



TRENDS AND PATTERNS OF LIFE INSURANCE AND NON-LIFE INSURANCE IN INDIA: AN ECONOMIC ANALYSIS

Dr. Sanganagouda Patil

Faculty from M.A.Economics Karnataka State Rural Development and Panchayat Raj University, Gadag.

ABSTRACT

Insurance of agricultural constitutes one of the important elements of the financial market. It plays a significant role in the process of financial intermediary. It is one of the most growing sectors all over the world. Within India the portion of life insurance business is 80.2% of total insurance business. The study is based on secondary data. The trends and pattern of life insurance and non-life insurance in India. The life insurance has increased from 44.03 in 2007 to 59.09 in 2015. It is around 15 percentage increased in 2007 to 2015. After the life insurance has decreased from 45.66 in 2018 to 39.41 in 2020 in India. The growth rate of life insurance and Non-life insurance in India. The life insurance has increased in 4.07 percentages in 2009 to 12.96 percentage in 2012. After the life insurance has decreased in -4.46 percentage in 2016 to -6.89 percentage in 2020. But in the same period Non-life insurance has decreased in 2009 to 2015. The sector wise growth rate of life insurance and Non-life insurance in India. The life insurance in public sector has increased in 11.15 percentage in 2008 to 40.79 in 2011 and after the life insurance has decreased in 17.19 percentage in 2012 to 3.18 percentage in 2020. As well as in private sector growth rate has increased in 12.04 percentage in 2008 to 82.31percentage in 2011 and after the life insurance in private sector has been continuously decreased during the period 2008 to 2020.

KEYWORDS: *Life Insurance, Public Sector, Private Sector*

1. INTRODUCTION

Insurance has a long history in India. Life Insurance in its current form was introduced in 1818 when Oriental Life Insurance Company began its operations in India. General insurance was however a comparatively late entrant in 1850 when Triton Insurance company set up its base in Kolkata. History of Insurance in India can be broadly bifurcated into three eras: a) Pre Nationalization b) Nationalization and c) Post Nationalization. Life Insurance was the first to be nationalized in 1956. Life insurance provides financial security to the family of a policyholder in the event of his/her death. This is the most popular insurance policy, as most people want to ensure that their family members remain financially secure in the event of their death.

Insurance of agricultural constitutes one of the important elements of the financial market. It plays a significant role in the process of financial intermediary. It is one of the most growing sectors all over the world. Within India the portion of life insurance business is 80.2% of total insurance business. India has 10th rank in life insurance business among the 88 countries.

In India, insurance is one of the vibrant and dynamic sectors which contributed toward the economic development of the country. In 2000, the Government of India gave the permission to private sector to enter into the insurance sector. The potential and performance of insurance sector in any country can be measured with the help of two parameters i.e., insurance penetration and insurance density. Insurance penetration is the ratio between premium underwritten and Gross Domestic Product (GDP) in any given year while the insurance density is the ratio between premium underwritten and total population of the country in any given year.

This Paper is the first of its category in the way as it attempts to compile the views given by expert commissions, research bodies and individual researchers with reference to private life insurance, level of awareness, policyholders' level of satisfaction with Life Insurance Corporation of India and Private Life Insurance companies.

Insurance is based on the principles of co-operation. The losses of a few are shared by many. Insurance is the best protection against the risk attached



to business, property and life. Insurance is a co-operative device of distributing losses, falling on an individual or his family over a large number of persons, each bearing a nominal expenditure and feeling secure against heavy loss. Insurance provides economic protection against, losses that may incur or may not incur during the time of contract called policy period. The purpose of insurance mode of risk transfer is to provide economic protection against the losses that may be incurred but to chance such as death, disability, economic losses.

Public Sector Insurance Companies, including a few nationalized banks, venturing in this insurance sector and private players with joint ventures, in this free competitive era, are going to transform this insurance with a steady pace in coming years. India represents a huge untapped insurance market. The liberalization, globalization and free competitiveness among private and public sector insurance companies will help a long way by increasing the insurance penetration at the gross root level of the country.

The story of insurance is probably as old as the story of the mankind. The same instinct that prompts modern businessman today to secure themselves against loss and disaster existed in primitive men also. They too sought to avert the evil consequences of fire and flood and loss of life and were willing to make some sort of sacrifice in order to achieve security.

2. REVIEW OF LITERATURE

Venketesh R (2013) in his paper "A Study of Trend Analysis in Insurance Sector in India" discusses the history of insurance and analyzes the life insurance in India. The study reveals that Indian insurance sector is increasing rapidly and trend percentages are increasing over the year. The author also focuses of insurance density and stated that in spite of higher insurance growth rate India has less insurance density as compared to world density.

Hymavathi T (2013), in their paper "Performance Evaluation of Indian Life Insurance in Post Liberalization" stated that the life insurance has achieved a tremendous growth in the amount of premium collected after the opening of it for private sector. On the basis of financial performance analysis of insurance industry, it can be conclude that the

performance of insurance business shows a favorable growth. Further, the study suggests that for sustainable growth of life insurance industry, it is necessary to provide innovative product and better facilities to policy holder. The study also reveals that liberalization has a significant impact on the growth of Indian life insurance business.

Anitha (2011) explained that the insurance sector, along with other elements of marketing, as well as financial infrastructure have been touched and influenced by the process of liberalization and globalization in India. The customer is the king in the market. Life insurance companies deal in intangible products. With the entry of private players, the competition is becoming intense. In order to satisfy the customers, every company is trying to implement new creations and innovative product characteristics to attract customers. Keeping this in mind, the present study is designed to analyze the innovation in Life insurance sector in India.

Rajanalkar L (2019) in his paper stated that the private insurance companies have performing well over the year. The market share of private life insurance companies were increasing over the year which create a lot of opportunity for them. There was a cut throat competition in this sector which would be beneficial to all. To get the competitive advantage over the competitor, companies bring out the innovative products and provide various facilities to the customer.

3. OBJECTIVES OF THE STUDY

- 1) To analyze the trends and patterns of life insurance and Non- life insurance in India.
- 2) Sector wise analysis of the life insurance growth and non-life insurance growth in India.
- 3) Conclusion and policy suggestion

4. METHODOLOGY

The study is based on secondary data. The data has been collected from various sources such as; Insurance regulatory and development authority (IRDA). The data was collected for the year 2007-2020. The statistical tools used in the study are Percentage, CAGR Compound annual growth rate.



5. RESULT AND DISSCUSSION

5.1 Analyze the trends and patterns of life insurance and Non- life insurance in India.

Table: 1 Trends and patterns of life insurance and Non-life insurance in India

Year	Life Insurance	Non-Life insurance
2007	44.03	55.97
2008	42.27	57.73
2009	43.99	56.01
2010	46.68	53.32
2011	49.14	50.86
2012	55.51	44.49
2013	57.65	42.35
2014	57.90	42.10
2015	59.09	40.91
2016	56.46	43.54
2017	50.63	49.37
2018	45.66	54.34
2019	42.33	57.67
2020	39.41	60.59
CV	7.24	0.13

Sources: Insurance regulatory and development authority (IRDA).

Table: 1 shows that the trends and pattern of life insurance and non-life insurance in India. The life insurance has increased from 44.03 in 2007 to 59.09 in 2015. It is around 15 percentage increased in 2007 to 2015. After the life insurance has decreased from 45.66

in 2018 to 39.41 in 2020 in India. But non- life insurance has decreased from 55.97 in 2007 to 54.34 in 2018 except 2014 and 2015 in India. Non- life insurance also continuously decreased in India.

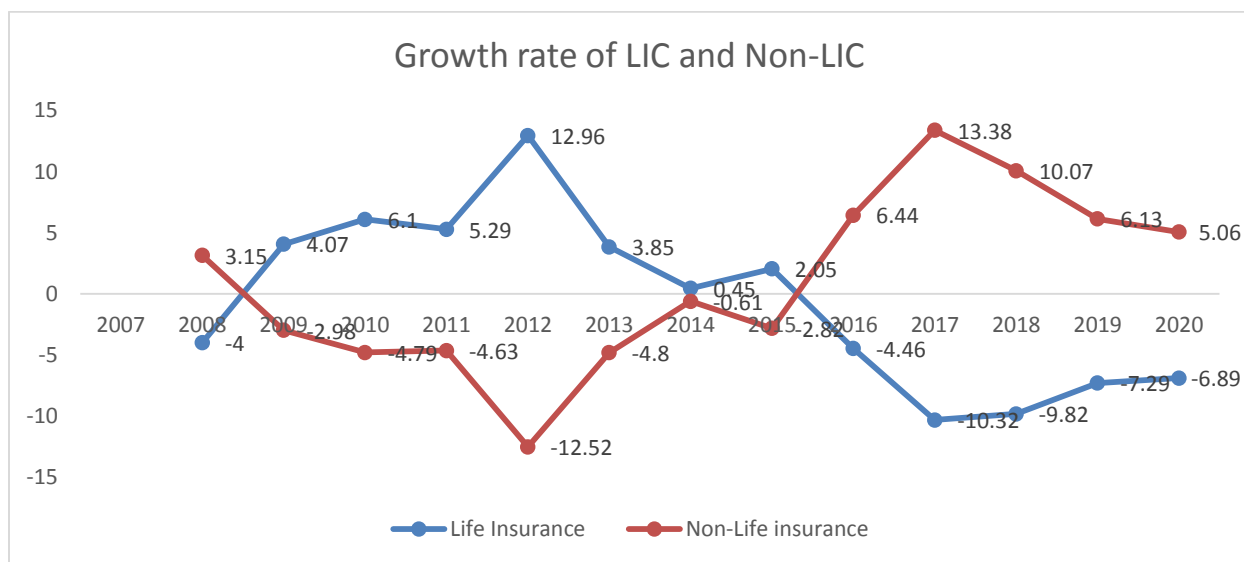
Table: 2 An analysis growth rate of life insurance and Non-life insurance in India

Year	Life Insurance	Non-Life insurance
2007		
2008	-4.00	3.15
2009	4.07	-2.98
2010	6.10	-4.79
2011	5.29	-4.63
2012	12.96	-12.52
2013	3.85	-4.80
2014	0.45	-0.61
2015	2.05	-2.82
2016	-4.46	6.44
2017	-10.32	13.38
2018	-9.82	10.07
2019	-7.29	6.13
2020	-6.89	5.06

Sources: Insurance regulatory and development authority (IRDA).

Table: 2 Shows that the growth rate of life insurance and Non-life insurance in India. The life insurance has increased in 4.07 percentages in 2009 to 12.96 percentage in 2012. After the life insurance has decreased in -4.46 percentage in 2016 to -6.89

percentage in 2020. But in the same period Non-life insurance has decreased in 2009 to 2015. After the Non-life insurance has increased in the same period. The growth rate of life insurance has increased at 12.96 in the year of 2012.



5.2 Sector wise analyze the life insurance growth and Non-life insurance growth in India.

Table 2: Sector wise growth rate of life insurance and Non-life insurance in India

Year	Life -Insurance		Non-life Insurance	
	Public	Private	Public	Private
2008	11.15	12.04	14.12	16.18
2009	18.25	47.65	11.09	32.64
2010	20.85	50.44	31.75	34.68
2011	40.79	82.31	21.02	73.65
2012	17.19	25.09	1.61	67.39
2013	15.01	23.06	4.52	13.2
2014	18.3	11.08	8.21	4.2
2015	9.35	4.52	4.7	2.64
2016	8.16	6.97	3.97	6.18
2017	7.14	5.16	2.88	8.16
2018	6.11	4.13	6.64	12.28
2019	5.12	3.12	5.36	8.33
2020	3.18	2.87	4.31	5.38

Insurance regulatory and development authority (IRDA).

Table: 2 Shows that the sector wise growth rate of life insurance and Non-life insurance in India. The life insurance in public sector has increased in 11.15 percentage in 2008 to 40.79 in 2011 and after the life insurance has decreased in 17.19 percentage in 2012 to 3.18 percentage in 2020. As well as in private sector growth rate has increased in 12.04 percentage in 2008 to 82.31percentage in 2011 and after the life insurance in private sector has been continuously decreased during the period 2008 to 2020.

In Non-life insurance Growth rate has been continuously decreased except in the year 2012. In the same period the growth rate has increased by 31.75 % in the year 2010. In private sector the growth rate has increased 16.18 percentage in 2008 to 73.65percentage in 2011. After the Non-life insurance has continuously decreased in the year of 2012 to 2020.



6. CONCLUSION AND POLICY SUGGESTIONS

In India, insurance is one of the vibrant and dynamic sectors which contributed toward the economic development of the country. In 2000, the Government of India gave the permission to private sector to enter into the insurance sector. The potential and performance of insurance sector in any country can be measured with the help of two parameters i.e., insurance penetration and insurance density. Insurance penetration is the ratio between premium underwritten and Gross Domestic Product (GDP) in any given year while the insurance density is the ratio between premium underwritten and total population of the country in any given year.

- LIC should adopt new marketing strategies as well as make advertisement to promote and aware about its policies to the consumers.
- LIC should concentrate on agents' training to make them updated as per market requirements and professionalism to tackle the queries of customers and doubts raised in their mind by other life insurance competitors of the market.
- LIC should also open more number of offices and authorized collection centers to make its objectives achieved in true way to spread the life insurance business in every corner of the country and to reach among the customers.
- Secured investments should be made continuously by LIC of India.

7. REFERENCES

1. Hymavathi T (2013), "Performance Evaluation of Indian Life Insurance in Post Liberalization". *Indian journal of applied research*, VOL.8, Pp 86-99.
2. Mathew J (1998), *Insurance theory and practice*, RBSA Publisher, SMS Highway. Jaipur (India), First edition 1998.
3. Venkatesh R (1987), "Trend Analysis in Insurance Sector in India", *Indian journal of applied research*, VOL.3, Issue1, Pp 36-44.