

Insurance company case study and analysis



**ASSIGN
BUSTER**

This Life Insurance Company Ltd. is one of the famous insurance companies in India offering various effective life insurance policies. This Life Insurance Company Limited is often known as Tata AIG Life. This Life is a joint venture of the Tata Group and American International Group, Inc. (AIG). Offers many standard & custom made life insurance policies. It is one of the oldest and leading business group of India. Tata group has a long association with India's insurance sector being the largest insurance company in India prior to the nationalization.

American International Group INC is leading US board International insurance & financial service organization this Life Insurance Company Limited or this insurance company brings to you a wide choice of life insurance policies for individuals, small and large business industries and for ventures. Apart from these, the company also provides additional life insurance coverage to assure the clients an insurance policy designed for them.

The Tata Group holds 74 % stake in the insurance venture with AIG holding the rest 26%. Tata AIG Life provides insurance solutions to individuals and corporate sectors. This Life Insurance Company received license for operating in India on February 12, 2001 and started its operations on April 1, 2001.

CEO of TATA -AIG is Mr. Ian J. Watts & Joydeep K. Roy, the alternative channels.

The various life insurance policies and services offered by the Tata AIG Life include:-

For individuals:

- Life Health First
- MahaLife Gold
- Life Invest Assure Plus
- Life Invest Assure II
- Life Health Protector
- Life Invest Assure Care
- Life Invest Assure Gold
- Life Health Investor
- Life Invest Assure Extra
- Life Plus
- Life Shubha Life
- Life Easy Retire
- Life Assure Security & Growth Plan
- Life Assure Money Saver
- Life Raksa
- Life Assure Golden Plan

For Children:

- Life Assure 21 years Money Sanchay
- Life Assure Career Builder
- Life Star kid
- Life Invest Assure Plus
- Life Assure Educated at 18

Retirement Plans:

- Life Nirvana
- Life Easy Retire
- Life Invest Assure Gold

Corporate life insurance products offered by this Life Insurance Company Ltd:-

The Tata AIG Life Insurance Company Limited also offers various corporate life insurance products that include –

- Group Pension
- Employee Benefit
- Workplace Solution
- Credit Life

THE CASE

American Insurance group in USA will have a bearing on its business in India, particularly its insurance business which it is running in collaboration with Tata.

However sources in the industry say that policy holders are not required to worry as the financial condition of insurance subsidiaries of AIG in India is quite stable, and they are able to meet all the liabilities emerging out of claims from their policy holders.

Insurance Regulatory Development Authority (IRDA) has also expressed its concern over the recent developments in the United States financial markets. AIG, which is one of the leading insurance group of US, has asked

financial assistance from the Federal Reserves. AIG is operating in both the life and non-life insurance sectors.

In a statement IRDA said that reports of life insurance and general insurance companies promoted by Tata and AIG as on March 29, 2008 indicated that both companies have satisfactory solvency position which suggests that they have enough assets which is capable of meeting their liabilities. IRDA further clarified that life and general insurance companies promoted by Tatas and AIG are companies registered under the Indian Companies Act and are restricted by the provisions of the Insurance Act .

From the reliable sources we found that policy holders should wait for clarification before taking any decision. AIG in USA has a solvency issue but in India there is no liquidity issue due to the intervention of IRDA. So there may not be a problem in the Indian insurance market.

Though in many countries, policy holders are in a hurry to cancel their policies, but in India there is no need to take such steps. Thus Industry experts said that there is no need to worry and policy holders should keep their insurance policies intact.

This company's general insurance is among the top 5 general insurance companies of the world and has earned a net premium of RS. 812 in 2008-09. This company is also one of the leading primary sectors and has earned a yearly premium of Rs. 970 corer.

Solution of the case

One of the officials Tata said that if AIG is not able to survive in the USA & is forced to file for insolvency, Tata will buy out the 26% share of AIG in both the companies and the customer's interest will remain safe. Then find some other foreign company and sell that 26% to them. So IRDA took the decision that they will seek a new promoter incase Tata's buys out the share or not the policiers' interest will remain unaffected.

But later on the matter settled down and AIG somewhat regained its lost position and thus Tata decided not to buy off their shares and till date they are continuing their insurance company together.

Conclusion

In India the insurance market was suffering before but now it has regained its lost status. But still now Life Insurance Corporation of India acquires 64% share of the entire insurance holders followed by ICICI prudential which has only 9% approx. of the market. Tata AIG has almost a negligible Insurance market share which is less than 2%. So they need to work a lot in order to establish their hold in Indian market.