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BUSINESS PERFORMANCE OF LIFE INSURANCE CORPORATION OF INDIA

Dr. Shinie Poullose,

Associate Professor,

Department of Commerce,

P.K.R Arts College For Women

Ms. R.Sara Hingis,

Assistant Professor,

Department of Commerce,

P.K.R Arts College For Women

Abstract: This paper analyses the Business performance of LIC for a period of ten years from 2011-2012 to 2020-2021. For the purpose of analysis, various tools like Mean, Standard Deviation, Co-efficient of variation, Annual growth rate, Compound Growth rate have been used. Analysis shows that New Business Individual (Number of Policies, Sum Assured) Business in Force (Number of Policies, Sum Assured) and First Insurance. Growth Rate of Sum Assured in New Business and Business in Force are in upward trend from 2014-2015 to 2019-2020.

Keywords: New Business Performance, Business in force, First Insurance.

INTRODUCTION

The Life Insurance business has been assumed significant importance in the context of ever increasing hazards to human lives, industrialization and increased speed in economic activities. The insurance market was opened to the Private sector in August 2000. The insurance industry has undergone a drastic change since liberalization, privatization and globalization of the Indian economy in general and the insurance sector in particular. For almost four decades LIC has been sole player with virtual monopoly in the life insurance sector. The entry of so many companies in this sector was likely to affect the performance of Life Insurance Corporation. Hence, the LIC public sector giant which never faced competition earlier now has to compete with the private players who boast of the rich and long experience of their partners from the developed countries of the world. It becomes imperative at this instance to appraise the performance of Life Insurance Corporation of India, succeeding sectoral reforms. And for evaluating the performance of LIC in progression, key determinants are identified and listed. The present paper is an attempt to examine the performance of LIC of India in this competitive age.

In the Indian context, a review of Life Insurance Industry will effectively mean review of the performance of the Life Insurance Corporation of India. Against this background, in this paper an attempt is made to analyze the business performance of LIC for a period of ten years from 2011-2012 to 2020-2021. The business performance of LIC has been examined in the dimensions like: New Business Individual (Number of Policies, Sum Assured), Business in Force (Number of Policies, Sum Assured) and First Insurance.

OBJECTIVES OF THE STUDY

TO EVALUATE THE BUSINESS PERFORMANCE OF LIC.

TO OFFER SUGGESTIONS ON THE BASIS OF FINDINGS.

PERIOD OF THE STUDY

The study is purely based on secondary data. For analyzing the business performance of LIC the required time series data for 10 years between 2011-2012 and 2020-2021 have been consider for the present study.

FRAMEWORK OF ANALYSIS

The present study has been undertaken to examine the business performance of LIC. To examine this, collected data have been analysed with the help of tools like Arithmetic Mean, Standard Deviation (S.D), Co-Efficient of Variation (C.V), Annual Growth Rate(AGR) and Compound Annual Growth Rate (CAGR) have been used with the help of Statistical Package for Social Science (SPSS)9.0.

DATA ANALYSIS AND INTERPRETATION

This section presents the results of the analysis of business performance of LIC and discussions based on them.

NEW BUSINESS PERFORMANCE

New business performance of LIC has been analysed in terms of Number of Policies, Sum Assured and First insurance

Table 1: GROWTH RATE OF SUM ASSURED

| Year | In India | In Abroad | Total (Rs. in Cr.) |
|-----------|-------------|-------------|--------------------|
| 2011-2012 | 4,96,680.53 | 548.52 | 4,97,229.06 |
| 2012-2013 | 5,07,847.01 | 611.4 | 508458.41 |
| 2013-2014 | 5,57,091.7 | 617.7 | 557709.4 |
| 2014-2015 | 4,08,003.28 | 676.37 | 408679.65 |
| 2015-2016 | 4,53,545.36 | 749.68 | 454295.04 |
| 2016-2017 | 4,72,122.09 | 825.02 | 472947.11 |
| 2017-2018 | 5,31,992.11 | 905.37 | 532897.46 |
| 2018-2019 | 5,49,210.97 | 976.74 | 550187.71 |
| 2019-2020 | 6,16,751.32 | 907.81 | 617659.13 |
| 2020-2021 | 5,56,255.31 | 741.75 | 556997.05 |
| MEAN | 5,14,949.97 | 756.04 | 5,15,706.00 |
| S.D | 60310.67204 | 144.7279096 | 60365.92574 |
| C.V | 11.71 | 19.14 | 11.70 |
| AGR | 0.188477492 | 109.9932972 | 0.18852873 |
| CAGR | 0.011392441 | 0.030638849 | 0.01141558 |

It is inferred from the Table 1 that the Mean of Total sum assured is Rs.5,15,706.00 crore and Standard Deviation is Rs. 60365.92574 crore. The Co-Efficient of Variation is 11.70%. The Annual Growth Rate is 556996.05% and the Compound Annual Growth Rate is 0.012691995%.

Table 2: GROWTH RATE OF NUMBER OF POLICIES

| Year | In India | In abroad | Total (Rs.in Lakh) |
|-----------|--------------|--------------|--------------------|
| 2011-2012 | 3,46,05,678 | 11,411 | 3,46,17,089 |
| 2012-2013 | 3,63,09,921 | 10,943 | 36,30,50,864 |
| 2013-2014 | 3,42,00,283 | 10,019 | 3,42,10,302 |
| 2014-2015 | 1,99,01,834 | 11,230 | 1,99,13,064 |
| 2015-2016 | 2,02,23,893 | 13,035 | 2,02,36,928 |
| 2016-2017 | 1,96,03,332 | 14,378 | 1,96,17,710 |
| 2017-2018 | 2,07,11,779 | 15,376 | 2,07,27,155 |
| 2018-2019 | 2,07,95,524 | 14,472 | 2,08,09,996 |
| 2019-2020 | 2,13,49,725 | 12,502 | 2,13,62,227 |
| 2020-2021 | 2,02,94,149 | 9,678 | 2,03,03,827 |
| MEAN | 2,47,99,612 | 12,304 | 5,74,84,916 |
| S.D | 71,01,561.14 | 1,970.13 | 10,75,23,455.10 |
| C.V | 28.64 | 16.01 | 187.05 |
| AGR | -0.404 | -0.0922 | 8.187 |
| CAGR | -0.051969416 | -0.016337328 | -0.051955472 |

It is observed from the Table 2 that the Mean of total number of policies is 5,74,84,916 Lakh. The Standard Deviation is 10,75,23,455.10 Lakh. The Co-efficient of Variation is 187.05%. The Annual Growth Rate of total number of policies is -0.414% and the Compound Annual Growth Rate is-0.058%.

BUSINESS IN FORCE:

It refers to accumulated new business over a period of time and the growth of business in force depends upon the new business procured each year. It has been analysed in terms of Number of Policies and Sum Assured.

Table 3: GROWTH RATE OF SUM ASSURED

| Year | In India | In Abroad | Total |
|-----------|--------------|-------------|--------------|
| 2011-2012 | 26,72,402 | 3,607 | 26,76,009 |
| 2012-2013 | 29,93,747.89 | 3928.13 | 29,97,676.02 |
| 2013-2014 | 33,16,643.02 | 4520.67 | 33,21,163.69 |
| 2014-2015 | 35,02,002.84 | 4543.35 | 35,06,546.19 |
| 2015-2016 | 37,31,247.02 | 4877.64 | 37,36,124.66 |
| 2016-2017 | 39,65,294.32 | 5038.25 | 39,70,332.57 |
| 2017-2018 | 42,50,255.66 | 5267.45 | 42,55,523.11 |
| 2018-2019 | 45,03,861.81 | 5796.42 | 45,09,658.22 |
| 2019-2020 | 48,03,768.44 | 5970.28 | 48,09,738.72 |
| 2020-2021 | 50,29,944.65 | 6083.34 | 50,36,027.99 |
| MEAN | 38,76,917 | 4,963 | 38,81,880 |
| S.D | 777125.0306 | 840.0698075 | 777959.034 |
| C.V | 20.0449243 | 16.92579056 | 20.04078 |
| AGR | 0.657381684 | 7706457.766 | 0.657233316 |
| CAGR | 0.026188457 | 0.023665475 | 0.026185187 |

The Table 3 reveals that the Mean of total sum assured is Rs.38,81,880 crore. The Standard Deviation is Rs. 777959.034 crore. The Co-efficient of Variation is 20.04078%. The Annual Growth Rate of total sum assured is 5036026.99% and the Compound Annual Growth Rate is 0.072781249%

Table 4: GROWTH RATE OF NUMBER OF POLICIES

| Year | In India | In Abroad | Total (Rs. in lakh) |
|-----------|-----------------|-------------|---------------------|
| 2011-2012 | 2,558.45 | 1.01 | 2,559.46 |
| 2012-2013 | 27,02,51,346 | 99,921 | 27,03,51,267 |
| 2013-2014 | 27,95,27,660 | 98,639 | 27,96,26,299 |
| 2014-2015 | 27,75,82,694 | 99,074 | 27,76,81,768 |
| 2015-2016 | 27,90,83,142 | 1,01,459 | 27,91,84,601 |
| 2016-2017 | 28,06,51,046 | 1,04,063 | 28,07,55,109 |
| 2017-2018 | 28,22,45,330 | 1,06,223 | 28,23,51,553 |
| 2018-2019 | 28,21,37,112 | 1,06,225 | 28,22,43,337 |
| 2019-2020 | 28,16,58,312 | 1,04,207 | 28,17,62,519 |
| 2020-2021 | 27,96,14,060 | 98,761 | 27,97,12,821 |
| MEAN | 25,12,75,326.05 | 91,857.30 | 25,13,67,183.35 |
| S.D | 88356835.4 | 32411.97574 | 88389154.12 |
| C.V | 35.16335519 | 35.28513835 | 35.16336259 |
| AGR | 105629.923 | 98932.55682 | 105627.2171 |
| CAGR | 2.62946366 | 2.584873122 | 2.629446904 |

It is observed from the Table 4 that the Mean of number of policies in India is 25,12,75,326.05 lakh and in Abroad is 91,857.30 lakh. The Standard Deviation is 88356835.4 lakh and 32411.97574 lakh. The Co-Efficient of Variation is 35.16335519% and 35.28513835%. The Annual Growth Rate is 279614059 and 98760. The Compound Annual Growth Rate is 2.62946366 and 2.584873122.

Table 5: GROWTH RATE OF FIRST INSURANCE

| Year | No. of Policies (in lakh) | Sum Assured (Rs. In Cr) |
|-----------|---------------------------|-------------------------|
| 2011-2012 | 294.89 | 450957.95 |
| 2012-2013 | 298.97 | 452522.06 |
| 2013-2014 | 291.77 | 487076.75 |
| 2014-2015 | 181.8 | 354266.189 |
| 2015-2016 | 181.91 | 382632.03 |
| 2016-2017 | 175.96 | 39,420.33 |
| 2017-2018 | 189.86 | 463435.29 |
| 2018-2019 | 189.99 | 486599.39 |
| 2019-2020 | 185.53 | 515975.1 |
| 2020-2021 | 186.44 | 4,90,404.08 |
| MEAN | 217.712 | 412328.9169 |
| S.D | 53.66194633 | 140228.0508 |
| C.V | 24.64813439 | 34.00878402 |
| AGR | 0.657381684 | 7706457.766 |
| CAGR | 0.026188457 | 0.023665475 |

It is clear from the Table 5 that the Mean of number of policies is 217.712 lakh. The Standard Deviation is 53.66194633 lakh. The Co-efficient of Variation is 24.64813439%. The Annual Growth Rate is 185.44% and the Compound Annual Growth Rate is -0.049667789%. The Mean of Sum Assured is Rs. 412328.9169 crore. The Standard Deviation is Rs. 140228.0508 crore. The Co-efficient of Variation is 34.00878402. The Annual Growth Rate is 490403.08 and the Compound Annual Growth Rate is 0.009360831%.

SUGGESTIONS:

It is found that Annual growth rate of Sum Assured of New Business performance 0.188%. This share is high with the Annual Growth Rate of Number of policies of New Business performance -0.404%. It is found that Annual Growth Rate of Number of Policies is only 0.657%, even majority of population is not covered by insurance, the LIC is not showing a favorable growth Rate in its First Insurance Business. Hence it is suggested that it is necessary to educate the masses on pure insurance and its importance. To attract new customers and to retain old customers the products with additional features should be introduced besides attractive advertisements. Insurance plan should be more feasible and the endowment plan should be easily access to the customer and also try to reduce the morality charges because average has been increased.

CONCLUSION:

LIC is successfully creating value to its policyholders. During the study period there was no major change in the performance of the LIC. It can be said that the performance is consistent and maintained good market value for its products. As many private insurance companies are establishing its business, competition is certainly set to increase and LIC has to make efforts to retain its top position. Apart from this, LIC need to control the investment level. The above discussion shows that the investment(Policy holders") has second highest variance, so investment(policyholders") needs to be controlled. Research has evaluated the various components of expenses with scientific methodology to justify the performance; so to conclude, LIC is doing good, managing the products, and related marketing strategies effectively. But as per analyzed data we can say that LIC need to control the Operating Expenses by not affecting its income. In the today's complex and busy life risk is at every step. The insurance in these days has become essential for managing risk. The insurance company is the only company which prays for longer life of insurer. The LIC is efficiently functioning among many competitors in the field and not given up its place to any competitor. People of India have more faith and confidence in LIC. Hence retaining, maintain and developing confidence is essential factor and it has to give more attention towards innovative policies.

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