



"A COMPARATIVE STUDY OF MARKET SHARE OF LIC AND OTHER PRIVATE LIFE INSURANCE COMPANIES OPERATING IN NAGPUR DISTRICT"

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ABSTRACT :

The Indian insurance market is now facing heavy competition. The private life insurance companies also confronted stiff challenges from the country's only public sector life insurance company with respect to selling insurance products. Moreover, LIC had an astronomical customer base and also enjoyed the trust of the huge Indian population. On account of traditional and orthodox thoughts and beliefs, most people in India preferred government organizations like LIC. The exhibited research work titled "A Comparative Study of Market Share of LIC and Other Private Life Insurance Companies Operating in Nagpur District" depends on near investigation of market share of Life Insurance Corporation and other private organizations in Nagpur District. Life Insurance Corporations of India (LIC) is the state claimed biggest player in the Insurance market. Plus, LIC there are 24 Private players working in the business sector. The aggregate Insurance business sector can be judged by the preference of the respondents for the insurance company for purchasing a life insurance policy in Nagpur District. From the examination, it can be said that piece of the overall market share is more with LIC in Nagpur District.

KEYWORDS : LIC, Private Life Insurers, Market Share.

I. INTRODUCTION

Life Insurance business in India was nationalized by incorporating Life Insurance Corporation of India" (LIC) in 1956. After the Indian economic reform 1991 there was a significant improvement in the Indian insurance sector which is characterized by Liberalization, Privatization and Globalization (LPG). In year 1993 the Malhotra Committee emphasized on privatization of life insurance business.

The Indian insurance industry was opened for private insurers in the year 1999, with the establishment of Insurance Regulatory and Development Authority Act (IRDA Act). Before liberalization there was monopoly of Life Insurance Corporation of India (LIC). The entry of private companies in life insurance business breaks the monopoly of LIC. The Insurance Regulatory and Development was established to

regulate and to protect the policyholder's interest of the insurance industry. Indian life insurance is the fastest growing sector, with many domestic and foreign players. The government of India allowed private insurers in year 2000 with 26% foreign direct investment.



Performance of LIC and other private insurance companies in India:

Life insurance sector is the crucial for any country. It is the contract which involved insurance company and an individual. The amount paid by the individual to the insurance company is known as premium. While against premium the insurance company in case of any calamities grants claims.

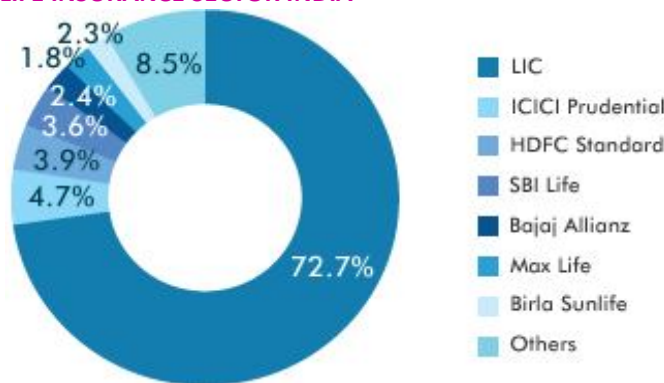
Thus, it is a professional service which is characterized by high involvement of the consumers, due to the importance of tailoring specific need, the variability of the products available, the complexity involved in the policies and processes and ultimately the need to involve the consumer in every aspect of the transaction.

The Indian Government passed Insurance Regulatory and Development Authority (IRDA) Act in 1999 and established IRDA to regulate the insurance business in the country.

As a result, private sector was allowed entry both in general and life insurance sector in India. IRDA also allowed foreign participation up to 26 per cent in equity shareholding of private companies. As a result many companies (both in general and life insurance) got themselves registered with IRDA to operate in India.

The Indian insurance market is now facing heavy competition. The private life insurance companies also confronted stiff challenges from the country’s only public sector life insurance company with respect to selling insurance products. Moreover, LIC had an astronomical customer base and also enjoyed the trust of the huge Indian population. On account of traditional and orthodox thoughts and beliefs, most people in India preferred government organizations like LIC. Past scams along with the bankruptcy of a few private companies further triggered the lack of trust in private insurers. Another major impediment was the people’s lack of knowledge of or awareness about insurance benefits. People generally viewed insurance as a tax saving device and were found to be ignorant about the insurance benefits.

MARKET SHARE OF LIFE INSURANCE SECTOR INDIA



The above figure indicates that out of total market share 72.7% belongs to LIC. Among private ones 8.5 % belongs to ICICI. Among others we have HDFC, SBI Life, Bajaj Allianz, max life etc.

II. REVIEW OF LITERATURE

Prakash C (2016) exhibited research work titled "A Comparative Study of Premium Based Market Share of LIC and Other Private Life Insurance Companies in India" depends on near investigation of premium based piece of the pie of Life Insurance Corporation and other private extra security organizations in India. Life coverage Corporations of India (LIC) is the state claimed biggest player in the Insurance market. Plus, LIC there are 24 Private players working in the business sector. The aggregate Insurance business sector can be judged regarding two parameters-Premiums gathered and Numbers of approaches guaranteed. From the examination, it can be said that piece of the overall industry of more than 70% is with LIC. In this paper Scientists have attempted to look at the development of both the divisions and their present piece of the pie in view of premium gathering. Rao Divakara P (2015), Number of polices has subsequently increased year after year but the performance of LIC has deteriorated and those of private players have been improved tremendously. With every successive year, private players are gaining the trust of the public and have quite

successful in snatching the business from LIC. Though the income of private insurance companies is negligible when compared with LIC but then also the pace with which they are increasing their income is tremendous. Private insurance companies are expanding their business and will certainly going to give a tough competition to LIC in the coming days. Rajasekar D and T.H.Kumari (2014), the level of penetration, particularly in life insurance, tends to rise as income levels increase. The market share of the entire private players has sharply risen with the entry of private players in life insurance market. This indicates that the private players are doing quite well and are improving year by year, thus affecting the performance of LIC. Nena, S. (2013) expressed in her paper that LIC of India is a standout amongst the most critical open area players; that plays astounding employment in offering its item. The scientist likewise said that the LIC is confronting colossal rivalry the same number of private players have risen in life coverage market. Padhi, B. (2013) expressed that the LIC delighted in the imposing business model in Indian Insurance market for over four decades. After liberalization the private players have been making waves. They have been entering their business more from year to year and have been expanding their piece of the pie and nearness. Sharma, V. what's more, Chowhan, S.S. (2013) in their paper "A Comparative Study of Public and Private Life Insurance" concentrated on gross direct premium and expressed that LIC keeps on overwhelming the division. Private area insurance agencies additionally attempted to build their piece of the overall industry.

III. RESEARCH METHODOLOGY

3.1 Objectives of the Study:

1. To compare the market share of LIC and Private Insurance companies operating in Nagpur District.

3.2 Hypothesis:

1. LIC has the major market share in Life Insurance sector in Nagpur district.

3.3 Sample and Sample Size: This refers to number of respondents to be selected from the population to constitute a sample. A sample of 520 customers has been selected for the study.

3.4 Data Collection Technique:

Primary Data: Primary data is obtained by Questionnaire Method. The data collection tool is structured questionnaire. Primary data is collected by serving questionnaire to the respondent. While drafting the questionnaires the researcher incorporated close-ended questions.

Secondary Data: To do the present research, the researcher have gathered the secondary data from the auxiliary sources like yearly reports of IRDA, diaries of IRDA and couple of sites being legitimate source to gather the information for Insurance and other websites which are helping for the present study.

3.5 Scope of the Study: The study covers only the Comparative Study of Market Share of LIC and Other Private Life Insurance Companies operating in Nagpur District.

IV. DATA ANALYSIS AND INTERPRETATION

The study attempted to understand the Market Share of LIC and Other Private Life Insurance Companies operating in Nagpur District. The Chi-Square value of the data collected from the respondents for life insurance policies purchased is represented in Table No. 4.1.

Table No. 4.1: Chi-Square Test

Name of the Company	Observed (O)	Expected (E)	O-E	(O-E) ²	(O-E) ² /E
LIC	110	57.77	52.23	2727.972	47.221
ICICI Pru Life	100	57.77	42.23	1783.372	30.87
SBI Life	96	57.77	38.23	1461.532	25.299
Tata AIA	57	57.77	-0.77	0.592	0.010
HDFC Life	28	57.77	-29.77	886.252	15.341
Bajaj Allianz	49	57.77	-8.77	76.912	1.331
Adiya Birla Sun Life	27	57.77	-30.77	946.792	16.388
Aviva Life	32	57.77	-25.77	664.092	11.495
Kotak Life	21	57.77	-36.77	1352.032	23.403

$$\Sigma = 171.358$$

Hypothesis testing

Degree of Freedom = 8 $\alpha = 0.05$

Critical Value = 15.51

$X^2(8) = 171.358$ $P < 0.05$

$X^2 > \text{Critical Value}$

Since chi-square value is greater than critical value hence the alternate hypothesis of LIC has the major market share in Life Insurance sector in Nagpur district is accepted.

V. CONCLUSION

The results of the study indicate that LIC has the major market share as compared to ICICI Prudential Life Insurance, SBI Life Insurance, Tata AIA Life Insurance, HDFC Life Insurance, Bajaj Allianz, Aditya Birla Sun Life Insurance, Aviva Life Insurance and Kotak Insurance Life in Life Insurance sector in Nagpur district. The aggregate Insurance business sector can be judged by the preference of the respondents for the insurance company for purchasing a life insurance policy in Nagpur District. From the examination, it can be said that piece of the overall market share is with LIC in Nagpur District.

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