

Examination of the insurance sector in india



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Contents

- The Changing Product Profile

The insurance sector in India has completed all the aspects of competition - from being an unfastened competitory market to being nationalized and so acquiring back to the signifier of a liberalized market one time once more.

The history of the insurance sector in India reveals that it has witnessed complete dynamism for the past two centuries approximately. A

With the constitution of the Oriental Life Insurance Company in Kolkata, the concern of Indian life insurance started in the twelvemonth 1818. A

Important mileposts in the Indian life insurance concern

1912: The Indian Life Assurance Companies Act came into force for modulating the life insurance concern.

1928: The Indian Insurance Companies Act was enacted for enabling the authorities to roll up statistical information on both life and non-life insurance concerns.

1938: The earlier statute law consolidated the Insurance Act with the purpose of safeguarding the involvements of the sing populace.

1956: 245 Indian and foreign insurance companies and provident societies were taken over by the cardinal authorities and they got nationalized. LIC was formed by an Act of Parliament, viz. LIC Act, 1956. It started off with a capital of Rs. 5 crore and that excessively from the Government of India.

The history of general insurance concern in India can be traced back to Triton Insurance Company Ltd. (the first general insurance company) which was formed in the twelvemonth 1850 in Kolkata by the British. A

Important mileposts in the Indian general insurance concern

1907: The Indian Mercantile Insurance Ltd. was set up which was the first company of its type to transact all general insurance concern.

1957: General Insurance Council, an arm of the Insurance Association of India, framed a codification of behavior for vouching just behavior and sound concern forms.

1968: The Insurance Act improved for modulating investings and put minimum solvency degrees and the Tariff Advisory Committee was set up.

1972: The General Insurance Business (Nationalization) Act, 1972 nationalized the general insurance concern in India. It was with consequence from 1st January 1973.

107 insurance companies integrated and grouped into four companies viz. the National Insurance Company Ltd. , the New India Assurance Company Ltd. , the Oriental Insurance Company Ltd. and the United India Insurance Company Ltd. GIC was incorporated as a company.

Insurance companies in India

IRDA has till now provided enrollment to 12 private life insurance companies and 9 general insurance companies. If the bing public sector insurance companies are considered so there are soon 13 insurance companies in the life side and 13 companies working in general insurance concern. General

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Insurance Corporation has been sanctioned as the “ Indian reinsurer ” for subventioning merely reinsurance business. A

List of Insurance companies in India

LIFE INSURERS

Web sites

Public Sector

Life Insurance Corporation of India

www.licindia.com

Private Sector

Allianz Bajaj Life Insurance Company Limited

www.allianzbajaj.co.in

Birla Sun-Life Insurance Company Limited

www.birlasunlife.com

HDFC Standard Life Insurance Co. Limited

www.hdfcinsurance.com

ICICI Prudential Life Insurance Co. Limited

www.iciciprulife.com

ING Vysya Life Insurance Company Limited

www.ingvysayalife.com

Max New York Life Insurance Co. Limited

www.maxnewyorklife.com

MetLife Insurance Company Limited

www.metlife.com

Om Kotak Mahindra Life Insurance Co. Ltd.

www.omkotakmahnidra.com

SBI Life Insurance Company Limited

www.sbilife.co.in

TATA AIG Life Insurance Company Limited

www.tata-aig.com

AMP Sanmar Assurance Company Limited

www.ampsanmar.com

Dabur CGU Life Insurance Co. Pvt. Limited

www.avivaindia.com

GENERAL INSURERS

Public Sector

National Insurance Company Limited

www.nationalinsuranceindia.com

New India Assurance Company Limited

www.niacl.com

Oriental Insurance Company Limited

www.orientalinsurance.nic.in

United India Insurance Company Limited

www.uiic.co.in

Private Sector

Bajaj Allianz General Insurance Co. Limited

www.bajajallianz.co.in

ICICI Lombard General Insurance Co. Ltd.

www.icicilombard.com

IFFCO-Tokio General Insurance Co. Ltd.

www.itgi.co.in

Reliance General Insurance Co. Limited

www.ril.com

Royal Sundaram Alliance Insurance Co. Ltd.

www.royalsun.com

TATA AIG General Insurance Co. Limited

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www.tata-aig.com

Cholamandalam General Insurance Co. Ltd.

www.cholainsurance.com

Export Credit Guarantee Corporation

www.ecgindia.com

HDFC Chubb General Insurance Co. Ltd.

A

REINSURER

General Insurance Corporation of India

www.gicindia.com

A

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Brief History Of Insurance

The narrative of insurance is likely every bit old as the narrative of world.

The same inherent aptitude that prompts modern business communities today to procure themselves against loss and catastrophe existed in crude work forces besides. They excessively sought to debar the evil effects of fire and inundation and loss of life and were willing to do some kind of forfeit in order to accomplish security. Though the construct of insurance is mostly a development of the recent yesteryear, peculiarly after the industrial epoch – <https://assignbuster.com/examination-of-the-insurance-sector-in-india/>

past few centuries - yet its beginnings day of the month back about 6000 old ages.

Life Insurance in its modern signifier came to India from England in the twelvemonth 1818. Oriental Life Insurance Company started by Europeans in Calcutta was the first life insurance company on Indian Soil. All the insurance companies established during that period were brought up with the intent of looking after the demands of European community and Indian indigens were non being insured by these companies. However, subsequently with the attempts of high people like Babu Muttylal Seal, the foreign life insurance companies started sing Indian lives. But Indian lives were being treated as sub-standard lives and heavy excess premiums were being charged on them. Bombay Mutual Life Assurance Society heralded the birth of first Indian life insurance company in the twelvemonth 1870, and covered Indian lives at normal rates. Get downing as Indian endeavor with extremely loyal motivations, insurance companies came into being to transport the message of insurance and societal security through insurance to assorted sectors of society. Bharat Insurance Company (1896) was besides one of such companies inspired by patriotism. The Swadeshi motion of 1905-1907 gave rise to more insurance companies. The United India in Madras, National Indian and National Insurance in Calcutta and the Co-operative Assurance at Lahore were established in 1906. In 1907, Hindustan Co-operative Insurance Company took its birth in one of the suites of the Jorasanko, house of the great poet Rabindranath Tagore, in Calcutta. The Indian Mercantile, General Assurance and Swadeshi Life (later Bombay Life) were some of the companies established during the same period. Prior to 1912 India had no

statute law to modulate insurance concern. In the twelvemonth 1912, the Life Insurance Companies Act, and the Provident Fund Act were passed. The Life Insurance Companies Act, 1912 made it necessary that the premium rate tabular arrais and periodical ratings of companies should be certified by an actuary. But the Act discriminated between foreign and Indian companies on many histories, seting the Indian companies at a disadvantage. A

The first two decennaries of the 20th century saw batch of growing in insurance concern. From 44 companies with entire business-in-force as Rs. 22. 44 crore, it rose to 176 companies with entire business-in-force as Rs. 298 crore in 1938. During the mushrooming of insurance companies many financially unsound concerns were besides floated which failed miserably. The Insurance Act 1938 was the first statute law regulating non merely life insurance but besides non-life insurance to supply rigorous province control over insurance concern. The demand for nationalisation of life insurance industry was made repeatedly in the yesteryear but it gathered impulse in 1944 when a measure to amend the Life Insurance Act 1938 was introduced in the Legislative Assembly. However, it was much later on the 19th of January, 1956, that life insurance in India was nationalized. About 154 Indian insurance companies, 16 non-Indian companies and 75 provident were runing in India at the clip of nationalisation. Nationalization was accomplished in two phases ; ab initio the direction of the companies was taken over by agencies of an Regulation, and subsequently, the ownership excessively by agencies of a comprehensive measure. The Parliament of India passed the Life Insurance Corporation Act on the 19th of June 1956,

and the Life Insurance Corporation of India was created on 1st September, 1956, with the aim of distributing life insurance much more widely and in peculiar to the rural countries with a position to make all insurable individuals in the state, supplying them equal fiscal screen at a sensible cost.

LIC had 5 zonary offices, 33 divisional offices and 212 subdivision offices, apart from its corporate office in the twelvemonth 1956. Since life insurance contracts are long term contracts and during the currency of the policy it requires a assortment of services demand was felt in the ulterior old ages to spread out the operations and topographic point a subdivision office at each territory headquarter. Re-organization of LIC took topographic point and big Numberss of new subdivision offices were opened. As a consequence of re-organisation service maps were transferred to the subdivisions, and subdivisions were made accounting units. It worked admirations with the public presentation of the corporation. It may be seen that from about 200.00 crores of New Business in 1957 the corporation crossed 1000.00 crores merely in the twelvemonth 1969-70, and it took another 10 old ages for LIC to traverse 2000.00 crore grade of new concern. But with re-organisation going on in the early 1880ss, by 1985-86 LIC had already crossed 7000.00 crore Sum Assured on new policies.

Today LIC maps with 2048 to the full computerized subdivision offices, 109 divisional offices, 8 zonary offices, 992 satallite offices and the Corporate office. LIC ' s Wide Area Network covers 109 divisional offices and connects all the subdivisions through a Metro Area Network. LIC has tied up with some Banks and Service suppliers to offer online premium aggregation installation in selected metropoliss. LIC ' s ECS and ATM premium payment installation is <https://assignbuster.com/examination-of-the-insurance-sector-in-india/>

an add-on to client convenience. Apart from online Kiosks and IVRS, Info Centres have been commissioned at Mumbai, Ahmedabad, Bangalore, Chennai, Hyderabad, Kolkata, New Delhi, Pune and many other metropoliss. With a vision of supplying easy entree to its policyholders, LIC has launched its SATELLITE SAMPARK offices. The orbiter offices are smaller, leaner and closer to the client. The digitalized records of the orbiter offices will ease anyplace serving and many other comfortss in the hereafter.

LIC continues to be the dominant life insurance company even in the liberalized scenario of Indian insurance and is traveling fast on a new growing flight exceling its ain yesteryear records. LIC has issued over one crore policies during the current twelvemonth. It has crossed the milepost of publishing 1, 01, 32, 955 new policies by 15th Oct, 2005, posting a healthy growing rate of 16. 67 % over the corresponding period of the old twelvemonth.

From so to now, LIC has crossed many mileposts and has set unprecedented public presentation records in assorted facets of life insurance concern. The same motivations which inspired our sires to convey insurance into being in this state animate us at LIC to take this message of protection to illumine the lamps of security in every bit many places as possible and to assist the people in supplying security to their households.

Some of the of import mileposts in the life insurance concern in India are:

1818: Oriental Life Insurance Company, the first life insurance company on Indian dirt started operation.

1870: Bombay Mutual Life Assurance Society, the first Indian life insurance company started its concern.

1912: The Indian Life Assurance Companies Act enacted as the first legislative act to modulate the life insurance concern.

1928: The Indian Insurance Companies Act enacted to enable the authorities to roll up statistical information about both life and non-life insurance concerns.

1938: Earlier statute law consolidated and amended to by the Insurance Act with the aim of protecting the involvements of the sing populace.

1956: 245 Indian and foreign insurance companies and provident societies are taken over by the cardinal authorities and nationalised. LIC formed by an Act of Parliament, viz. LIC Act, 1956, with a capital part of Rs. 5 crore from the Government of India.

The General insurance concern in India, on the other manus, can follow its roots to the Triton Insurance Company Ltd. , the first general insurance company established in the twelvemonth 1850 in Calcutta by the British.

Some of the of import mileposts in the general insurance concern in India are:

1907: The Indian Mercantile Insurance Ltd. set up, the first company to transact all categories of general insurance concern.

1957: General Insurance Council, a wing of the Insurance Association of India, frames a codification of behavior for guaranting just behavior and sound concern patterns.

1968: The Insurance Act amended to modulate investings and put minimal solvency borders and the Tariff Advisory Committee set up.

1972: The General Insurance Business (Nationalisation) Act, 1972 nationalised the

general insurance concern in India with consequence from 1st January 1973.

107 insurance companies amalgamated and grouped into four companies viz. the National

Insurance Company Ltd. , the New India Assurance Company Ltd. , the

Oriental Insurance Company Ltd. and the United India Insurance Company

Ltd. GIC incorporated as a company.

Objective-

Spread Life Insurance widely and in peculiar to the rural countries and to the socially and economically backward categories with a position to making all insurable individuals in the state and supplying them equal fiscal screen against decease at a sensible cost. A

Maximize mobilisation of people ' s nest eggs by doing insurance-linked nest eggs adequately attractive. A

Bear in head, in the investing of finances, the primary duty to its policyholders, whose money it holds in trust, without losing sight of the involvement of the community as a whole ; the finances to be deployed to the best advantage of the investors every bit good as the community as a whole, maintaining in position national precedences and duties of attractive return. A

Behavior concern with extreme economic system and with the full realisation that the moneys belong to the policyholders. A

Act as legal guardians of the insured populace in their single and corporate capacities.

Meet the assorted life insurance demands of the community that would originate in the altering societal and economic environment. A

Involve all people working in the Corporation to the best of their capableness in fostering the involvements of the insured public by supplying efficient service with courtesy. A

Promote amongst all agents and employees of the Corporation a sense of engagement, pride and occupation satisfaction through discharge of their responsibilities with dedication towards accomplishment of Corporate Objective.

MissionA

“ Explore and heighten the quality of life of people through fiscal security by supplying merchandises and services of aspired properties with competitory returns, and by rendering resources for economic development. “ A

Vision

“ A trans-nationally competitory fiscal pudding stone of significance to societies and Pride of India. ”

A

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Members On The Board Of The Corporation

Shri. T. S. VijayanA (Chairman)

Shri. D. K. MehrotraA (Pull offing Director - LIC)

Shri. Thomas Mathew T. A (Pull offing Director - LIC)

Shri. A. K. DasguptaA (ManagingA Director - LIC)

Shri. Ashok ChawlaA (Finance Secretary, Ministry of Finance, Govt. of India)

Shri. R. GopalanA (Secretary, Department of Financial Services, Ministry of Finance, Govt. of India.)

Shri. Yogesh LohiyaA (Chairman cum ManagingA Director, GIC ofA India)

Shri S. Sridhar, A Chairmain & A ; Managing Director, Central Bank of India

Shri D. L. RawalA (Chairman & A ; Managing Director, Dena Bank) A

Dr. Sooranad Rajashekhran**Shri. Monis R. Kidwai**

Lt. General Arvind MahajanA (Retd.) A

Shri Anup Prakash GargA**Shri Sanjay Jain**

Kolkata: Life Insurance Corp (LIC) will be in line with all other private insurance companies on the compulsory minimal equity forepart.

The Cabinet has approved a Bill to be tabled in Parliament, to increase the paid-up capital of the state-run insurance company to Rs 100 crore from the present Rs 5 crore. " LIC (Amendment) Bill, 2008 is being tabled, " finance curate P Chidambaram said in Delhi on Friday.

Once the Bill is passed, it would do LIC compliant with Insurance Regulatory & A ; Development Authority (Irda) norms on the equity forepart.

The Bill will be tabled individually from other insurance statute laws like the Insurance (amendment) Bill, 2008, the General Insurance Business (nationalization) Act, 1972 and the Insurance Regulatory & A ; Development Authority Act, 1999.

The addition in equity would intend the authorities would set in Rs 95 crore as stockholders finacess, an LIC beginning told DNA Money.

Irda norms stipulate that any insurance company must hold a minimal paid-up capital of Rs 100 crore. For historical grounds, LIC conducted concern with a capital of Rs 5 crore.

Although the company ne'er faced a job, there was some force per unit area on it for keeping a solvency border of 150 % - in line with other insurance companies - a twosome of old ages back.

The beginning, nevertheless, said, " We ne'er faced a job on the solvency issue and in fact have a solvency border of 152 % at present. We have an plus base of over Rs 8 hundred thousand crore and a autonomous warrant. "

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Life Insurance Marketing in India (C) The Changing Product & A ; Pricing Norms

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" We will plan our merchandises specifically for every section of Indian consumers and non merely peddle our North American merchandises in the state. "

– Gary M C Standard, Vice President, Sun Life Canada, in 1997.

" We would non miss in our attempts to introduce new merchandises. "

– G. Krishnamurthy, former LIC Chairman, in 2000.

The Changing Product Profile

The Changing Product Profile

In July 2002, India ' s state-owned insurance company Life Insurance Corporation of India (LIC) launched a new insurance policy, ' Anmol Jeevan ' (Priceless Life) . This was seen by industry perceivers as something LIC ' had ' to make in the aftermath of the increasing competition in the insurance

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sector. Before the launch of Anmol Jeevan, two of LIC ' s major rivals, ICICI Prudential Life and HDFC Standard Life had launched similar, competitively priced insurance merchandises. In the freshly opened Indian insurance sector, private insurance companies were coming up with many advanced merchandises, offering riders^{1A} on the policies in order to court the consumers. LIC, which had been exerting monopoly in the Indian insurance sector, had been offering merely ' plain ' policies without any riders to its policyholders.

Therefore, the new participants launched a host of group insurance and term-life strategies, as LIC had non focused intensively on these facets of insurance. However, the private participants shortly began to establish merchandises that competed with LIC ' s ' core merchandises. ' With advanced merchandise designing and intelligent pricing methods being adopted by these participants, industry perceivers commented, LIC seemed to hold realized that it would hold to quickly accommodate itself to the altering market kineticss. The determination to establish ' Anmol Jeevan ' was, therefore, non wholly unexpected.