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FINANCIAL SERVICES OF LIFE INSURANCE POLICY ININDIA

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Abstract

Life insurance is one of the financial assets for timely recovering of claims who the uncertainty risks against for protection of loss future events. Life insurance is financial help of unexpected events death recovery of claim to family members. Life insurance is long term financial investment with support of socio - economic development in our society. Life insurance policy promotes scheme welfare of customer services. Government of India is fully dedicated the financial services through number of scheme implement for society. This paper is highlighted financial services of life insurance policy in India.

Key Words: Insurance, Finance, Premium, Policy, Services.

INTRODUCTION

IRDA is launched several scheme dimension of service quality contribute the bonus plan policy, endowment policy is one of the most validity under this policies is running in prescribed manner. Insurance sector is prevailing which are benefit more number of people change the diversification of economic growth in our Indian economy. Insurance sector is enhancing provide the different variety of financial products to customer service is multi-variety of plan and policy schemes

is adopted under insurance regulatory authority of India preparing the pathway of financial services to suffered customer. Life insurance is most powerful drive for uncertainty risk in future events which contributes multi-dimensional of customer services instant of before death and after death in our human life. Insurance sectors are spectrums of financial services are available to provide savings, credit, fund transfer, exchange of money transaction protection of unexpected loss for human life support to

customer. Insurance regulatory authority of India framed several beneficiary wonderful schemes distribution of uncertainty of risk in current scenario. Government of India ensuring promote poor people the socio-economic sustainable growth of human resource development to encourage and support of exposed the similar loss. Insurance is leading protection against family loss give more compensation fund is allotting to other member to enjoy under the various policy of insurance

Review of Literature

Kalpana Naidu. C and Paramasivan. C (2015) explain Indian financial system is highly influence with the banking and insurance sector which attracts flow of savings and investments to the country. Insurance sector in India is one of the growing sectors of the economy. 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. It also caters to the needs of the both real economy and socio-economic objective of the country. It is making inroads into the interiors of the economy and is being considered as one of the fast-developing areas in the Indian financial sector. It has been mobilizing long-term saving through life insurance to support economic growth and also facilitating economic development.

Jyotiagarwalk .K. and Shakula (2014) noted that though the concept of insurance is quiet old; many households do not understand the concept of insurance. However, insured households do understand the insurance concept better than the uninsured. The study shows that a high proportion of households connect insurance with loss of life. The misconceptions are more prevalent among the uninsured households. With respect to major sources of information on insurance, the study indicates that insurance agents are the

major source in both rural and urban areas, playing an important role in influencing the household's decision in favour of insurance. Other important sources of information are friends, relatives and the media. The present research paper tries to know on whose persuasion a person purchases policy, their preference, reasons behind it, area of improvement etc. and will also suggest how the incorporated strategies have helped LIC of India.

Prarthanashahi (2013) pointed that life Insurance Corporation of India (LIC) is a monolithic company from last few decades. After the successful implementation of economic reforms in life insurance sector in India, LIC of India has made several positive efforts to triumph the hearts of the people. To achieve that LIC of India have adopted a number of new trends in marketing strategies for introducing innovative technologies. This study is an attempt to know about the recent trends followed by LIC of India in order to make their products available to each and every forthcoming customer in the life insurance market. The present research paper is a comprehensive study to know whether the implemented strategies have truly helped LIC of India in the changing trends of the society and will also suggest how these recent trends have helped LIC of India as a whole to manage the existing leading position in the life insurance market.

Karthika, G and Vadivalagan (2014) said that Life Insurance is the fastest growing sector in India since 2000 as Government allowed Private players and FDI up to 26% and recently Cabinet approved a proposal to increase it to 49%. Life Insurance in India was nationalized by incorporating Life Insurance Corporation (LIC) in 1956. All private life insurance companies at that time were taken over by LIC. In 1993, the Government of India appointed RN Amphora Committee to lay down a road

map for privatization of the life insurance sector (Desai, G.R. 2002). While the committee submitted its report in 1994, it took another six years before the enabling legislation was passed in the year 2000, legislation amending the Insurance Act of 1938 and legislating the Insurance Regulatory and Development Authority Act of 2000. The same year the newly appointed insurance regulator- Insurance Regulatory and Development Authority IRDA - started issuing licenses to private life insurers. Analyzing purchasing behavior profile is important as the progress of life insurance penetration and density is far from satisfying and this indicates at some problem in the way it is being sold in our country.

Bhagabandas, Sangeeta and Mohaty (2008) observed that during the post 1990 period, service sector in most of the Asian economies witnessed growth fuelled by significant changes in their financial sector. India is now being ranked as one of the fastest growing economy of the world. During last one decade or so, role of Indian insurance and mutual fund industry as a significant financial service in financial market has really been noteworthy. In fact since 1992, a number of research studies have underlined the importance of these two in the Indian capital market environment as important investment vehicles. But the existing 'Behavioral Finance' studies on factors influencing selection of mutual fund and life insurance schemes are very few and very little information is available about investor perceptions, preferences, attitudes and behavior. Yet again, perhaps no efforts are made to analyze and compare the selection behavior of Indian retail investors towards mutual funds and life insurances.

Hymavathikumari and Beanacilinadorthy (2012) suggest that

Indian economy experienced a major structural change within the industrial sector as a result of the major drive for industrial diversification in the mid-fifties. The pace of transition of the Indian economy from an agricultural economy to an industrial one was quite slow since 1951. This underlines a major structural shift in the Indian economy especially in service sectors and less to the performance of the agricultural sector. Among various service sector activities banking and insurance plays a vital role. The banking sector is a very important sector of the Indian economy. There are many factors to examine when looking at insurance companies. Poor fundamentals not only indicate a poor investment opportunity, but also hinder growth. Nothing is worse than insurance customers discovering that their insurance company might not have the financial stability to pay out if it is faced with a large proportion of claims. Hence performance analysis is essential especially in case of insurance companies.

Objectives of the Study

The present study is following objectives

1. To examine life insurance policy help of financial support to policy holders.
2. To analyze life insurance policy through industry sector.
3. To find out the claims settle to LIC policy holders.

Methodology

The present study is purely based on secondary data. Secondary data were collected from various journals, magazines; newspaper related website and IRDA report 2019-2020 etc. The researcher collected the data analyzed insurance penetration and density with life insurance and non life insurance through industry. Premium and claims underwritten by life insurance

Table -1
Insurance Penetration and Density in India

Year	Life Insurance		Non Life Insurance		Industry	
	Density	Penetration	Density	Penetration	Density	Penetration
2001	9.10	2.15	2.40	0.56	11.50	2.71
2002	11.70	2.59	3.00	0.67	14.70	3.26
2003	12.90	2.26	3.50	0.62	16.40	2.88
2004	15.70	2.53	4.00	0.64	19.70	3.17
2005	18.30	2.53	4.40	0.61	22.70	3.14
2006	33.20	4.10	5.20	0.60	38.40	4.80
2007	40.40	4.00	6.20	0.60	46.60	4.70
2008	41.20	4.00	6.20	0.60	47.40	4.60
2009	47.70	4.60	6.70	0.60	54.30	5.20
2010	55.70	4.40	8.70	0.71	64.40	5.10
2011	49.00	3.40	10.00	0.70	59.00	4.10
2012	42.70	3.17	10.50	0.78	53.20	3.96
2013	41.00	3.10	11.00	0.80	52.00	3.90
2014	44.00	2.60	11.00	0.80	55.00	3.30
2015	43.20	2.72	11.50	0.72	54.70	3.44
2016	46.50	2.72	13.20	0.77	59.70	3.49
2017	55.50	2.76	18.00	0.93	73.00	3.69
2018	55.50	2.74	19.00	0.97	74.00	3.70
2019	58.00	2.82	19.00	0.94	78.00	3.76

Sources: IRDA-2019-2020

Table.1 inferred that insurance penetration and density in India. It is record of life insurance density 58.00 with penetration of 2.82 in 2019-2020. It is continuously service of LIC density of 55.70 with penetration of 4.40 in 2010-2011. It is served that LIC density of 49.00 with penetration of 3.40 in 2011-2012. It is decreased trend of life insurance corporation density is 9.10 with penetration of 2.15 in 2001-2002.

It is exhibit that non life insurance of density is 19.00 with penetration

of 0.97 in 2018-2019. It is highlighted that decreased value of 2.40 with penetration of 0.56 in 2001-2002. It is followed that 3.00 with penetration of 0.67 in 2002-2003.

It is concluded that industry position of density 78.00 with penetration of 3.76 in 2019-2020. It has been continuously increasing trend of density 74.00 with penetration of 3.70 in 2018-2019. It is decreased trend of life insurance corporation density of 11.50 in 2001-2002.

Table -2
Premium Underwritten by Life Insurance

S. No	Mode of premium	Types	2018-19	2019-20
1	First Year Premium	LIC	31326.22 (42.79)	57958.76 (56.66)
		Private Sector	41887.02 (57.21)	44326.64 (43.34)
		Total	73213.24	102285.40

2	Single Premium	LIC	111009.74 (78.29)	120317.48 (76.65)
		Private Sector	30780.06 (76.65)	36659.50 (23.35)
		Total	141789.80	156976.98
3	New Business Premium	LIC	142335.96 (66.20)	178276. 24 (68.76)
		Private Sector	72667.08 (33.80)	80986.14 (31.24)
		Total	215003.04	259262. 38
4	Renewal Premium	LIC	195169.11 (66.58)	201113.36 (64.12)
		Private Sector	97959.88 (33.42)	112534.45 (35.88)
		Total	293129.00	243273.94
1	Linked and Non Linked Premium		2018-19	2019-20
	LinkedLIC		813.50	761.58
	Private Sector		75338.67	82288.08
	Total		76152.17	83049.66
2	Non Linked PremiumLIC		336691.57	378628.29
	Private Sector		95288.29	111232.51
	Total		431979.87	489860.53

Sources: IRDA-2019-2020

Table -2 exhibits that premium underwritten by life insurance during the year 2019-2020. It is first year premium Rs.31326.22 growth of (42.79) in 2018-2019. It is compare that increased position

of premium Rs. 44326.64 growth of (43.34) in 2019-2020. It is single premium of compare the LIC decreased trend of private sector 36659.50 of (23.35) in 2019-2020.

Table -3
Claims of Life Insurers

S. No		LIC		Private		Total	
		2018-19	2019-20	2018-19	2019-20	2018-19	2019-20
1	Death claim	17075.06	17505.36	9671.94	12287.92	26747.00	29793.28
2	Maturity	151446.05	151159.70	16675.85	20565.77	168121.90	171725.47
3	Surrender	69237.27	70148.12	41931.73	51819.01	111169.00	121967.13
4	Others	11526.48	13947.45	12113.89	13243.76	23640.38	27191.21
5	Total	249284.86	252760.62	80393.42	97916.46	329678.28	350677.08

Sources: IRDA-2019-2020

Table -3 claims of life insurers during the year 2019-2020. The LIC death claims of Rs. 17075.06, private life insurance served maturity of 20565.77 from 2018-2020. The surrender value of money settled claims LIC Rs. 69237.27

with private services of Rs.13243.76 from 2018-2020.

Suggestions

1. Private insurance sometimes ignore the standards formalities and regulation framed by insurance

regulatory authority of India. They are not following best practices to reach target and also guide proper perspective of assumes. Most of the customer feel change the procedure from time to time. Private life insurance should try it come forward follows under the IRDA regulation

2. LIC are Service quality dimension is leading ensuring the financial services to promote the different variety of life insurance product to customer satisfy before death and after death to utilize multivariate of benefit to their future. Life Insurance Corporation must be provided bonus and premium in proper manner to customers.
3. Endowment policy is one major milestone of life insurance policy to give more benefit in retail business customers. Public life insurance companies should be introduced and implementation new policy and scheme framing under the guidelines of IRDA
4. Life Insurance Corporation of India should be trying it constant in proper way to reach customer new policy and schemes including Single Premium Endowment Plan, New Endowment Plan, and New Jeevan Anand LIC's Jeevan Rakshak LIC's Limited Premium Endowment Plan. All India Life Insurance Corporations conduct awareness on workshop among customer in rural and urban area.
5. Life Insurance Corporation should be giving credit facilities to customer under these types of policies schemes guarantee marriage endowment or educational annuity plan and jeevanachhaya child future plan. IRDA should be more constant are benefited society or group of people.

Conclusion

Life Insurance is leading financial services which promote the uncertainty risk for future events.

Insurance company framed several benefit of policy schemes highly density services sector not only India also throughout world. Government of India is ensuring has been overwhelming to develop the socio-economic emancipation of below poverty line people. Insurance regulatory authorities of India promote the business people given more benefits prepare the some of the guidelines follow the private and public company insurances. Present day insurance sectors is certain level help to promote the uncertainty risk for present and future especially fully support to death of policy holders give some of the amount of financial services to the guardian of person. Insurance sector is diverse the spectrum of activities to served the policy holders are benefited majority of people and also pension fund scheme are utilized for senior citizen of India.

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