

**THE INSURANCE INDUSTRY IN INDIA:
A COMPARATIVE ANALYSIS OF THE PRIVATE AND PUBLIC PLAYERS**

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Abstract

The paper probes in to the Indian Economy and observes the characteristics of Insurance Industry in India based on Strength of Insurance Industry in India and Weakness of Insurance Industry in India. Further making literature survey, it is essential to re-look into the Private and Public Players in insurance industry in India as insurance companies are mushrooming after liberalisation. Further, increase in the foreign direct investment from 26% to 49% shows that insurance business will grow in India but facing tough competition from rest of the world and specifically the Asian countries. Hence, there is a chance that there may be some difference observed in between the private and public insurance firms. Thus, in this study, an attempt has been made to make the comparison of Private and Public firms in Insurance industry in India will be done based on Insurance Education, Mergers and Acquisitions, Percentage of Foreign investments in Insurance sector, Premium, Performance Evaluation. The performance will be evaluated using the Key Performance Indicators (KPIs) in the Insurance Industry such as operating expenses, commission expenses, retention ratio, new policies issued, registered insurers, premium underwritten, distribution of offices of life insurers, market share, incurred claims ratio, investment income and leverage. The period of study will be taken as 2000-01-2014-15. An attempt is made to clarify the results and generalize them to insurance industry performance. The study will be carried on making content analysis from the data collected from various secondary sources such as annual reports of insurance companies, Insurance Regulatory Development Authority (IRDA) journal, and insurance journal. The statistical tools used in the study will be descriptive statistics, percentage analysis, growth trends. The hypothesis of the study is that there is no difference in the growth and performance between the public and private firm in insurance industry. The study is explorative, descriptive and empirical in nature.

Keywords: Insurance, Private companies, Public companies

1) Introduction

The financial service industry has made significant changes after liberalisation and globalisation. Among all, insurance sector is also one of the important sectors in India. The Private and Public Players in insurance industry in India as insurance companies are mushrooming after liberalisation. Further, increase in the foreign direct investment from 26% to 49% shows that insurance business will grow in India but facing tough competition from rest of the world and specifically the Asian countries. Hence, there is a chance that there may be some difference observed in between the private and public insurance firms. With the entry of private players, the competition is becoming intense. In order to satisfy the customers, There is competition between the public and private companies to implement new creations and innovative product characteristics to attract customers. Hence it is intended, through this study, to make an comparative analysis between private and public companies to understand the differences that lies in terms of demand conditions, competition, product innovations, delivery and distribution systems, use of technology, wide range of products, innovative bundling of insurance with other financial services, aggressive marketing, and better customer care. and regulation. Apart from it, in-depth analysis of the performance of insurance business in India is done with reference to various performance parameters.

This paper is organized as follows. Section 2 discusses the overview of the past studies on insurance business. Section 3 outlines insurance industry in India and the SWOT analysis of the industry. In Section 4, describes the research methodology. In Section 5, describes the content analysis of Private and Public Players in insurance industry in India and outlines the comparison between the two based on various indicators. In this section, the paper also shows the results of performance of insurance companies in India. Finally, Section 6 concludes the paper as well as outlines the scope of future work that could possibly arise from the gaps observed in this paper.

2) Review of Literature

Indian insurance industry has come a long way since the days of private dominance and Government monopoly in more than a century. The establishment of Insurance Regulatory and Development Authority in 1999 and subsequent entry of foreign and private players has changed the entire insurance landscape of the country. Professionalism and the technologies brought in by the foreign players have forced the hitherto sluggish and complacent players to devise their strategies from company-business-oriented to customer-satisfaction-oriented (Hole and Misal, 2013) and that are progressive in nature. But unfortunately, most of the strategies are far more of survival than growth oriented. Though,

company's say that utmost care is being taken to maximize customer satisfaction yet the ground reality is something very different. Customer centric products and strategies are required because insurance provides social security to both the employees and non employees (Davar and Singh, 2014). This also increases the competition among them and helps develop emotional intelligence. Various studies (Lagrange & Roodt, 2001; Slaski & Cartwright, 2002; Sitarenios, 1998; Rapisarda, 2002 and Donaldo-Feidler & Bond, 2004) conducted abroad and studies in India (Jain & Sinha, 2005; Sinha & Jain, 2004; Srinivas and Anand, 2012; and Kumar, Mishra & Varshney, 2012) amply suggest that insurance coverage, besides providing social security, brings in job satisfaction and results in improved emotional intelligence which in turn improves the organizational effectiveness and organizational commitment. Many studies also have found out that employee insurance have a positive impact on the job performance (Jayan, 2006; Bechara, Tranel & Damasio, 2000 and O'Boyle Jr. et al., 2010) of the employees as performance of employee is crucial to the survival and growth of insurance industry in India.

Risk is certain in any country and society. But the efforts and initiatives undertaken to mitigate the risk vary. After many failed or below par attempts, it was realized that risk can never be mitigated but its impact can only be minimized by taking various steps. One such step is insurance. Of late, insurance is considered as the backbone of a country's risk management system as it offers a variety of products to individuals, households and businesses to protect them from risk and ensure financial security (Krishnamurthy et al, 2005). Insurance also is now accepted as an important financial intermediary not only within the country but also across the countries and as a source of long-term capital which can be used for building social and physical infrastructure and also executing long-term projects. Rise in the nos. of incomplete projects owing to various reasons has given rise to the demand for insurance. So, is the case with international trade which is beset with risk emanating from sea, air and human-led actions. But, the major challenge is to service the growing domestic demand for risk management and at the same time the unwillingness of people to take insurance as a risk management tool.

Realizing the potential of insurance sector in mobilizing the savings for the productive use and its ability to provide job security and social safety, Government has taken various steps to improve its quality, reach and popularity. As a result, the sector was opened to both the private and the foreign players. It is seen that the process of liberalization, privatization and globalization has brought in a sea change in Indian economy in general and the insurance sector in particular. The private players have been penetrating their business more and more into the rural and untapped areas with more number of policies, higher amount of premium and changes in the commission expenses and operating expenses (Chand, 2014).With the growing competition emanating from domestic and international

players, there is healthy competition and a different level of job satisfaction among the employees. But, to compete and grow, both the employees of private and public sector companies need to work in proper harmony and co-existence manner. Increased competition has, though brought in satisfaction, it has also necessitated innovative marketing strategies and customer satisfaction practices, which are again dependent upon the increased employees job satisfaction and this will be possible through the social security i.e., insurance (Kaur, 2012).

Besides other sectors, the Insurance sector also plays a vital role in the economic development of our nation by providing various useful services like mobilising savings, intermediating in finance, promoting investment, stabilising financial markets and managing both the social and financial risk. Despite its added advantages, India still lags behind other nations and considered as an under-insured country in the world. It has come a long way and made much strides since 2009, when it had the 18th position among Life Insurance markets and 28th in Non-Life Insurance markets. But, considering its ever growing population and demographic dividend, it has huge unexplored potential yet to be explored and harnessed. Even the establishment of IRDA and opening of markets have not helped in the growth of insurance penetration, except for the period during 2001 to 2009 when it rose from 2.71 per cent to 5.20 per cent. Since then, it declined to 3.96 per cent in 2012, which is much below the global average of 6.5 per cent of GDP. Density of insurance which rose from 11.50 in 2001 to 64.40 in 2010 also declined to 53.20 in 2012-13 and continues to decline even today. This is due to the fall in the premium collections and the regulator tightening of the rules and decline in the household financial savings (Ganesh, 2014).

Liberalization followed the de-tariffing of the non-life insurance products in 2007 which provided impetus and level playing field to the sector bringing in flexibility, profitability and competitiveness among the players (Sharma and Sikidar, 2014). Even after opening up the market and de-tariffing, the insurance companies in India are facing various problems such as paying of outstanding claims which are primarily based on their strong national franchise, presence, sound financial position, comfortable solvency position, diversified investment portfolios and strength of reinsurance ties. Along with this, changes necessitated among the domestic insurance industry due to the intensified competition and sharp decline in interest rates continues to be the major cause of concern. Besides, emerging dynamic environment has exerted pressure on their profitability, costs of operations, claim management and their service standards. Moreover, systemic inefficiencies and the inadequacy of the tariff structure in certain lines of business have also diluted their strength. Other than the life insurance and its claim, there are also other issues like under insurance, technological advancement, data management, underwriting, fund management, actuarial efficiency,

special health insurers and the end-to-end service delivery process, etc. These must be addressed at the earliest to realize the full potential of the insurance.

There is growing difference between the developed countries and between the developed and under developed countries as to insurance is better served when publicly provided or based on private contracts, and also in terms of its total expenditures. Public insurance is more preferred by Scandinavian countries than the Anglo-Saxon countries (Bertola and Koeniger, 2008). Similar condition is seen in India too. Except for the private players showing promise as compared to the Government players in case of non-life insurance, studies in India show that the Life Insurance Corporation (LIC) continues to hold dominant position in rural areas, to an extent, in the middle class and the lower middle class segments as compared to the private players who have dominance in the metros and major urban centres. But, the issues grappling the insurance industry is the selling than purchase of policies. Indian agents are being imparted international standard training with state-of-the-art facilities but the problem continues to persist. Even the efforts of the IRDA, to have customer centric services and products, have yielded no desired result due to the lack of change in the priorities and attitude of the insurers and its agents. There are many instances of miss-selling in both the rural and urban areas too. To curb this menace, IRDA and the Government have approached the banks to promote banc-assurance, which are fast emerging as the one-stop-shop providing all kinds of products and services under one roof. Though, this is not new but its extent and reach is subdued and confined to few selected areas. Therefore, there is the need to promote banc-assurance in a big way to realize the true potential of insurance that benefits both the public, insurance companies and the Government.

The literature survey is made to get an insight of the relevance and scope of the insurance business. It also probes into how characteristics of private and public sectors influence insurance sector. The review of past studies is also made to find out and summarise the comparison criteris relevant for insurance industry between private and private companies. Relevant performance evaluation parameters are identified ininsurance context are discussed next. Finally, some research issues and gaps which need attention are highlighted. The present work tries to address some of these. Table 1 shows the review of literature to show the overview of relevant past works based on private and public insurance sector in different countries:

Table I Summary of Past Studies on Performance of Insurance firms

Research Source	Research Focus	Research Methodology	Research Findings
Kaur (2012)	To measure the job satisfaction level of the employees of public and private insurance sector.	Questionnaire Method 30 questions Factor Analysis	The job satisfaction level differs in some select variable in public and private sectors. If the factors identified through variable are properly redesigned the job satisfaction level can be enhance in the interest of organizational effectiveness.
Bapat, Soni, & Joshi (2014)	To make a comparative study on Product Quality between public and private sector life insurance companies.	Independent Samples Test	In comparision to public sector insurance companies, private sector insurance companies provides better accessibility through use of internet smart phones and high end up-to-date technology, greater degree of tangibility, effective & appealing promotional campaign, online services, more personalized & innovative services, etc. Private firm provides empathy, better response, system and premium. Private firms are good at product customization; however, public firms are better at accessibility and network.
Hole & Misal (2013)	To make analysis of performance of employees in public and private sector general insurance companies.	Questionnaire Method 150 Respondents Percentage Analysis	The performance of employees in public sector is lower than employees who work private sector in sales division.
Bertola & Koeniger (2008)	To make a cross country study on Public and Private Insurance companies outcomes and determinats that affect those outcomes.	Modeling Approach Descriptive statistics	The patterns of private and public insurance provision across countries depend on diferences in the absolute and relative ec iency of public and/or private administration
Corporate Author (2012)	To find out whether private sector insurance companies are safe than public sector insurance companies or not	Conceptual description	Private sector insurance companies are as safe as public sector insurers because all of them are regulated by IRDA, maintain solvenveny margin, mode of settlement is same in both cases, and policy document avoids fraud.
Dar, et.al. (Unknown)	To make a comparative study of promotional strategies adopted by public and private sector insurance companies in india.	Descriptive study Questionaire	Public sector is more reliable than private sector companies. Private firms are not considered so reliable because they charge some hidden cost for the services they provide. They give false and misleading information in the advertising. However, in terms of the service quality and innovativeness private firms are better and they are adopting more push strategies to attract and catch the customers.
Patel, 2013	To make solvency analysis of public and private insurance companies in india	Multiple regression Analysis	The analysis of solvency margins shows that public insurers are better than the private insurers as per ISI standard with Comparatively good financial strength.

3) Statement of the Problem

Insurance industry in India has come a long way from the days of its inception. The factors that has influenced the trend of insurance companies are i) A social security and pension system ii) Cashatrophes/ risks iii) Changes in customs and social practices iv) Disposable income v) Healthcare systems vi) Household financial savings vii) Interest rates viii) Rapid aging of populations ix) Rate of growth of population x) Stronger economic growth /GDP growth xi) The levels of domestic savings (Gross Domestic Savings).

The share of life insurance in gross financial savings of household sector is important factor for insurers business. As per RBI Annual Reports, in 2003-04, the contribution of insurance funds to the financial savings was 14.9 per cent in 2003-04, viz., 2.2 per cent of the GDP at current market prices. Life Insurance Funds, Postal Insurance and State Insurance contributed 14.5, 0.1 and 0.3 per cent, respectively. The percentage of life insurance funds to the GDP at current market prices increased from 2.1 per cent in the previous year. In 2004-05, financial savings of the household sector in the form of Life insurance funds has been declining from 15.5 per cent in 2002-03 to 12.8 per cent in 2003-04 and further to 12.4 per cent in 2004-05. Some of the other major components of financial savings were contractual savings, mainly life insurance funds at 12.8 per cent. In 2005-06, Insurance funds accounted for 16.0 per cent, of which life insurance funds accounted for 15.1 per cent, postal insurance 0.3 per cent and state insurance 0.6 per cent. Insurance funds accounted for 15.0 per cent; of which 14.6 per cent was constituted by life insurance funds. As a percentage of GDP, insurance funds accounted for 2.8 in 2006-07 as against 2.3 in 2005-06. Postal insurance and state insurance funds constituted 0.2 per cent each. In 2007-08, insurance funds constituted 17.5 per cent of the total gross financial savings of the households in 2007-08. This has resulted in an increase in the share of insurance funds in the total household savings. The net financial savings of the household sector reduced to 7.8% in GDP in 2011-12 from 9.3% in previous year and 12.2 % in 2009-10. The net financial saving of the household sector in 2008-09 is 10.9 per cent of GDP at current market prices, is lower than 11.5 per cent in 2007-08. It has been declining over the period from 12% in 2009-10 to 8% in 2011-12, while during same period savings in physical assets by household increased from 13.2% in 2009-10 to 14.3% in 2011-12. The main reason for this is inflation which has resulted in less return or negative return leaving few savings in hands of households due to hike in general prices. The growth of household savings remained stagnant in 2010-11. The share of life insurance funds in total financial savings of household continued to surge in 2010-11. Its share increased to 24.2 % up from 22.6% in 2009-10 and 21% in 2008-09. In 2013-14, the household financial saving remained low at 7.2 per cent of GDP in 2013-14 compared to 7.1 per cent of GDP in 2012-13 and 7.0 per cent of GDP in 2011-12. During 2013- 14, households increased their savings in deposits (especially with

commercial banks) and small savings, while that in currency and mutual funds declined. The political environment is not conducive to constructive change or sound economic management. The dominance of entrenched players makes it possible that the industry will stagnate. The legal framework, bureaucracy and financial infrastructure worsen the insurance business environment.

Insurance industry in India has witnessed the private dominance shifting to Government control and finally the co-existence of both the private and public players. Ever since, insurance sector was opened up to the private and foreign players, there is a sea change in its approach, products availability, agents training and the quantum of revenue generated for the industries and also for the economy. It has established itself as the main intermediary of economic system, risk management tool and also the major social safety net with systemic solutions. But, despite its inherent advantages and growing market potential, its share in the GDP and world insurance market has been negligible. Issues like under market penetration, inaccessible rural areas, over concentration in urban areas, inadequate insurance cover, lack of clarity in claim settlement policies, etc. still beset the sector. Further, miss-selling of products, lack of customer's knowledge about the product, agent's commission and regulatory hurdles are still a cause of concern, which has kept the majority of people away from the insurance. Contrary to popular belief that the private and foreign players have brought in new technology, professionalism and augmented the sector, it is believed that the entry of these players has only increased the distrust among the general public and the gap has become more glaring after the global financial crisis of 2008-09.

Various studies show that no significant change has occurred as far as mobilizing the national savings by the insurance sector is concerned. According to RBI data, there is upward trend in the business but no structural change in the trend of the savings in life insurance by the households to GDP ratio. This can be interpreted that the inflow of foreign capital has not been accompanied by any technological innovation in the insurance business, which would have created greater dynamism in savings mobilization.

Further, far from expanding the market for the insurance sector in rural and semi-urban areas, private companies is more concentrated in urban areas where good market network, created by public sector companies, and already existed. This is corroborated by the public sector company's agent's ratio of 100:76 in urban and rural India as compared to the private insurance company's ratio of 100:1.4 respectively (IRDA Annual Report, 2002-03 and 2013-14). So, the liberalization has not contributed to the expansion of the insurance base of the economy. So far as the innovative products and the induction of new technology is concerned, private players have offered nothing as the mortality rates and other principles of insurance are based on the Indian conditions for Indian policyholders and, in most cases, renamed LIC products are sold by the private insurance companies as their own products.

What they have really succeeded in selling is the ULIPs that have not really resulted in improving the social and physical infrastructure of the country.

Moreover, In December 2014 the Indian Government announced the increase of Foreign Direct Investment (FDI) from 26% to 49% for the Insurance industry. Control, including appointing majority of directors, must remain with Indian partner. Reinsurers allowed establishing a branch for reinsurance business. Health insurance is to be treated as a separate category. New regulations are to reduce malpractice and promote a vibrant health insurance sector. Commission's structure to be determined by IRDA based on market conditions. Open architecture model to be developed to encourage penetration. India is one of the fastest growing insurance markets in the world. So, because of the increase in FDI cap, there will be lot of opportunities for present insurers, existing Joint Venture (JV) partners in India as they can increase their stake. Apart from it, it will be attractive for those new entrants interested in entering the Indian market. Moreover, it leads to more innovation, adopting international best practices and improving standards. This will lead to customer satisfaction. Indian insurance is strong accompanied by varied rising middle class customers with favourable demographics, low penetration levels and macro-economic factors. Hence, the long term prospects for the insurance sector are good. With increase in FDI level, it will bring confidence among the insurance players about the favourable operating environment and supportive regulatory and/or government initiatives. This will change the entire scenario for players in public and private sector in insurance industry.

Lastly, the argument of foreign insurers bringing in healthy competition has simply not happened as the size of the market has largely remained the same. It's because, private players are picking up the creamy sections in the metros. Moreover, the challenges posed by the private and foreign players remain subdued as the dominance of LIC in life and General insurance Corporation (GIC) and its subsidiaries in non-life continues unabated.

Amidst this backdrop, the paper attempts to study the following:

- To observe the current status of Insurance Industry in India
- To examine the growth of business of public and private insurers
- To analyse the operating and financial performance of public and private insurers

4) Research Methodology

The objective of the paper is to make the comparison of Private and Public firms in the Insurance industry in India. For this, the set of comparison criterias are Competition, Insurance Education, Insurance Industry concentration, Mergers and Acquisitions, Number and Type of Insurers, Percentage of Foreign investments in Insurance sector, Premium, Profitability of insurance firms, Role of Government in Insurance sector, Segmentation, Types of insurance Sold, Performance Evaluation. The performance is evaluated using the

Key Performance Indicators (KPIs) in the Insurance Industry such as Net income ratio, Policy sales growth, Percentage of sales growth, Quotas-to-production, Claims ratio and Time-to-Settle, Cost ratios, Loss frequency, Loss ratio, Customer Service and Satisfaction, Return on Investment Ratios, Leverage, Interest Rate Risk, sales and other financial ratios. The period of study is taken as 2000-01-2014-15. An attempt is made to clarify the results and generalize them to insurance industry performance. The study is carried on making content analysis from the data collected from various secondary sources such as annual reports of insurance companies, annual reports of IRDA, IRDA journal, insurance journal. The statistical tools used in the study will be descriptive statistics, percentage, growth trends. Data Analysis is done using Ms Excel. The hypothesis of the study is that there is no difference in the growth and performance between the public and private firm in insurance industry. The study is explorative, descriptive and empirical in nature.

5) Insurance Industry in India

The insurance industry is also an integral part of the financial system. The overview of insurance industry in India is shown below in Table II:

Table II Overview of Insurance Industry in India

Criteria	Insurance Industry
Regulators	Insurance Regulatory and Development Authority (IRDA)
Number	General insurance companies: 28 Life insurance companies: 24
FDI limit	49% (26% earlier)
Largest player	Life Insurance Corporation of India
Listing on Indian Stock Exchange	None of the insurance companies are listed on Indian stock exchange as of now
Relevant Acts	Insurance Act, 1938 Insurance Regulatory Development Authority Act, 1999

Source: Author's Compilation from various online sources

Table III Total Real Premium Growth Rate

Region/ Countries	2013-14			2012-13			2011-12			2010-11			2009-10		
	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3
Advanced Countries	-0.2	1.1	0.3	1.8	1.5	1.7	-2.3	0.5	-1.1	1.8	1	1.4	-2.8	-0.6	-1.8
Emerging Markets	6.4	8.3	7.4	4.9	8.6	6.8	-5.1	9.1	1.3	13	8.5	11	4.2	2.9	3.5
Asia	-6.5	2.2	-4.1	6.5	8.1	6.9	0.5	7	2.2	4.2	6.1	4.7	1.8	5.6	2.8
India	-1.1	2.5	-0.4	-6.9	10.2	-3.9	-8.5	13.5	-5.5	4.2	8.1	4.9	10.1	1.6	9
World	0.7	2.3	1.4	2.3	2.6	2.4	-2.7	1.9	-0.8	4.2	2.1	2.7	-2	-0.1	-1.1

Source: Compiled from Annual reports of IRDA of different years from 2004-05 to 2013-14
Note: 1. Life insurance 2. Non-life insurance 3. Total. Total Real Premium Growth Rate is given in terms of Percentage.

Table III shows the growth rate of the total real premium in India and rest of the world. The growth rate in premium in the world slowed down in 2013-14 compared to 2012-13 in life and non- insurance sector. The emerging markets as a whole have improved growth rate compared to previous year.

Table IV Registered Insurers in India

Year	Type of Business	Life Insurance	Non-Life Insurance	Re-insurance	Total
2013-14	Public Sector	1	6	1	8
	Private Sector	23	22	0	45
	Total	24	28	1	53
2012-13	Public Sector	1	6	1	8
	Private Sector	23	21	0	44
	Total	24	27	1	52
2011-12	Public Sector	1	6	1	8
	Private Sector	23	21	0	44
	Total	24	27	1	52
2010-11	Public Sector	1	6	1	8
	Private Sector	23	18	0	41
	Total	24	24	1	49
2009-10	Public Sector	1	6	1	8
	Private Sector	22	18	0	40
	Total	23	24	1	48
2008-09	Public Sector	1	6	1	8
	Private Sector	21	15	0	36
	Total	22	21	1	44
2007-08	Public Sector	1	6	1	8
	Private Sector	20	14	0	34
	Total	21	20	1	42
2006-07	Public Sector	1	6	1	8
	Private Sector	16	11	0	27
	Total	17	17	1	35
2005-06	Public Sector	1	6	1	8
	Private Sector	15	9	0	24
	Total	16	15	1	32
2004-05	Public Sector	1	6	1	8
	Private Sector	13	8	0	21
	Total	14	14	1	29
<p>Source: Source: Compiled from Annual reports of IRDA of different years from 2004-05 to 2013-14 Note: 1. Life insurance 2. Non-life insurance 3. Total number of insurers</p>					

Table IV shows the growth in registered insurers in India over a period of time. In 2013-14, the total number of insurance companies registered is 53, out of which 443 are in private sector and eight are in public sector. 24 life insurance companies and 28 non life insurance companies are operating in India by the end of March, 2014. In public sector there is one life

insurance company which is LIC and six in non-life insurance companies. While in private sector there are 23 life insurance companies and 22 non life insurance companies operating in India. There is only one re-insurer in India which is GIC. In public sector, there are two specialised non-insurance companies named, ECGC and AIC. In private sector, out of 22 non-life insurance companies, there are five Standalone Health Insurance Companies - Star Health & Allied Insurance Co., Apollo Munich Health Insurance Co., Max Bupa Health Insurance Co., Religare Health Insurance Co., and Cigna TTK Health Insurance Co.

Table V New Policies Issued: Life Insurers and Non-life Insurers

Year	Life Insurers			Non-life Insurers		
	Public	Private	Total	Public	Private	Total
2003-04	269.68 (94%)	16.59 (6 %)	286.27 (100%)	384.27 (92%)	32.99 (8%)	417.26 (100%)
2004-05	239.78 (91%)	22.33 (9 %)	262.11 (100%)	421.42 (89%)	51.07 (11%)	472.49 (100%)
2005-06	315.91 (89%)	38.71 (11%)	354.62 (100%)	439.45 (83%)	89.47 (17%)	528.92 (100%)
2006-07	382.29 (83%)	79.22 (17%)	461.52 (100%)	412.42 (75%)	135.54 (25%)	547.95 (100%)
2007-08	376.13 (74%)	132.62 (26 %)	508.74 (100%)	385.47 (67%)	187.03 (33%)	572.50 (100%)
2008-09	359.13 (71%)	150.11 (29 %)	509.24 (100%)	451.37 (67%)	219.23 (33%)	670.60 (100%)
2009-10	388.63 (73%)	143.62 (27 %)	532.25 (100%)	434.04 (64%)	240.84 (36%)	674.88 (100%)
2010-11	370.38 (77%)	111.14 (23 %)	481.52 (100%)	505.78 (64%)	287.65 (36%)	793.41 (100%)
2011-12	357.51 (81%)	84.42 (19%)	441.93 (100%)	528.14 (62%)	329.30 (38%)	857.44 (100%)
2012-13	367.82 (83%)	74.05 (17%)	441.87 (100%)	689.68 (64%)	380.56 (36%)	1070.24 (100%)
2013-14	345.12 (84%)	63.60 (16%)	408.72 (100%)	600.06 (59%)	424.47 (41%)	1024.52 (100%)

Source: Compiled from Annual reports of IRDA of different years from 2004-05 to 2013-14
Notes: Values given are in lakhs. Values given in brackets shows the share of each sector out of total number of insurers in India.

Table V shows number of new policies issued by life insurers and non-life insurers in India from 2003-04 to 2013-14. From 2003-04, the value of new policies issued by public sector life insurance companies increased from 269.68 lakhs to 345.12 lakhs in 2013-14. Similarly from 2003-04, the value of new policies issued by public sector non-insurance increased from 384.27 lakhs to 600.06 lakhs in 2013-14.

Table VI Insurance Penetration and Density in India

Year	Life Insurance		Non-Life Insurance		Total	
	Density (USD)	Penetration %	Density (USD)	Penetration %	Density (USD)	Penetration %
2001	9.1	2.15	2.4	0.56	11.5	2.71

2002	11.7	2.59	3	0.67	14.7	3.26
2003	12.9	2.26	3.5	0.62	16.4	2.88
2004	15.7	2.53	4	0.64	19.7	3.17
2005	18.3	2.53	4.4	0.61	22.7	3.14
2006	33.2	4.1	5.2	0.6	38.4	4.8
2007	40.4	4	6.2	0.6	46.6	4.7
2008	41.2	4	6.2	0.6	47.4	4.6
2009	47.7	4.6	6.7	0.6	54.3	5.2
2010	5.7	4.4	8.7	0.71	64.4	5.1
2011	49	3.4	10	0.7	59	4.1
2012	42.7	3.17	10.5	0.78	53.2	3.96
2013	41	3.1	11	0.8	52	3.9

Note: (a) Insurance Density is calculated as the ratio of premium (in USD) to total population (per capita premium). And (b) Insurance Penetration is measured as the percentage of Premium (in USD) to GDP (in USD).

Source: Compiled from Annual reports of IRDA of different years from 2004-05 to 2013-14

Table VII SWOT Analysis of Insurance Industry in India

Strengths	Weakness
<ul style="list-style-type: none"> • Growing economy with strong market dynamics • Vast population as prospective consumers • Democratic government with regulatory framework familiar to Western corporations • Less risk of slowdown of economy compared to other emerging markets. 	<ul style="list-style-type: none"> • Less supportive political and bureaucratic regulatory environment • Dominance of state-owned insurers in market • Low non-life penetration rate and low life density compared to world
Opportunities	Threats
<ul style="list-style-type: none"> • One billion populations can bring enormous opportunities as it has long-term potential as it will increase insurance users. • Rising 'middle class', and an elite group of extremely wealthy Indians are also seems as business opportunities. • Several economic forces may change the mind of government to handover the ownership of major dominant insurers. Increase in FDI limit to 49% 	<ul style="list-style-type: none"> • The political environment is not conducive to constructive change or sound economic management. • The dominance of entrenched players makes it possible that the industry will stagnate. • The legal framework, bureaucracy and financial infrastructure worsen the insurance business environment.

Source: <http://mbaprojectreportindia.blogspot.in/2013/05/swot-analysis-of-insurance-industry-in.html>

The indicators to judge the level of development of insurance sector in a country are measure of insurance penetration and density. The level of development of insurance industry in India is shown in Table VI by showing the Insurance Penetration and Density in India both in life and non-life insurance companies.

Table VIII List of M&A deals done in Insurance sector in India

Date	Type of deal	Combining Companies	Deal Details
June 2014	Stake Sell	Jammu & Kashmir Bank Vs. PNB MetLife Insurance	J&K Bank to sell out the entire stock of equity shares (five per cent) in PNB Metlife India Insurance, subject to the satisfactory valuations Deal has not yet been completed.

Date	Type of deal	Combining Companies	Deal Details
September 2014	Joint venture	Religare Enterprises Vs AEGON Religare Life Insurance	Religare Enterprises expressed its desire to exit the joint venture AEGON Religare Life Insurance. Religare and Aegon have agreed that Religare will exit once a replacement shareholder is identified and is approved by the regulatory authorities.
January 2013	Acquisition	Exide Industries (acquirer) & ING Vysya Life Insurance (target).	Exide Industries to acquire ING Group's stake in ING Vysya Life Insurance. Exide, which had a 50 per cent of the equity capital of ING Vysya Life Insurance for Rs 550 crore, subject to regulatory approvals, decided to acquire the remaining stake in the insurance firm. ING Group exits its insurance business in India. In May 2014, ING Vysya Life Insurance Company Ltd was renamed Exide Life Insurance Company.
July 2013	Joint Venture	DLF Pramerica Life Insurance (seller) vs Dewan Housing Finance Limited (DHFL) (buyer)	DLF sell its 74 per cent stake in its life insurance joint venture, DLF Pramerica Life Insurance, to Dewan Housing Finance Limited (DHFL). DLF wanted to divest non-core businesses/ assets. In December 2013, the deal was completed and the company was re-named DHFL Pramerica Life Insurance.
March 2013	Joint Venture	Pantaloon Retail's Future Generali India Life Insurance (Seller) Vs Industrial Investment Trust Limited (IITL) (buyer).	Pantaloon Retail (now called Future Retail) sells 22.5 per cent of its stake in Future Generali India Life Insurance to Industrial Investment Trust Limited (IITL). In December 2013, Future Retail received the necessary regulatory and government approvals for the deal. Now, Future Retail holds three per cent in the insurance venture, while 49 per cent is held by Sprint Advisory Services and 22.5 per cent by IITL.
March 2013:	Merger	L&T General Insurance vs Future Generali India Insurance	In March 2013, L&T, Future Group and Generali Group made merger of L&T General Insurance and Future Generali India Insurance. This was the first merger that was proposed in the insurance sector but it was not completed. This deal was to be approved by the IRDA, the court and the Competition Commission of India. But in April 2014, L&T had decided to call off the deal due to valuation issues. The merger plan was, L&T would have held a 51 per cent stake, Generali Group 26 per cent stake and 23 per cent was to be held by Future Group in the merged entity.
September 2012:	Stake sell	Punjab National Bank vs MetLife India Insurance	Punjab National Bank made the 30 per cent stake purchase in MetLife India Insurance (now PNB MetLife Insurance)
July 2012:	Stake sell	Tata AIG vs American International Group	Tata AIG rechristened AIA following the exit of American International Group from Hong Kong-based insurer AIA Group
April 2012:	Stake sell	Japan's Mitsui Sumitomo vs Max New York Life	Japan's Mitsui Sumitomo (a unit of MS&AD Insurance Group Holdings) buy 26 per cent stake in Max New York Life for Rs 2,731 crore. The life insurer re-branded Max Life Insurance Company, as the US-based New York Life exited the joint venture after nearly 10 years.

Date	Type of deal	Combining Companies	Deal Details
2011	Stake sell	Nippon Life vs Reliance Life Insurance	Nippon Life buys 26 per cent stake in Reliance Life Insurance at an aggregate value of Rs 3,062 crore
After 2015	Stake sell	Reliance General Insurance vs Royal Sundaram	Reliance General Insurance looking to buy majority stake in its rival Royal Sundaram.
<i>Source: http://www.business-standard.com/article/finance/merger-and-acquisition-activity-gathers-momentum-in-insurance-114100200959_1.html, retrieved on 24th May 2014</i>			

Liberalisation, privatisation and globalisation have changed the face of Indian economy. Many more changes in Indian economy are also expected with intensified competition, collaborations and creativity from around the world. In the ambience of current changes and future changes, insurance firms are also adopting mergers and acquisitions, joint ventures for sustained growth and success. The government of India also encouraged M&A activities in order to bring around the sick units. The outcome of this is that Life Insurance Corporation (LIC) was created and life insurance business was nationalised by takeover of 243 insurance companies in the year 1956. Insurance Industry has opened in 2001 and after 10 years of this, IRDA have allowed general insurance companies to take part in M&A activities. The reason for such step taken by IRDA was the 24 companies were making huge losses which were affecting the interest of policy holders. Insurers were having huge losses because of lack of capital. This limited availability of capital is because of FDI limit up to 26%. In current scenario, the Insurance Act allows M&As only in the life insurance business. The law states that the parties involved in M&A transaction should ensure that the policyholders of the transferor entity are transferred in such a way that their existing policies are continued to be serviced by the transferee entity on terms and conditions no less favourable than those existing before the merger. M&A activity in Indian insurance sector became visible from January 2013 and later grew. As companies look to take advantage of opportunities in India, where the newly elected government has eased the restrictions for investors, For Insurance, there are a number of important ways that high growth markets are expected to influence the M&A environment this year.

Insurance companies are experts at managing risks by goal towards growth. However, they do that cautiously to avoid the hidden dangers. Joint ventures are often considered better gateway to enter new markets, gain experience expand distribution, or share risks and investment requirements. Especially in markets where foreign ownership is restricted such as India or China, JVs are often the main or only market entry model. So, Most of Indian insurance firms are in involved in joint ventures, stake sell with exit intensions. Table VIII shows the list of M&A deals done in Insurance sector in India. The reasons for many players to exit from Insurance are many which are discussed below:

- Long gestation period: Insurance companies need to spend at least 8-10 years in a investing in a company to become profitable. In short period of time, it is difficult to make profits. Therefore, companies take steps to sell their business units as exit strategy. This happens particularly among the foreign partners when they find that there is no FDI incentive or no major reward to stay invested if they are not cash-rich.
- Valuation issues and disagreement with partners: In the life insurance sector, some foreign companies operating in the financial services sector and having presence in India through joint venture agreements in insurance have been planning to exit.

6) Private and Public Players in insurance industry in India

a) Insurance Education

A number of institutions provide specialist education for the insurance industry, these include; National Insurance Academy, Pune, specialized in teaching, conducting research and providing consulting services in the insurance sector. Institute of Insurance and Risk Management, Hyderabad, offers Postgraduate diploma in Life, General Insurance, Risk Management and Actuarial Sciences. Amity School of Insurance Banking and Actuarial science (ASIBAS) offers MBA programs in Insurance, Insurance and Banking, and M.Sc. /B.Sc. actuarial sciences to a Post Graduate Diploma in Actuarial Sciences. Pondicherry University is offering mba in insurance management. Birla Institute of Management Technology offers a PGDM-IBM program in insurance business management. Life Office Management Association (LOMA), USA is BIMTECH's educational partner and BIMTECH is an approved centre for LOMA examination. The Chartered Insurance Institute (CII), UK has accorded recognition (by way of credits) to the BIMTECH PGDM-IBM program. NLU, Jodhpur, offers a two year MBA and one year MS (for engineering graduates) program in insurance.

Lack of insurance awareness has proved to be one of the hurdles in penetration of insurance across the country. This analysis is done by making content analysis of the website of insurance companies and also looking at their annual reports. This is done to see the initiatives taken by individual companies to increase awareness about the insurance industry and the products.

Table IX Initiatives taken by Public Sector General Insurance Companies towards Insurance Education

Insurance Company	Initiatives taken by Companies towards insurance Education
Agriculture Insurance Company of India Ltd.	Providing Audio visuals on crop insurance in their website
National Insurance Company	Not taken any as per the website

New India Assurance comp. Ltd.	Made a section "Frequently asked questions" where they have put the basic details about the insurance. This section is again sub-divided into different sections such as (a) overview (b) general (c) health (d) vehicles (e) property. They provide education and training to their staffs, agents, officers, Tpas / Brokers/ Surveyors / Advocates, customers and corporate agents on information and technology, computer education, bancassurance, insurance law
The Oriental Insurance Company	There is a section "Frequently asked questions" for financial literacy on insurance.
United India Insurance Comp. Ltd.123	There is a section "Consumer Education" and "Frequently asked Questions" where they provide education on insurance. In consumer education section, a consumer posts their queries and they reply about the details of insurance related information.
<i>Source: Websites of individual insurance companies in India</i>	

Table X Initiatives taken by Private Sector General Insurance Companies towards Insurance Education

Insurance Company	Initiatives taken by Companies towards insurance Education
Bharati AXA Insurance Company	They have kept the link of consumer education website of IRDA in their consumer service section. There is a section called "Know your Insurance" which includes, Why you need Insurance, Insurance Read, Tools & Calculator, Glossary.
Bajaj Allianz General Insurance Company	Bajaj Allianz General Insurance has launched a month-long insurance awareness campaign titled 'Demystify Insurance'. Bajaj Allianz will kick-start the campaign on April 19th and has planned various activities over the next one month. The month-long campaign will include running insurance literacy drives at various schools and colleges in cities like Pune, Delhi, Hyderabad, Chandigarh, Kolkata. Bajaj Allianz employees will give a brief interactive presentation to students educating them on the importance of insurance. The company will educate and interact with fans and followers on Facebook, Twitter and LinkedIn with activities planned around the theme. Through this campaign, Bajaj Allianz aims at educating students within the age group of 15 to 21 years. Tapan Singhel, MD & CEO, Bajaj Allianz General Insurance, said, "Low insurance penetration remains a challenge for all the companies in the industry. Insurance is still largely perceived as a tax saving instrument whereas the benefits go much beyond. We realised that there is a visible need for insurance education in the country and launched this campaign which will be aimed at fostering insurance literacy in India." Bajaj Allianz General will host a Google+ Hangout on 'Health Insurance' on April as a part of this awareness campaign.
Cholamandalam MS General Insurance Company	The is a section known as "Knowledge Center" which includes details about Health Insurance, Travel Insurance, Personal Accident Insurance, Car Insurance, Home Insurance. Apart from it they have kept a section called "Want us to call you?" to share insurance education on emails and via telephones.
Future Generali Insurance Company	They have kept the link of consumer education website of IRDA in their consumer service section. 12 Questions to Ask Before You Buy Send an advisor
HDFC ERGO Insurance Company	There is a section FAQs on Motor Insurance, Home Insurance, Travel Insurance, Health Insurance, Personal Accident Insurance which gives details about the each policy
ICICI Lombard	A section with Insurance Information, Insurance Updates, Insurance videos, Insurance Infographic, Tools and Test, Glossary
IFFCO Tokio	There is a section FAQs for financial literacy on insurance.
Liberty Videocon General Insurance	There is a section FAQs for financial literacy on insurance.

Co Ltd	
L&T Insurance Company	There is a section FAQs for financial literacy on insurance. Apart from it, there is a section called Types of insurance, to provide details about all types of insurance. There is a link as consumer education website that directly links to IRDA http://www.policyholder.gov.in/
Magma HDI Insurance Company	There is a section called customer care with FAQs for financial literacy on insurance.
Raheja QBE Insurance Company	There is a section FAQs for financial literacy on insurance.
Reliance General Insurance	There is a section called insurance education which directly links to customer education website of IRDA at http://www.policyholder.gov.in/
Royal Sundaram Alliance General Insurance	There is a section called "Knowledge Center" with sub-sections such as Life Insurance Basics, Tax Savings Center, Policy Holder Protection, and Video Library.
Shriram Insurance Company	Created blog to provide insurance education and awareness related to insurance
SBI General Insurance Company	There is a section FAQs for financial literacy on insurance.
Tata AIG General	A customer information sheet is provided to download information relating to different types of insurance.
Universal Sampo Insurance Company	No such information in website about insurance education to customers except information about the products
<i>Source: Websites of individual insurance companies in India ; http://www.business-standard.com/article/finance/irda-insurers-launch-awareness-drive-114041900267_1.html, retrieved on 24th May 2015</i>	

Table XI Initiatives taken by Public Sector Life Insurance Companies towards Insurance Education

Insurance Company	Initiatives taken by Companies towards insurance Education
Life Insurance Corporation of India	There is a section "Know about your life insurance" Things you must know; What Is Life Insurance? Life Insurance Vs. Other Savings, Why life insurance, Why invest. Providing online training to insurance agents to understand LIC plans better and get tips to boost business.
<i>Source: Websites of individual insurance companies in India</i>	

Table XII Initiatives taken by Private Sector Life Insurance Companies towards insurance Education

Insurance Company	Initiatives taken by Companies towards insurance Education
AEGON Religare Life Insurance	They have maintained a section called "Insurance Basics" to provide information on insurance, tax planning, ULIP basics, health insurance basics
Aviva India	There is a section called insurance education which directly links to customer education website of IRDA at http://www.policyholder.gov.in/
Shriram life insurance	Created blog to provide insurance education and awareness related to insurance
Star Union Dai-ichi Life Insurance	No such initiatives found
TATA AIA Life Insurance	A section called as "Knowledge Center" with Glossory and FAQs
Bajaj Allianz Life Insurance	Campaign carried out on the social networking platforms such as Facebook and Twitter to educate people about unit-linked insurance policies. The campaign, carried out by the digital marketing team of Bajaj Allianz Life Insurance, was beyond just explaining product features.
BHARTI Axa life	Bharti AXA GI dedicate one day of the CR Week this year as "Risk Education

insurance company	Day". On this day we organize camps, in association with Concern India Foundation, where employees volunteered to conduct sensitization workshops that helped girls from underprivileged backgrounds to safeguard themselves against perils of society which included identifying a 'good touch' and a 'bad touch'.
Birla Sun Life Insurance	Vedios on insurance, section called "tools and knowledge" to provide information on life insurance
Canara HSBC Oriental Bank of Commerce Life Insurance Company Ltd	There is a section called customer service with section customer education and IRDA's Customer Education Website, Individual Plans, Group Plans, Tools & Calculator, Existing Customers, Fund Management, NRI Corner.
DHFL Pramerica life insurance	There is a section called insurance education which directly links to customer education website of IRDA at http://www.policyholder.gov.in/
Edelweiss Tokio Life Insurance Co. Ltd.	There is a section called insurance education which directly links to customer education website of IRDA at http://www.policyholder.gov.in/
Exide Life Insurance company Ltd	Creating stories to aware about the insurance products and other related information
Future Generali India Life Insurance Company Limited	Customer service to mange policies
HDFC Standard Life Insurance Company Limited	Knowledge Centre to help customer understand the basics of insurance and help you make an informed decision about buying a policy. It includes details on insurance concepts, jargons and helps you analyze plans for your various needs.
ICICI Prudential Life Insurance Company	Information center providing basics of insurance, IRDA customer education website
IDBI Federal Life Insurance	IRDA customer education website
IndiaFirst Life Insurance Company	Classroom with Basic Training, Advanced Training, Expert Training on insurance
Max Life Insurance	Max Life Insurance is sending awareness e-mailers to all customers. Further, they have also put up standees in all offices and also arranged for customer camps. A Max Life spokesperson said that the company has also used social media like Facebook and Twitter to drive the message of insurance effectively to the public.
Kotak Mahindra Old Mutual Life Insurance	A section called insurance guide with many sub-divisions on variety of insurance products.
PNB Metlife India Insurance Co. Ltd.	There is a section called insurance education which directly links to customer education website of IRDA at http://www.policyholder.gov.in/
Reliance Life Insurance	No such initiatives found except about the insurance products
Sahara India Life Insurance Co, Ltd.	No such initiatives found except about the insurance products
SBI Life Insurance Company	In their website there is a section called "Customer Education" to increase your awareness and knowledge about life insurance, so that you can take well informed decisions about your hard earned money. It includes 10 Most Important Things you should do before signing the proposal form; know Your Rights and Responsibilities; Be Alert. Be Safe, Life Insurance Dictionary, Educational Audio Visual (AV), Customer Newsletter, Namastey Life, Life Insurance Handbook by IRDA, Life Events and Stages.
<i>Source: Websites of indivisual insurance companies in India</i>	

Max Bupa, the health insurance company have a noble intention to educate consumers about health insurance and enlighten people about Medical Inflation. It also aims to educate

people about the significance of taking “adequate health coverage” for themselves and their families. It provides awareness through webinars and Google Hangouts. It has also launched a customer education campaign called “Satya Mythya Ki Paathshala” last year. It showcased two virtual characters Satya and Mythya to diminish confusion about health insurance among Indian consumers showing some virtual conversation between Satya and Mythya in Facebook and Twitter. Mythya propagates common myths about health insurance, while Satya busts them to guide customers in the right direction¹.

It is observed that insurance awareness, education, training was mostly given by IRDA rather than individual companies. Very few provide about the insurance details to people. It's the agent who serves as the representative of companies that guides people about individual policies. Public life insurers mostly train their agents about the insurance products to reach customers. Private insurers mostly maintain information in website.

- **Leverage**

Leverage shows the capital structure position and indicates about the solvency of insurers. In this section, it is measured through use of debt which is shown by amount of borrowing and also new policies. Amount of borrowings will show the debt burden while, new policies will show the earnings to reduce the amount of debt burden. The sum of borrowing taken by insurance industry so far is 17490 lakhs and new policies issued so far values 4688.79 lakhs. Highest amount of borrowing was taken in 2008-09 and highest value of policies taken in 2009-10. Since 2009-10 the amount of borrowing is reducing, it indicates the solvency position of the insurance companies is improving. It indicates they have enough strength to meet the claims of policyholders. In 2010-11 though borrowing reduced but along with it the rate of new policies also reduced. From 2005-06 to 2009-10 there is positive increase in new policies which indicates that it will give them higher return thus reducing the borrowings.

Table XIII Borrowing and New policies Issued by Life Insurers

Year	Borrowings (in lakhs)	New Policies Issued (in lakhs)
2001-02	509	-
2002-03	628	-
2003-04	760	286.27
2004-05	1055	262.11
2005-06	815	354.62
2006-07	861	461.52
2007-08	3605	508.74
2008-09	3948	509.24

¹ Source: http://www.business-standard.com/article/finance/irda-insurers-launch-awareness-drive-114041900267_1.html retrieved on 24th may 2015.

2009-10	3278	532.25
2010-11	1609	481.52
2011-12	799	441.93
2012-13	132	441.87
2013-14	-	408.72
<i>Source: Compiled from Annual reports of IRDA of different years</i>		
<i>Note : The proxy for Use of Debt is Borrowings;</i>		
<i>the proxy for Writing More Insurance Policies is New policies issued</i>		

- **Operating expenses**

Operating expenses are incurred in the daily or normal business transactions. Low operating expenses will indicate that the management of the company is performing well and the firm has better ability to compete with its competitors. Public firms both in life and non-life insurance sector have higher operating expenses compared to private insurers. 2009-10 the life insurers in public sector have lower share of operating expenses compared to private life insurers. But the opposite happened in the non-life insurance sector. The reason for higher operating expenses in public sector is because of various IRDA compliance in maintaining statutory requirements in management of business.

Table XIV Operating Expenses of Life and Non-Life Insurers

Year	Life insurers			Non-Life Insurers		
	Public	Private	Total	Public	Private	Total
2003-04	5186.498 (79%)	1402.444 (21%)	6588.942 (100%)	3647.68 (88%)	495.1666 (12%)	4142.847 (100%)
2004-05	6241.261 (74%)	2229.468 (26%)	8470.729 (100%)	3640.309 (84%)	691.9826 (16%)	4332.292 (100%)
2005-06	6041.554 (63%)	3568.14 (37%)	9609.694 (100%)	4016.921 (79%)	1060.515 (21%)	5077.436 (100%)
2006-07	7085.84 (52%)	6500.01 (48%)	13585.85 (100%)	3606.74 (68%)	1700.15 (32%)	5306.89 (100%)
2007-08	8309.32 (41%)	12032.46 (59%)	20341.78 (100%)	3652.96 (60%)	2482.3 (40%)	6135.27 (100%)
2008-09	9064.29 (35%)	16763.03 (65%)	25827.32 (100%)	4347.21 (59%)	3019.88 (41%)	7367.09 (100%)
2009-10	12245.82 (43%)	16561.11 (57%)	28806.93 (100%)	5262.59 (63%)	3129.61 (37%)	8392.2 (100%)
2010-11	16980.28 (52%)	15962.02 (48%)	32942.3 (100%)	6688.6 (63%)	3931.88 (37%)	10620.48 (100%)
2011-12	14914.4 (50%)	14760.19 (50%)	29674.59 (100%)	6563 (59%)	4609 (41%)	11172 (100%)
2012-13	16707.66 (53%)	14844.7 (47%)	31552.37 (100%)	7791 (59%)	5516 (41%)	13307 (100%)
2013-14	20277.88 (58%)	14773.88 (42%)	35051.76 (100%)	8791 (58%)	6327 (42%)	15118 (100%)
<i>Source: Compiled from Annual reports of IRDA of different years</i>						
<i>Note: Values are given in INR Crore, LIC is the only public life insurers</i>						

b) Distribution of Offices of Life Insurers

Table XV Distribution of Offices of Life Insurers

Year	Insurer	Metro	Urban	Semi Urban	Others	Total
2014	Private	676	1926	-	3591	6193 (56%)
	Public	372	617	-	3850	4839 (44%)
	Industry	1048	2543	-	7441	11032 (100%)
2013	Private	703	1519	-	4537	6759 (66%)
	Public	368	614	-	2544	3526 (34%)
	Industry	1071	2133	-	7081	10185 (100%)
2012	Private	741	1393	3822	1756	7712 (69%)
	Public	365	563	970	1557	3455 (31%)
	Industry	1106	1956	4792	3313	11167 (100%)
2011	Private	769	1428	3715	2263	8175 (71%)
	Public	363	560	953	1495	3371 (29%)
	Industry	1132	1988	4668	3758	11546 (100%)
2010	Private	897	1555	3607	2709	8768 (74%)
	Public	347	550	923	1430	3250 (26%)
	Industry	1244	2105	4530	4139	12018 (100%)
2009	Private	927	1594	3603	2661	8785 (72%)
	Public	338	529	910	1253	3030 (28%)
	Industry	1265	2123	4513	3914	11815 (100%)
2008	Private	628	1169	2692	1902	6391 (57%)
	Public	311	468	848	895	2522 (43%)
	Industry	939	1637	3540	2797	8913 (100%)
2007	Private	316	848	1362	546	3072 (57%)
	Public	233	499	797	772	2301 (43%)
	Industry	549	1347	2159	1318	5373 (100%)
2006	Private	-	-	-	-	1645 (43%)
	Public	-	-	-	-	2220 (47%)
	Industry	-	-	-	-	3865 (100%)

Source: Compiled from Annual reports of IRDA of different years

Note: Data are not available for the blank values since the annual reports shows there was no classification of semi urban in that year. LIC is the only public life insurer

Table XV shows the Distribution of Offices of Life Insurers in metros, Urban and semi urban areas. In different years, it shows the spread of offices is more among the private sector in comparison to public sector. The distribution of offices around the country is more among the private players.

c) Reinsurance

Reinsurance Ceded is that portion of risk that a primary insurer passes to a reinsurer. Reinsurance ceded allows the primary insurer (the ceding company) to reduce its risk exposure to an insurance policy by passing that risk onto another company (the accepting company), with the accepting company receiving a premium for taking on the risk. The accepting company pays a commission to the ceding company on the reinsurance ceded, and the ceding company can recover part of any claim from the accepting company². From 2001-02 to 2003-04, the percentage of Total Reinsurance Ceded was higher in case of public insurer compared to private insurer. Later on after 2005-06 till 2013-14, the percentage of Total Reinsurance Ceded is higher in private sector life insurer than public life insurer.

Table XVI Retention Ratio in case of life insurers

Year	Public Insurer		Private Insurers		Total
	Reinsurance Ceded (In Rs crore)	% of Total Reinsurance Ceded	Reinsurance Ceded (In Rs crore)	% of Total Reinsurance Ceded	Reinsurance Ceded (In Rs crore)
2001-02	16.76	82%	3.64	18%	20.4
2002-03	27.94	68%	13.33	32%	41.27
2003-04	38.31	54%	32.54	46%	70.85
2004-05	42.95	40%	64.79	60%	107.74
2005-06	34.54	25%	101.71	75%	136.25
2006-07	41.67	21%	160.05	79%	201.72
2007-08	87.95	28%	231.23	72%	319.18
2008-09	100.91	24%	325	76%	425.91
2009-10	95	19%	407	81%	502
2010-11	119	19%	507	81%	626
2011-12	85	11%	679	89%	764
2012-13	214	21%	822	79%	1036
2013-14	144	13%	949	87%	1093
<i>Source: Compiled from Annual reports of IRDA of different years Note Public life insurer is LIC</i>					

d) Bancassurance

² The definition taken from <http://www.investopedia.com/terms/r/reinsurance-ceded.asp>, retrieved on 24th May 2015

Bancassurance means selling insurance product through distribution channels of banks. Banks and insurance company come up in a partnership wherein the bank sells the tied insurance company's insurance products to its clients. Bancassurance arrangement benefits both the firms. On the one hand, the bank earns fee amount (non-interest income) from the insurance company apart from the interest income whereas on the other hand, the insurance firm increases its market reach and customers. The bank acts as an intermediary, helping insurance firm reach its target customer in order to increase its market share³. Table XVII shows the acquisition of bank's shares by insurance companies and Table XVIII shows the acquisition of insurance company's shares by bank. It is found that most of the deals were done by the public life insurer LIC with different banks. Private Banks have are less involved in Bancassurance strategy.

Table XVII Acquisition of bank's shares by insurance companies

Acquirer	Target	Date	Price/Cost swap ratio
Alliance Capital, Birla Sun Life, Prudential Icici, & Others	I N G Vysya Bank Ltd.	14-Aug-02	29.38
Bajaj Allianz Life Insurance Co. Ltd.	Yes Bank Ltd.	26-Apr-12	89.99
Larsen & Turbo Ltd, Life Insurance Corporation Of India & Others	City Union Bank Ltd.	8-Oct-07	125.44
Lic, Gic, New India Assurance Co & Others	Axis Bank Ltd.	1-Mar-02	45.2
Life Insurance Corpn. Of India	Corporation Bank	7-Jun-01	459.42
Life Insurance Corpn. Of India	Oriental Bank Of Commerce	2-Aug-01	0
Life Insurance Corpn. Of India	Oriental Bank Of Commerce	2-Aug-01	0
Life Insurance Corpn. Of India	Axis Bank Ltd.	4-Mar-03	78.66
Life Insurance Corpn. Of India	Dena Bank	7-Feb-12	30-May-00
Life Insurance Corpn. Of India	Union Bank Of India	15-Feb-12	650.3
Life Insurance Corpn. Of India	Union Bank Of India	15-Feb-12	650.3
Life Insurance Corpn. Of India	Punjab & Sind Bank	16-Feb-12	95.3
Life Insurance Corpn. Of India	Bank Of India	21-Feb-12	1,037.45
Life Insurance Corpn. Of India	Syndicate Bank	21-Feb-12	327.2
Life Insurance Corpn. Of India	UCO Bank	21-Feb-12	258.81
Life Insurance Corpn. Of India	Syndicate Bank	21-Feb-12	327.2
Life Insurance Corpn. Of India	Allahabad Bank	22-Feb-12	459.4
Life Insurance Corpn. Of India	Punjab National Bank	22-Feb-12	1,589.90
Life Insurance Corpn. Of India	Vijaya Bank	23-Feb-12	147
Life Insurance Corpn. Of India	United Bank Of India	24-Feb-12	132.19
Life Insurance Corpn. Of India	Bank Of Maharashtra	27-Feb-12	135.09
Life Insurance Corpn. Of India	Bank Of Baroda	27-Feb-12	1,644.68

³The definition taken from <http://economictimes.indiatimes.com/definition/bancassurance> retrieved on 24th May 2015

Acquirer	Target	Date	Price/Cost swap ratio
Life Insurance Corpn. Of India	Central Bank Of India	1-Mar-12	269.3
Life Insurance Corpn. Of India	I D B I Bank Ltd.	2-Mar-12	378.51
Life Insurance Corpn. Of India	I D B I Bank Ltd.	2-Mar-12	378.51
Life Insurance Corpn. Of India	United Bank Of India	20-May-13	300
Life Insurance Corpn. Of India	Indian Overseas Bank	12-Nov-13	398.04
Life Insurance Corpn. Of India	Axis Bank Ltd.	21-Mar-14	1,122.37
Life Insurance Corpn. Of India	Central Bank Of India	12-Jun-14	581.61
Standard Life Assurance Co, Up	H D F C Bank Ltd.	3-Dec-99	0
Source: CMIE Prowess Database			

Table XVIII Acquisition of insurance companies shares by bank

Target company	Acquirer	Date	Price/Cost swap ratio
Max Life Insurance Co. Ltd.	Axis Bank Ltd.	12-May-11	72
Source: CMIE Prowess Database			

e) Market share of Life insurers

The market share of life insurers are seen in different section in terms of Regular Premium, Single Premium, First Year Premium, Renewal Premium and Total Premium.

Table XIX Market share of Life insurers

Year	Regular Premium		Single Premium		First Year Premium		Renewal Premium		Total Premium	
	PSU	PS	PSU	PS	PSU	PS	PSU	PS	LIC	PS
2003-04	NA	NA	87.67	12.33	87.67	12.33	98.55	1.45	95.32	4.68
2004-05	NA	NA	78.78	21.22	78.78	21.22	96.18	3.82	90.67	9.33
2005-06	64.59	35.41	84.45	15.55	64.52	35.48	92.82	7.18	85.75	14.25
2006-07	65.89	34.11	87.04	12.96	74.35	25.65	89.03	10.97	81.92	18.08
2007-08	47.77	52.23	86.99	13.01	64.02	35.98	83.42	16.58	74.39	25.61
2008-09	38.43	61.57	90.7	9.3	60.89	39.11	77.43	22.57	70.92	29.08
2009-10	43.13	56.87	92.19	7.81	65.08	34.92	73.64	26.36	70.1	29.9
2010-11	56.73	43.27	81.26	18.74	68.85	31.15	70.49	29.51	69.78	30.22
2011-12	64.58	35.42	80.58	19.42	71.85	28.15	69.91	30.09	70.68	29.32
2012-13	58.08	41.92	83.92	16.08	71.36	28.64	73.5	26.5	72.7	27.3
2013-14	60.56	39.44	87.09	12.91	75.47	24.53	75.34	24.66	75.39	24.61
<i>Note: PSU refers to public sector insurance company (LIC) and PS refers to Private sector</i> <i>Source: Compiled from Annual reports of IRDA of different years</i>										

Table XIX shows the Market share of Life insurers. In all segment the market share of public sector life insurer is higher. It shows that LIC, the only life insurer in public sector is dominating the insurance market in India.

f) Incurred Claims ratio

Incurred Claims ratio is the ratio of all paid claims versus all paid premiums of an issued insurance policy for a particular account. It is sometimes called Combined Ratio that is total amount of paid claims /total amount of premium⁴. Table XX shows the Incurred Claims Ratio of Non-Life Insurers (per cent). From 2001-02 till 2006-07 the percentage share of Incurred Claims Ratio of Non-Life Insurers was higher for public sector than private sector. But in 2007-08 and 2008-09 the percentage share of Incurred Claims Ratio of Non-Life Insurers was higher for private firms than the public firms. Later, so same situation is observed when the total of fire, marine and other segments taken.

Table XX Incurred Claims Ratio of Non-Life Insurers (per cent)

Segment	Year	Fire	Marine	Miscellaneous			Total
				Motor	Health	Others	
Public Sector	2001-02	36.6	64.5	105.9			87.1
Private Sector	2001-02	30.82	36.46	39.62			38.71
Public Sector	2002-03	48.1	67.2	89.6			80.2
Private Sector	2002-03	22	66	56			52
Public Sector	2003-04	30.6	59.77	93.91			81.75
Private Sector	2003-04	27.18	81.89	53.03			50.97
Public Sector	2004-05	39.72	62.81	92.34			81.63
Private Sector	2004-05	37.91	87.82	50.75			51.16
Public Sector	2005-06	65.14	67.67	109.43	153.89	49.52	92.44
Private Sector	2005-06	61.48	116.75	62.71	94.63	53.37	68.03
Public Sector	2006-07	60.81	80.5	92.25	157.79	53.93	85.22
Private Sector	2006-07	43.92	112.57	64.28	103.42	47.11	68.02
Public Sector	2007-08	50.69	100.32	71.95	94.84	46.03	72.23
Private Sector	2007-08	72.28	82.68	104.76	112.36	54.13	90.43
Public Sector	2008-09	74.97	109.02	75.64	85.33	59.11	76.84
Private Sector	2008-09	75.86	101.05	98.9	116.6	52.69	91.3
Public Sector	2009-10	81.1	75.5	87.84	119.85	56.59	88.27
Private Sector	2009-10	72.79	86.4	80.42	92.22	56.81	80.79
Public Sector	2010-11	87.86	92.89	111.1	106.31	58.11	97.03
Private Sector	2010-11	75.16	82.12	93.7	85.15	49.76	86.9
Public Sector	2011-12	67.06	82.07	97.62	77.93	50.31	88.26
Private Sector	2011-12	101.45	84.32	92.41	100.28	55.58	89.27
Public Sector	2012-13	52.46	76.88	81.26	79.08	55.47	79.56
Private Sector	2012-13	71.55	60.39	92.86	103.21	46.39	84.79
Public Sector	2013-14	80.39	59.3	77.51	106.19	64.55	83.2
Private Sector	2013-14	55.45	71.24	81.4	87.62	63	79.58

Source: Compiled from Annual reports of IRDA of different years

⁴ The definition taken from <http://www.bayt.com/en/specialties/q/31596/what-is-incurred-claims-ratio-how-is-it-important-for-calculating-the-renewable-premium-how-is-it-different-from-claims-intimated-and-claims-paid/>, retrieved on 24th May 2015.

g) Investment performance

The investment performance is measured through investment income. Table XXI shows the Investment Income of Non-Life Insurers. It is found that the public sector have always higher investment income that the private sector.

Table XXI Investment Income of Non-Life Insurers

Year	Public sector	Private sector	Total
2003-04	NA	NA	NA
2004-05	NA	NA	NA
2005-06	5610.63 (95%)	269.47 (5%)	5880.1 (100%)
2006-07	5784.23 (93%)	415.04 (7%)	6199.27 (100%)
2007-08	6241.51 (89%)	742.05 (11%)	6983 .56 (100%)
2008-09	4799.78 (81%)	1091.2 (19%)	5890.98 (100%)
2009-10	6347.27 (83%)	1340.67 (17%)	7687.94 (100%)
2010-11	7842.2 (84%)	1539. 63 (16%)	9381.83 (100%)
2011-12	7424.26 (78%)	2083.65 (22%)	9507.91 (100%)
2012-13	8610.52 (74%)	2991.09 (26%)	11601.6 (100%)
2013-14	9394.63 (70%)	3982.36 (30%)	13376.98 (100%)

Source: Compiled from Annual reports of IRDA of different years

h) Premium growth:

This is a measure of market potential characterized by rapid premium volume increases. Underwriting income forms a key element of any insurer's operating income. It is measured using the combined ratio (ratio of incurred losses to earned premium plus incurred expenses to written premium). Premium underwritten by life insurers is observed taking into account First Year Premium, Renewal Premium, Single Premium, Regular Premium and Total Premium of public and private sector firms in life insurance segment. In case of first year premium,

Table XXII Premium underwritten by life insurers

Year	First Year Premium			Renewal Premium			Single Premium			Regular Premium			Total Premium		
	Public Sector	Private Sector	Total	Public Sector	Private Sector	Total	Public Sector	Private Sector	Total	Public Sector	Private Sector	Total	Public Sector	Private Sector	Total
2003-04	17347.62 (88%)	2440.71 (12%)	19788.32 (100%)	46185.81 (99%)	679.62 (1%)	46865.43 (100%)	17347.62 (88%)	2440.71 (12%)	19788.32 (100%)	46185.81 (99%)	679.62 (1%)	46865.43 (100%)	63533.43 (95%)	3120.33 (5%)	66653.75 (100%)
2004-05	11658.24 (73%)	4223.09 (27%)	15881.33 (100%)	54474.23 (96%)	2162.93 (4%)	56637.16 (100%)	8994.82 (87%)	1341.48 (13%)	10336.31 (100%)	54474.23 (96%)	2162.93 (4%)	56637.16 (100%)	75127.29 (91%)	7727.51 (9%)	82854.80 (100%)
2005-06	13728.03 (65%)	7547.73 (35%)	21275.76 (100%)	62276.35 (93%)	4813.87 (7%)	67090.22 (100%)	14787.84 (84%)	2742.78 (16%)	17530.62 (100%)	13728.03 (65%)	7526.88 (35%)	21254.91 (100%)	90792.22 (86%)	15083.53 (14%)	105875.76 (100%)
2006-07	56223.56 (74%)	19393.69 (26%)	75617.25 (100%)	71599.27 (89%)	8825.05 (11%)	80424.33 (100%)	26337.21 (87%)	3921.10 (13%)	30258.32 (100%)	29886.34 (66%)	15472.58 (34%)	45358.93 (100%)	127822.84 (82%)	28218.75 (18%)	156041.59 (100%)
2007-08	59996.57 (64%)	33715.95 (36%)	93712.52 (100%)	89793.42 (83%)	17845.47 (17%)	107638.89 (100%)	33774.56 (87%)	5049.80 (13%)	38824.36 (100%)	26222.00 (48%)	28666.15 (52%)	54888.16 (100%)	149789.99 (74%)	51561.42 (26%)	201351.41 (100%)
2008-09	53179.08 (61%)	33827.15 (39%)	87006.23 (100%)	104108.96 (77%)	30676.07 (23%)	134786.61 (100%)	34038.47 (90%)	3597.20 (10%)	37635.67 (100%)	19140.61 (39%)	30229.95 (61%)	49370.56 (100%)	157288.04 (71%)	64503.22 (29%)	221791.26 (100%)
2009-10	71521.90 (65%)	38372.01 (35%)	109893.91 (100%)	114555.41 (104%)	38372.01 (35%)	109893.91 (100%)	45337.42 (92%)	3842.34 (8%)	49179.76 (100%)	26184.48 (43%)	34529.67 (57%)	60714.15 (100%)	186077.31 (70%)	79369.94 (30%)	265447.25 (100%)
2010-11	87012.35 (69%)	39368.65 (31%)	126381.00 (100%)	116461.05 (70%)	48762.94 (30%)	165223.99 (100%)	50746.99 (81%)	11704.46 (19%)	62451.45 (100%)	36265.36 (57%)	27664.19 (43%)	63929.55 (100%)	203473.40 (70%)	88131.60 (30%)	291604.99 (100%)
2011-12	81862.25 (72%)	32079.92 (28%)	113942.17 (100%)	121027.03 (70%)	52102.91 (30%)	173129.94 (100%)	41667.71 (81%)	10039.14 (19%)	51706.85 (100%)	40194.54 (65%)	22040.78 (35%)	62235.32 (100%)	202889.28 (71%)	84182.83 (29%)	287072.11 (100%)
2012-13	76611.50 (71%)	30749.58 (29%)	107361.08 (100%)	132192.08 (74%)	47649.33 (26%)	179841.41 (100%)	46297.98 (84%)	8915.05 (16%)	55213.03 (100%)	30313.52 (58%)	21834.53 (42%)	52148.05 (100%)	208803.58 (73%)	78398.91 (27%)	287202.49 (100%)
2013-14	90808.79 (75%)	29510.87 (25%)	120319.66 (100%)	146133.51 (75%)	47830.02 (25%)	193963.54 (100%)	58904.30 (87%)	8730.05 (13%)	67634.34 (100%)	31904.49 (61%)	20780.83 (39%)	52685.32 (100%)	236942.30 (75%)	77340.90 (25%)	314283.20 (100%)

Note: Values are in Rupees Crore. 1 crore =10 million. For 2003-04 the values given are in first year premium is "First year premium including Single premium". For 2003-04 the values given are in Single premium is "First year premium including Single premium". For this year the values are not available separately. Lic is the only life insurer in India under public sector.

Source: Compiled from Annual reports of IRDA of different years

i) Customer Service and Satisfaction

Table XXIII Status of Grievances of Life Insurers

STATUS OF GRIEVANCES : LIFE INSURERS DURING 2013-14			
Insurer	Public	Private	Total
Outstanding as on 31st March, 2013	544	680	1224
Grievances Reported during 2013-14	85284	289336	374620
Resolved during 2013-14	85828	288836	374664
Outstanding as on 31st March, 2014	0	1180	1180
STATUS OF GRIEVANCES - LIFE INSURERS DURING 2012-13			
Insurer	Public	Private	Total
Outstanding as on 31st March, 2012	165	1117	1282
Grievances Reported during 2012-13	73034	267978	341012
Resolved during 2012-13	72655	268415	341070
Outstanding as on 31st March, 2013	544	680	1224
STATUS OF GRIEVANCES - LIFE INSURERS DURING 2011-12			
Insurer	Public	Private	Total
Outstanding as on 31st March, 2011			
Grievances Reported during 2011-12	52300	257313	309613
Grievances Resolved during 2011-12	52135	256196	308331
Outstanding as on 31st March, 2012	165	1117	1282
STATUS OF GRIEVANCES - LIFE INSURERS DURING 2010-11			
Insurer	Public	Private	Total
Outstanding as on 31st March, 2010	150	245	395
Grievances Reported during 2010-11	2588	7068	9656
Grievances Resolved during 2010-11	2672	7125	9797
Outstanding as on 31st March, 2011	66	188	254
STATUS OF GRIEVANCES - LIFE INSURERS DURING 2009-10			
Insurer	Public	Private	Total
Outstanding as on 31st March, 2009	186	272	458
Grievances Reported during 2009-10	606	1843	2449
Grievances Resolved during 2009-10	642	1870	2512
Outstanding as on 31st March, 2010	150	245	395
Status of Grievances -Life Insurers April-June 2010			
Insurer	Public	Private	Total
Outstanding as on 31st March, 2010	150	245	395
Grievances Reported during 2010-11	246	662	908
Grievances Resolved during 2010-11	141	152	293
Outstanding as on 31st March, 2011	255	755	1010
STATUS OF GRIEVANCES - LIFE INSURERS DURING 2008-09			
Insurer	Public	Private	Total
Outstanding as on 31st March, 2008	685	332	1017
Grievances Reported during 2008-09	481	1313	1794
Total No of Complaints as on 31st March 2009	1166	1645	2811
Grievances Resolved during 2008-09	980	1373	2353

Outstanding as on 31st March, 2009	186	272	458
STATUS OF GRIEVANCES - LIFE INSURERS DURING 2007-08			
Insurer	Public	Private	Total
Outstanding as on 31st March, 2007	197	102	299
Grievances Reported during 2007-08	651	1406	2057
Total No of Complaints as on 31st March 2008	848	1508	2356
Grievances Resolved during 2007-08	80	1100	1180
Outstanding as on 31st March, 2008	571	306	877
STATUS OF GRIEVANCES - LIFE INSURERS DURING 2006-07			
Insurer	Public	Private	TOTAL
Outstanding as on 31st March, 2006	1376	403	1779
Grievances Reported during 2006-07	354	507	861
Total No of Complaints as on 31st March 2007	1730	910	2640
Grievances Resolved during 2006-07	1533	808	2341
Outstanding as on 31st March, 2007	197	102	299
STATUS OF GRIEVANCES- LIFE INSURERS DURING 2005-06			
Insurer	Public	Private	Total
Total grievances As on 31st March,2005	992	133	1125
Reported during current year	851	540	1391
Total	1843	673	2516
Break up according to nature of grievances			
Resolved during the year	467	270	737
Non-settlement / delay in settlement of claim	109	36	145
Repudiation / partial settlement of claim	212	92	304
Policy issues (non-renewal / cancellation / non-issuance / other issues related to policy)	590	157	747
Other reasons	465	118	583
STATUS OF GRIEVANCES — NON-LIFE INSURERS (2004- 05)			
Insurer	Public	Private	Total
Outstanding as on 31st March, 2004	498	36	534
Grievances Reported during 2004-05	704	195	899
Total No of Complaints as on 31st March 2004	1202	231	1433
Grievances Resolved during 2004-05	210	98	308
Outstanding as on 31st March, 2005	992	133	1125
Break up of outstanding grievances according to nature of grievances			
Policy related issues	78	18	96
Non-settlement / delay in settlement of claim	160	27	187
Repudiation / partial settlement of claim	445	56	501
Other reasons	309	32	341

There is less no of grievances in public insurance. It shows that life insurers in public sector are providing better customer satisfaction that private sector.

j) Commission Expenses

Table XXIV Commission Expenses of Life Insurers

Year	Regular Premium Commission			First Year Commission			Single Premium			Renewal Commission			Total Commission		
	Public	Private Sector	Total	Public	Private Sector	Total	Public	Private Sector	Total	Public	Private Sector	Total	Public	Private Sector	Total
2003-04	-	-	-	3073.42 (89%)	381.62 (11%)	3455.04 (100%)	-	-	-	2669.50 (99%)	33.79 (1%)	2703.29 (100%)	5742.92 (93%)	415.42 (7%)	6158.33 (100%)
2004-05	-	-	-	3111.61 (80%)	760.37 (20%)	3871.98 (100%)	83.04 (86%)	13.14 (14%)	96.19 (100%)	3091.62 (97%)	94.36 (3%)	3185.98 (100%)	6203.23 (88)	854.73 (12%)	7057.96 (100%)
2005-06	3468.25 (72%)	1333.57 (28%)	4801.83 (100%)	3468.25 (72%)	1323.57 (28%)	4791.82 (85%)	162.09 (15%)	29.03 (85%)	191.12 (100%)	3469.85 (95%)	190.50 (5%)	3660.36 (100%)	7100.19 (82%)	1543.11 (18%)	8643.30 (100%)
2006-07	4792.32 (63%)	2760.17 (37%)	7552.50 (100%)	5203.75 (65%)	2802.69 (35%)	8006.44 (100%)	411.42 (91%)	42.51 (9%)	453.94 (100%)	3969.82 (93%)	306.96 (7%)	4276.79 (100%)	9173.58 (75%)	3109.65 (25%)	12283.24 (100%)
2007-08	4459.48 (50%)	4460.49 (50%)	8919.97 (100%)	4963.81 (52%)	4511.15 (48%)	9474.95 (100%)	504.33 (91%)	50.65 (9%)	554.98 (100%)	4650.89 (89%)	578.46 (11%)	5229.35 (100%)	9614.69 (65%)	5089.61 (35%)	14704.30 (100%)
2008-09	4350.91 (49%)	4559.30 (51%)	8910.21 (100%)	4783.72 (51%)	4597.11 (49%)	9380.83 (100%)	432.81 (92%)	37.81 (8%)	470.62 (100%)	5271.37 (86%)	880.78 (14%)	6152.15 (100%)	10055.09 (65%)	5477.89 (35%)	15532.98 (100%)
2009-10	6100.48 (56%)	4863.22 (44%)	10963.70 (100%)	6626.85 (57%)	4911.64 (43%)	11538.49 (100%)	526.38 (92%)	48.41 (8%)	574.79 (100%)	5505.71 (84%)	1030.42 (16%)	6536.13 (100%)	12132.56 (67%)	5942.06 (33%)	18074.62 (100%)
2010-11	6839.06 (65%)	3705.29 (35%)	10544.35 (100%)	7391.25 (66%)	3849.75 (34%)	11241.00 (100%)	552.19 (79%)	144.46 (21%)	696.66 (100%)	5956.04 (84%)	1132.28 (16%)	7088.32 (100%)	13347.29 (73%)	4982.03 (27%)	18329.32 (100%)
2011-12	7716.24 (70%)	3242.80 (30%)	10959.04 (100%)	7986.53 (71%)	3337.44 (29%)	11323.97 (100%)	270.28 (74%)	94.64 (26%)	364.92 (100%)	6076.53 (84%)	1120.62 (16%)	7197.15 (100%)	14063.06 (76%)	4458.05 (24%)	18521.11 (100%)
2012-13	7707.36 (69%)	3412.85 (31%)	11120.21 (100%)	7985.82 (70%)	3478.00 (30%)	11463.82 (100%)	278.46 (81%)	65.16 (19%)	343.62 (100%)	6804.44 (87%)	993.19 (13%)	7797.63 (100%)	14790.26 (77%)	4471.19 (23%)	19261.45 (100%)
2013-14	8458.94 (74%)	3040.13 (26%)	11499.07 (100%)	8756.26 (74%)	3082.70 (26%)	11838.97 (100%)	297.33 (87%)	42.57 (13%)	339.90 (100%)	8006.62 (89%)	1000.79 (11%)	9007.41 (100%)	16762.88 (80%)	4083.49 (20%)	20846.37 (100%)

Aount here are in Indian Rupees crore, Lic is the one public life insurer in Indian insurance industry
Source: Complied from Annual reports of IRDA of different years

Table XXIV shows the Commission Expenses of Life Insurers. When observed the total premium, the commission expenses of life insurers are higher in case of public firms than the private firms. The same is the situation for the renewal commission, regular premium commission and first year premium. In case of single premium, except for the year 2005-06, the Commission Expenses of Life Insurers is higher in case of public sector firms than the private sector firms.

1) Concluding Remarks

Opening of the market and insurance sector for the private and foreign players has definitely brought in noticeable changes in the insurance industries in India. It has challenged the hegemony of LIC in life insurance and the GIC and its subsidiaries in the non-life insurance sector. Market share of these two Government behemoths have also dropped but not as expected. The global financial crisis has reverted the trend and the market share of these companies almost remains unchallenged, even today. Private players are doing their bit in terms of bringing in professionalism, technology, range of products and the operational efficiency yet it has not reached anywhere near the global standard. Unlike the developed and other emerging economies, there is dominance of life than non-life insurance in India which needs to be reversed to make it on par with other Asian peers, let alone the Western counterparts. Moreover, the professionalism and customer centric approach of the private players is yet to bring in substantial revenue and break the hegemony of LIC and GIC. People still trust the Government companies over private players in India. This is due to the after sale service and too much of profit oriented approach of the existing private players. Therefore, they must also focus on their role and commitment towards the society to have their own space and make the co-existence a reality. They must win back the confidence of the public and their business has to be for the public welfare and not other way round. They must also bring in attitudinal change and manner in which they operate their business.

Overall analysis data and review of past literature shows that though we have progressed yet there is dominance of LIC in life insurance and the private players in the non-life segment. Though having growth and business potential, we are yet to have the specialists in health insurance. Need of the hour is to have systemic solutions that will strengthen the market and benefit the society than having fire fighting approaches that are half baked and lack spirit. Problem of under and inadequate insurance needs to be addressed in a war footing manner to derive the full potential of the insurance which can provide social safety net to the people in particular and liquidity to the nation in general. The future growth of life insurance depends upon the products that provide pure protection, have variety to choose from, easy to understand and customer centric with focus on the continuous improvement in its services. Since the flow of amount to insurance is linked to the household savings, innovative distribution channels are a must for the increased penetration into rural areas and deeper markets.

This paper investigated the performance corresponding to the parameters relevant to insurance industry. This paper developed a comparative framework that can compare between the status of public and private insurance companies currently involved in doing insurance business in India. In life and non-life insurance, public sector firm is doing better

than the private sector insurance firm. It may be because of their dominance in market and reliability of customers on the public firms.

This study has some practical implications because it helps the policy makers to identify the type of insurance companies doing or not doing well in insurance market. The findings of present study will help policy formulators in bringing needed modifications to the existing policy and provisions which may further accelerate the industry.

This work can be extended in three directions. The first extension of this work will be sector specific. Comparative analysis of private and public insurance companies in India can be done for life insurance and non-life insurance products or services. A similar extension can be done in context of Asian countries. Lastly, another extension can be done on new attributes of comparison which may be different from this study.

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Appendix Details of Insurance Companies in India

Appendix a List of Public Sector General Insurance Companies in India

Name of Insurance company
Agriculture Insurance Company of India Ltd.
National Insurance Company
New India Assurance comp. Ltd.
The Oriental Insurance Company
United India Insurance Comp. Ltd.123
Bharati AXA Insurance Company
Bajaj Allianz General Insurance Company
Cholamandalam MS General Insurance Company
Future Generali Insurance Company
HDFC ERGO Insurance Company
ICICI Lombard
IFFCO Tokio
Liberty Videocon General Insurance Co Ltd
L&T Insurance Company
Magma HDI Insurance Company
Raheja QBE Insurance Company
Reliance General Insurance
Royal Sundaram Alliance General Insurance
Shriram Insurance Company
SBI General Insurance Company
Tata AIG General
Universal Sampo Insurance Company
<i>Source: http://en.wikipedia.org/wiki/List_of_insurance_companies_in_India, retrieved on May 24 2015.</i>

Appendix B Public Sector Life Insurance Companies

Name of Insurance company
Life Insurance Corporation of India
<i>Source: http://en.wikipedia.org/wiki/List_of_insurance_companies_in_India, retrieved on May 24 2015.</i>

Appendix C Private Sector Life Insurance Companies

Name of Insurance company
AEGON Religare Life Insurance
Aviva India
Shriram life insurance
Star Union Dai-ichi Life Insurance
TATA AIA Life Insurance
Bajaj Allianz Life Insurance
BHARTI Axa life insurance company
Birla Sun Life Insurance
Canara HSBC Oriental Bank of Commerce Life Insurance Company Ltd
DHFL Primerica life insurance
Edelweiss Tokio Life Insurance Co. Ltd.
Exide Life Insurance company Ltd
Future Generali India Life Insurance Company Limited
HDFC Standard Life Insurance Company Limited
ICICI Prudential Life Insurance Company
IDBI Federal Life Insurance
IndiaFirst Life Insurance Company
Max Life Insurance
Kotak Mahindra Old Mutual Life Insurance
PNB Metlife India Insurance Co. Ltd.
Reliance Life Insurance
Sahara India Life Insurance Co, Ltd.
SBI Life Insurance Company
<i>Source: http://en.wikipedia.org/wiki/List_of_insurance_companies_in_India, retrieved on May 24 2015.</i>