

## **A COMPARATIVE STUDY OF LIFE INSURANCE COMPANIES IN INDIA**

**Girisha T**  
Assistant Professor  
Reva University  
Bengaluru.

### **Abstract**

Life insurance is a contract between an insurer and a policyholder. A life insurance policy guarantees the insurer pays a sum of money to named beneficiaries when the insured policyholder dies, in exchange for the premiums paid by the policyholder during their lifetime. Life insurance provides financial support to surviving dependents or other beneficiaries after the death of an insured. Insurance sector in India plays a dynamic role in the wellbeing of its economy. It substantially increases the opportunities for savings amongst the individuals, safeguards their future and helps the insurance sector form a massive pool of funds. The life insurance companies have gained an investment prospectus in the recent times with an idea of providing insurance along with a growth of your savings. The present study tried an attempt to analyse and compare the life insurance companies on the growth parameters in single premium and found that that there is a constant and increasing growth rate in performances of both the public and private life insurance companies. Few private company's performance is poor in collecting and raising group single premium amount. The present study also shows that there is a constant increasing growth rate of rising and collecting both individual and group life insurance plans but, the private life insurance companies need more promotion for increasing the group single premium growth rate.

**Keywords:** *Life Insurance, Growth, Premium, Economy, Savings.*

### **I. Introduction**

Insurance industry in India has seen a major growth in the last decade along with an introduction of a huge number of advanced products. This has led to a tough competition with a positive and healthy outcome. Insurance sector in India plays a dynamic role in the wellbeing of its economy. It substantially increases the opportunities for savings amongst the individuals, safeguards their future and helps the insurance sector form a massive pool of funds. With the help of these funds, the insurance sector highly contributes to the capital markets, thereby increasing large infrastructure developments in India.

The Indian Insurance sector is basically divided into two categories – Life Insurance and Non- Life Insurance. The Non-Life Insurance sector is also termed as General Insurance. Both the Life Insurance

and the Non-Life Insurance is governed by the IRDAI (Insurance Regulatory and Development Authority of India). The role of IRDA is to thoroughly monitor the entire insurance sector in India and also act like a custodian of all the insurance consumer rights. This is the reason all the insurers have to abide by the rules and regulations of the IRDAI. The Insurance sector in India consists of total 57 insurance companies. Out of which 24 companies are the life insurance providers and the remaining 33 are non-life insurers. Out of which there are seven public sector companies. Life insurance companies offer coverage to the life of the individuals, whereas the non-life insurance companies offer coverage with our day-to-day living like travel, health, our car and bikes, and home insurance. Not only this, but the non-life insurance companies provide coverage for our industrial equipment's as well. Crop insurance for our farmers, gadget insurance for mobiles, pet insurance etc. are some more insurance products being made available by the general insurance companies in India. The life insurance companies have gained an investment prospectus in the recent times with an idea of providing insurance along with a growth of your savings. But, the general insurance companies remain reluctant to offer pure risk cover to the individuals.

As the name suggests, life insurance is insurance on the life. Life insurance is a contract between an insurer and a policyholder. A life insurance policy guarantees the insurer pays a sum of money to named beneficiaries when the insured policyholder dies, in exchange for the premiums paid by the policyholder during their lifetime. Life insurance provides financial support to surviving dependents or other beneficiaries after the death of an insured.

## **II. Benefits of Life Insurance**

Life Insurance has come a long way from the earlier days when it was originally conceived as a risk-covering medium for short periods of time, covering temporary risk situations, such as sea voyages. As Life Insurance became more established, it was realized that it is a useful tool for a number of situations, including temporary needs/threats. The original purpose of Life Insurance remains an important element, namely providing for replacement of on death etc.

*Risk cover:* Life Insurance contracts allow an individual to have a risk cover against any unfortunate event of the future.

*Tax Deduction:* Under section 80C of the Income Tax Act of 1961 one can get tax deduction on premiums up to one lakh rupees. Life Insurance policies thus decrease the total taxable income of an individual.

*Loans:* An individual can easily access loans from different financial institutions by pledging his insurance policies.

*Retirement Planning:* What had provided protection against the financial consequences of premature death may now be used to help them enjoy their retirement years. Moreover, the cash value can be used as an additional income in the old age.

*Educational Needs:* Similar to retirement planning the cash values that flow from one's life insurance schemes can be utilized for educational needs of the insurer or his children.

*Regular Savings:* Providing for one's family and one self, as a medium to long term exercise (through a series of regular payment of premiums) this has become more relevant in recent times as people financial independence for their family.

*Investment:* Put simply, the building up of savings while safeguarding it from ravages of inflation. Unlike regular saving products, investment products are traditionally regular investments, where the individual makes a one off payment.

### **III. Types of Life Insurance Policies**

*Term insurance plan:* As the name says, Term insurance plan are those plans which are purchased for a fixed period of time, say 10, 20 or 30 years. As these policies don't carry any cash value their policies do not carry any maturity benefits, hence their policies are cheaper as compared to other policies. This policy turns beneficial only on the occurrence of the event.

*Endowment policy:* The only difference between the term insurance plan and the endowment policy is that endowment policy comes with the extra benefit that the policyholder will receive a lump sum amount in case if he survives until the date of maturity. Rest details of term policy are same and also applicable to an endowment policy.

*Unit Linked Insurance Plan:* These plans offer policyholder to build wealth in addition to life security. Premium paid into this policy is bifurcated into two parts, one for the purpose of Life insurance and another for the purpose of building wealth. This plan offers to partially withdraw the amount.

*Money Back Policy:* This policy is similar to endowment policy; the only difference is that this policy provides many survival benefits which are allotted proportionately over the period of the policy term.

*Whole Life Policy:* Unlike other policies which expire at the end of a specified period of time, this policy extends up to the whole life of the insured. This policy also provides the survival benefit to the insured.

In this type of policy, the policyholder has an option to partially withdraw the sum insured. Policyholder also has the option to borrow sum against the policy.

*Annuity/ Pension Plan:* Under this policy, the amount collected in the form of a premium is accumulated as assets and distributed to the policyholder in form of income by way of annuity or lump sum depending on the instruction of insured.

#### **IV. Review of Literature**

The relevant literature has been reviewed to explore the foundations of life insurance policies of different companies and various aspects pertaining to it. The summary of the review of literature studied are presented below:

*Amish Patel (2019)*, examined the comparative study of Life insurance companies in India ;post Liberalization span. He opined that India is having 65% rural people and 35% below poverty line requires risk prevailing social schemes with good quality. He has found that there is a eminent growth of life insurance business in India due to Liberalization.

*Debabrata3.1 Mitra and Piyali Chandra Khan (2012)* presented on A comparative study of Traditional and ULIP policies with reference to Life insurance companies in India .In this theory their main objective is to study about the features of ULIP polices and growth in the fund of ULIP and traditional policies of Life insurance companies in India. By analysing of data they found that insurance companies has collected more premium for ULIP policies as compared to the traditional policies in the years 2011. They concluded that ULIP policies are more risky as compared to the traditional policies.

*Dr. Anshuja Tiwari and Ms. Babitha Yadav (2013)* They presented on the topic of “A comparative study of investors Risk perception towards selected private and public Life Insurance in Jalalpur District of Madhya pradesh. The main objective of the study is to see whether the market growth of LIC has been affected by the arrival of private Life insurer or not. He identified that the entry of private life insurers affected the market growth of LIC. And he suggested they should maintain a good healthy competition between the public and private Life Insurance sectors. *Dr. Kingshuk Adhikari and Ankitha Ghosh (2018)* They presented on the topic of “Comparative Analysis of Private sector Life Insurance companies”. The main objective of this study is to compare the financial performance of selected private Life Insurance companies in India. He selected ICICI prudential, Kotak Mahindra, IDBI federal for data analysis. He identified that Kotak Mahindra Profitability and performance is better than the ICICI prudential and IDBI federal. The IDBI is better in terms of ratio of current assets to Current liabilities.

*Dr. Sakhambari Mujalade and Ms. Anshita Kandari (2018)* made an attempt to analyze and compare the

growth rate of fresh business premium between public and private Life insurance companies. Where he has noticed that there is no major difference in the growth rate of fresh life insurance premium between private and public Life insurance companies. He concluded that Life insurance plays a vital role in providing long term capital for national economic development.

**Dr.Chandan (2018)** He has analyzed the comparative study of public and private Life Insurance sectors. His main objective of the study is the "sector wise growth of Life insurance Industry in India during post liberalization period. Where he Identified development Insurance Industry can be achieved only by increasing of number of policies and Life Insurance insurer has to increase the number of policies.

**Dr.P.B Ashturkar (2014)** He analyzed the comparative study of effectiveness of claim settlement operations in Life Insurance companies in India . He noticed that the important area in the insurance business is a Claim settlement and growth of the Business also depends on the claim settlement . He has found that LIC is a market leader and it had received highest number of claims compared to other Insurance companies.

**Dr.R.Padmaja Shifaly** This study focused on investors perception towards LIC . Their main objective is to measure the satisfaction levels of the investors towards to the services rendered by Life insurance corporations. They have used questionnaires to collect the data . By analyzing of the data they have found that most of the investors have chosen long term policies .She concluded that investors are having positive perception towards policies and they are willing to take another policy for investment.

**Ms Pooja Puri and Dr. Harinder Singh Gill(2017)** In this theory they presented on comparative study of LIC and private insurance companies .In this theory their main objective is to check the awareness levels of customers towards insurance company and to know what are the factors influence the choice of insurance company. The main Limitation of this study is technical aspect of electronic CRM technology was not covered properly . They found that there is lack of promotional activities about the insurance .They suggested that more publicity required for both LIC and private insurance companies.

**Neha sharma and Santo Swarup kandikonda(2014)** This is a study relates to comparative study of quality of Life insurance companies in India . In this study they have used SERVQUAL model and they have examined the importance of service based on the 5 dimensions viz ,Tangible , Reliability , Responsiveness, Assurance, and Empathy. He found that there is gap between the companies to meet the service expectations of the customers.

**Rajesh K Yadav and Sarvesh Mohania(2015)** This is a comparative study of LIC of India and ICICI prudential Insurance company. Their main objective is to study the claim settlement process awareness

and quality of services provided by both the companies. He has suggested that ICICI pro life needs to increase their sales by improving their process of claim settlement and LIC has to create new touch points for sales of new products and services.

*Sheik Shahnawaz (2018)* in his theory he presented on the performance analysis of life Insurance companies by using the analytical hierarchy process. In this study he mentioned the Indian Insurance Industry is still in a growing stage. Analysis of data indicates Reliance Life has a good potential to improve its market position.

*Sunitha Srivatsava (2016)* Presented the comparative study of performance of public and private life insurance companies .She has found that there is a negative growth rate in terms of increasing of number of policies. She has noticed that both private and public life insurance sectors are facing the negative growth rate.

## **V. Data analysis and Discussions**

The present study is mainly based on secondary data to know the growth and performance of premium of different life insurance companies in India. A comparative analysis has been of all the life Insurance companies on the basis of Individual single premium only.

**TABLE 1**  
**Comparison of Bajaj Alliance ,Exide Life, Reliance Life And SBI Life**

Year	Bajaj Alliance	Bajaj Alliance Growth Rate(%)	Exide Life	Growth Rate (%)	Reliance Life	Growth Rate (%)	SBI Life	Growth Rate (%)
2014	57.64	0	73.26	0	11.1	0	166.4	0
2015	84.12	31.48	37.85	-93.6	9.12	1.71 <sup>2</sup>	217.9	23.64
2016	20.14	-3.18	194	80.49	7.75	7.67 <sup>1</sup>	218.5	0.27
2017	26.57	24.2	12.5	-14.52	7.94	2.39	234.6	6.88
2018	36.32	26.84	40.82	69.38	16.4	51.67	403.4	41.84
2019	3784	99.04	21.47	-90.1	26.6	38.18	867.5	53.49

The above table clearly shows that the Exide life insurance and Bajaj alliance has a negative growth and

Reliance and SBI life insurance has positive growth rate year to year when compared to Exide and Bajaj alliance for individual single premium from the year 2015 to 2019.

**TABLE 2**

**Comparison of Tata AIA Life, HDFC Standard, ICICI Prudential and Birla Sunlife**

Year	Tata AIA Life	Growth Rate	HDFC Standard	Growth Rate	ICICI Prudential	Growth Rate	Birla Sunlife	Growth Rate
2014	0.33	0	110.79	0	88.6	0	9.96	0
2015	6.18	94.66	152.17	27.19	96.07	7.77	9.16	-8.73
2016	1.56	-296.15	254.59	40.22	234.31	58.99	17.24	46.86
2017	1.36	-14.70	220.54	-15.43	345.9	32.26	12.43	-38.69
2018	3.43	60.34	1411.8	84.37	586.14	40.98	60.53	79.46
2019	221.2	98.44	1505	6.19	711.25	17.59	63.78	5.09

The ICICI Prudential has a continuous positive growth rate compared to HDFC Standard and Tata AIA and Birla Sun life . The Tata AIA has a a more negative growth rate in the year 2016.

**TABLE 3**

**Comparison of Aviva Life, Kotak Mahindra old Mutual Life, Max Life and PNB Met Life**

Year	Aviva Life	Growth Rate	Kotak Mahindra old Mutual Life	Growth Rate	Max Life	Growth Rate	PNB Met Life	Growth Rate
2014	4.24	0	56.04	0	144	0	2.11	0
2015	2.07	-104.831	22.3	-151.3	176.57	18.44594	2.95	28.4745763
2016	2.83	26.85512	49.34	54.8034	230.34	23.34375	6.44	54.1925466
2017	2.21	-28.0543	95.73	48.45921	267.1	13.76264	13.53	52.4020695
2018	3.17	30.28391	172.79	44.59749	442.96	39.7011	14.15	4.38162544
2019	4.98	36.34538	312.76	44.75317	536.4	17.41984	9.56	-48.012552

The above table clearly shows that all the insurance companies has a positive and increasing growth rate except Kotak Mahindra and Aviva Life Insurance. The AVIVA life insurance and Kotak Mahindra has more negative growth rate in the year 2015.

**TABLE 4**

**Comparison of Sahara Life, Shriram Life, Bharathi AXA Life, Future General Life**

Year	Sahara Life	Growth Rate	Shriram Life	Growth Rate	Bharthi AXA Life	Growth Rate	Future General Life	Growth Rate
2014	7.47	0	50.27	0	0.65	0	2.77	0
2015	3.4	-119.70	15.19	-230.94	1.13	42.47	1.45	-91.03
2016	5.17	34.23	17.25	11.9420	2.08	45.67	2.68	45.89
2017	1.91	-170.68	16.58	-4.04	2.69	22.67	3.67	26.97
2018	0	0	30.11	44.93	28.82	90.66	2.87	-27.87
2019	0	0	21.32	-41.22	25.71	-12.09	3.14	8.59

The above table clearly shows that the Bharthi AXA Life has a positive growth from the year 2014 to 2015 in individual single premium compared to the Sahara Life and Shriram Life and Future General Life insurance companies.

**TABLE 5**

**Shows Comparison of IDBI Federal Life, Canara HSBC OBC Life, Aegon Religare Life And DHFL Pramerica Life**

Year	IDBI Federal Life	Growth Rate	Canara HSBC OBC Life	Growth Rate	AEGON Religare Life	Growth Rate	DHFL Pramerica Life	Growth Rate
2014	-0.49	0	0.4	0	0.14	0	0.02	0
2015	73.26	100.66	11.47	96.51	0.7	80	2.92	99.31
2016	54.88	-33.49	9.95	-15.27	0.79	11.39	5.44	46.32
2017	97.09	43.47	5.16	-92.82	0.93	15.05	14.32	62.01
2018	89.46	-8.52	34.71	85.13	1	7	13.21	-8.40
2019	72.89	-22.73	44.57	22.12	1.57	36.30	6.6	-100.15

In the above table, it can be clearly seen that only in the year 2015 there is a positive growth rate for all the companies. After 2015 there is a no constant growth rate for the companies for individual single premium.

## **VI. Conclusion**



The life insurance companies play a vital role in contributing long term capital to national economy. The life insurance companies provide a life security for the people. There is some more efficient performances of both private and public life insurance companies and they are customer friendly. The present study clearly shows us that there is a constant and increasing growth rate in performances of both the public and private life insurance companies. Few private company's performance is poor in collecting and raising group single and non-single premium amount. The present study shows us there is a constant increasing growth rate of rising and collecting both individual and group life insurance plans but, the private life insurance companies need more promotion for increasing the group single premium growth rate.

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