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Performance Evaluation of Life Insurance Sector in India

Dr. Rakesh

Assistant Professor of Commerce, Govt. College For Women, Hisar (Haryana)

Abstract

Insurance industry has a positive correlation with any country economic development. Life insurance business is the base of risk management system of individuals and groups of people at present time. The present paper explores the life insurance growth trend, various related issues and comparison the performance of private and public life insurance sector. For the study objectives, the secondary data of Life Insurance sectors have been composed from the IRDA annual report during the year from 2010 to 2022. The study found that the total insurance agents in the year 2022-23 were 2628208. During the 2022-23, life insurance companies issued 284.7 lac new policies and out of which private sector issues 80.42 lakh policies and LIC issued 204.24 lakh. The operating expenses growth rates in the year 2022-23 show 23.80 per cent of LIC and 26.89 per cent of private sector over the preceding year. Throughout the year 2022-23 total 81303 of public sector complaints has been filed and out of which 100 per cent complaints were resolved during the year. To increase life insurance business within the country life insurance companies should also provide cheap policy plans and IRDA also conduct customers' awareness programmers to increase the share of insurance sector in the economy.

Keywords: Individual agents, new policies issued, commission expenses, operating expenses, paid up capital, total investment, status of grievances, individual death claims etc.

1. Introduction

Insurance sector has a positive correlation with any country economic development. The concept of insurance has been spread in the history of India from the ancient Vedic times among the Hindus. In India, joint family structure was a system of social insurance of each member of the family on his life. A number of civilization adopted the pooling and dividing the idea of losses incurred by certain community member among themselves (Sharma, 2024). Before the nationalization, life insurance sector was come in India from England in 1818 to conceive as a way to grant fiscal help for the English widow. The Indian people lives treated as sub standard and additional payment of 15 to 20 per cent were charge from them (Sukithar, 2016). The Indian lives covered at standard rate by Bombay Mutual Life Assurance Society in 1870. The 1st life insurance corporation was established on June 19, 1956 by the LIC Act was passed through Indian Parliament. Life Insurance Corporation enjoyed a long time period with dominant market position in this sector and received assistance from the government for the continued growth (Srichandan, 2013).

In the post globalization and liberalization period the financial services have been substantial changes. The R N Malhotra Committee was constituted by the Indian government in 1993 to draft a roadmap for the privatization of life insurance industry and in 1994 its statement was published. The Insurance Regulatory and Development Authority Act of 1999 was enacted and revised by Insurance Act of 1938. IRDA incorporates as the statutory body and started issuing license for the insurer in life insurance to private sector in April, 2000. To facilitating the entry of new players relaxation is provided to foreign equity in 2006 (Chaudhary, 2018). The Indian insurance sector has been flooded with private insurers from the period of recent liberalization. Indian life insurance sector get the high position in the field but facing the stiff competition from the rest of the insurance sector of world. This sector also faces tough competition with mutual funds, properties, gold etc. (Mahaur, 2019). Life insurance business is the base of risk management system of individuals and groups of people at present time.

The government introduces regulation regarding to manage the life insurance business to improve the economy through insurance also (Ghosh, 2020). The insurance sector in India is one of the fastest-growing sector, with projections that it would rank sixth globally by 2032 (Swiss Re Institute, 2023). The life insurance sector given the fastest changing economic environment. At today time life insurance is required as the essential commodity in India. After the period of covid the consumers are looking better life insurance products for their safety. The increase of India's GDP is significantly influenced by the growth of the insurance industry in that country. This sector provides tax benefit, mental peace for the policy holders, risk cover and financial help if unfortunate circumstances happen to the policy beneficiaries.

1. Review of Literature

Kumari (2015) analyzed the impact of underwriting operation on LIC investment and also studied the management of investment of companies engaged life insurance business from 2001 to 2014. The study found that claim and premium was significantly impact the investment of life insurance sector. Jothi (2016) studied the service quality impact on the satisfaction of customer in Indian life insurance sector with a sample of 1000 clients with the help of quota sampling method. The study found that all SERVQUAL dimensions have significant effect on the level of clients' satisfaction in life insurance industry and clients of LIC were more satisfied than private sector customers.

Prasad and Sharma (2017) analyzed the density and saturation in the Indian life insurance market between 2001 to 2013 in order to evaluate the increase in insurance business. The results showed that the penetration and density was very low before the entry of private life insurers and IRDA. Dhar (2018), examined the life insurance growth by using the financial parameter CAGR, ANOVA and t-test. The insurance sector showed the overall growth of 27 per cent and revealed stability over the last few years.

Mulchandani (2018), investigated the internal variables and issues influencing the Indian life insurance industry's financial performance. The findings showed that the profitability metric or return on equity (ROE) was significantly impacted by age and capital, yield on investment, reinsurance, growth, and foreign holdings had insignificant effects. Ghosh (2020), conducted a cross-national comparison of the life insurance density and penetration scenario for the years 2017-2018. The results of the life insurance density standard deviation value was fairly high that show the variations from the mean value of insurance density in various time were quite large and on the other hand the insurance penetration standard deviation value was fairly low revealed variations from the mean value of insurance saturation in diverse time were extremely slight.

Singh and Ali (2020) analyzed the expansion of life insurance market of India from a few key perspectives. The result of the study indicated that the liberalization has improved the Indian insurance industry. Life insurers' first-year and total premiums were predicted to climb gradually. Varade and Chaudhari (2020), analyzed the growth, performance and future movement of business of LIC of India. The result found that the Life insurance sector had seen a notable growth.

Tripathi (2021), studied the function of insurance in economic development as well as the regulatory changes and industry expansion in India. The results showed that the insurance market has expanded as a result of the growing competition among insurance companies and led to a raise in efficiency for all insurers. Sharma, S. (2022), examined the relation between demand and economic growth of life insurance in India, interstate variation, rural-urban gap in coverage of life insurance etc. The results revealed positive impact of income generation on the financial system of country and life insurance also influenced by domestic savings, rate of growth of population, demographic pattern, per capita income etc.

Sharma (2024) evaluated the LIC's performance and development. Since the insurance industry saw changes, the market for life insurance has expanded dramatically and LIC has been successful in providing policy holders, or its clients, with added value. The comparison of the before and after performances shows that the business has grown excellently.

2. Objectives :-

(i) To examine the growth trend and performance of the private and public sector life insurance in Indian economy for the study period.

(ii) To examine the role of life insurance sector in India.

3. Research Methodology:

3.1 Data collection and study period:-

The study is conducted on the basis secondary data composed from the journals, IRDA annual reports, websites, published books, text books, handbook on Indian Insurance Statistics, national and international research papers, articles, magazines, etc. The data is extracted for a period from 2010-11 to 2022-23 from the IRDA Annual Report for diverse years given in their website. The factors studied in detail include number of offices, individual agents, new policies issued, commission expenses, operating expenses, paid up capital, premium underwritten and market share, total investment, status of grievances and individual death claims of life insurance sector of India.

3.2 Statistical Tools:-

Keeping in the mind the objectives of the study; the data have been analyzed with the help of tabulation, per cent and growth rate. The formula to calculate growth rate (Prasad & Prasad, 2018):

$$Gr_t = \frac{Y_t - Y_{t-1}}{Y_{t-1}} \times 100$$

(Where Gr_t indicate the growth rate of Y variable for t^{th} time compared to its earlier year and it is stand for as percentage).

3.3 Sample of the study:-

In India 24 companies are working in the field of life insurance, out of which one LIC of India belong to public sector and 23 companies belong to private life insurance sector in India.

4. Results:

Table 1: Offices Distribution of Life Insurers in India

Year	Public Sector	Pvt. Sector	Industry Total
2011	7712 (69.06)	3455 (30.94)	11167 (100)
2012	6759 (65.72)	3526 (34.28)	10285 (100)
2013	6193 (56.14)	4839 (43.86)	11032 (100)
2014	4877 (44.20)	6156 (55.80)	11033(100)
2015	4892 (44.19)	6179 (55.81)	11071(100)
2016	4897 (44.71)	6057 (55.29)	10954 (100)
2017	4908 (44.17)	6204 (55.83)	11112 (100)
2018	4932 (43.73)	6347 (56.27)	11279 (100)
2019	4955 (43.81)	6355 (56.19)	11310 (100)
2020	4970 (44.94)	6090 (56.06)	11060 (100)
2021	4985 (45.07)	6075 (63.07)	11060 (100)

2022	5001 (44.43)	6255 (55.57)	11256 (100)

Source: IRDA Annual Report 2011 to 2022

Note: Figures in parenthesis shows the percentage of total Life Insurance Industry offices during the year

Table no. 1 depicts the growth of life insurers in the country. On the date 31st March, 2023 the LIC have the offices in 688 districts in overall country and private sector insurers cover 604 districts in the country. Most of the life insurance offices are opened in the country except some districts without offices, related to the north eastern states. In the year 2022-23, the public sector insurers have 44.43 per cent offices and private sector have 55.57 per cent offices in the country.

Table 2 : Life Insurers Offices Distribution Area Wise

Insurer		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Public Sector	Metro+Urban	928 (8.31)	982 (9.55)	989 (8.96)	1000 (9.06)	1729 (15.62)	1818 (16.6)	1824 (16.41)	1829 (16.22)	1840 (16.27)	1844 (16.67)	1848 (16.71)	1855 (16.48)
	Semi Urban +Rural+Others	2527 (22.63)	2544 (24.74)	3850 (34.9)	3877 (35.14)	3163 (28.57)	3079 (28.11)	3084 (27.75)	3103 (27.51)	3115 (27.54)	3126 (28.26)	3137 (28.36)	3146 (27.95)
Private Sector	Metro+Urban	2134 (19.11)	2222 (21.6)	2602 (23.59)	2572 (23.31)	3463 (31.28)	3743 (34.17)	4842 (43.57)	4892 (43.37)	4910 (43.41)	4717 (42.65)	4746 (42.91)	4834 (42.95)
	Semi Urban +Rural+Others	5578 (49.95)	4537 (44.11)	3591 (32.55)	3584 (32.48)	2716 (24.53)	2314 (21.12)	1362 (12.26)	1455 (12.9)	1445 (12.78)	1373 (12.41)	1329 (12.02)	1421 (12.62)
Industry Total		11167 (100)	10285 (100)	11032 (100)	11033 (100)	11071 (100)	10954 (100)	11112 (100)	11279 (100)	11310 (100)	11060 (100)	11060 (100)	11256 (100)

Source: IRDA Annual Report 2011 to 2022

Note: 1. Offices opened after obtaining authorities consent

2. Figures in parenthesis shows the percentage of Life Insurance Industry during the year

Table 2 show the life insurance offices according to the offices spread area wise. The life insurance office stood at 11256 as on March 31, 2023. In the year 2011, public sector has the offices 8.31 percent of total life insurance industry with reference to metro and urban area. Now in the year 2022-23, the growth of the public sector in metro and urban are increase to 16.48 percent.

Table 3: Individual Agents of Life Insurers

Year	Public Sector	Private Sector	Total Industry
2011	1278234	1080651	2358885
2012	1172983 (-8.23)	949774 (-12.11)	2122757 (-10.01)
2013	1195916 (1.96)	992584 (4.51)	2188500 (-10.01)
2014	1163604 (-2.70)	904303 (-8.89)	2067907 (3.10)
2015	1061560 (-8.77)	955005 (5.61)	2016565 (-5.51)
2016	1131181 (6.56)	957341 (0.24)	2088522 (-2.48)
2017	1148811 (1.56)	933856 (-2.45)	2082667 (-0.28)
2018	1179229 (2.65)	1015518 (8.74)	2194747 (5.38)

2019	1208826 (2.51)	1069639 (5.33)	2278465 (3.81)
2020	1353808 (11.99)	1101269 (2.96)	2455077 (7.75)
2021	1326432 (-2.02)	1116177 (1.35)	2442609 (-0.51)
2022	1347325 (1.58)	1280883 (14.76)	2628208 (7.60)

Source: IRDA Annual Report 2011 to 2022

Note: Figure in parenthesis shows the growth (in per cent) over the preceding year

It is clear from the table no. 3 that in term of number of agents linked with the life insurers. The total insurance agents in the year 2022-23 were 2628208 as against 2442609 in the year 2021-22. The insurance industry growth rate in the 2012-13 was decreased 10.01 percent and increases in the 2020-21 at 7.75 percent and in 2022-23 the growth of 7.60 per cent in the strength of agents over the preceding year. The public sector growth showed 1.58 per cent and private sector insurance agents' growth was 14.76 per cent.

Table 4: Life Insurance New Policies Issued (in Lakh)

Year	Public Sector	Private Sector	Total Industry
2010	370.38	111.14	481.52
2011	357.51 (-3.47)	84.42 (-24.04)	441.93 (-8.22)
2012	367.82 (2.88)	74.05 (74.05)	441.87 (-0.01)
2013	345.12 (-6.17)	63.6 (-14.11)	408.72 (-7.5)
2014	201.71 (-41.55)	57.37 (-9.79)	259.08 (-36.61)
2015	205.47 (1.86)	61.92 (7.92)	267.38 (3.2)
2016	201.32 (-2.02)	63.24 (2.13)	264.56 (-1.05)
2017	213.38 (5.99)	68.59 (8.47)	281.97 (6.58)
2018	214.04 (0.31)	72.44(5.61)	286.48 (1.7)
2019	218.96 (2.3)	69.50 (-4.05)	288.47 (0.69)
2020	209.75 (-4.21)	71.52 (2.89)	281.27 (-2.49)
2021	217.19 (3.54)	73.94 (3.38)	291.13 (3.51)
2022	204.24(-5.96)	80.42 (8.77)	284.7 (-2.21)

Source: IRDA Annual Report 2010 to 2022

Note: Figure in parenthesis shows the growth (in per cent) over the preceding year

Table no. 4 examines the growth of life insurance companies in relation to problems with new policies. In the year 2022-23 total 284.7 lakh new policies were issued by life insurers and out of them 80.42 lakh issued by the private sector and 204.24 lakh issued by LIC. In contrast, LIC saw a decrease (-5.96 per cent) in the number of new policies issued in 2022–2023, while private sector insurers maintained their strong growth from the previous year and showed an improvement of (8.77 per cent) in the context of new policies issued and whole industry exhibit 2.21 percent decline.

Table 5: Commission Expenses of Life Insurers (Rs. Crore)

Year	Regular Premium		Single Premium		Renewal Premium		Total Premium	
	Pub Sector	Pvt. Sector	Pub Sector	Pvt. Sector	Pub Sector	Pvt. Sector	Pub Sector	Pvt. Sector
2011	7716.24	3242.80	270.28	94.64	6076.53	1120.62	14063.06	4458.05
2012	7707.36 (0.12)	3413.40 (5.26)	278.46 (3.03)	64.61 (-31.73)	6804.44 (11.98)	993.20 (-11.37)	14790.26 (5.17)	4471.20 (0.29)
2013	8458.94 (9.75)	3040.13 (-10.94)	297.33 (6.78)	42.57 (-34.11)	8006.62 (17.67)	1000.79 (0.76)	16762.88 (13.34)	4083.49 (-8.67)
2014	6293.44 (-25.60)	3003.18 (-1.22)	264.37 (-11.09)	40.20 (-5.57)	8560.33 (6.92)	1299.16 (29.81)	15118.14 (-9.81)	4342.54 (6.34)
2015	6473.19 (2.86)	3311.17 (10.26)	255.94 (-3.19)	40.58 (0.95)	8771.20 (2.46)	1414.61 (8.89)	15500.33 (2.53)	4766.36 (9.76)
2016	7096.55 (9.63)	3840.52 (15.99)	399.63 (56.14)	46.08 (13.55)	9135.77 (4.16)	1598.60 (13.01)	16631.95 (7.30)	5485.20 (15.08)
2017	8235.52 (16.05)	5100.55 (32.81)	524.55 (31.26)	182.64 (296.35)	9511.46 (4.11)	1798.22 (12.49)	18271.53 (9.86)	7081.41 (29.10)
2018	8799.61 (6.85)	5813.95 (13.99)	487.72 (-7.02)	391.34 (114.27)	10057.99 (5.75)	2223.93 (23.67)	19345.32 (5.88)	8429.23 (19.03)
2019	9711.17 (10.36)	6016.65 (3.49)	440.76 (-9.63)	499.03 (27.52)	10340.49 (2.81)	2465.65 (10.87)	20492.42 (5.93)	8981.33 (6.55)
2020	10171.22 (4.74)	7223.78 (20.06)	564.67 (28.11)	580.22 (16.27)	11434.74 (10.58)	3019.45 (22.46)	22170.64 (8.19)	10823.44 (20.51)
2021	10830.54 (6.48)	8530.45 (18.09)	490.27 (-113.18)	829.73 (43.00)	11850.65 (3.64)	3355.68 (11.14)	23171.46 (4.51)	12715.86 (17.48)
2022	12558.63 (15.96)	11872.05 (39.17)	514.77 (5.00)	1085.84 (30.87)	12506.97 (5.54)	3783.67 (12.75)	25580.37 (10.40)	16741.56 (31.66)

Source: IRDA Annual Report 2011 to 2022

Note: Figure in parenthesis shows the growth (in percent) over the preceding year

The table no. 5 depicts the life insurance business an increase in expense of commission. The commission expenses for the year 2022-23 of life insurance and private sector insurers stood 25580.37 crore and 16741.56 crore respectively as against 23171.46 crore and 12715.86 in the year 2021-22. The growth of commission expenses increased in the year 2022-23 in reference to regular, single, renewal premium.

Table 6: Life Insurer Operating Expenses (Rs. in Crore)

Year	Public Sector	Private Sector	Life Insurance Industry
2010	16980.28	15962.02	32942.30
2011	14914.40 (-12.17)	14741.70 (-7.65)	29656.10 (-9.98)
2012	16707.66 (12.02)	14854.04 (0.76)	31561.70 (6.43)
2013	20277.88 (21.37)	14773.88 (-0.54)	35051.76 (11.06)
2014	22395.45 (10.44)	14466.14 (-2.08)	36861.59 (5.16)
2015	22691.83 (1.32)	16091.26 (11.23)	38783.09 (5.21)
2016	28952.06 (27.59)	17186.82 (6.81)	46138.88 (18.97)
2017	30142.40 (4.11)	18678.30 (8.68)	48820.69(5.81)
2018	29182.02(-3.19)	21948.24(17.51)	51130.26(4.73)
2019	34568.04 (18.46)	25552.96 (16.42)	60121.00 (17.58)
2020	34989.52 (1.22)	26432.76 (3.44)	61422.29 (2.16)
2021	38890.68(11.15)	32544.34 (23.12)	71435.02 (16.30)
2022	48145.6 (23.80)	41297.02 (26.89)	89442.62 (25.21)

Source: IRDA Annual Report 2010 to 2022

Note: Figure in parenthesis shows the growth (in percent) over the preceding year

The operating expense of life insurer companies is presents in table 6. The operating expense growth rate of public sector was -12.17 per cent and private sector was -7.65 per cent in 2011-12. The life insurers' operational costs went up by 25.21 percent in 2022–2023 compared to 16.30 percent in 2021–2022. The operating expensed growth rates show 23.80 per cent of LIC and 26.89 per cent of private sector over the prior year.

Table 7: Operating Expenses Ratio of Life Insurers (in percent)

Year	Insurers		Industry
	Public Sector	Private Sector	
2011	7.35	17.51	10.33
2012	8.00	18.95	10.99
2013	8.56	19.10	11.15
2014	9.34	16.36	11.23
2015	8.52	16.01	1057
2016	9.64	14.57	11.03
2017	9.47	13.29	10.64
2018	8.65	12.86	10.06
2019	9.11	13.20	10.49
2020	8.68	11.72	9.77
2021	9.09	14.44	10.31
2022	10.14	13.42	11.43

Source: IRDA Annual Report 2011 to 2022

Table No. 7 analyses the operational expenses ratio of life insurance business. The ratio of operational expenditures to the premium that life insurers underwrite is known as the operating expenses ratio. The operating expensed ration of LIC and private sector was 10.14 per cent and 13.42 per cent correspondingly as against the preceding year was 9.09 per cent, and 14.44 per cent. In the year 2022-23, the overall ratio was 11.43 per cent as against the previous year was 10.31 per cent.

Table 8: Life Insurers Premium Underwritten and Market Share (in per cent)

Year	Regular Premium (1)		Single Premium (2)		New Business Premium (3)=(1)+(2)		Renewal Premium (4)	
	Public Sector	Pvt. Sector	Public Sector	Pvt. Sector	Public Sector	Pvt. Sector	Public Sector	Pvt. Sector
2011	64.58	35.42	80.58	19.42	71.85	28.15	69.91	30.09
2012	58.08	41.92	83.92	16.08	71.36	28.64	73.5	26.5
2013	60.56	39.44	87.09	12.91	75.47	24.53	75.34	24.66
2014	49.12	50.88	83.58	16.42	69.27	30.73	75.04	24.96
2015	46.74	53.26	84.27	15.73	70.5	29.5	73.9	26.1
2016	44.31	55.69	84.83	15.17	71.11	28.89	71.81	28.19
2017	42.82	57.18	82.95	17.05	69.36	30.64	69.35	30.65
2018	42.79	57.21	78.29	21.71	66.20	33.80	66.58	33.42
2019	56.66	43.34	76.65	23.35	68.76	31.24	66.12	35.88
2020	41.99	58.01	76.05	23.95	66.17	33.83	62.53	37.47
2021	33.14	66.86	79.44	20.56	63.38	36.62	61.8	38.2
2022	35.56	64.43	73.84	26.16	62.51	37.49	58.99	41.01

Source: IRDA Annual Report 2011 to 2022

Table No. 8 exhibits that the LIC's market share decline from 58.99 per cent in 2022–2023 to 61.8 per cent in 2021–2022, based on total renewal premium income. The private life insurance sector's market share grows from 38.2 per cent in 2021–2022 to 41.01 per cent in 2022–2023. The Public insurers' market share in first-year premiums was 35.56 per cent in 2022–2023 (compared to 33.14 percent in 2021–2022). The same for private insurers was 64.43 percent (66.86 per cent in 2021-22). Likewise in single premium income, LIC sustained to have a more share 73.84 per cent in 2022-23 (79.44 per cent was in 2021-22) and private sector insurers reported 26.16 per cent for the year 2022-23 (20.56 per cent was in 2021-22).

Table 9: Life Insurers Paid-up Capital (Rs. in Crore)

Year	Public Sector	Private Sector	Total Industry
2011	100 (0.4)	24831.92 (99.6)	24931.92 (100)
2012	100 (0.39)	25418.72(99.61)	25518.72 (100)
2013	100 (0.39)	25838.51 (99.61)	25938.51 (100)
2014	100 (0.38)	26144.14 (99.62)	26244.14 (100)
2015	100 (0.38)	26591.47((99.63)	26691.47 (100)
2016	100 (0.38)	26856.94 (99.63)	26956.94 (100)
2017	100 (0.38)	27164.37 (99.63)	27264.37 (100)
2018	100 (0.36)	27515.94 (99.64)	27615.94 (100)
2019	100 (0.36)	27987.96 (99.64)	28087.96 (100)
2020	100 (0.35)	28246.37 (99.65)	28346.37 (100)
2021	6325 (17.79)	29221.75 (82.21)	35546.75 (100)

Source: IRDA Annual Report 2011 to 2021

Note: 1. Share application and share premium money exclude

2. Figures in parenthesis shows the percentage of total paid-up-capital of Life Insurance Industry during the year

Table no. 9 present the life insurers paid up capital. As of March 31, 2022, the life insurance business has a total capital of Rs. 35546.75 crore. Out of which 17.79 per cent paid up capital related to LIC and 82.21 per cent belongs to private sector. At the end of year 2020-21 LIC's paid up capital showed Rs. 100 crore and improved Rs. 6325 crore till the end of year 2021-22.

Table 10: Total Investment of Life Insurance Sector (Rs. Crore)

Year	Public Sector	Private Sector	Total Industry
2010	1148589	281528	1430118
2011	1269070 (10.49)	312188 (10.89)	1581259 (10.57)
2012	1402991 (10.55)	341902 (9.52)	1744894 (10.35)
2013	1574296 (12.21)	383169 (12.07)	1957466 (12.18)
2014	1786312 (13.37)	461210 (20.37)	2247522 (14.82)
2015	2009119 (12.47)	492949(6.88)	2502068 (11.33)
2016	2275277 (13.25)	578917 (17.44)	2854193 (14.07)
2017	2526923 (11.06)	662137 (14.37)	3189060 (11.74)
2018	2760658 (9.25)	772485 (16.67)	3533143 (10.79)
2019	3070852 (11.24)	819422 (6.08)	3890274 9 (10.11)
2020	3397832 (10.65)	1082142 (32.06)	4479973 (15.16)
2021	3679475 (8.29)	1272712 (17.61)	4952187 (10.54)
2022	4043655 (9.9)	1419759 (11.55)	5463414 (10.32)

Source: IRDA Annual Report 2010 to 2022

Note: Figure in parenthesis shows the growth (in percent) over the preceding year

Table no. 10 indicates the total investment of the life insurance sector as on the year ending 2023, the accumulated total money of investment was Rs. 5463414 crore. The growth over the previous year was 10.32 per cent. The public sector contributes a major role in total investment at a growth rate indicates 9.9 per cent in 2022-23. The results also show that in few years the private sector grow at speed rate.

Table 11: Instrument-Wise Total Investment of Life Insurers (Rs. Crore)

Invest Form	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Central Govt. Securities (Trad. Products)	468082	512180 (9.42)	604651 (18.05)	722955 (19.57)	831049 (14.95)	951214 (14.46)	1069623 (12.45)	1215622 (13.65)	1405754 (15.64)	1671268 (18.89)	1895074 (13.39)	2182289 (15.16)
State Govt. and other approved Securities (Trad. Products)	214515	265989 (24.00)	333951 (25.55)	430554 (28.93)	528206 (22.68)	668430 (26.55)	792475 (18.56)	867521 (9.47)	965846 (11.33)	1043770 (8.07)	1079100 (3.38)	1160415 (7.54)
Housing & Infra (Trad. Produts)	97320	118878 (22.15)	155026 (30.41)	174512 (12.57)	186112 (6.65)	200438 (7.70)	233327 (16.41)	253187 (8.51)	275434 (8.79)	416718 (51.30)	394524 (-5.33)	457272 (15.90)
Approved Investment	385107	456256 (18.48)	503059 (10.26)	530568 (5.47)	583145 (9.91)	587576 (0.76)	642726 (9.39)	661247 (2.88)	732023 (10.70)	680935 (-6.98)	836597 (22.86)	913359 (9.18)
Other Investment	46262	49084 (6.10)	29118 (-40.68(	26193 (-10.05)	33145 (26.54)	66694 (101.22)	72969 (9.41)	124141 (70.13)	138145 (11.28)	144452 (4.57)	155341 (7.54)	141084 (-9.18)
Approved Investment (ULIP Funds)	346340	325283 (-6.08)	322456 (-0.87)	352371 (9.28)	328974 (-6.64)	361746 (9.96)	356608 (-1.42)	378781 (6.22)	349193 (-7.81)	475204 (36.09)	525205 (10.52)	550523 (4.82)
Other Investment (ULIP Funds)	23632	17224 (-27.12)	9205 (-46.56)	10369 (12.65)	11438 (10.31)	18095 (58.20)	21333 (17.89)	32645 (53.03)	23879 (-26.85)	47626 (99.45)	66346 (39.31)	58472 (-11.87)
Total	1581259	1744894 (10.35)	1957466 (12.18)	2247522 (14.82)	2502068 (11.33)	2854193 (14.7)	3189060 (11.73)	3533143 (10.79)	3890274 (10.11)	4479973 (15.16)	4952187 (10.54)	5463414 (10.32)

Source: IRDA Annual Report 2011 to 2022

Note: Figure in parenthesis shows the growth (in percent) over the preceding year

The entire investment of life insurers by instrument wise is shown in Table No. 11. It has increased by 10.32 percent in the past year. The different sources of money that life insurers can invest and could be divided into two sections: funds from ULIP products and traditional products. The insurance sector has invested a total of Rs. 5463414 crore as of March 31, 2023. Of that, other investment ULIP funds have contributed Rs. 58472 crore, with the remainder coming from traditional products.

Table 12: Life Insurer's Individual Death Claims (in policies per cent)

Insurers	Particular	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Public Sector	Clams paid	97.42	97.73	98.14	98.19	98.33	98.31	98.04	97.79	96.69	98.62	98.74
	Claims repudiated	1.30	1.12	1.10	1.15	0.98	0.97	0.67	0.43	0.81	1.0	0.64
	Claim written back	0.06	0.10	0.23	0.17	0.17	0.31	1.21	0.46	0.29	0.2	0.26
	Claims pending	1.21	1.04	0.52	0.48	0.51	0.42	0.08	1.22	0.77	0.18	0.17
Private Sector	Clams paid	89.34	88.65	88.31	89.4	91.48	93.72	95.24	96.64	97.18	97.02	98.11
	Claims repudiated	7.82	7.85	8.03	7.78	6.67	4.85	3.97	2.83	2.42	2.0	1.61
	Claim written back	0.03	0.03	0.04	0.02	0.00	0.58	0.16	0.23	0.08	0.11	0.12
	Claims pending	2.82	3.47	3.63	2.8	1.85	0.86	0.63	0.1	0.28	0.86	0.12
Life Insurance Industry	Clams paid	96.26	96.41	96.75	96.97	97.43	97.74	97.68	97.64	97.27	98.39	98.64
	Claims repudiated	2.24	2.10	2.08	2.08	1.73	1.45	1.10	0.74	0.2	1.14	0.78
	Claim written back	0.06	0.09	0.21	0.15	0.15	0.34	1.08	0.43	0.05	0.19	0.24
	Claims pending	1.44	1.40	0.96	0.8	0.69	0.47	0.15	1.08	2.48	0.28	0.16

Source: IRDA Annual Report 2011 to 2021

The patterns of death claims for each life insurer are displayed in Table 12. The life insurance firms settled 98.74 percent of policies in 2021–2022. LIC's claims settlements throughout the year were superior to those of private life insurers. The public sector's claim repudiation rate was 0.64 percent, while the private sector's claim repudiation rate was 1.61 per cent in the year 2021-22. The overall industry show 0.78 per cent in term of claims repudiated.

Table 13: Status of Grievances of Life Insurers

Particular	Insurers	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Grievances Reported	Public Sector	52300 (16.89)	73034 (21.42)	85284 (22.77)	80944 (29.01)	64750 (31.63)	30784 (25.47)	77184 (50.00)	102127 (62.55)	112005 (67.79)	109631 (72.58)	114202 (73.76)	81303 (65.41)
	Private Sector	257313 (83.11)	267978 (78.58)	289336 (77.23)	198048 (70.99)	139951 (68.37)	90063 (74.53)	77183 (50.0)	61137 (37.45)	53212 (32.21)	41415 (27.42)	40624 (24.24)	42990 (34.59)
	Industry	309613 (100)	341012 (100)	374620 (100)	278992 (100)	204701 (100)	120847 (100)	154367 (100)	163264 (100)	165217 (100)	151046 (100)	154826 (100)	124293 (100)
Resolved during the Year	Public Sector	52135 (16.91)	72665 (21.31)	85828 (22.91)	80944 (-29.53)	64750 (30.85)	30784 (25.33)	77184 (49.99)	102127 (62.51)	109153 (67.20)	112454 (73.15)	114226 (73.75)	81303 (65.35)
	Private Sector	256196 (83.09)	268415 (78.70)	288836 (77.09)	193119 (70.47)	145125 (69.15	90751 (74.67)	77229 (50.1)	61254 (37.49)	53272 (32.80)	41286 (26.85)	40664 (26.25)	43114 (34.65)
	Industry	308331 (100)	341070 (100)	374664 (100)	274063 (100)	209875 (100)	121535 (100)	154413 (100)	163381 (100)	162425 (100)	153740 (100)	154890 (100)	124417 (100)
Outstanding at the end	Public Sector	165 (12.88)	544 (44.44)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	2852 (99.17)	29 (15.93)	5 (4.24)	0 (0.00)
	Private Sector	1117 (87.20)	680 (55.56)	1180 (100)	6109 (100)	935 (100)	247 (100)	201 (100)	84 (100)	24 (0.83)	153 (84.07)	113 (95.76)	289 (100)
	Industry	1281 (100)	1224 (100)	1180 (100)	6109 (100)	935 (100)	247 (100)	201 (100)	84 (100)	2876 (100)	182 (100)	118 (100)	289 (100)

Source: IRDA Annual Report 2011 to 2022

Note: 1. Status of grievances as per IGMS & Bhima Bharosa Portal

2. Figures in parenthesis shows the percentage of total Life Insurance Industry offices during the year

The life insurance industry grievances status is revealed in Table No. 13. The insurance industry's complaints are stored in the Integrated Grievance Management System, which also offers a forum for consumers to file complaints with insurers and produces a number of analytical reports on public complaints in the insurance sector. During the year 2022-23 public sector total 81303 complaints had been filed. Out of which 100 per cent complaints were resolved during the year. There was no complaint at the end of the year.

5. Conclusion:

The life insurance office stood at 11256 as on March 31, 2023. The total insurance agents in the year 2022-23 were 2628208 as against 2442609 in the year 2021-22. During the 2023-24, life insurance industry issued new policies 284.7 lac, in which private sector issues 80.42 lakh new policies and LIC issued 204.24 lakh new policies. The operating expensed growth rates show 23.80 per cent of LIC and 26.89 percent of private life insurance sector over the preceding year. The life insurance industry total capital at the end of the year 2022 was Rs. 35546.75 crore. Out of which 17.79 per cent paid up capital related to LIC and 82.21 per cent belongs to private sector. The overall industry show 0.78 per cent in term of claims repudiated. During the year 2022-23 public sector total 81303 complaints had been filed. Out of which 100 per cent complaints were resolved during the year.

6. Future Scope of the Study:

For more thorough results, life insurance sector and a longer time frame may be used as a sample in future research. The analysis may be carried out for the various countries life insurance sectors and general insurance sectors. For the future research other factors may also be considered.

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