GROWTH AND PERFORMANCE OF PUBLIC AND PRIVATE LIFE INSURANCE SECTOR

[1]N.Nagalakshmi, [2]Dr.SP.Mathiraj
[1]Ph.D Full-Time Research Scholar, [2]Associate Professor
[1]Corporate Secretaryship
[1]Alagappa University, Karaikudi, India

Abstract: Life Insurance industry is capital intensive, and insurers are required to infuse capital at regular intervals to fund both the new business strain and to expand their infrastructure base including expenses on initial operations. Life insurance industry has expanded tremendously from 2000 onwards in terms of number of offices, number of agents, new business policies, premium income and the like. The performance of the company plays a leading role towards the growth of the industry which ultimately leads to the overall success of the economy. The insurance industry plans to hike penetration levels to five per cent by 2020. The present paper is an attempt to analyze the growth of insurance sector in India and initiatives taken by IRDA for promoting consumer education. This paper deals with the growth and performance of select life insurance players during the study period 2013-14 to 2017-18.

IndexTerms - Life Insurance, Public and Private Insurance Company, Insurance Regulatory and Assessment Authority (IRDA).

I. INTRODUCTION

The Indian insurance industry is expected to grow to US$ 280 billion by FY2020, owing to the solid economic growth and higher personal disposable incomes in the country. Overall insurance penetration in India reached 3.69 per cent in 2017 from 2.71 per cent in 2001. Gross premiums written in India reached Rs 5.53 trillion (US$ 94.48 billion) in FY18, with Rs 4.58 trillion (US$ 71.1 billion) from life insurance and Rs 1.51 trillion (US$ 23.38 billion) from non-life insurance. Life insurance industry in the country is expected grow 12-15 per cent annually for the next three to five years. Various financial ratios have been calculated taking into consideration liquidity, solvency, profitability and leverage of the insurance players. Generally, performance can be estimated by measuring the profitability of firm and insurers. In order to accomplish the aim, the study determines the impact of liquidity, solvency, leverage, and size and equity capital on the profitability of life insurers in India.

II. REVIEW OF LITERATURE

Abhijit Sharma, Diara MdJadi & DamianWard (2018)[1] financial performance of insurance companies is captured by changes in rating grades. An insurer is susceptible to a rating transition which is a

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[1] Abhijit Sharma, D. M. (2018). Evaluating financial performance of insurance companies using rating transition matrices. *The Journal of Economic Asymmetries , 18.*

signal depicting current financial conditions. We employ Rating Transition Matrices (RTM) to analyze these transitions. Within this context, credit quality can improve, remain stable or deteriorate as reflected by a rating upgrade or downgrade. We investigate rating trends and forecast rating transitions for UK insurers. We also provide insights into the effects of the global financial crisis on financial performance of UK insurance companies, as reflected by rating changes. We conclude that insurers with higher (better) rating grades depict rating stability over the long-run. An unexpected but interested finding shows that insurers with good rating grades are nevertheless susceptible to rating fluctuations.

Supriya (2018)[2] Insurance is been an vital part of the Indian Financial system, after 17 years of Liberalization of Insurance Industry in India, it has taken a new trajectory as many life insurers have managed to list themselves in the Indian bourses. The Indian Insurance is growing faster since 2000, as it has been liberalized after more than 50 years of monopoly by LIC, where private life insurers have entered the insurance sector with innovative practices leading to more business as it clearly needs a lot of finance that can now be mobilized through the cleaner equity capital from a longer perspective. The life insurers' actions add to transparency, governance, accountability after liberalization of sector and also to improve the focus towards profitability of the Indian Insurance Industry.

III. OBJECTIVES OF THE STUDY

1. To analyze the performance of Life insurance Business.
2. To examine the Insurance Penetration and Density of Insurance Sector

IV. RESEARCH METHODOLOGY

The present study relies on secondary data. The relevant secondary data are collected from various sources which include the IRDA annual report, Consumers Affairs Annual Booklet, The Insurance Times, and Journal of Insurance Institute of India. This paper has evaluated the Growth and performance of public and private sector insurance companies engaged in life insurance business in India in terms of premium, policies Issued, claims Grievances collection by the insurer.

V. SAMPLE UNITS OF THE STUDY

It has selected following private and public sectors companies for the study:

1) Public Sector Companies: As**,** the Public Sector Insurance Company is only LICI**.**

2) Private Sector Companies: In private sector, up to 31st March' 2014, there are twenty three (23) private sectors life insurance companies operating in India. It has chosen only following Four (4) private companies are as:

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[2] Supriyaa. (2018). Evaluation of Financial Performance of Life Insurers in India. *JIGNASA International Journal of Commerce & Management* , 21-29.

- ➢ HDFC Standard Life Insurance Company Limited, w.e.f. 23rd October'2000.
- ➢ Birla Sun Life Insurance Company Limited, w.e.f. 31st January'2001
- ➢ SBI Life Insurance Company Limited, w.e.f. 30th March'2001.
- ➢ Bajaj Alliance Life Insurance Company Limited, w.e.f. 3rd August'2001.

VI. PERIODICITY OF THE STUDY

This study covers the five years period from 2013-14 to 2017-18 for interpreting secondary data.

VII. PERFORMANCE OF LIFE INSURANCE BUSINESS

Table-1
Life insurance Business

Life Insurance Business Performance	2013-14		2014-15		2015-16		2016-17		2017-18	
	Public Sector	Private Sector	Public Sector	Private Sector	Public Sector	Private Sector	Public Sector	Private Sector	Public Sector	Private Sector
Premium Underwritten (Rs in Crores)	236942.30	77340.90	239667.65	88433.49	266444.21	100499.02	300487.36	117989.26	318223.20	140586.24
New Policies Issued (in Lakhs)	345.12	63.60	201.71	57.37	205.47	61.92	201.32	63.24	213.38	68.59
Number of Offices	4839	6193	4877	6156	4892	6179	4897	6057	4908	6204
Benefits Paid (Rs in Crores)	134922	58994	144125	67054	141201.05	60565.05	69463.00	142898.13	81235.59	166876.88
Individual Death Claims (Number of Policies)	760334	125027	755901	121927	761983	114697	768396	110107	739082	108904
Individual Death Claims Amount Paid (Rs in Crores)	8475.26	2385.33	9055.18	2733.49	9690.17	2946.49	10585.53	3265.09	10747.53	3876.29
Group Death Claims (Number of lives)	267296	158682	273794	192989	247504	297833	290938	429308	284675	481125
Group Death Claims Amount Paid (Rs in	1882.83	1222.25	2037.27	1483.55	2494.03	2303	2995.61	3239.56	3536.20	4080.42

Crores)										
Individual Death Claims (Figures in percent of policies)	98.14	88.31	98.19	89.4	98.33	91.48	98.31	93.72	98.04	95.24
Group Death Claims (Figures in percent of lives covered)	99.65	90.45	99.64	91.2	99.69	94.65	99.73	99.03	99.80	99.20
No. of Grievances reported during the year	85284	289336	80944	198048	64750	139951	30784	90063	77184	77183
Grievances resolved during the year	85828	288836	80944	193119	64750	145125	30784	90751	77184	77229

SOURCE: IRDA ANNUAL REPORT

Table-1.1
Growth rate of premium Underwritten

Years	Premium Underwritten			
	Public Sector	Growth Rate of Public Sector	Private Sector	Growth Rate of Private Sector
2013-14	236942.30	-	77340.90	-
2014-15	239667.65	0.000115	88433.49	0.001434
2015-16	266444.21	0.001117	100499.02	0.001364
2016-17	300487.36	0.001278	117989.26	0.00174
2017-18	318223.20	0.00059	140586.24	0.001915
Mean	**272352.9**	-	**104969.8**	-
SD	**36238.03609**	-	**24974.14**	-
CV	**13.30554**	-	**23.79174**	-
CAGR	**0.060762**	-	**0.126955**	-

SOURCE: IRDA ANNUAL REPORT

It is observed from the above table Growth rate of Premium Underwritten in public sector mean value is 272352.9 and the Standard Deviation value is 36238.03609 and Co-variance is 13.30554 and then the Compound Annual Growth Rate is 0.060762 followed by private sector mean value is 104969.8 and the

Standard Deviation value is 24974.14 and Co-variance is 23.79174 and then the Compound Annual Growth Rate is 0.126955.

Table-1.2
Growth rate of New Policies Issued

Years	New Policies Issued			
	Public Sector	Growth Rate	Private Sector	Growth Rate
2013-14	345.12	-	63.60	-
2014-15	201.71	0.000186	57.37	0.000793
2015-16	205.47	-0.0002	61.92	0.000213
2016-17	201.32	0.000599	63.24	0.000846
2017-18	213.38	-0.00416	68.59	-0.00098
Mean	233.4	-	62.944	-
SD	62.64109	-	4.016009	-
CV	26.83851	-	-5892.8	-
CAGR	-0.09168	-	0.015221	-

SOURCE: IRDA ANNUAL REPORT

It is observed from the above table Growth rate of New Policies Issued in public sector mean value is 233.4 and the Standard Deviation value is 62.64109 and Co-variance is 26.83851 and then the Compound Annual Growth Rate is negative value -0.09168 followed by private sector mean value is 62.944 and the Standard Deviation value is 4.016009 and Co-variance is negative value -5892.8 and then the Compound Annual Growth Rate is 0.015221.

Table-1.3
Growth rate of Number of Offices

Years	Number of Offices			
	Public Sector	Growth Rate	Private Sector	Growth Rate
2013-14	4839	-	6193	-
2014-15	4877	3.07566	6156	3.73619
2015-16	4892	1.02208	6179	-0.000197443
2016-17	4897	2.24627	6057	0.000242694
2017-18	4908	7.85286	6204	-5.97449
Mean	4882.6	-	6157.8	-
SD	26.80112	-	59.1329	-
CV	0.548911	-	0.960293	-

CAGR	0.002836	-	0.000355	-

SOURCE: IRDA ANNUAL REPORT

It is observed from the above table Growth rate of Number of Offices in public sector mean value is 4882.6 and the Standard Deviation value is 26.80112 and Co-variance is 0.548911 and then the Compound Annual Growth Rate is negative value 0.002836 followed by private sector mean value is 6157.8 and the Standard Deviation value is 59.1329 and Co-variance is negative value 0.960293 and then the Compound Annual Growth Rate is 0.000355.

Table-1.4
Growth rate of Benefits Paid

Years	Benefits Paid			
	Public Sector	Growth Rate	Private Sector	Growth Rate
2013-14	134922	-	58994	-
2014-15	144125	0.000682	67054	0.001366241
2015-16	141201.05	-0.0002	60565.05	-0.00096772
2016-17	69463.00	-0.00508	142898.13	0.013594157
2017-18	81235.59	0.001695	166876.88	0.001678031
Mean	114189.3	-	99277.61	-
SD	35853.92	-	51556.29	-
CV	31.39867	-	51.93144	-
CAGR	-0.09649	-	0.231169	-

SOURCE: IRDA ANNUAL REPORT

It is observed from the above table Growth rate of Benefits Paid in public sector mean value is 114189.3 and the Standard Deviation value is 35853.92 and Co-variance is 31.39867 and then the Compound Annual Growth Rate is negative value -0.09649 followed by private sector mean value is 99277.61 and the Standard Deviation value is 51556.29 and Co-variance is negative value 51.93144 and then the Compound Annual Growth Rate is 0.231169.

Table 1.5
Growth Rate of Individual Death claims and Amount paid

Years	Individual Death Claims(Number of Policies)				Individual Death Claims Amount Paid			
	Public	Growth Rate	Private	Growth	Public	Growth	Private	Growth

	Sector		Sector	Rate	Sector	Rate	Sector	Rate
2013-14	760334	-	125027	-	8475.26	-	2385.33	-
2014-15	755901	-5.83033	121927	-0.00025	9055.18	0.000684	2733.49	0.00146
2015-16	761983	8.04603	114697	-0.00059	9690.17	0.000701	2946.49	0.000779
2016-17	768396	8.4162	110107	-0.0004	10585.53	0.000924	3265.09	0.001081
2017-18	739082	-0.00038149	108904	-0.00011	10747.53	0.000153	3876.29	0.001872
Mean	**757139.2**	**-**	**116132.4**	**-**	**9710.734**	**-**	**3041.338**	**-**
SD	**11045.14**	**-**	**7129.28613**	**-**	**974.2669**	**-**	**565.9777**	**-**
CV	**1.458799**	**-**	**6.138929**	**-**	**10.03289**	**-**	**18.6095**	**-**
CAGR	**-0.00565**	**-**	**-0.02723**	**-**	**0.048651**	**-**	**0.10198**	**-**

SOURCE: IRDA ANNUAL REPORT

It is observed from the above table Growth rate of Individual Death claims in public sector mean value is 757139.2 and the Standard Deviation value is 11045.14 and Co-variance is 1.458799 and then the Compound Annual Growth Rate is negative value -0.00565 followed by private sector mean value is 116132.4 and the Standard Deviation value is 7129.28613 and Co-variance is negative value 6.138929 and then the Compound Annual Growth Rate is -0.02723 and then the Growth rate of Individual Death Claims Amount Paid in public sector mean value is 9710.734 and the Standard Deviation value is 974.2669 and Co-variance is 10.03289 and then the Compound Annual Growth Rate is 0.048651 followed by private sector mean value is 3041.338 and the Standard Deviation value is 565.9777 and Co-variance is negative value 18.6095 and then the Compound Annual Growth Rate is 0.10198.

Table 1.6
Growth Rate of Group Death claims and Amount paid

Years	Group Death Claims(Number of Policies)				Group Death Claims Amount Paid			
	Public Sector	Growth Rate	Private Sector	Growth Rate	Public Sector	Growth Rate	Private Sector	Growth Rate
2013-14	267296	-	158682	-	1882.83	-	1222.25	-
2014-15	273794	0.000243	192989	0.002162	2037.27	0.00082	1483.55	0.002138
2015-16	247504	-0.00096	297833	0.005433	2494.03	0.002242	2303	0.005524
2016-17	290938	0.001755	429308	0.004414	2995.61	0.002011	3239.56	0.004067
2017-18	284675	-0.00022	481125	0.001207	3536.20	0.001805	4080.42	0.002596
Mean	**272841.4**	**-**	**311987.4**	**-**	**2589.188**	**-**	**2465.756**	**-**
SD	**16890.56**	**-**	**141629.1**	**-**	**684.5839**	**-**	**1198.274**	**-**
CV	**6.190615**	**-**	**45.39578**	**-**	**26.4401**	**-**	**48.59662**	**-**
CAGR	**0.012678**	**-**	**0.248378**	**-**	**0.134345**	**-**	**0.27265**	**-**

SOURCE: IRDA ANNUAL REPORT

It is observed from the above table Growth rate of Group Death claims in public sector mean value is 272841.4 and the Standard Deviation value is 16890.56 and Co-variance is 6.190615 and then the Compound Annual Growth Rate is negative value -0.012678 followed by private sector mean value is 311987.4 and the Standard Deviation value is 141629.1 and Co-variance is negative value 45.39578 and then the Compound Annual Growth Rate is 0.248378 and then the Growth rate of Group Death Claims Amount Paid in public sector mean value is 2589.188 and the Standard Deviation value is 684.5839 and Co-variance is 26.4401 and then the Compound Annual Growth Rate is 0.134345 followed by private sector mean value is 2465.756 and the Standard Deviation value is 1198.274 and Co-variance is negative value 48.59662 and then the Compound Annual Growth Rate is 0.27265.

Table 1.7
Growth Rate of Percent of Policies in Individual Death Claims and Group Death claims

Years	Individual Death Claims (Percent of Policies)				Group Death Claims(Percent of lives covered)			
	Public Sector	Growth Rate	Private Sector	Growth Rate	Public Sector	Growth Rate	Private Sector	Growth Rate
2013-14	98.14	-	88.31	-	99.65	-	90.45	-
2014-15	98.19	5.09476	89.4	0.000123	99.64	-1.00351	91.2	8.29187
2015-16	98.33	1.42581	91.48	0.000233	99.69	5.01807	94.65	0.000378289
2016-17	98.31	-2.034	93.72	0.000245	99.73	4.01244	99.03	0.000462758
2017-18	98.04	-2.7464	95.24	0.000162	99.80	7.01895	99.20	1.71665
Mean	**98.202**	**-**	**91.63**	**-**	**99.702**	**-**	**94.906**	**-**
SD	**0.120706**	**-**	**2.890415**	**-**	**0.065345**	**-**	**4.156372**	**-**
CV	**0.122916**	**-**	**3.154442**	**-**	**0.06554**	**-**	**4.379462**	**-**
CAGR	**-0.0002**	**-**	**0.015224**	**-**	**0.000301**	**-**	**0.01864**	**-**

It is observed from the above table Growth rate of Percent of Policies in Individual Death Claims in public sector mean value is 98.202 and the Standard Deviation value is 0.120706 and Co-variance is 0.122916 and then the Compound Annual Growth Rate is negative value -0.0002 followed by private sector mean value is 91.63 and the Standard Deviation value is 2.890415 and Co-variance is negative value 3.154442 and then the Compound Annual Growth Rate is 0.015224 and then the Growth rate of Percent of Policies in Group Death claims in public sector mean value is 99.702 and the Standard Deviation value is 0.065345 and Co-variance is 0.06554 and then the Compound Annual Growth Rate is 0.000301 followed by private sector mean value is 94.906 and the Standard Deviation value is 4.156372 and Co-variance is negative value 4.379462 and then the Compound Annual Growth Rate is 0.01864.

Table 1.8
Growth Rate of Grievances Reported and Resolved

Years	Grievances Reported				Grievances Resolved			
	Public Sector	Growth Rate	Private Sector	Growth Rate	Public Sector	Growth Rate	Private Sector	Growth Rate
2013-14	85284	-	289336	-	85828	-	288836	-
2014-15	80944	-0.00050889	198048	-0.00316	80944	-0.00057	193119	-0.00331
2015-16	64750	-0.00200064	139951	-0.00293	64750	-0.002	145125	-0.00249
2016-17	30784	-0.00524571	90063	-0.00356	30784	-0.00525	90751	-0.00375
2017-18	77184	0.015072765	77183	-0.00143	77184	0.015073	77229	-0.00149
Mean	**67789.2**	-	**158916.2**	-	**67898**	-	**159012**	-
SD	**22056.75**	-	**87065.18**	-	**22165.69**	-	**85962.83**	-
CV	**32.53726**	-	**54.78685**	-	**32.64557**	-	**54.06059**	-
CAGR	**-0.01976**	-	**-0.23224**	-	**-0.02101**	-	**-0.23189**	-

SOURCE: IRDA ANNUAL REPORT

It is observed from the above table Growth rate of Percent of Policies in Individual Death Claims in public sector mean value is 67789.2 and the Standard Deviation value is 22056.75 and Co-variance is 32.53726 and then the Compound Annual Growth Rate is negative value -0.01976 followed by private sector mean value is 158916.2 and the Standard Deviation value is 87065.18 and Co-variance is negative value 54.78685 and then the Compound Annual Growth Rate is negative value -0.23224 and then the Growth rate of Percent of Policies in Group Death claims in public sector mean value is 67898and the Standard Deviation value is 22165.69 and Co-variance is 32.64557 and then the Compound Annual Growth Rate is negative value -0.02101 followed by private sector mean value is 159012and the Standard Deviation value is 85962.83 and Co-variance is negative value 54.06059 and then the Compound Annual Growth Rate is negative value -0.23189.

VIII. PENETRATION AND DENSITY OF LIFE INSURANCE

Table-2
Penetration & Density of Insurance sector

S.No	Years	Life Insurance		Non-Life Insurance		Industry	
		Penetration (%)	Density (USD)	Penetration (%)	Density (USD)	Penetration (%)	Density (USD)
1	2013	3.10	41.0	0.80	11.0	3.90	52.0
2	2014	2.60	44.0	0.70	11.0	3.30	55.0
3	2015	2.72	43.2	0.72	11.5	3.44	54.7

| 4 | 2016 | 2.72 | 46.5 | 0.77 | 13.2 | 3.49 | 59.7 |
| 5 | 2017 | 2.76 | 55.0 | 0.93 | 18.0 | 3.69 | 73.0 |

Source: IRDA Annual Report

IX. CONCLUSION

The companies must be determined and prioritize customer needs. The insurance sector in India was opened with to increase the insurance coverage but this cannot be achieved unless people are made aware about importance of insurance. It has been observed that in India insurance policy is purchased by the policy holders for the investment or tax saving purpose and not for protection. Insurance sector in our country has a significant contribution for economic development of our country as it provides long-term funds for infrastructure development and at the same time it helps strengthening the risk taking ability of the country. During the deregulation period, due to emergence of a large number of private insurers, the insurance penetration and insurance density have increased significantly both in respect of life-insurance and non-life insurance business.

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