

Role of private life insurance companies in the Indian Insurance market

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Abstract

India is the second largest country in the world and the life expectancy ratio is 65 year. On the basis of this expectancy ratio, "Life insurance" is the financial support for a family after the mis-happening with an insured person. When an earner of a family is not able to earn, in that case Life insurance is the only way to wake up from that position. Only LIC is not able to insure whole country that's why private life insurance companies are introduced in Indian market. After the introduction of private life insurance, Indian Insurance market grew very fast. Now Indian Insurance market is 10th largest biggest market in the world.

Keywords: Insurable population, Life Expectancy, Insurance.

Introduction

India is the second largest country in the world. In the present scenario, India has the largest youth in the world and in coming years India has around 60% young population out of the total population which will be highest in world. This became a very huge opportunity of a developing country like India. Safety and Security make these opportunities to multiply because if youth is safe and secured, then definitely they can do much better work. Life insurance is the only way to secure self and the whole family by the uncertainties of life. Although life insurance never stops the uncertainties but give the financial support to his/her family in any unfavourable condition. India was having only one life insurer till year 2000 i.e. Life Insurance corporation of India.

Indian insurance market position at the time of entry of private life insurance companies in India: After independence i.e. in the year 1956 for the Indian life security Life Insurance Corporation was established with the merging of 245 small life insurance companies established before independence. The main objectives of Life Insurance Corporation were to provide financial assistance to the insurer in case of any mis-happening or give the lump-sum amount in case of completion of tenure i.e. on maturity. But unfortunately, till the year 2000 LIC can provide only approx. 2.32% life coverage of the total insurable population of India.

According to the senses of 2001, India had the total insurable population 57, 03, 35,994 (fifty seven crore three lacks thirty thousand and nine hundred ninety four) out of which only 01, 32, 31,793 (one crore thirty two lacks thirty one thousand

seven hundred ninety three, were insured by the LIC. This was the slowest growth in the insurance market in the world according to time basis. For the growth of Insurance market, Government of India constituted a special committee under the supervision of Mr. R.N. Malhotra, Former Governor of RBI and Finance Secretary of India for the suggestion of rapid growth in insurance market. In the year 1994, Malhotra Committee submitted their suggestions to the government, but implementation of such suggestion was done in the year 2000.

In the year 2000, Private life insurance companies came into force and the first license No. 101 was issued to HDFC standard life insurance company on 23/10/2000. After that private life insurer companies take the license for the life insurance business in India. Presently 24 private life insurance companies and one LIC semi government company are working in insurance market in India.

Position of Indian insurance market after 15 years: After the entry of private life insurer, Indian insurance market got the high speed toward the growth of insurance business in India. Private life insurer provides better facilities to customer. Private life insurance companies give the competitions to LIC and make the insurance so easy to customers. According to the Swiss Ray report, Indian insurance market is now on the 10th position of the world's top insurance markets. According to Swiss Ray report, now India contributes 2.36% of the total insurance business in the world. In the year 2016, Indian life insurance business reported 8% growth whereas world insurance business reported average 2.5% growth.

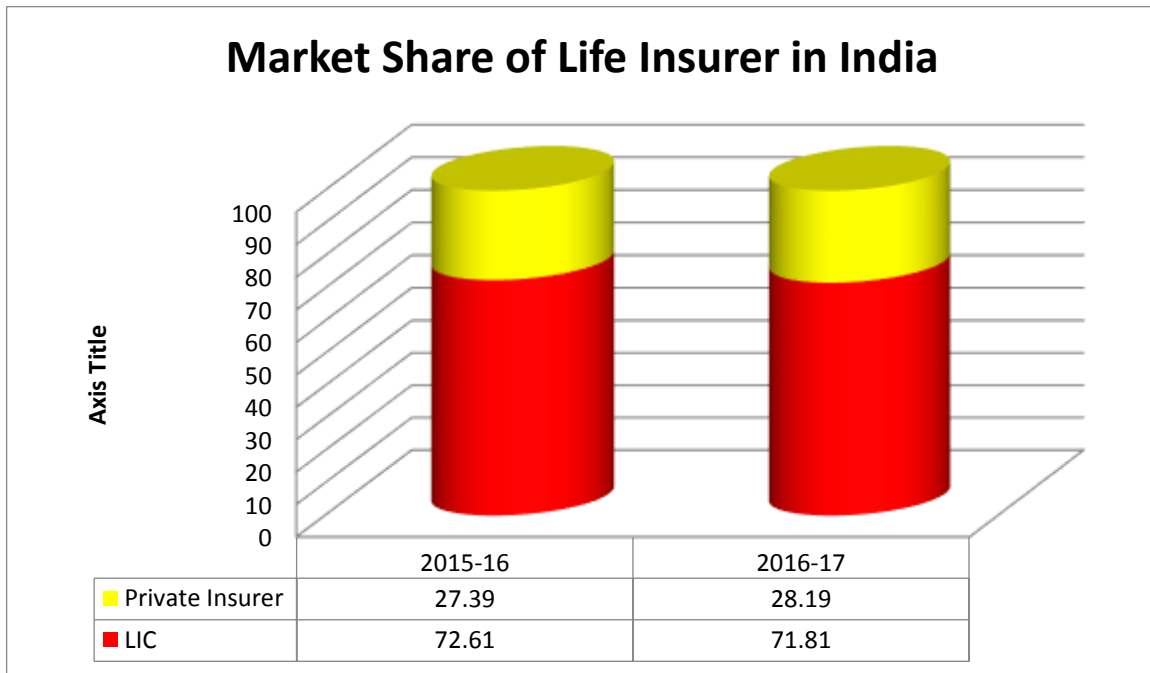
In the year 2015-16, Indian insurance market got the 11.84% growth over the last year and collected the 3,66,943.23 crore rupees as first year premium. In the same direction in the year 2016-17, Indian insurance market collected Rs. 4,18,476.62 crore as first year premium and reported 14.04% growth over the year 2015-16. In the above data, LIC reported 11.17% growth in 2015-16 in life insurance business over last year, whereas private life insurers reported 13.64% growth in the year 2015-16. In the year 2016-17, private life insurance companies reported 17.40% growth in life insurance business whereas LIC reported 12.78% growth in its life insurance business over last year.

As per the IRDA report year 206-17, capital invested by the LIC is Rs. 100 crore whereas the private life insurance companies invested Rs. 26,856 crore, this figure also reflects the difference of capital invested by the companies.

Definitely private life insurance companies invested such a huge amount as compared to LIC.

On the basis of all the data related insurance business in the year 2015-16, LIC has the 72.61% market share of the insurance market of India whereas private life insurer

captured 27.39% market share. In the year 2016-17, LIC went down to 71.81% market share whereas the private life insurer captured the 28.19% market share in just 15 years of working. All the data shows that private life insurance companies are doing well in the insurance sector in India.



Conclusion

On the study of LIC business and private life insurer business, it is crystal clear that if private life insurers would not have entered in the insurance market, then this position is not achieved by the Indian insurance market. On the behalf of the figure, reports by individual survey agencies, annual report of IRDA and insurance companies and world insurance business data, it is proved that private life insurance companies were the needs of Indian Insurance Market playing a vital role in Indian insurance market as well as world Insurance market.

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