



Post Liberalization Growth of Life Insurers Business in India

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Abstract

Insurance is a process of risk mitigation and transfer of risk of potential financial losses to the insurance company by paying certain sum of money called premium. Before, liberalization there was only one life insurance company in India under the Public Sector ownership but after 1999, 23 private life insurers in collaboration with or without foreign companies came into existence to take over the risk of citizens and to provide better quality of service, these private players have started their business operations from 2000-01 and broke the monopoly of Life Insurance Corporation of India. The objective of this paper is to examine the business performance of public and private life insurers in the light of key indicators of performance analysis such as market share in terms of gross premium underwritten, first year premium receipt, number of policies issued and impact of liberalization on profitability of Life Insurance Corporation of India, the span of study is 2000-01 to 2021-22.

Key Words: Risk Mitigation, Potential, Operations, Performance, Underwritten and capital invested.

1. Introduction

Insurance is a primary social device adopted by civil societies to mitigate the incidence of loss of potential income against unforeseen contingencies. The history of insurance is probably as old as the story of mankind. It has a deep rooted history as there are substantial evidences in the Manusmriti, Yagnavalkya and Kautilya's Arthashastra, regarding existence of insurance. Ancient Indian history has preserved the earliest traces of insurance in the form of marine trade loans and carriers' contracts. In India, it has evolved over time heavily drawing from other countries, particularly in England. Since 18th century, building insurance on solidarity, business acumen, and the logic of calculation has proved an almost unbeatable business idea. It was to conquer the world over the next centuries. Trade and emigration became the two most important enablers for creating a global insurance safety network. Although the concept of insurance is largely a development of recent past, particularly after the industrial era, but same instincts that prompt modern businessmen today to secure themselves against loss and disaster existed in the 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. The advent of life insurance business in India in its modern format had started when in 1818 Oriental Life Insurance Company was established in Calcutta. This Company however failed in 1834. In 1829, the Madras Equitable had begun transacting life insurance business in the Madras Presidency. The British Insurance Act for India was enacted in 1870, thereafter in the last three decades of the nineteenth century, the Bombay Mutual (1871), Oriental (1874) and Empire of India (1897) were started in the Bombay Residency. This era, however, was dominated by foreign insurance offices which did good business in India, namely Albert Life Assurance, Royal Insurance, Liverpool and London Globe Insurance, but all these insurance companies were charging very high premium for insuring the life of Indian, that remained very hard. In 1870 first Indian life insurance company was formed to cover the life of Indians at normal rate, the company was Bombay Mutual Life Assurance Society. In 1912 Life Insurance Companies Act and the Provident Fund Act had been passed to regulate the insurance business. By the act of 1912 it had made mandatory that premium rate table and valuation of companies should be certified by an actuary. However, disparage still existed as there had been discrimination between the Indian company and foreign company. In 1928, the Indian Insurance Companies Act was enacted to enable the Government to collect statistical information about both life and non-life business transacted in India by Indian and foreign insurers including provident insurance societies. The first two decades of the twentieth century saw a lot of growth in insurance business from 44 companies with total business in force of Rs. 22.44 crore. By the year 1938 it rose to 176 companies with a total business of 298 crore. 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 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, but the same could not be passed. After independence, it was the year 1956 when the life insurance business was nationalised and on 19 January 1956 Life Insurance Corporation of India was established to take over the business of 154 Indian Companies, 16 foreign companies and 75 provident operating in India. This millennium has seen insurance come a full circle in a journey extending to nearly 200 years. The process of re-opening of the sector had begun in the early 1990s and the last decade and more has seen it been opened up substantially. In 1993, the Government of India set up a committee under the chairmanship of RN Malhotra, former Governor, Reserve Bank of India, to propose recommendations for reforms in the insurance sector. The objective was to complement the reforms initiated in the financial sector. The committee submitted its report in 1994 with the recommendations that the private sector be permitted to enter in the insurance industry. They further recommended that foreign companies may also be

allowed to enter by floating Indian companies, preferably a joint venture with Indian partners. Resultantly, the Indian Parliament in 1999 passed Insurance Regulatory and Development Authority Act accepting the recommendations of the Malhotra Committee and consequently in April 2000, the IRDAI was constituted as an autonomous body to regulate and develop insurance industry in India. The key objectives of the IRDA include promotion of competition so as to enhance customer satisfaction through increased consumer choice, lower premiums ensuring financial security of the insurance market.

2. Review of Literature

- 2.1 T. Hymavathi Kumari (2013) in her research paper titled “Performance Evaluation of Life Insurance after post Liberalisation” published in International Journal of Social Science Arts and Humanities concluded that on account of liberalization of insurance sector private players entry has become a phenomenon and consequent to the entry of large number of insurers it is expected to result in a competitive insurance market structure and main purpose of liberalization is to cater to the needs of the various sections of the people with useful products. Hence, private players are required to satisfy the needs of different classes of people. India as a vast country with 70 percent people living in rural areas and 40 percent below poverty line require risk averting social schemes of good quality.
- 2.2 Parmasivan (2015), conducted a research on, “Comparative Analysis of Insurance Providers in India in the Public and Private Life Insurance Companies” published in Journal of Productivity Analysis, concluded that current ratio and debt equity ratio is estimated to measure the solvency ratio for financial efficiency. The analysis shows that LIC already dominates the market. The new commercial channels of promotion are used by private sector insurance providers in comparison to LIC. The sale of more plan-linked units allows private insurers to capture LIC market share. Private insurers are also better than LIC's solvency and lapse ratios. In comparison with private life insurance the service of death law suits was higher for LIC.
- 2.3 Patel & Dwivedi (2019) in their research paper titled “A Comparative Study of Public and Private Sector Life Insurance Companies in India: Post Liberalization Span” published in International Journal of Research in all Subjects in Multi Languages, concluded that the span of life insurance has enlarged, but still a vast Indian are uninsured and liberalization has made a significant impact on life insurance industry.

3. Statement of Problem

Whether post liberalization period impacted the business performance and the profitability of Life Insurance Corporation of India?

4. Objectives of the Study

- 4.1 To find out the impact of liberalization on the span of business performance and profitability of Life Insurance Corporation of India and to compare the same with private life insurance companies as well as life insurance industry.
- 4.2 To compare the business performance of private and public life insurance company in post liberalization period.
- 4.3 To assess the future scope of life insurance business in India.

5. Span of Study

Span of study is post liberalization period i.e. 2001-02 to 2021-22

6. Research Methodology

To arrive at the desired objectives, both descriptive as well as explanatory research methodologies have been adopted. To study the impact of liberalization of insurance business on LIC, Market Share of both Public and Private Life Insurance companies along-with gross premium receipt, first year premium, Total premium of life insurance industry have been taken into account, further to study the efficiency of the life insurers number of policies sold during the period of study have also been taken into account; to study the impact on profitability of both Life Insurance Corporation of India and Private Companies, the trend analysis of the profitability of both the sectors have been compared with the average profitability of private sector profitability and the life Insurance Industry as well. Further to make the comparison and to study the trends, statistical tool such as mean, growth rate in percentage have been used. Profitability means Profit after tax/Gross Premium x100.

7. Data Collection

Since the study is based on secondary data, therefore, annual reports of all the public and private companies along-with report of IRDAI and other journals and published work have been taken into account from the year 2001-02 to 2021-22. Further, number of website has been visited to collect information pertaining to the objectives of the study.

8. Data Interpretation

8.1 Post Liberalisation Establishment of Private and Foreign Companies: As a result of liberalisation of insurance business in India by the amendment in the IRDAI Act 1999, the private companies came into existence. Life Insurance Companies operating in India in the year 2000-01 were five including four private companies. The number of private players increased year

on year from four private companies of 2001 to 23 in the year 2011 in collaboration with foreign players. The following tables show the number of life insurance companies operating in India, their registration number with date and year of operation.

Table 1 Public Sector Companies and Private Companies incorporated during 2000-01.

Sr. No.	Name of Insurer	Foreign Partner	Regn. No.	Date of Registration	Year of Operation
Public Sector					
1.	Life Insurance Corporation of India	Indian	512	01-09-1956	1956-57
Private Sector					
2.	Aditya Birla Sun Life Insurance Co. Ltd.	Sun Life Financial (India) Insurance Investment Inc, Canada	109	31-01-2001	2000-01
3.	HDFC Life Insurance Company Ltd.	Standard Life (Mauritius Holdings) 2006, Ltd. UK	101	23.10.2000	2000-01
4.	ICICI Prudential Life Insurance Company Ltd.	Prudential Corporation Holdings Ltd. UK	105	24.11.2000	2000-01
5.	Max Life Insurance Company Ltd.	Mitsui Sumitomo Insurance Company Ltd. Japan	104	15.11.2000	2000-01

(Source: IRDAI Annual Reports)

Table 2 Private Life Insurance Companies incorporated during the Year 2001-02

Sr. No.	Name of Insurer	Foreign Partner	Registration No.	Date of Incorporation	Year of Commencement of Business
1	TATA AIA Life Insurance Company Ltd.	American International Assurance Company (Bermuda) Ltd.	110	12.02.2001	2001-02
2.	SBI Life Insurance Company Ltd.	BNP Paribas Cardif, France	111	29.03.2001	2001-02
3.	Kotak Mahindra Life Insurance Ltd.	Om Mutual	107	10.01.2001	2001-02
4.	PNB Metlife India Insurance Company Ltd.	Metlife International Holdings Inc, USA	117	06.08.2001	2001-02
5.	Exide Life Insurance Company Ltd.	---	114	02.08.2001	2001-02
6.	Bajaj Allianz Life Insurance Company Ltd.	Allianz, SE Germany	116	03.08.2001	2001-02
7.	Reliance Nippon Life Insurance Company Ltd.	Nippon Life Insurance Company Ltd. Japan	121	03.01.2002	2001-02

(Source: Reports of IRDAI Reports)

Table 3 Companies Registered in financial year 2002-03

Name of Insurer	Foreign Partner	Registration No.	Date of Incorporation	Year of Commencement of Business
Aviva Life Insurance Company India Ltd.	Aviva International Holdings Ltd. UK	122	14.05.2002	2002-03

(Source: IRDAI Annual Reports)

Table 4 Private Company Registered and commenced business during 2004-05

Name of Insurer	Registration No.	Registration Date	Year of Operation
Sahara India Life Insurance Company Ltd.	127	06.02.2004	2004-05

(Source: IRDAI Annual Reports)

Table 5 Private Life Insurance Companies incorporated during financial year 2005-06 and 2006-07

1.	Shriram Life Insurance Company Ltd.	Sanlam Emerging Markets (Mauritius) Limited	128	17.11.2005	2005-06
2.	Bharti AXA Life Insurance Company Ltd.	AXA India Holdings, France	130	14.07.2006	2006-07

(Source: IRDAI Annual Reports)

Table 6 Private Life Insurance Incorporated during Financial Year 2007-08, 2008-09, 2009-10 and 2011-12

1.	Ageas Federal Life Insurance Company Ltd.	Aegis Insurance International NV Netherlands	135	19.12.2007	2007-08
2.	Future Generali India Life Insurance Company Ltd.	Participatie Maatschappij Graafschap Holland NV,	133	04.09.2007	2007-08

		Netherlands			
3.	Aegon Life Insurance Company Ltd.	Aegon India Holdings BV, Netherlands	138	27.06.2008	2008-09
4.	Canara HSBC OBC Life Insurance Company Ltd.	HSBC Insurance (Asia Pacific) Holdings Ltd. UK	136	08.05.2008	2008-09
5.	Star Union Dai-ichi Life Insurance Company Ltd.	Dai-ichi Life Insurance Company Ltd. Japan	142	26.12.2008	2008-09
6	Pramerica Life Insurance Company Ltd.	Prudential International Insurance Holdings Ltd. USA	140	27.06.2008	2008-09
7	India First Life Insurance Company Ltd.	Carmel point investments India Pvt. Ltd.	143	05.11.2009	2009-10
8.	Edelweiss Tokio Life Insurance Company Ltd.	Tokio Marine & Nichido Fire Insurance Company Ltd. Japan	147	10.05.2011	2011-12

(Source: IRDAI Annual Reports)

8.2 Insurance Penetration and Density in India:

The potential and performance of Insurance industry throughout the world is measured by two metrics namely penetration and density, these two parameters measure the development and growth of insurance in a country. Insurance penetration is calculated by dividing gross premium to gross domestic product and insurance density is found out by dividing the insurance premium to total population of a country, it is also denoted as 'per capita premium.

Table 7 Life Insurance Penetration and Density from 2001 to 2022.

Year/Sector	Penetration (%)			Density (USD)		
	Life	Non-Life	Total	Life	Non-Life	Total
2001-02	2.15	0.56	2.71	9.10	2.4	11.5
2002-03	2.59	0.67	3.26	11.70	3.00	14.70
2003-04	2.26	0.62	2.88	12.90	3.5	16.40
2004-05	2.53	0.64	3.17	15.70	4.0	19.70
2005-06	2.53	0.61	3.14	18.30	4.40	22.70
2006-07	4.10	0.60	4.80	33.20	5.20	38.40
2007-08	4.00	0.60	4.70	40.40	6.20	46.60
2008-09	4.00	0.60	4.60	41.20	6.20	47.40
2009-10	4.60	0.60	5.20	47.70	6.70	54.30
2010-11	4.40	0.71	5.10	55.70	8.70	64.40
2011-12	3.40	0.70	4.10	49.00	10.00	59.00
2012-13	3.17	0.78	3.96	42.70	10.50	53.20
2013-14	3.10	0.80	3.90	41.00	11.00	52.00
2014-15	2.60	0.70	3.30	44.00	11.00	55.00
2015-16	2.72	0.72	3.44	43.20	11.50	54.70
2016-17	2.72	0.77	3.49	46.50	13.20	59.70
2017-18	2.76	0.93	3.69	55.00	18.00	73.00
2018-19	2.74	0.97	3.70	55.00	19.00	74.00
2019-20	2.81	0.94	3.76	58.00	19.00	78.00*
2020-21	3.20	1.00	4.20	59.00	19.00	78.00
2021-22	3.2	1.00	4.20	69.00	22.00	91.00
Maximum	4.60	1.00	4.80	69.00	22.00	91.00
Minimum	2.15	0.56	2.71	9.10	2.40	11.50
Mean	3.12	0.74	3.87	40.40	10.21	46.94

(Source: IRDAI Annual Report from 2001-02 to 2021-22)

The insurance penetration in life insurance sector during the year 2001-02 was 2.15 percent as compared to insurance industry penetration of 2.71 percent. In 2005-06 it rose up to 2.53 percent in life insurance sector as compared to total of 3.14 percent. It further rose to 4.40 percent in 2010-11 in comparison of the total 5.10 percent. The economic slowdown which was prevailing globally in the last decade did not spare India, as after 2010-11 insurance penetration started declining and during the accounting year 2019-20 it was at bottom of 2.81 percent, thereafter it started rising again and the report of Swiss Re Sigma depicts that during the financial year 2020-21 and 2021-22 it was 3.20 percent as compared to average insurance penetration throughout the world that remain at 3.00 percent in 2020-21 and 2021-22. The mean life insurance penetration is 3.12, Non-life 0.74 and total insurance penetration 3.87 for the study period, whereas maximum insurance penetration of life insurance sector during the periods is 4.60 and minimum 2.15. Insurance density in India during 2001-02 was 9.10 USD against Industry total of 11.5 USD; it rose up to 18.30 USD in 2005-06 and 55.70 USD in 2010-11 as compared to total of 64.40 USD. Thereafter it started decreasing and remained at 41 USD in 2013-14 against total insurance density of 52 USD, it started rising again from accounting year 2014-15 and it was 69 USD against 2021-22 as compared to world's life insurance density of 382 USD in the same financial year. (Source: Report of Swiss Re Sigma) It is concluded that life insurance penetration is increasing and is greater than the world's average and on the other hand insurance density is decreasing when compared with world's average. The spending on the life insurance products in India is showing slowest increasing rate. The reasons for low insurance density may be increasing population, unemployment, lack of awareness about insurance products. The mean insurance density for the period is 40.40 in the life sector and 10.21 in non-life sector with a total of

46.94 during the study period. The Maximum life insurance density during the period remains 69 and minimum 9.10 with a total of 91 and 11.5 respectively.

8.3 Growth of Life Insurance Business in India Post Liberalisation

Table 8 Business Performance of LIC and Private Life Insurers

Year/ Company	Life Insurance Corporation of India				Private Life Insurance Companies				Total LIC+ Private= Industry (Fig in Crore)
	Total Premium (Fig in Crore)	New Business Premium (Fig. in Crore)	Market Share in Total Premium	Market Share in New Business Premium (Fig in Cr)	Total Premium (Fig in Crore)	New Business Premium (Fig in Crore)	Market Share in Total Premium	Market Share in New Business Premium (Fig in Crore)	
2000-01	34890.02	9700.98	99.98	99.92	6.45	6.45	0.02	0.08	34898.47
2001-02	49821.91	19558.77	99.46	98.50	272.55	268.51	1.50	0.54	50094.46
2002-03	54628.49	15976.76	97.99	94.30	1119.06	965.60	2.01	5.70	55747.55
2003-04	63533.43	17347.62	95.32	87.67	3120.33	2440.70	4.68	12.33	66653.75
2004-05	75127.29	20653.06	90.67	78.78	7727.51	5564.57	9.33	21.22	82854.80
2005-06	90792.22	28515.87	85.75	73.52	15083.54	10269.67	14.25	26.48	105875.76
2006-07	127822.84	56223.56	81.92	74.35	28218.95	19393.60	18.08	25.65	156041.79
2007-08	149789.99	59182.20	74.39	59.78	64497.44	33806.51	25.61	40.21	201251.48
2008-09	157288.04	53179.08	70.92	60.89	79373.06	34152.08	29.08	39.11	221785.48
2009-10	186077.31	71521.90	70.10	65.08	79373.06	71521.90	29.90	34.92	265450.37
2010-11	203473.40	87012.35	69.77	68.84	88165.24	39385.84	29.23	31.16	291638.63
2011-12	202889.28	81862.25	70.68	71.85	84182.83	32079.92	29.32	28.15	287072.11
2012-13	208803.58	76611.50	72.70	71.36	78398.91	30749.58	27.30	28.64	287202.49
2013-14	236942.30	90808.79	75.39	75.47	77340.90	29510.87	24.61	24.53	314283.20
2014-15	239667.65	78507.71	73.05	69.27	88434.35	34821.81	26.95	30.73	328102.00
2015-16	266444.21	97891.51	72.61	70.50	100499.02	40970.79	27.39	29.50	366943.23
2016-17	300487.36	124583.31	71.81	44.31	117989.26	50619.37	28.19	55.59	418476.62
2017-18	318223.21	134671.69	69.36	42.82	140586.24	59482.21	30.64	57.19	458809.44
2018-19	337505.07	31326.22	66.42	42.79	170626.96	41887.02	34.58	57.21	508132.03
2019-20	379389.60	41887.02	66.22	56.66	193520.59	44326.64	34.78	43.34	572910.19
2020-21	403286.56	33930.86	64.14	42.00	225444.48	46869.16	35.86	58.00	628731.04
2021-22	428024.97	36649.35	61.80	45.46	264589.17	73943.39	38.20	54.54	692614.14
Maximum	428024.97	134671.69	99.98	99.92	264589.17	73943.39	38.20	0.08	692614.14
Minimum	34890.02	9700.98	61.80	42.00	6.45	6.45	0.02	54.54	34898.47
Mean	214995.7	60362.02	81	71.15	90884.28	33477.91	23.88143	33.56286	304550.9

(Source: IRDAI Reports from 2001-02 to 2021-22)

The above table reveals that total premium undertaken by Life Insurance Corporation of India is continuously increasing from 2000-01 to 2010-11 with the yearly growth rate of 42.8, 9.65, 16.30, 18.25, 20.85, 40.79, 17.79, 5.1, 18.30 and 9.35 percent for the year 2000-01, 2001-02, 2002-03, 2003-04, 2004-05, 2005-06, 2006-07, 2007-08, 2008-09, 2009-10 and 2010-11 respectively. But in the year 2011-12 gross premium receipt has reduced with negative growth rate of -0.29. The Gross premium receipt continue to increase from the 2011-12 to 2021-22 showing positive growth rate of 2.92, 13.48, 1.15, 11.77, 12.78, 5.90, 6.06, 12.78, 6.30 and 6.13 from the year 2012-13 to 2021-22 respectively. The gross premium receipt of LIC has continuously increasing in the post liberalization period except one year 2011-12. Whereas, new business premium has increased in the year 2001-02, 2003-04 to 2013-14, 2015-16, 2016-17, 2018-19 to 2021-22 and rest of the year i.e it decreased 2002-03, 2014-15 and 2017-18. A fact observed is that after 2016-17 first year premium decreased tremendously, this is not a decrease, but a change in the accounting procedure. Although the market share of LIC has decreased from 100 percent to 61.8 percent from the year 1999-00 to 2021-22 and market share in terms of first year premium is also decreased from 100 percent of 1999-00 to 45.46 percent, but in terms of gross premium receipt LIC has gained during the period of post liberalization. The share of private sector has increased continuously from 2000-01 to 2021-22 as well as gross premium receipt and first year premium has increased. The insurance penetration and density has increased in post liberalization period; therefore, the scope of life insurance has increased and the same is likely to be captured by the private life insurance players. The mean of gross premium and first year premium, market share and market share in first year premium is 214995.7 Crore and 60362.02 Crore, 81 and 71.15 in respect of Life Insurance Corporation of India; whereas mean of private sector in gross premium, first year premium, market share and first year market share is 90884.28 crore, 3347.91 crore, 23.88 and 33.56 respectively. The mean of insurance industry in terms of total premium receipt during post liberalization period is 304550.90 crore.

Table 9 Showing Growth Rate in percentage of Public and Private Companies for Gross Premium, New Business Premium, Market Share, Market Share in New Premium after liberalization of Life Insurance Business in India

Financial Year/ Company	Life Insurance Corporation of India				Private Life Insurance Companies				Total LIC+ Private
	Total Premium Growth Rate	New Business Premium Growth Rate	Market Share in Total Premium	Market Share in NBP	Total Premium	New Business Premium	Market Share in Total Premium	Market Share in NBP	
2001-02	42.80	101.62	-0.52	-1.42	4125.58	4062.95	7400.00	575.00	43.54
2002-03	9.65	-18.31	-1.48	-4.26	310.59	259.61	34.00	955.56	11.28
2003-04	16.30	8.58	-2.72	-7.03	178.83	152.77	132.84	116.32	19.56

2004-05	18.25	19.05	-4.88	-10.14	147.65	127.99	99.36	72.10	24.31
2005-06	20.85	38.07	-5.43	-6.68	95.19	84.55	52.73	24.79	27.78
2006-07	40.79	97.17	-4.47	1.13	87.08	88.84	26.88	-3.13	47.38
2007-08	17.19	5.26	-9.19	-19.60	128.56	74.32	41.65	56.76	28.97
2008-09	5.01	-10.14	-4.66	1.86	23.06	1.02	13.55	-2.74	10.20
2009-10	18.30	34.49	-1.16	6.88	0.00	109.42	2.82	-10.71	19.69
2010-11	9.35	21.66	-0.47	5.78	11.08	-44.93	-2.24	-10.77	9.87
2011-12	-0.29	-5.92	1.30	4.37	-4.52	-18.55	0.31	-9.66	-1.57
2012-13	2.92	-6.41	2.86	-0.68	-6.87	-4.15	-6.89	1.74	0.05
2013-14	13.48	18.53	3.70	5.76	-1.35	-4.03	-9.85	-14.35	9.43
2014-15	1.15	-13.55	-3.10	-8.22	14.34	18.00	9.51	25.28	4.40
2015-16	11.17	24.69	-0.60	1.78	13.64	17.66	1.63	-4.00	11.84
2016-17	12.78	27.27	-1.10	-37.15	17.40	23.55	2.92	88.44	14.04
2017-18	5.90	8.10	-3.41	-3.36	19.15	17.51	8.69	2.88	9.64
2018-19	6.06	-76.74	-4.24	-0.07	21.37	-29.58	12.86	0.03	10.75
2019-20	12.41	33.71	-0.30	32.41	13.42	5.82	0.58	-24.24	12.75
2020-21	6.30	-18.99	-3.14	-25.87	16.50	5.74	3.11	33.83	9.74
2021-22	6.13	8.01	-3.65	8.24	17.36	57.77	6.53	-5.97	10.16
Maximum	42.80	101.62	3.70	32.41	4125.58	4062.95	7400	955.56	47.38
Minimum	-0.29	-76.74	-9.19	-37.15	-6.87	-44.93	-9.85	-24.24	-1.57
Mean	13.82	14.81	-2.33	-2.81	261.40	250.31	391.55	93.36	16.69

(Source: Excel)

From the observation of Table 9, it is found that growth rate of market share in terms of gross premium receipt in the post liberalization period for private sector has increased for the year 2001-02 to 2010-11, 2014-15 to 2021-22 increased and decreased during the year from 2011-12 to 2013-14; market share in terms of new business premium increased from 2000-01 to 2009-10, 2014-15 to 2017-18, 2019-20 to 2021-22 and decreased during the year from 2010-11 to 2013-14 and 2018-19. The gross premium of LIC plus private increased throughout the year 2000-01 to 2021-22 except the year 2011-12. It is observed that 2011-12 was the year of slowdown in the economy, therefore public and private life insurance companies are showing decreasing trend in gross premium receipt as well as new business premium. The mean of growth rate of LIC is 13.82 for gross premium, 14.81 for new premium, -2.33 for market share and -2.81 for market share in new business premium; it is pertinent to say that all these components are lower than the industry mean growth rate. Whereas, private sector in life insurance companies are having greater mean than the mean of life insurance industry. This implies that although LIC is having greater share in terms of gross premium, but it is depicting decreasing trend and on the other hand private companies are having positive increasing growth rate.

8.4 Number of Policies sold by Public and Private Life Insurers in India

Table 10 Number of policies sold by Public and Private Sector Companies after liberalization in India

Year	Public Sector		Private Sector		Total Policies issued	
	No. of policies issued	Growth Rate	No. of policies issued	Growth Rate	No. of Policies Issued	Growth Rate
2002-03	245.46	--	8.25	--	253.71	--
2003-04	269.68	9.87	16.59	101.09	286.27	12.83
2004-05	239.78	-11.09	22.23	34.00	262.11	-8.44
2005-06	315.91	31.75	38.71	74.13	354.62	35.29
2006-07	382.29	21.01	79.22	104.65	461.52	30.14
2007-08	376.13	-1.61	132.62	67.41	508.74	10.23
2008-09	359.13	-4.52	150.11	13.19	509.23	0.10
2009-10	388.63	8.21	143.62	-4.32	532.25	4.52
2010-11	370.38	-4.70	111.14	-22.62	481.52	-9.53
2011-12	357.51	-3.47	84.42	-24.04	441.93	-8.22
2012-13	367.82	2.88	74.05	-12.28	441.87	-0.01
2013-14	345.12	-6.17	63.60	-14.11	408.72	-7.50
2014-15	201.71	-41.55	57.37	-9.80	259.08	-36.61
2015-16	205.47	1.86	61.92	7.93	267.38	3.20
2016-17	201.32	-2.02	63.24	2.13	264.56	-1.05
2017-18	213.38	5.99	68.59	8.46	281.97	6.58
2018-19	214.04	0.31	72.44	5.61	286.48	1.60
2019-20	218.96	2.30	69.50	-4.06	288.46	0.69
2020-21	209.75	-4.21	71.52	2.91	281.27	-2.49
2021-22	217.19	3.55	73.94	3.38	291.13	3.51
Maximum	388.63	31.75	150.11	104.65	532.25	35.29
Minimum	201.71	-41.55	8.25	-24.04	253.71	-36.61
Mean	284.98	0.44	73.15	17.56	358.14	1.83

(Source: IRDAI Reports 2001-02 to 2021-22)

Table 10 reveals that LIC has issued 388.63 lakh policies during the year 2009-10, were the maximum during the study period and 201.71 lakh policies were issued during 2014-15, private life insurance companies issued 150.11 lakh policies during the year 2008-09, which is highest during the study period. Life Insurance sector issued maximum policies 532.25 lakh in 2009-10 and 253.71 lakh in 2002-03, but this year may be considered as infancy period of private life insurance sector, thereafter financial year 2014-15 showed the minimum policies issued. While observing the data contained in table 2, table 3, table 4 and Table 5, it is found that 2010-11 to 2014-15 is the recession year in the life insurance sector.

8.5 Impact of liberalization on Profitability of Life Insurance Corporation of India

Table 11 Profit of Public and Private Life Insurance Company (Figure in brackets shows loss)

Year	Public Sector		Private Sector			Total Profit/Loss of Life Insurance Business		
	Profit After Tax (in Crore)	Growth Rate (%)	Profit After Tax (in Crore)	Growth Rate (in percentage)	Private Company showed Profit	Total Profit/Loss (in crore)	Growth Rate (in percentage)	
2001-02	821.79	--	2.18 (-259.21)	-	02	564.76		
2002-03	448.23	-45.46	13.70(-643.36)	-144.98	04	-	-145.57	
2003-04	548.13	22.29	(-2227.64)	-253.78	0	-1679.51	-552.64	
2004-05	696.60	27.09	(-3985.37)	-78.91	0	-2592.17	-54.34	
2005-06	757.81	8.79	4.59(-3790.90)	5.02	02	-3028.50	-16.83	
2006-07	829.59	9.47	14.73(-5585.15)	-47.15	02	-4740.83	-56.54	
2007-08	844.63	1.81	49.18(-4306.62)	23.57	04	-3412.81	71.99	
2008-09	957.35	13.35	36.97(-5842.81)	-36.37	03	-4848.49	-42.07	
2009-10	1061.00	10.83	1228.31(-3278.31)	64.69	08	-989.00	79.59	
2010-11	1172.00	10.46	1485.00	172.44	11	2657.00	368.66	
2011-12	1313.00	12.03	4661.00	213.87	13	5974.00	124.84	
2012-13	2602.72	98.23	4345.28	-6.77	17	6948.00	16.30	
2013-14	1656.68	-36.35	5931.32	36.50	18	7588.00	9.21	
2014-15	1437.59	-13.22	6173.72	4.09	20	7611.31	0.31	
2015-16	2517.85	75.14	4897.12	-20.68	18	7414.97	-2.58	
2016-17	2231.74	-11.36	5496.15	12.23	18	7727.89	4.22	
2017-18	2446.41	9.62	6064.32	10.34	19	8511.99	10.15	
2018-19	2,688.50	9.90	5747.31	-5.23	19	8435.81	-0.90	
2019-20	2712.71	0.90	5015.59	-12.73	17	7728.30	-8.39	
2020-21	2901.00	6.94	5760.00	14.84	17	8661.00	12.07	
2021-22	4043.00	39.37	3708.00	-35.63	15	7751.00	-10.51	
Maximum	4043.00	98.23	6173.72	213.87	--	8661.00	368.66	
Minimum	448.23	-45.46	-5842.81	-253.78	--	-4848.49	-552.64	
Mean	1651.825	12.49	1462.62	-4.23	--	3144.07	-9.6515	

(Source: Annual Reports of LIC and Private Insurance Companies from 2001-02 to 2021-22)

Table 11 reveals that Life Insurance Corporation has continuously a profit making company since the time of liberalization, however, it is observed that in few years it showed negative growth rate in profit after tax (-45.46 in 2002-03, -36.35 in 2013-14, -13.22 in 2014-15 and -11.36 in 2016-17), during rest of the period it showed increase in profit after tax with positive growth rate. Private Sector Life Insurance Companies showed losses during the initial liberalization period i.e. 2001-02 to 2009-10; after 2010 however private sector start making profit on an average basis but not constantly with positive growth rate, it is also observed that during the year 2001-02, there were 14 companies functional, one public sector and 2 private sector companies show profit, whereas all other 11 companies showed loss. These two companies were MNYL and OMKOTEK. During 2002-03, four private sector companies showed profit and rest come up with loss. During the year 2005-06 SBI Life and Sriram Life Insurance showed profit of Rs. 4.59 crore and rest showed loss. During 2006-07 two private companies namely Sahara and Sriram were the profit making companies. Future Generali Life, India First and Dai-ichi Life showed profit first time in 2014-15 It is observed that during the year 2021-22 only 15 private companies out of 23 have showed profit and rest still loss making companies. It is further observed that during the financial year 2017-18, the life insurance industry reported a profit after tax of 8511.99 crore as against 7727.89 crore in 2016-17. Out of the twenty-four life insurers in operations during 2017-18, nineteen companies reported profits. They are Bajaj Allianz Life, Birla Sun Life, Canara HSBC Life, DHFL Pramerica Life, EXIDE Life, HDFC Standard Life, ICICI Prudential Life, IDBI Federal Life, India First Life, Kotak Mahindra Life, Max Life, PNB MetLife, Reliance Nippon Life, SBI Life, Sahara India Life, Shriram Life, Star Union DaiIchi Life, Tata AIA Life and LIC of India. LIC of India reported a profit after tax of Rupee 2446.41 crore i.e. an increase of 9.62 percent over Rupee 2231.74 crore in 2016-17.

8.6 Comparative Analysis of Profit after Tax Ratio of Life Insurers in India in post liberalization period

In life insurance industry this ratio is applied to profit after tax to gross premium income multiplied by hundred, it represent the remaining profit after operating, administration and financing cost as well as provisions and tax; it measure the overall result of the company, especially when combined with an evaluation of how well it is using its working capital. This ratio is particularly used to compare the results of a business with its competitors and also to compare with the result of the industry. Further, if a company keep

it low in accordance with a low pricing strategy that aims to grab market share in exchange for low profitability. In such cases, it may be mistake to assume that a company is doing poorly, when it may own the bulk of the market share precisely because of its low margin, on the contrary, the reverse strategy may result in a very high net profit ratio, but at the cost of only capturing a very low market share. Some privately held companies may also adopt the strategy to keep this ratio low to accelerate the recognition of taxable income in the current reporting period.

Table 12 showing Profit after Tax Ratio of Public and Private Life Insurers

Year/Company	Life Insurance Corporation of India	Private Life Insurance Companies	Life Insurance Industry
2001-02	2.355	-3984.961	1.618
2002-03	0.900	-231.025	-0.514
2003-04	1.003	-199.063	-3.013
2004-05	1.096	-127.723	-3.889
2005-06	1.009	-48.998	-3.655
2006-07	0.914	-36.930	-4.478
2007-08	0.661	-15.087	-2.187
2008-09	0.639	-9.001	-2.409
2009-10	0.675	-2.583	-0.446
2010-11	0.630	1.871	1.001
2011-12	0.645	5.287	2.048
2012-13	1.283	5.162	2.420
2013-14	0.793	7.566	2.642
2014-15	0.607	7.982	2.422
2015-16	1.051	5.538	2.260
2016-17	0.838	5.469	2.106
2017-18	0.814	5.140	2.034
2018-19	0.845	4.088	1.839
2019-20	0.804	2.940	1.521
2020-21	0.765	2.976	1.512
2021-22	1.003	1.645	1.233
Maximum	2.355	7.982	2.642
Minimum	0.607	-3984.96	-3.889
Mean	0.920	-219.03	0.194

(Source: Excel)

From the above table, it is observed that LIC has adopted to keep the PAT ratio at lowest to capture more market share, it means it is providing low cost products to the investors, the mean PAT is 0.920 during post liberalization, whereas maximum is 2.355 in the early period of liberalization and minimum is 0.607 during 2011-12, when private sector is having higher PAT ratio of 5.287 and life insurance industry is having 2.048. In the later period of study private sector companies have also reduced their PAT ratio to 1.645 during 2021-22. The private sector companies have concentrated on profitability during 2011-12 to 2018-19, therefore, their market share reduced.

9. Findings

- Before liberalization, Life Insurance Corporation of India was a monopoly company in the life insurance segment, but after enactment of IRDA Act 1999, 23 private life insurance companies come into existence; LIC received rupee 34890.02 crore in 2000-01 and Rupee 428024.97 crore in 2021-22 as gross premium, which showed a growth rate of 1126.78 percent after post liberalization; the mean rate of gross premium received by LIC is 214995.70; LIC earned Rupee 879.21 crore in 2000-01 and 4043 crore in 2021-22 as profit after tax, which showed 359.85 percent growth rate in profit after tax; private life insurance companies received market share of 38.20 percent of life insurance industry during 2021-22 and earned profit after tax rupee 3708 crore, which is 47.84 percent of the profit earned by Life Insurance Industry. LIC is still occupying 62.80 percent market share and rate of earning profit after tax is 52.16 percent of industry profit, this is an eminent growth of Life Insurance Corporation of India and still it is a leader in the life insurance industry. Although private life insurance companies have captured the market share but not impacted the LIC both in terms of premium receipt and profit after tax till today, but LIC is showing negative growth rate in gross premium receipt as well as first year premium receipt and mean of growth rate found less than the industry, these are not good symptoms for LIC.
- LIC issued 245.46 lakh policies in 2000-01 and decreased to 217.19 lakh in 2021-22; whereas private sector issued 8.45 lakh policies in 2000-01, which increased to 291.13 lakh in 2021-22.
- Life Insurance penetration rate increased till 2009-10 and insurance density increased till 2010-11, but after that both started decreasing and continued till 2017-18. From 2018-19 it again started increasing and now in 2021-22 insurance penetration is 3.2 percent which is greater than the world's average of 3 percent and on the other hand insurance density during the year 2021-22 is 69 USD as compare to world's 382 USD. The mean value of life insurance penetration and

density are 3.12 and 40.40 respectively in the post liberalization period, this is the indicative that standard of living of the people of India and particularly middle class has increased and further there is huge scope of life insurance business in the coming years in India.

- The size of life insurance market has increased in the post liberalization period with the growth of Indian Economy; this is further indicative that standard of living and average income of the citizens of India is increasing.
- To capture the maximum market share LIC keep the PAT ratio to the minimum, therefore, it maintained its highest market share even after 22 years of liberalization of insurance sector, on the other hand private life insurance companies have concentrated on profitability, therefore, they keep the PAT ratio at highest of the industry and do not capture the highest market share even after employing more working capital as well as in a long span of 22 year in the life insurance sector.
- The gross premium of the life insurance sector has increased from 34898.47 crore to 628731.04 crore with 1701.60 percent growth, which is the evidence that size of life insurance market has increased on the strength of economy and concurrent increase in per capita income. This growth is indicative that share of both public and private life insurers have increased.

10. Limitation of the study

Since the study is based upon the historical data, so it is not free from the limitation of secondary data.

11. Conclusion and Suggestions:

Insurance penetration and density has supported number of private companies to step up in the life insurance market, due to which more insurance policies have been sold with enormous service and facility base after the liberalization of Insurance Sector, resultantly that has enlarged the insurance market and particularly the life insurance market in India; but still 3 percent of the Indian population is under the cover of any insurance product, this is due to the reason that more than 65 percent of the population of India lives in villages and 37 percent are living below the poverty line. Therefore, it is suggested to introduce social security insurance to the Indian population for their old age bread and health needs at subsidised rate. At present life insurance companies are offering traditional as well as linked products to the prospective buyers, but due to the instability and horse trading prevailing in the Indian stock market, people hesitate to purchase linked products and opt for traditional policies, which offer guaranteed return at maturity, hence life insurance companies should adopt more transparency in their transactions and offer more variety of products of the investors.

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