



## “TRANSFORMING LIFE INSURANCE INDUSTRY IN INDIA”

**Basanti Kalundia**

Guest Lecturer in Commerce G.C. Jain Commerce College, Kolhan  
University Chaibasa, Jharkhand.



### ABSTRACT:

*Globally, the world is changing, India is changing, and every industry in India is changing too. But, still there are some services which are not speeded up in highest capacity like insurance service. This industry belongs to common public because this service we avail from insurance companies is purely related to savings and everybody does want to do savings. So, what transformation our country has seen so far is enough or something else should be seen? This paper is making an effort to pull the attention towards causes and neglected potential service area.*

**KEYWORDS :** Infrastructure Projects, IRDA, monopolistic exploitation, transformation, liberalization.

### 1. INTRODUCTION

Generally, financial management is performed for two categories: Short-term financial requirements and Long-term financial requirements. Short-term financial tools make requirements fulfilled but cannot create a capital. India is still said a developing country, it needs long-term financial support. This long-term capital can be availed from either domestic/ institutional investments or borrowings. The people can make India and build this required capital. A very common monetary power the people have is their savings. Engaging the savings for financial investments does help the country to build up capital. Long term investment enhances economic growth, economic stability, higher returns on investment etc. For channelizing the savings to long-term capital investment, financial intermediaries play significant role and bridge the edges of domestic savings and national capital. Among financial intermediaries, insurance sector intermediaries are one of the most well-known players. These domestic saving as long-term financial tools are very much useful in capital construction, infrastructure projects, lending other countries, foreign investments etc.

### 2. TRANSFORMATION IN LIFE INSURANCE INDUSTRY.

Late 1990, three major economy-transforming reforms Liberalization, Privatization and Globalization (LPG) policies were welcomed in India to cement its economy. But the economic reform in life insurance industry came after a decade after enactment of the Insurance Regulatory and Development Authority (IRDA) in 1999 and was set up on April 19, 2000 while ending up public sector monopoly in insurance business. The key objective to set up IRDA was liberalized the insurance sector through private hands. The Indian insurance industry consists of 24 life insurance providers of which Life Insurance Corporation of India (LIC of India) is the one which is Public Sector Company. The HDFC Standard Life Insurance Company Ltd. is the first private life insurer among present 23 private life insurance companies to enter the said industry in India, incorporated on 14<sup>th</sup> August, 2000.

Earlier enactment of IRDA, the weaknesses in this industry were observed likewise monopolistic exploitation, unprofessionalism, limited availability of Insurance Products, lack of Information technology, low productivity, poor service quality, high premium rates etc. But, all these weaknesses had been eradicated by IRDA. The new players carried on entering the industry and the crunch went on away.

Now the situations and circumstances have completely changed. Busyness and uncertainty of life made up millions of mind to buy the suitable choice of life insurance and cover up them or nominees. As per the annual report 2016-17 of IRDA, 2018, the Indian life insurance business has 77.95 percent market share while the share of non-life is 22.05 percent.

**Table 1: A Summary of Indian Life Insurance Sector**

Particulars	Unit	2013-14	2014-15	2015-16	2016-17
Insurance penetration	In Per cent	3.1	2.6	2.72	2.72
No. of new policies issued	In Lakhs	408.72	259.08	267.38	264.56
Individual business in force (Number of policies)	In Thousands	334802.21	326296.62	327065.11	328442.32
First year premium	Rs. Crore	120325.22	113329.52	138765.99	175202.68
Total premium	Rs. Crore	314301.66	328102.01	366943.23	418476.62
Individual business in force (Sum assured)	Rs. Crore	6646516.31	7553045.10	8494501.78	9845203.55
No. of individual death claim policies paid	----	856622	851250	854171	859884
Amount of death claim paid	Rs. Crore	10860.59	11788.67	12636.66	13857.57
Equity share capital of life insurers	Rs. Crore	25938.51	26239.55	26691.46	26956.94

(Source: Annual Report of IRDA, 2016-17)

Table 1 presents previous four years' transformation in life insurance industry in India in proper condition. The majority of particulars are in increasing trend likewise total no. of individual life insurance policies in force, first year premium, total amount of premium, individual business (sum assured) in force, no. of individual death claim policies paid and amount paid for, and equity share capital of life insurers. But, there reflects a decrease in no. of new policies issuance., the reason can be said new choices of investments like mutual funds, house properties, etc.

### 3. CAUSES OF CHANGING LIFE INSURANCE INDUSTRY IN INDIA:

**3.1 Regulations and Control:** Day-by-day governments authorities are kept on regulate and control its bodies for public interest which can be seen in insurance sector too. SEBI and IRDA is snaffling on insurance companies so that investors could not be cheated.

**3.2 Open Competitiveness:** As far as market is owned by buyer, the conflicts grow up to attract the buyer. Many insurance companies are offering best of the best plans to attract the buyers which causes attractive life insurance policies, benefits, riders, risk coverage, better service, after-sales service, high competition and low cost premiums.

**3.3 Investing attitude:** Government has decided and approved the increase of Foreign Direct Investment (FDI) limit in Insurance sector from 26 per cent to 49 per cent that raised investment in this sector.

**3.4 Digital literacy:** The Information technology, internet facilities, smart phones with online service Apps and government's innovative missions made people to do connect with digital society as well as digital

services which saved precious time and people started thinking about transacting digitally. It motivated people to easy doing and serving the people and helping themselves.

**3.5 Employment generation:** Increasing unemployment in technical and professional sector pulled the unemployed population to this sector. Many of insurance agents, brokers, intermediaries do this job because of lack of employment in India.

#### 4. CONCLUSION

No doubt, life insurance sector in one of the rising sectors in India. It plays the role of not only a service industry but also investment market. The investors what invest in it are circulated in investment and securities market. It helps public to connect with economy and economy with growth and development. But still there is area which has yet not properly taken into consideration; it is rural area of India. To keep it continue, our life insurance market must raise awareness among rural and semi-urban areas, literate them informative and digitally.

#### 5. REFERENCES

- (a) R. Haridas (2011), "Life Insurance in India", New Century Publications, New Delhi, India, pp. 18-20.
- (b) G. Parvathi (2013), "Impact of Insurance Sector on Indian Economy", International Journal of Innovative Research & Development, Vol. 2 Issue 12, December, pp. 1-2.
- (c) Annual Report (2016-17) of IRDA, [www.irdai.gov.in](http://www.irdai.gov.in)



**Basanti Kalundia**

Guest Lecturer in Commerce G.C. Jain Commerce College, Kolhan University Chaibasa, Jharkhand.