



# Operational Performance of Select Indian Life Insurance Companies- An Evaluative Study

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## Abstract

The radical step of Liberalization, Privatization and Globalization of economic sector in India has paved the way for the entry of many private players into the Indian Life Insurance sector. As a result, since the year 2000 onwards, Indian life insurance industry has been expanded tremendously in terms of the number of insurers, number of offices, number of agents, number of policies, premium income and the like. Eventually, all these developments led to the intense competition between the private and public sector players on one side and among the players within the private sector on the other side. Against this backdrop, the present study aims to examine and measure the growth registered by select life insurers (from public and private sectors) with regard to some selected parameters and to compare their performances. For further analysis of the data t-test is applied and the results of the t-test reveal that there is a significant difference in the performance of the selected insurers.

Keywords: Insurers, Life Insurance, Private sector, Public sector, t-test.

## INTRODUCTION

Indian life insurance industry has been expanded tremendously from the year 2000 onwards in terms of the number of insurers, number of offices, number of agents, number of policies, premium income, sum assured, investments and the like. In this paper the operational performance of the select life insurers during the financial years 2010-11 to 2017-18 has been overviewed and evaluated through analyzing and measuring the growth and progress achieved by the life insurers by selecting a few key parameters. The Selected parameters can be broadly identified as non-economic and economic parameters and the various non-economic parameters selected for present study are number of offices and number of policies in force while the economic factors are sum assured and gross premium.

## REVIEW OF LITERATURE

**Bedi, H. S. and Singh, P. (2011)**<sup>1</sup> conducted their study as an empirical analysis on life insurance industry in India with the objectives of (1) analyzing the overall performance of Indian Life Insurance Industry in pre-and post economic reforms era, (2) assessing the status of LIC and overview the competition and challenges faced by the Life Insurance Corporation of India and (3) examining the investment strategy of LIC over the period from 1980 to 2009. Study concluded that the economic reforms i.e., LPG has incorporated a positive influence on LIC and it has a lot of scope for the development in spite of the challenges thrown by the private insurers.

**Sonika, C. and Priti, K. (2011)**<sup>2</sup> carried out a study on life insurance industry in India and concluded that the Life insurance industry expanded tremendously from 2000 year onwards in terms of number of offices, number of agents, new business policies, premium income and so on. Found that in terms of growth of premium LIC's performance was more consistent when compared to the private insurers and LIC stands ahead in servicing of death claims also.

**Babu, P.R. (2013)**<sup>3</sup> in his paper, "Challenges of private sector life insurance companies in India", analyzed various challenges that were being faced by the private life insurers from the giant public insurer LIC. The author was of the view that as the LIC was maintaining its lead, private insurers had to improve their efficiency so as to enable them face the competition from the LIC and suggested the private insurers to develop the insurance products with focus towards customer expectations and satisfaction.

**Chandan and Dr.Arora, R.S. (2015)**<sup>4</sup> in their paper studied the growth of premium income, expenses structure and financial health of public and private life insurance companies over a period of thirteen years and found that private sector had registered high growth rate than the public sector in total new business premium income. With regard to the settlement of claims, claim rejection rate, lapsation of policies, the performance of public sector insurer i.e., LIC found better than the private sector counterparts.

**Anoop Kumar Singh and Sumbul Fatima (2017)**<sup>5</sup> made an attempt to evaluate the growth and performance of ICICI Prudential Life Insurance, one of the major private sector life insurance companies in India. In this study, Growth was assessed on the basis of parameters such as net profit, net premium, number of branches and so on and ultimately they concluded that company's overall performance is satisfactory even though its capital base is not in proportion to its total assets.

**Joychakravorty (2017)**<sup>6</sup> in his article made a comparative study of fifteen life insurance firms over a period of ten years by considering the investments and gross premium as single input and single output performance variables. The study proved that the state owned LIC continued to remain as the dominant player in the country's life insurance sector with huge total premium receipts and vast investment base.

#### **OBJECTIVES OF THE STUDY**

- (i) to assess the operational performance of select life insurance companies;
- (ii) to provide comparative analysis of performance of public and private life insurance companies.

#### **STATEMENT OF HYPOTHESES:**

$H_0^1$ : There is no significant difference between the performance of public and select private sector life insurance companies with regard to the growth in the number of life insurance offices.

$H_0^2$ : There is no significant difference between the performance of public and select private sector life insurance companies with regard to the growth in the number of policies in force.

$H_0^3$ : There is no significant difference between the performance of public and select private sector life insurance companies with regard to the growth in the sum assured.

$H_0^4$ : There is no significant difference between the performance of public and select private sector life insurance companies with regard to the growth in the gross premium.

#### **SAMPLE DESIGN**

Out of the twenty four life insurance companies (one in public sector and twenty three in private sector) that were operating in India as on 31-03-2018, six highest gross premium earning life insurers have been selected. The sample, thus, constitutes the sole public life insurer LIC and five private sector insurers viz. ICICI Prudential Life Insurance Company, SBI Life Insurance Company, HDFC Standard Life Insurance Company, MAX Life Insurance Company and Bajaj Life Insurance Company.

#### **SOURCES OF DATA**

The study primarily depends on the secondary data collected from various sources such as

- Handbook on the Indian insurance statistics
- annual reports of the Insurance Regulatory and Development Authority
- annual reports of Life Insurance Corporation of India
- annual reports of select private sector life insurance companies and
- websites

## TOOLS OF ANALYSIS and RESEARCH METHODOLOGY

Statistical tools such as average annual growth rate (AAGR) and compound annual growth rates (CAGR) are used to measure the growth. After evaluating the growth and progress of life insurance companies and assessing their growth trajectory, parameter-wise ranks have been assigned to the insurers on the basis of CAGR. Life insurance companies with highest CAGR are ranked top and vice-versa. In order to test statistically the significance of the difference in the operational performance of the public sector (LIC) and the private sector consolidated, the t-test was applied.

## DATA ANALYSIS AND FINDINGS

### 1. Number of offices

The extensiveness of distribution network has much impact on the volume and success of the business in general and life insurance business is also no exception to this. It has been assumed that proximity and the extent of accessibility to the customers have positive impact on the sale of policies in the life insurance business.

Table 1 displays the total number of life insurance offices in India during the period 2011-18, the number of offices owned by each insurer, percentage of growth in number of offices and the share of each insurer in the total number of offices. The total number of offices held by all the life insurance companies in India shows a mixed trend of rise and fall during the study period. The average annual growth rate and compound annual growth rate of the number of offices of entire Indian life insurance industry were recorded at -0.45 per cent and -0.48 per cent respectively, indicating the negative growth caused by the closure of offices. The AAGR and CAGR of number of offices held by selected private sector insurers (consolidated) were recorded at -6.27 per cent and -5.68 per cent. These negative figures indicate the shutdown of more offices in the private sector. All the select private sector insurers together had 35.73 per cent share of offices in the year 2010-11 and their share came down to 23.25 per cent by the end of the year 2017-18. LIC, the public sector insurer registered a positive growth in the number of offices held during the study period. Its AAGR and CAGR were recorded at 6.17 per cent and 4.81 per cent respectively, the highest among all the insurers. The share of number of offices held by the LIC to the total number of offices of the entire insurance industry was 29.20 per cent in 2010-11 and LIC increased its offices year by year and by the year 2017-18 its share reached 44.17 per cent of the total offices.

It was evident that except LIC and SBI Life, all other insurers adhered to the line of reducing the number of offices which has a positive impact on reducing the overhead costs. As an alternative to traditional brick and mortar offices all the insurance companies might have resorted to cost effective new distribution channels such as bank assurance, online distribution.

Table-1 Number of Life insurance offices

Name of the Insurer / Year	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	AAGR	CAGR %	RANK %
<b>Public Sector</b>	3371	3455	3526	4839	4877	4892	4897	4908			
<b>LIC</b>	(--) {29.20}	(2.49) {30.94}	(2.06) {34.28}	(37.24) {43.86}	(0.79) {44.20}	(0.31) {44.19}	(0.10) {44.71}	(0.22) {44.17}	6.17	4.81	1
<b>Private sector</b>											
Bajaj Life	1092 (--) {9.46}	1044 (-4.40) {9.35}	992 (-4.98) {9.65}	759 (-23.49) {6.88}	750 (-1.19) {6.80}	697 (-7.07) {6.30}	638 (-8.47) {5.82}	631 (-1.10) {5.68}	-7.24	-6.63	4
HDFC Life	498 (--) {4.31}	481 (-3.41) {4.31}	450 (-6.45) {4.38}	429 (-4.67) {3.89}	414 (-3.50) {3.75}	398 (-3.87) {3.59}	414 (4.02) {3.78}	414 (00) {3.73}	-2.55	-2.28	3
ICICI Life	1402 (--) {12.14}	990 (-29.39) {8.87}	557 (-43.74) {5.42}	557 (00) {5.05}	545 (-2.15) {4.94}	519 (-4.77) {4.69}	510 (-1.73) {4.66}	503 (-1.37) {4.53}	-11.88	-12.03	6
MAX Life	504 (--) {4.37}	464 (-7.94) {4.16}	288 (-37.93) {2.80}	287 (-0.35) {2.60}	215 (-25.09) {1.95}	210 (-2.33) {1.90}	210 (00) {1.92}	210 (00) {1.89}	-10.52	-10.37	5
SBI Life	629 (--) {5.45}	714 (13.51) {6.39}	758 (6.16) {7.37}	762 (0.53) {6.91}	750 (-1.58) {6.80}	774 (3.2) {6.99}	891 (15.12) {8.13}	825 (-7.41) {7.42}	4.22	3.45	2
Private consolidated	4125 (--) {35.73}	3693 (-10.47) {33.07}	3045 (-17.55) {29.61}	2794 (-8.24) {25.33}	2674 (-4.30) {24.24}	2598 (-2.84) {23.47}	2663 (2.50) {24.31}	2583 (-3.00) {23.25}	-6.27	-5.68	--
Total Industry	11546 (--)	11167 (-3.28)	10285 (-7.90)	11032 (7.26)	11033 (0.009)	11071 (0.344)	10954 (-1.06)	11112 (1.44)	-0.45	-0.48	--

**Source:** Hand book on Indian Insurance Statistics, IRDAI **Note:** ( i ) Figures in parentheses indicate growth percentage over the previous year 2. Figures in the flower brackets indicate percentage of share to the total industry.

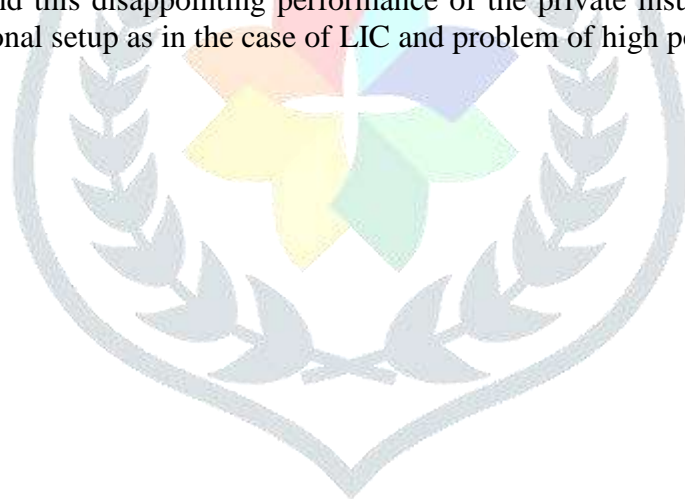
## 2. Number of policies in force

Number of policies in force is one of the important parameters that can reflect the operational performance of the life insurer. The number of policies in force refers to the number of various types of policies being issued by the insurers that are currently paid up and active. The very basic purpose of establishing a life insurance company is to offer the life insurance policies to the public. Hence, this parameter shows the number of active life policies held by the life insurance company at a point of time and its core ability to sell and service the life insurance policies.

Table-2 gives a detailed picture of the number of policies in force of the entire life insurance industry, number of policies of the each life insurer, percentage of change in the number of policies and the share of each insurer in the total number of policies issued by the entire industry.

It is apparent that the total number of life policies in force in India during the year 2010-11 was 3,29,187 thousands while it slightly rose to 3,31,485 thousands in the year 2017-18. The average annual growth rate and compound annual growth rates of total life insurance industry with regard to number of life policies in force during the study period were recorded at 0.11 per cent and 0.09 per cent respectively, indicating a slow phase of growth. Number of policies held by all the private insurers together recorded at 26,262 thousands in the year 2010-11 and it came down to 25,207 thousands in the year 2017-18, experiencing a negative AAGR and CAGR of 0.49 per cent and 0.51 per cent respectively. The share of all the selected private insurers together varied in between 6.90 per cent and 7.98 per cent to the total number of life policies while the share of LIC varied in between 86.86 per cent and 88.91 per cent.

The foregoing analysis throws light upon the domination of LIC in underwriting the lives of the Indian public and the trust being reposed on LIC by the public as the reliable insurer. During the study period in no single year the consolidated share of the private insurers reached at least 8.0 per cent of the total life policies in force. The reasons behind this disappointing performance of the private insurers might be the lack of a well established organizational setup as in the case of LIC and problem of high policy lapsation.



**Table-2 Number of Policies in Force of Life Insurance Companies**

(Figures in Thousands)

Name of the Insurer / Year	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	AAGR %	CAGR %	Rank
<b>Public sector</b>	285936	291591	294554	296146	290119	290217	290418	291168			
<b>LIC</b>	(--) {86.86}	(1.98) {86.97}	(1.02) {87.64}	(0.54) {88.45}	(-2.04) {88.91}	(0.03) {88.73}	(0.07) {88.42}	(0.26) {87.84}	0.27	0.23	4
<b>Private sector</b>											
<b>Bajaj Life</b>	8587 (--) {2.61}	8307 (-3.26) {2.48}	7222 (-13.06) {2.15}	5853 (-18.96) {1.75}	4774 (-18.44) {1.46}	4402 (-7.79) {1.35}	4080 (-7.32) {1.24}	3891 (-4.63) {1.17}	-10.49	-9.42	6
<b>HDFC Life</b>	3588 (--) {1.09}	3833 (6.83) {1.14}	4040 (5.40) {1.20}	4218 (4.41) {1.26}	4193 (-0.59) {1.29}	4617 (10.11) {1.41}	4997 (8.23) {1.52}	5616 (12.39) {1.69}	6.68	5.76	1
<b>ICICI Life</b>	6251 (--) {1.90}	6068 (-2.93) {1.81}	5577 (-8.09) {1.66}	5121 (-8.18) {1.53}	4696 (-8.23) {1.44}	4630 (-1.41) {1.42}	4699 (1.49) {1.43}	4834 (2.87) {1.46}	-3.51	-3.16	5
<b>MAX Life</b>	3359 (--) {1.02}	3511 (4.53) {1.05}	3550 (1.11) {1.06}	3625 (2.11) {1.08}	3668 (1.19) {1.12}	3755 (2.37) {1.15}	3908 (4.07) {1.20}	4080 (4.40) {1.23}	2.83	2.46	3
<b>SBI Life</b>	4477 (--) {1.36}	4758 (6.28) {1.42}	4606 (-3.20) {1.37}	4798 (4.17) {1.43}	5187 (8.11) {1.59}	5634 (8.62) {1.72}	6032 (7.06) {1.84}	6786 (12.5) {2.05}	6.22	5.34	2
<b>Private consolidated</b>	26262 (--) {7.98}	26477 (0.82) {7.90}	24995 (-5.60) {7.44}	23615 (-5.52) {7.05}	22518 (-4.65) {6.90}	23038 (2.31) {7.04}	23716 (2.94) {7.22}	25207 (6.29) {7.60}	-0.49	-0.51	---
<b>Total Industry</b>	329187 (--)	335284 (1.85)	336112 (0.25)	334802 (-0.39)	326297 (-2.54)	327065 (0.24)	328442 (0.42)	331485 (0.93)	0.11	0.09	---

**Source:** Handbook on Indian Insurance Statistics, IRDAI **Note:** 1. Figures in the parentheses indicate growth percentage over the previous year 2. Figures in the flower brackets indicate percentage of share to the total industry.

### 3. Sum Assured

Sum assured is the value of the insurance coverage provided at the time of buying the insurance policy. It is the sum payable by the insurance company when a specific event happens. It is the sum of money which is assured by the insurance company to pay to the policyholder in case of any claim made. This is also known as cover or the coverage amount and it implies the total amount for which an individual is insured.

Table-3 presents the data about the sums assured by the total life insurance industry and the select life insurers during the study period and the percentage of change in the amounts of sum assured from year to year and the share of sum assured by each insurer in the sum assured by the total industry. The total sum assured by the entire Indian life insurance industry in the year 2010-11 amounted to Rs 38,56,219 crores and this amount got multiplied to Rs 125,67,943 crores by the end of year 2017-18. The growth of the sum assured of Indian life insurance industry during the study period was stated by the metrics AAGR and CAGR as 19.86 per cent and 15.91 per cent respectively. In 2010-11 selected private sector players together assured a sum of Rs 6,79,235 crores which forms 17.61 per cent of total industry's assured amount and in the year 2017-18 the assured amount and its share in total industry raised to Rs 29,52,187 crores and 23.49 per cent respectively. The annual average and compound average growth rates of private consolidated were recorded at 25.37 per cent and 20.16 per cent respectively, a little higher than the industry average. During the financial year 2016-17, an unprecedented growth of 80.20 per cent could be observed in the growth trajectory of private sector consolidated figures.

In the year 2010-11, LIC with Rs 26,77,970 crores of sum assured had a share of 69.45 per cent in the sum assured by the total industry and by the end of 2017-18 the amount assured by it increased to Rs 84,34,828 crores with a decline in its share to 67.11 per cent. It experienced an exponential growth of 60.78 per cent in the sum assured during the financial year 2014-15, while its overall AAGR and CAGR were recorded at 19.08 per cent and 15.42 per cent respectively, which were lower than the industry average.

In the year 2010-11 the share of LIC and selected private sector players together accounted for 87.06 per cent of the sum assured by the total industry and left only a scanty share of 12.94 per cent to the remaining eighteen players in the industry. This situation further aggravated by the end of the year 2017-18 as the combined share of LIC and select private sector players reached 90.60 per cent and thereby leaving a meager 9.40 per cent to the rest of the players in the industry.

Table-3 Sum Assured of Life Insurance Companies

(Figures in Crores)

Name of the Insurer / Year	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	AAGR %	CAGR %	RANK
<b>Public Sector LIC</b>	2677970 (--) {69.45}	2983247 (11.40) {69.19}	3280117 (9.95) {69.50}	3586130 (9.33) {53.96}	5765863 (60.78) {76.34}	6383627 (10.71) {75.15}	6551567 (2.63) {66.55}	8434828 (28.75) {67.11}	19.08	15.42	5
<b>Private sector</b>											
Bajaj Life	205253 (--) {5.32}	195687 (-4.66) {4.54}	174830 (-10.66) {3.70}	143445 (-17.95) {2.16}	122313 (-14.73) {1.62}	114926 (-6.04) {1.35}	125378 (9.09) {1.27}	129642 (3.40) {1.03}	-5.94	-5.58	6
HDFC Life	110822 (--) {2.87}	135241 (22.03) {3.14}	180747 (33.65) {3.83}	239139 (32.31) {3.60}	300508 (25.66) {3.98}	388567 (29.30) {4.57}	488561 (25.73) {4.96}	631473 (29.25) {5.02}	28.28	24.30	2
ICICI Life	177188 (--) {4.59}	191389 (8.01) {4.44}	179841 (-6.03) {3.81}	220846 (22.80) {3.32}	265195 (20.08) {3.51}	356906 (34.58) {4.20}	575841 (61.34) {5.85}	780915 (35.61) {6.21}	25.20	20.37	3
MAX Life	98623 (--) {2.56}	106310 (7.79) {2.47}	111892 (5.25) {2.37}	122260 (9.27) {1.84}	145986 (19.41) {1.93}	183608 (25.77) {2.16}	324425 (76.69) {3.30}	424247 (30.77) {3.38}	24.99	20.01	4
SBI Life	87349 (--) {2.27}	115255 (31.95) {2.67}	143129 (24.19) {3.03}	184965 (29.23) {2.78}	227950 (23.24) {3.02}	275264 (20.76) {3.24}	803670 (191.96) {8.16}	985910 (22.68) {7.84}	49.17	35.39	1
Private consolidated	679235 (--) {17.61}	743882 (9.52) {17.25}	790439 (6.26) {16.75}	910655 (15.21) {13.70}	1061952 (16.61) {14.06}	1286271 (21.12) {15.14}	2317875 (80.20) {23.54}	2952187 (27.37) {23.49}	25.37	20.16	--
Total Industry	3856219 (--)	4311470 (11.81)	4719833 (9.47)	6646516 (40.82)	7553045 (13.64)	8494502 (12.46)	9845204 (15.90)	12567943 (27.66)	19.86	15.91	--

**Source:** Handbook on Indian Insurance Statistics, IRDAI **Note:** 1. Figures in the parentheses indicate growth percentage over the previous year 2. Figures in the flower brackets indicate percentage share to the total industry.



#### 4. Gross Premium

Premium is the primary source of income for all the insurance companies. Premium is the consideration paid by the insured to the insurer for providing the risk coverage. Gross premium consists of first year premium, renewal premium and single premium earned by the life insurer. Insurance companies invest the Premium amounts pooled up by them in various profitable avenues to generate higher returns. And this helps them to offset some of the costs of insurance and to carry on the business in viable mode.

Table 4 shows the gross premium receipts of the entire Indian life insurance industry, gross premium earned by the select life insurers during the study period, rate of change in premium income from year to year and share of each insurer in the total industry's gross premium. The gross premium of total life insurance industry registered an average annual growth rate of 6.84 per cent and the compound annual growth rate at 5.83 per cent while the AAGR and CAGR of LIC remained at 6.73 and 5.75 percent only. The public insurer LIC's CAGR of 5.75 per cent which is lower than the total industry's average growth rate indicates LIC's sluggishness in garnering the premium. The AAGR of 9.0 percent and CAGR of 7.17 percent of private sector consolidated are indicating a positive and higher growth rate over the growth rates of total industry as well as LIC.

During the year 2011-12, gross premium of total industry fell down to Rs.2,87,072.11 crores from Rs.2,91,604.99 crores by registering a negative growth rate of 1.55 per cent. Negative growth can be observed in the premium figures of private consolidated during 2011-12 to 2013-14. And in the successive years premium has tended to progress with growth rates in between the range of 16.13 per cent and 20.42 per cent. Gross premium earned by the select private sector insurers (consolidated) during the year 2010-11 constituted 18.94 per cent of the gross premium earned by the total industry. During the period 2011-14, their share experienced a fall and in the later years it started to rise and reached 20.94 per cent by the end of 2017-18. LIC too witnessed a fall in its premium from Rs.2,03,473.40 crores to Rs.2,02,889.28 crores during the year 2011-12. From the year 2011-12 onwards there has been a continuous positive growth in the premium amounts and highest growth of 13.48 per cent was achieved in the year 2013-14. The percentages that show the share of LIC's premium to the total industry's premium was moving with more volatility during the eight years period and LIC's share which was 69.78 per cent in the year 2010-11 raised to the highest point of 75.39 per cent in the year 2013-14 and in the later period it started to decline and remained at 69.36 per cent by the end of the year 2017-18.

It can also be observed from the table that in the year 2010-11, percentage share of LIC in the total industry's premium (market share) was 69.78 per cent while that of the select private insurers consolidated was 18.94 per cent. By the end of 2017-18 the share held by LIC came down to 69.36 per cent while private sector insurers' share slid up to 20.94 per cent. All the above figures and analysis are indicating that even after two decades of their initiation, private sector life insurers have failed to partake at least one third share in the total industry's premium.

Table-4 Gross Premium of Life Insurance Companies

(Figures in crores)

Name of the Insurer / Year	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	AAGR %	CAGR %	RANK
<b>Public Sector</b>	203473.40	202889.28	208803.58	236942.30	239667.65	266444.21	300487.36	318223.21			
<b>LIC</b>	(--) {69.78}	(-0.29) {70.68}	(2.92) {72.70}	(13.48) {75.39}	(1.15) {73.05}	(11.17) {72.61}	(12.78) {71.81}	(5.90) {69.36}	6.73	5.75	5
<b>Private sector</b>											
<b>Bajaj Life</b>	9609.95 (--) {3.30}	7483.80 (-22.12) {2.61}	6892.70 (-7.90) {2.40}	5843.14 (-15.23) {1.86}	6017.30 (2.98) {1.83}	5897.31 (-1.20) {1.61}	6183.32 (4.85) {1.48}	7578.37 (22.56) {1.65}	-2.29	-2.93	6
<b>HDFC Life</b>	9004.17 (--) {3.09}	10202.40 (13.31) {3.55}	11322.68 (10.98) {3.94}	12062.90 (6.54) {3.84}	14829.90 (22.94) {4.52}	16312.98 (10.00) {4.45}	19445.49 (19.20) {4.65}	23564.41 (21.18) {5.14}	14.88	12.78	1
<b>ICICI Life</b>	17880.63 (--) {6.13}	14021.58 (-21.58) {4.88}	13538.24 (-3.45) {4.71}	12428.65 (-8.20) {3.95}	15306.62 (23.16) {4.67}	19164.39 (25.20) {5.22}	22354.00 (16.64) {5.34}	27068.77 (21.09) {5.90}	7.55	5.32	4
<b>MAX Life</b>	5812.63 (--) {1.99}	6390.53 (9.94) {2.23}	6638.70 (3.88) {2.31}	7278.54 (9.64) {2.32}	8171.62 (12.27) {2.49}	9216.16 (12.78) {2.51}	10780.40 (16.97) {2.58}	12500.89 (15.96) {2.72}	11.63	10.05	2
<b>SBI Life</b>	12911.64 (--) {4.43}	13133.74 (1.72) {4.58}	10450.03 (-20.43) {3.64}	10738.60 (2.76) {3.42}	12867.11 (19.82) {3.92}	15825.36 (23.00) {4.31}	21015.13 (32.79) {5.02}	25354.19 (20.65) {5.53}	11.47	8.80	3
<b>Private consolidated</b>	55219.02 (--) {18.94}	51232.05 (-7.22) {17.85}	48842.35 (-4.66) {17.01}	48351.83 (-1.00) {15.38}	57192.55 (18.28) {17.43}	66416.20 (16.13) {18.10}	79778.34 (20.12) {19.06}	96066.63 (20.42) {20.94}	8.86	7.17	---
<b>Total Industry</b>	291604.99 (--)	287072.11 (-1.55)	287202.49 (0.05)	314301.67 (9.44)	328102.01 (4.40)	366943.23 (11.84)	418476.61 (14.04)	458809.44 (9.64)	6.84	5.83	---

**Source:** Handbook on Indian Insurance Statistics, IRDAI **Note:** 1. Figures in the parentheses indicate growth percentage over the previous year. 2. Figures in the flower brackets indicate percentage share to the total industry.

**Testing of Hypothesis:**

In order to test statistically the significance of the difference in the operational performance of the public sector (LIC) and the private sector consolidated, t-test was applied.

**Table-5 Test Statistics**

parameter	Group	N	Mean	Standard Deviation	t-value	P value
Number of Offices	Public Sector (LIC)	8	4345.63	742.53	3.978	0.0014
	Private sector consolidated	8	3021.88	578.40		
Number of Policies	Public Sector (LIC)	8	291268.63	3077.21	221.146	0.00001
	Private sector consolidated	8	24478.5	1474.45		
Sum Assured	Public Sector (LIC)	8	4957918.63	2108091.50	4.5074	0.00049
	Private sector consolidated	8	1342812	837840.95		
Gross Premium	Public Sector (LIC)	8	247116.37	44345.75	10.968	0.00001
	Private sector consolidated	8	62887.37	17047.19		

Significant at  $p < 0.05$

With regard to the growth in the number of life insurance offices, the p value 0.014, which is less than 0.05 indicates significant difference between the performance of public and private sector life insurance companies. Hence, the null hypothesis is rejected.

With regard to the growth in the number of policies in force, the p value 0.00001 which is less than 0.05 indicates significant difference between the performance of public and private sector life insurance companies. Hence, the null hypothesis is rejected.

With regard to the growth in the sum assured, the p value 0.00049, which is less than 0.05 indicates significant difference between the performance of public and private sector life insurance companies. Hence, the null hypothesis is rejected.

With regard to the growth in the gross premium, the p value 0.00001, which is less than 0.05 indicates significant difference between the performance of public and private sector life insurance companies. Hence, the null hypothesis is rejected.

**FINDINGS AND SUGGESTIONS**

- Even in the backdrop of continuous reduction in the number of offices, all the life insurers except Bajaj Life experienced a positive compound growth in the total premium while LIC, which registered a highest positive growth rate in the number of offices, has not succeeded to register a high growth rate in the total premium on par with its private sector counterparts. Therefore, it has been identified that the number of life insurance offices held by the insurers was not influencing their premium earnings.
- The growth of Indian life insurance industry with regard to sum assured was recorded at an impressive rate of 15.91 per cent while selected private sector insurers together registered even higher growth rate of 20.16 per cent.

- Indian life insurance industry has been dominated by the life insurers selected for the present study since the combined share of all the insurers (one public and five private) together reached 90.60 per cent in the sums assured by the total industry by the year 2017-18.
- Though more than two thirds of the total Indian life insurance industry's gross premiums are being earned by the LIC (where the share of selected private sector players remains at less than one third), the private consolidated has witnessed a higher growth rate in gross premium than the public insurer LIC and the total industry as well. Therefore, it has been concluded that private sector consolidated performance was fairly good compared to the public insurer LIC in terms of growth in gross premium.

In the present demonopolised and privatized scenario of life insurance sector in India, the public insurer LIC, which still appears as mammoth when we consider the absolute figures need to improve its performance by coming up with absolute strategies to build up its strengths and to cope up with ever increasing competition. To sum up, those are the winners who are smart enough to redefine their business models as per the changing exigencies.

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