforced selling/ ignore wrong selling), competent services (by agent and LIC), solution of financial problems of customers (related to insufficient income, inflation, lack of financial planning), Competition (with other financial institutions and other investments with higher returns).

The Life Insurance Corporation is in better position as compared to Private insurance company in area of smart marketing, smart relation with customer, providing insurance knowledge & education and aggressive distribution for Indian customers because Indians always faith on LIC due to old Indian company & its previous relations ,that’s why human thinking about LIC is very difficult to change.

Hence it can be said that this hypothesis is completely proved as in most of the areas Life Insurance Corporation are doing better performance than private Life Insurance Corporation.
1.3 More innovative products are available in the market in comparison with pre liberalisation era.

The third hypothesis was that the more innovative product is available in the market of Indian life insurance Company after liberalisation. Here the Innovative products were tested on the basis of smart marketing and growth in Premium of different life insurance company.

The existing rule says that a FDI can hold 49% equity in insurance company, a proposal to increase the license for foreign company start their business in India is pending with the government. Now governments have been granted licenses to 23 private companies, these companies develop many Innovative policy products through smart marketing with customer and aggressive distribution for Indian customers as per expectation of consumer.

Indians consumer, who had always seen life insurance as a tax saving device and cover the maximum risk of life before liberalisation but after liberalisation LIC understand the problem of competition with private insurance company so after liberalisation Life Insurance Corporation develop many more new policy for need of consumer expectation i.e. Money Back plan, Children Plan, Term Assurance Plan.

LIC getting the benefit of Indian customers thinking about faith on LIC due to old Indian company & its previous relations ,that’s why customers thinking about LIC is very difficult to change. Therefore private companies develop the market in life insurance but LIC taking regular growth after liberalisation.

Hence it can be said that this hypothesis is completely proved as in more innovative product is available of Life Insurance Corporation compare with private Life Insurance Corporation.
FINDING, SUGGESTIONS AND CONCLUSION

This chapter has been sub divided in four parts, which are as follows:-

A. Finding
B. Limitations of Research
C. Suggestions
D. Conclusion

A. Finding

Insurance is a big opportunity in a country like India with a large population and untapped potential. The life insurance business has been registered a growth. This has been resulting increasing insurance penetration in the country.

After opening up of insurance in private sector, various leading private companies including joint ventures have entered the fields of insurance both life and non-life business. The entry of private players in insurance business needful and justifiable in order to enhance the efficiency of operations, achieving greater density and insurance coverage in the country and for a greater mobilization of long term savings for long gestation infrastructure prefecuts. New players should not be treating as rivalries to government companies, but they can supplement in achieving the objective of growth of insurance business in India.

The level of penetration, particularly in life insurance, tends to rise as income levels increase. India, with its huge middle class households, has exhibited possible growth 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 a number of global insurers in life.

After going through the Annual report of LIC, other private insurance company and information of IRDA Journal and analyzing the data, certain important results are arrived, which are vital for the comprehensive analysis of impact of liberalisation of life insurance business. Although this Research is a descriptive & exploratory Research, in which the conclusions are not the
final conclusions as many dimensions can be considered through these analyses. It may be affected by the Mission of the organization, Efficiency of Management, Competitive advantage, differentiation in various policy, Geographical variations, Length of service, Customer segmentation, Government intervention etc. So some other conclusions can be worked out with the help of available data.

**Premium of Life Insurance Company**

Total life insurance premium income has been increased at faster rate during the sample period. While private sector insurers posted tremendous growth by twelve thousand five hundred times Growth in new market segmentation & LIC recorded six times Growth in their total premium income after liberalisation & Private insurance started business. It is revealed from the Table No. 4(i), 4(ii) & 4(iii) and Graph no. 1, 2 & 3 that shows overall market of LIC increase but market share decline, it show that Private insurance company gave heavy challenge to LIC. The main reasons are is the increasing penetration of life insurance, which is providing better services in comparison with LIC. Secondly, the network of Private insurance company are spread in Major cities of the country and the flow of money is higher in cities, targeted corporate, and accounts with big turnover of cash. Growth of premium has shared in their market share ratio during the period.

The premium indicates renewal premium has shown faster growth rate during the sample period, first year premium and single premium contributed the high growth in LIC premium income. Similarly, Private life insurance company premium income of first year premium and single premium were shown high growth, because in 2000-01 Private life insurance started their business.

**Market Share of Life Insurers:**

We can say that overall market of LIC increased but market share declined, it show that Private insurance company gave heavy challenge to
LIC. The second important function of the life insurance company is to give security to customer through new insurance policy and it does depend on customer satisfaction. The life insurance company receives most of its income through this function only. The management of agent is vital as it affects the profitability of the life insurance company. It is clear from the study that during the year 2000-01 to 2012-13.

The market share of Private insurance company has increased by faster rate as shown in Table No. 4(iii) and Graph no. 3. The main reason behind it is LIC and Private insurance company were growing and gaining market share. it show that overall income of LIC increased but market share declined from 99.98 percent to 72.70 percent, hence, Private insurance company gave heavy challenge to LIC.

**New policy Business Performances of Life Insurers:**

It is another important indicator of growth and performance of the insurance companies. It is a pointer towards the spread of message of insurance among those people who have never availed of the benefits of life insurance as well as the existing policyholders.

The performance of LIC in terms of new policies business has deteriorated and those of private players have been improved Tremendous with every successive year, private players are gaining the trust of the public and have been quite successful in snatching the business from LIC. There were many up and downs seen in the policy growth of industry, it is show in Table No. 4(iv) and Graph no 04. While LIC registered a growth of 72.76 percent growth in the number of policies issued against the 2001, the private sector insurers continued the previous year’s experience of significant growth and reported a highly growth in the number of new policies issued.

Total life insurance new policies are registering two times Growth. While private sector insurers posted tremendous growth by hundred percent Growths in new market segmentation & LIC recorded two times Growth in their total no on new policies after liberalisation & Private insurance started business.
It shows that overall market of LIC increased but market share declined from 100 percent to 83 percent, it shows that Private insurance company gave heavy challenge to LIC.

**Funds of Life Insurers:**

Life Insurance Corporation & other private insurance company provide his policyholder about various options about fund, to invest money by them as his choice out of these funds. All life insurers are having lump sum fund, which is generated from premium paid by single insurer. These funds invested in the area of business which contribution in economic development of country. Growth and opportunity of Indian financial market provide maximum opportunity for investment. The entire insurers have been utilizing the opportunity for their investment and fund management.

Total amounts collected as funds by LIC & other private life insurance Company increased by 6 times in 2013 as compare to 2002. Individual LIC increased by 5 times & other private life insurance Company funds by 145 percent, it shows that Private insurance company has been increased at faster rate during the sample period as per Table No. 4(v), 4(vi) & 4(vii) and Graph no. 5, 6 & 7. The private sector insurers has been continued the previous year’s experience of significant and reported a highly Growth of in the number of amount collected for funds.

The reasons of continuous growth in fund have been showing big opportunity of insurance & investments with higher returns. This has been resulted in increased insurance penetration in the country. The level of penetration, particularly in life insurance, tends to rise as income levels increases. India, with its huge middle class households, has exhibited possible growth 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 a number of global insurers in life.
Individual Insurance Business of Life Insurance Corporation:

Pre liberalisation: LIC’s new policy business had been increased regularly. The numbers of policies of LIC new insurance business were increase at 5 times growth and premium received was increased 16 times as per Table No. 4(viii) & Graph no.8. Similarly, LIC business renewal had been increase regularly. The number of policies of LIC that shows 3 times growth in policies and premium received shows 14 times growth in 15 years before liberalisation. Therefore, we can say that life insurance corporation business (individual business & renewal business) continuously shown growth in pre liberalization period.

Post liberalization: LIC’s new policy business has been increased regularly in post liberalisation. The number of policies of LIC new insurance business has shown 2 times growth in policies and premium amount 3 times growth as per Table No. 4(ix) & Graph no.9. Similarly, LIC renewal business has been increased regularly. The number of policies of LIC has been showing 3 times growth in policies and 5 times growth in premium amount after liberalisation.

So we can say that life insurance corporation business (individual business & renewal business) has been showing growth in post liberalization period.

Group Insurance Business of Life Insurance Corporation:

Group life insurance (also known as wholesale life insurance or institutional life insurance) is term which indicates insurance covering a group of people, usually employees of a company, members of a union or association, or members of a pension or superannuation fund.

In group insurance, minimum number of member is ten & no limit for maximum member, maximum number in-group is most affordable for company because its reduces cost. However, corporation observed that these groups formed only for benefit of group life insurance. Member of this group paid whole premium of group insurance jointly.
Pre liberalization: LIC Group Insurance business had been increased new policy shown as per Table No. 4 (x) & Graph no.10. The number of policies of LIC was showing 3.5 times growth in policies and premium shows 2 times growth in premium amount. When we study overall information about the policyholder, it shows continuous fluctuation in no. of policies. Similarly, LIC Renewal Group Insurance business had been increase regularly. The number of policies of LIC Renewal Group Insurance was showing 5 times growth in policies and premium shows 7 times growth in premium amount in 15 years before liberalisation.

Post liberalization: The Group Insurance business of LIC new policies number has been showing 2.5 times growth in policies and but Insurable Amount shows no growth due to in 2007 numbers of policy were increased but Insurable Amount reduced up to 50 percent as per Table No. 4 (xi) & Graph no.11. Similarly, the number of renewal policies of LIC has been showing approx 2 times in policies and Insurable Amount shows 4 times growth in Insurable amount. So we can say that life insurance corporation Group insurance business (new business & renewal business) has been continuously showing growth in pre liberalization period & post liberalization period.

**Group retirement business:**

Pre liberalization: LIC Group Retirement business had been showing regular fluctuation in new policy as per Table No. 4(xii) & Graph no.12. The number of policies of LIC had been showing 3.5 times growth in policies and Insurable Amount 20 time’s growth. It shows regular growth in no. of policies but regular fluctuation in insurable amount.

LIC Group Retirement Renewal business had been increased regularly. The number of policies of LIC Renewal Group Retirement has shown 3 times growth in policies and Insurable Amount has shown remarkable growth of more than 25 times in Insurable amount. Hence we can say that life insurance

“Impact of Liberalisation on the Business of Life Insurance”
Corporation new & Renewal Group Retirement business had been continuously shown growth in pre liberalization period.

Post liberalization: The number of policies of LIC has shown 1.5 times growth and Insurable amount has shown 2 times growth but it was continuously declined upto 2005 thereafter it increased regularly in new business policy as per Table No. 4(xiii) & Graph no.13. Similarly, LIC Group Retirement renewal business has been increased regularly. The number of renewal policies of LIC was shown average 20% growth in policies and three times growth in Insurable amount. So we can say that life insurance corporation Group Retirement business (new business & renewal business) has been continuously shown growth except some years in post liberalization period.

**Effect of liberalisation on life insurance corporation business:**

For analyses, the effect of life insurance corporation business is calculated by the method of least square method in liberalisation period.

**(i): Individual insurance Business of life insurance corporation under pre liberalisation:** It is revealed from the information of Table No. 4(xiv) and graph 14, during 1985-1999, that LIC registered a significant Growth of 8 to 30 percent in the number of policies issued of individual insurance business against the previous year (Except 1995 & 1996, in above year shows very poor growth that’s one percent). The performance of LIC in terms of new policies business has been improved Tremendous with every successive year, insurer are gaining the trust of the public and have quite successful in growth the business from LIC.

During the year 1985-1989 & 1995-1998, the value of actual no. of policy as compared to trend value no. of policy were decreased & in the year 1990-1994 & 1999, it shows increase in value of actual no. of policy as compare to trend value no. of policy. Therefore, it shows regular fluctuation of actual policy & trend value through least square method.
Hence, it can be inferred that, there is considerable growth in the number of new policies business in a period of pre liberalization.

(ii): Individual insurance Business of life insurance corporation under post liberalisation: It is revealed from the information of Table No. 4(xv) and graph 15, during 2000-2013, that LIC registered a significant Growth between decline of 3 to growth of 35 percent in the number to policies issued of individual insurance business against the previous year (in 2005 highly decline & in 2006 shows high growth in no of policy).

when we study overall information between 2000 to 2013 it shows during the year 2000-2003, 2005 & 2011-13, the value of actual no. of policy as compared to trend value no. of policies were decreased & in the year 2004 & 2006-2010, it show increase in value of actual no. of policy compare to trend value no. of policy. Therefore, it shows regular fluctuation of actual policy & trend value through least square method.

Hence, we say that liberalisation has shown positive effect on individual life insurance business, in other word we can say that individual life insurance business has grown after liberalisation.

(iii): Group insurance Business of life insurance Corporation under pre liberalisation: For analysis, the effect of life insurance corporation Group insurance business is calculated by the method of least square method in liberalisation period. It is revealed from the information of Table No. 4(xvi) and graph 16, during 1985-1999; Therefore LIC registered a significant Growth of 1 to 45 percent in the number of policies issued of Group insurance business against the previous year (Except 1993 & 1997, in above year shows negative growth that’s 47 & 7 percent respectively). Likewise, the growth in number of policies of industry has increased in all years & in 1986-1988, 1991 & 1996 shows high growth percentage that is 20 to 45 percent. Overall growth has been showing 4 times during pre liberalisation period.
During the year 1985-1988, 1993-1995 & 1997-1999, the value of actual no. of policies were decreased with compared to trend value & in the year 1989-1992 & 1996, shows increase in value of actual no. of policies compare to trend value no. of policies. Hence, it can be inferred that, there is considerable growth in the number of new policies Group Insurance business in a period of pre liberalization.

(iv): Group insurance Business of life insurance Corporation under post liberalisation: It is revealed from the information of Table No. 4(xvii) and graph 17, Therefore LIC registered a significant Growth between decline of 8 to growth of 88 percent in the number of policies issued of individual insurance business against the previous year (in 2001 highly declined & in 2002 shows high growth in no of policy). The performance of LIC in terms of new policies group insurance business has been improved Tremendous with every successive year, insurer are gaining the trust of the public and have quite successful in growth the business from LIC.

During the year 2000, 2001, 2004 & 2006-08, the value of actual no. of policy were decreased as compared to trend value & in the year 2002, 2003 & 2005, shows increase in value of actual no. of policy as compared to trend value. Therefore, it shows regular fluctuation of actual policy & trend value through least square method.

Therefore, we say that liberalisation has shown positive effect on group insurance life insurance business, in other words we can say that group insurance life insurance business has grown after liberalisation.

(v): Group Retirement Business of life insurance Corporation under pre liberalisation: For analysis, the effect of life insurance corporation group retirement business is calculated by the method of least square method in liberalisation period. It is revealed from the information of Table No. 4(xviii) and graph 18, during 1985-1999, Therefore LIC registered a significant Growth of negative 18 to 54 percent positive in the number of policies issued

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of Group retirement business against the previous year (Except 1993 & 1999, in above year shown negative growth that’s 19 & 6 percent respectively). Likewise, the growth in number of policies of industry has increased in all years & in 1988 has shown high growth percentage that’s 55 percent. Where a 369 lakh policy in 1999 is recorded from 120 lakh policy in 1985 during pre liberalisation period it shows 3 times growth.

The performance of LIC in terms of new policies of group retirement business has been improved Tremendous with every successive year.

During the year 1985-1987, 1993-1994 & 1999, the value of actual no. of policy were decreased as compared to trend value & in the remaining year shows increase in value of actual no. of policy to trend value. Therefore, it shows regular fluctuation of actual policy & trend value through least square method. Hence, it can be inferred that, there is considerable growth in the number of new policies Group retirement business in a period of pre liberalization.

(vi): Group Retirement Business of life insurance corporation under post liberalisation: It is revealed from the information of Table No. 4(xix) and Graph 19, Therefore LIC registered a significant Growth between decline of 45 to growth of 107 percent in the number of policies issued of Group retirement business against the previous year (in 2006 highly decline & in 2007 show tremendous growth in no of policy). Likewise, the new policies Group retirement business of industry has increased in all years except 2003, 2005 & 2006 during post liberalisation period.

It shows regular growth in no. of policies but regular fluctuation in trend value to actual no of policy. During the year 2000, 2003, & 2005-07, the value of actual no. of policy were to trend value & in the year remaining years shows increase in value of actual no. of policy as compared to trend value.

Therefore, we say that liberalisation has shown negative growth on Group retirement life insurance business, in other words we can say that Group retirement life insurance business has grown at very low rate after
liberalisation because multiple sources of security & saving in capital market were available in market.

It is a pointer towards the spread of message of insurance among those people who have never availed of the benefits of life insurance as well as the existing policyholders’ shows regular interest in insurance it shows a remarkable growth. There is considerable growth in the number of new policies business in a period of pre & post liberalization after many up and downs seen in the policy growth of industry. Thus, it can be concluded that a life insurance industry has achieved a remarkable growth after liberalisation and the entry of large number of private players with new technology and innovative tailor-made product has improved the performance and growth of Indian life insurance business.

The performance of LIC & private insurance player were mostly affected by liberalisation policy. When we study Table No. 4(i), 4(ii) & 4(iii), about overall life insurance business competition in life insurance sector increased after liberalization but all company and its agent trying to satisfy all present and new customers. Whereas analysis & interpretation shows that competition in life insurance sector after liberalization also shown the negative impact on life insurance corporation business because market share of LIC declined regularly where as market share of Private Insurance player takes growth.

Likewise, LIC business related to number of policies & fund similar effect of decline in market share.

Insurance is a big opportunity in a country like India with a large population and untapped potential. The life insurance business (measured in the context of first year premium) registered a growth. This has resulted in increasing insurance penetration in the country. Several private players have ventured into the insurance industry since last decade and the growth of the industry has been averaging around 30-40 %. The life insurance industry has led the growth in the insurance sector. There the growth is mainly due to unit-linked products, which are parallel to mutual funds product. They are looked
upon as investment returns. So, they involve a very small element of risk coverage. Perhaps that is the reason they have picked up fast.

After analysis & interpretation of renewal premium data, it is observed that renewal premium of LIC & other private life insurers continuously increased its good symbol to show faith by insured about improvement of quality (Customer satisfaction level increase). It’s important that LIC business is not decreased but contribution of LIC declined in life insurance sector business due to existence of other Private life insurers.

- Analysis and interpretation clearly indicates that LIC is better in Policy, Premium income and Market share.
- Overall result of the discussion is that the life insurance business especially LIC have better control on new policy.
- It has been found with the discussion that LIC much efficient in managing the fund and advances.
- There is not much difference between LIC and Private insurance company but the LIC leading in overall earnings growth.
- LIC is aware about this problem & ready to face competition and to make some changes in administration and management systems.
B. Limitations of Research

The present Research Work is an Academic Research; therefore, it is necessary to indicate its limitations, so that all the aspects of the Research can be seen in proper perspectives and references.

During last 15 years, a number of insurance policies started and closed. In the present research, the impact of liberalisation on the life insurance business in India is analyzed as a whole.

After opening up of insurance in private sector, various leading private companies entered in life insurance business at different time.

The performances of individual insurance company are not considered rather analysis is done on entire insurance sector.

Impact of premium collection, Policy issue, Utilizations of fund and surplus are also important areas, which affect the growth of life insurance business, have been analyzed in this research.

There are many discrepancies between the data available with Indian Life Insurance Company, the data provided by IRDA and the data published in the Annual Reports of the LIC & other private insurance company.

For the purpose of authenticity and uniformity, the Researcher has used the data available with IRDA & various websites. Even the data provided by LIC has certain discrepancies about policy & premium. Its various returns show different information. This may be because the insurance submit their data through various Returns and at different dates. However, most appropriate data are used in the Research and the efforts are made to verify the same by various sources so that proper basis can be formed for the study and their findings. In this way with reference to above limitations, a humble effort has been made to study the impact of liberalisation on life insurance business.
C. Suggestions

The study consists major portion of quantitative analysis and very little of qualitative analysis. Many thesis, reports, research papers; special bulletins etc. have been studied during the research period. Some of the tools and techniques have been incorporated in the research methodology, which has also been mentioned in literature review.

Based on results and discussions of this Research and similar other researches, the following suggestions have been proposed:-

- The LIC & IRDA should take help of marketing professionals to sell their products/services.
- To improve the efficiency of employees the Insurance Company should conduct short-term training programs / workshops on regular basis. These should base on Time Management, Marketing, Organizational Behavior, Customer Relationship Management etc.
- Similarly, awareness should create in public about personal risks, role of insurance and different insurance products available by arranging periodical training camps. Above all, skills should develop in all the functionaries especially insurance agents based on universally accepted value education. This enables avoidance of forced selling, product mismatch and helps in gaining the confidence of the policyholders consequentially minimizing lapsation rate.
- There should be flexibility in organizational structure of Indian Insurance Company. The top management should have liberty to appoint professional from out of Insurance Sector (if required). In addition, there should be minimum government intervention in this regard.
- Policy Break process should be reviewed and be strengthened. Especially the big defaulters should not be escaped and sent them reminder on personal address along with mail information about policy lapse condition & its losses.
- The policies issued on bogus names intentionally to lapse at later stage aggravated the problem Agents deficient service slowly making the
policyholders diluting the confidence in life insurance policies. In this context, it is worth mentioning that the success, stability and prosperity of any organization especially service organizations, which function on the confidence of public need to absorb, develop value-based practices, and serve the public with utmost good faith to gain their confidence and achieve harmonious relations. there is an inevitable necessity to organize value based training programmes for functionaries and awareness camps for policy holders on periodical basis to combat the problem of forced selling and bogus policies.

- The Insurance Company should raise additional capital through Public issues, Bonds, Foreign direct investments (FDI) etc. to meet the capital requirements of growing domestic and international competition.
- The life Insurance Company is required to improve their services to increase their customer base. At present, their size is very large but they are not providing efficient customer services in rural areas.
- The LIC and Private insurance company should adopt the latest technology. Still all of their branches are not yet computerized.
- Entry of private players will ensure the mobilization of funds that can be utilized for the purpose of infrastructure development.
- Most important tremendous employment opportunities will create in the field of insurance, which is a burning problem of the present day today issues.
- Most of the corporate houses operate their large accounts through Private life insurance due to their wide range of products, efficient services and advanced technology. The LIC and Private life insurance should also work in this direction and adopt aggressive Marketing Strategies.
- There is a probability of a spurt in employment opportunities.
- Privatization if Insurance was eliminated the monopolistic business of Life Insurance Corporation of India. It may help to cover the wide range of risk in general insurance and in life insurance. It helps to introduce new range of products.
• It would also result in better customer services and help improve the variety and price of insurance products.

• Pooling of resources of Indian Insurance Company required i.e. ATM facility, online facility etc.

• The entry of new players would speed up the spread of both life and general insurance. It will increase the insurance penetration and measure of density.

• Allowing of commercial banks into insurance business will help to mobilization of funds from the rural areas because of the availability of vast branches of the banks.

• the selling of insurance products without considering the needs and financial position of the policy holders for attaining their targets and getting commissions and incentives is the major cause playing significant role in increasing lapsation rate.

• Proper training to insurance agents equipping interpersonal skills and skills for appraisal of beneficiaries needs and suggesting appropriate insurance product, assuring minimum premium income to agents, relaxing restriction of minimum number of lives to be covered, proper backup service to the agents and policy holders help in avoiding bogus policies and forced selling.
D. Conclusion:

India is among the important emerging insurance markets in the world. Life insurance will grow very rapidly over the next decades in India. Life insurance has today became a foundation of any market economy since it offers plenty of scope for garnering large sums of money for long periods. Saturation of markets in many developed economies has made the Indian market even more attractive for global insurance majors. Many of the universities and management institutes have already started or are contemplating new courses in insurance. Government to state owned LIC is giving it an unfair advantage to build trust in customers due to which LIC has a major life insurance market share. People invest more with a faith that their investment is guaranteed to come back if not by LIC then by government.

Competition has brought more product innovation and better customer servicing and bring positive influence on the life insurance business. Though the income, size and penetration of private insurance companies is less when compared with LIC but then also the speed with which they are raising their market share is tremendous. Private insurance companies with its new innovative products and better customer services are expanding their business and certainly going to give a strong competition to LIC in the coming days.

The overall business of life insurance has been significantly increased after privatization but still a huge Indian population lives is being uninsured. Although LIC has been giant player in life insurance, business but private insurance companies are moving at a fast speed.

It is evident that life insurance industry expanded Tremendous from 2000 onwards in terms of new business policies, premium income etc. Further, many new products (like ULIPs, pension plans etc.) and riders were provided by the life insurers to suit the requirements of various customers.

During the research, I came across several incidences making it evident that LIC is a dominant market player with more than 70% of market. 23 of the private insurers had managed a higher growth, but they cumulatively lost 26% market share to the LIC, the only public sector insurer.
The data were analyzed using method of the least squares. It was found that the businesses in India of LIC always have an increasing trend. The collected and analyzed data prove that the LPG is incorporating a positive influence on LIC of India and its performance.

- LIC was the only company in life insurance business prior to privatization and after privatization, also LIC has a strong presence in life insurance market and to retain its market leader status the LIC needs to acquire more competitiveness in terms of product innovation, customer awareness, customer services and technology.

- To achieve greater insurance penetration, the healthier competition has to be intensified by both the sectors and they should come up with new innovative products to offer greater variety or choice to the customers and also make improvement in the quality of services and sell products through appropriate distribution channel to win-win situation for both the parties.

- Life insurance is completely a customer-oriented business and customer is the king in the market. Awareness of private insurance company is quite high but still many hesitate to invest. Therefore, it is important to create trust and confidence among the investors that private insurance is a safer option for investing. To create trust among policyholders, insurance companies should train their sales force to be ethical, understand customer needs, sell appropriate products, and provide complete information to the customers so that they can make informed choices.

- In present competition, a focus on niche segment can be an effective way of marketing for insurers to differentiate from the competitors. Focus on to design attractive product schemes with attractive premium structure to suit varied requirements of the investors by considering their financial position.

- Insurance schemes, which are, risk coverage instruments have marketed as tax saving as well as wealth accumulation instruments. Keeping this in mind, insurance companies should devise policies, which provide effective

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risk coverage, rather than focusing on the tax benefits and encourages them for long-term investment in insurance.

The above-mentioned research shows that the liberalization has an overall positive impact on the growth and performance of life insurance industry in India.

The following conclusions have drawn in the light of objectives, which were frame for carrying out the study.

**To study liberalisation in field of life Insurance in India:** Considering Data Analysis, it is clear that Total life insurance premium income has been increase at faster rate during the study period. While private sector insurers posted tremendous growth by twelve thousand five hundred times Growths in new market segmentation & LIC recorded six times Growth in their total premium income after liberalisation & Private insurance started business. It shows that overall Business of LIC has been increased but market share declined from 99.98 percent to 72.70 percent. The market share of Private insurance companies has been increase by faster rate. Total life insurance new policies are registering two times Growth. LIC registered a growth of 72.76 percent growth in the number of policies, while private sector insurers posted tremendous growth by hundred percent Growths in new market segmentation in their total no on new policies after liberalisation & Private insurance started business.

The performances of LIC in terms of new policies business have deteriorated and those of private players have been improving Tremendous with every successive year. private players are gaining the trust of the public and have been quite successful in snatching the business from LIC and the life insurer company is to give security to customer through new insurance policy and it does depend on customer satisfaction.
To study various schemes of life Insurance Corporation of India and other Private Insurance Corporation: LIC registered a significant decline of 3 percent to 35 percent growth in the number of policies issued of individual insurance business against the previous year.

Insurance is a big opportunity in a country like India with a large population and untapped potential. The life insurance business (first year premium) registered a growth. This has resulted in increasing insurance penetration in the country. The performances of LIC in terms of new policies business have been improving tremendously with every successive year; insurers are gaining the trust of the public and have been quite successful in growth the business from LIC. Several private players have ventured into the insurance industry since last decade and the growth of the industry has been averaging around 30-40 %. The life insurance industry has led the growth in the insurance sector. There the growth is mainly due to unit-linked products, which are parallel to mutual funds product. They are look upon as investment returns. Therefore, they involve a very small element of risk coverage. Perhaps that is the reason they have picked up fast.

Therefore we can say that liberalisation has shown positive effect on new scheme policy of life insurance business.

To evaluate the impact of liberalisation on insurance business and life insurance business: Data Analysis & interpretation clearly shows that Total life insurance premium business has been increased at faster rate, it shows 7 times growth during the study period. It shows that overall Business of LIC has been increased but market share declined from 99.98 percent to 72.70 percent. Total life insurance new policies are registering two times Growth. LIC registered a growth of 72.76 percent growth in the number of policies, while private sector insurers posted tremendous growth by hundred percent Growths in new market segmentation in their total no on new policies after liberalisation & Private insurance started business.

The performance of LIC and private players have been improved tremendously with every successive year, private players are gaining the trust
of the public and have been quite successful in snatching the business from LIC and the life insurer company is to give security to customer with customer satisfaction.

To examine the effect of liberalisation policy in field of administrative channel of life Insurance Corporation of India: Insurance sector in India has been facing revolutionary changes in terms of its nature, scope, business, regulation and transparency. With the opening of insurance sector for the private company, there have been sea changes in the financial arena of the country. In 1994, the Malhotra Committee has submitted its report to make regulations for the entry of private sector; to permit the foreign companies in India to increase healthy competition; to encourage new product and services in the insurance sector and to establish a competent authority to control and regulate the insurance sector. Finally, in 1999, Insurance Development and Regulation Authority (IDRA) act was passed and IDRA was setup. Now all insurance companies established in country are following rules of Insurance Development and Regulation Authority (IDRA) act. So far IDRA has been permitted the license to 23 Companies. After a decade of liberalisation, the share of Life Insurance Corporation has been squeezed, although there is considerable growth in the number of new policies in individual business but Group Insurance business & Group retirement businesses has grown at very low rate after liberalisation because multiple sources of security & saving in capital market available in market. The private insurance companies are increasing their penetration in the market and presenting innovative product and multiple services, hence by LIC has been developing various council to understand the needs and problems of customer as per IRDA. LIC is aware about this problem & is ready to face competition to create some changes in administration and management systems regularly.

Analysis of comparative study of business performance of life Insurance Corporation of India and other Private Insurance Corporation: After analysis & interpretation of Life Insurance Corporation & other private
insurance companies, it has been proving various options about fund of his policy. These funds invested in the area of business whose contribution is for economic development of country. The entire insurers have been utilizing the opportunity for their investment and fund management.

Total amounts collected as funds by LIC & other private life insurance Company is increased by 6 times, where as individual LIC increased by 5 times & other private life insurance Company’s funds by 145 percent, it shows that Private insurance companies has been increased at faster rate. The private sector insurers has been reported a highly Growth of in the amount collected for funds.

The reasons of continuous growth in funds have been showing big opportunity of insurance & investments with higher returns. LIC business related to number of policies & fund has shown similar effect of decline in market share.

The life insurance industry has led the growth in the insurance sector due to unit linked products which are very parallel to mutual funds product because as investment returns. So, they involve a very small element of risk coverage.

Analysis and interpretation clearly indicates that LIC is better in Policy, Premium income, renewal premium and Market share observe that LIC & other private life insurers continue increased, its good symbol to show faith by insured about improvement of quality (Customer satisfaction level increase). Therefore, researcher concluded that life insurance business especially LIC have better control on new policy, much efficient in managing the fund and maintain the growth on business performance in all sector of life insurance.

The above-mentioned research shows that the liberalization has an overall positive impact on the growth and performance of life insurance industry in India.
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