STRATEGIES OF PUBLIC AND PRIVATE LIFE INSURANCE COMPANIES IN THE MARKETPLACE

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Abstract
The banking and insurance sectors in India have a significant impact on the country's financial system, which draws a large amount of savings and investment. In India, the insurance business is one of the fastest-growing industries. The trend of liberalisation and globalisation in India has had an impact on the insurance industry, as well as other aspects of marketing and financial infrastructure. In today's market, the client reigns supreme. In the world of life insurance, the goods aren't physical. The rivalry is growing more severe as a result of the introduction of private players. Every business tries to apply fresh innovations and creative product qualities to attract clients in order to meet their needs. This study aims to compare the perspective of consumers in terms of service quality between public and private life insurance firms in India, and to examine the performance of public and private insurance businesses in India.

1. Introduction

A civilised society's reliance on insurance dates back to the dawn of business and trade itself. Life, business, trade, etc. all include a degree of risk. It will be safe because of the insurance. Financial institutions in India rely heavily on the insurance industry. It has also helped India achieve its goal of establishing an economically efficient, effective, and stable environment. It also meets the requirements of the country's actual economy as well as its socio-economic goals. By breaking into the economic core, it has become one of India's most dynamic and rapidly growing sectors of financial services. It has been encouraging long-term savings via life insurance, which in turn has helped boost economic growth and development.

The Indian insurance industry, home to the world's highest number of operating life instance policies, has established itself as a major player in the global insurance market. The Life Insurance Corporation of India (LIC) and General Insurance Corporation of India (GIC) were the only two state-owned insurance companies in India up until 1999. (GIC). An important step toward liberalisation was accomplished in March 2000 when the Insurance Regulatory Development Authority Act came into force (IRDA Act). The IRDA Act eliminated all limits on private insurers' entrance into the market. According to current estimates, the country's potential premium revenue is over $80 billion, making it the sixth biggest market in the world1. More than $150 billion is expected to be paid in premiums in the Indian life insurance industry in 20102. Only a big number of insurers can realise this enormous potential. The Indian life insurance industry can easily support roughly 100 insurers to cover the projected population of more than 120 million. As people's lifespans have increased and the traditional family unit has become more fragmented, it's become necessary for everyone to get their own individual and family insurance policies. About 350 million people in the middle class are able to pay for insurance with their own money. The government and insurers must work together to assist the lower-middle-class people get subsidised health coverage.

1.1 Evaluation of Insurance

Insurance was developed out of a basic human need and moulded by the socioeconomic conditions of the period. ” When disasters occur, they don't generally provide any advance warning. The effects may be catastrophic, scaring one's world and wreaking havoc on one's own finances. Even if one exercises extreme caution while handling their most prized possessions, the risk of injury still remains.

If the family's finances are already well-balanced, one may lessen the impact of such an occurrence on the family's finances by purchasing insurance.

1.2 Evolution

The origins of "Bottomry" may be traced back to the ancient Babylonian civilisation and a commercial operation known as Marine Insurance. In order to pay for the voyage, ship owners might borrow money against their vessels. Piracy was rife on the high seas, so merchants and mariners were afraid to set sail for new lands. A sliver of safety was provided by Bottomry. The merchants agreed to pay back the money and interest only if their ship arrived. Because they didn't have to pay back the loan if their ship didn't make it, they could keep the money they lost.

Medieval guilds pooled money to defend their members from loss, pay ransom if they were caught by pirates, and offer burial and assistance in illness and hardship as cities and commerce in Europe grew. As demonstrated by the first recorded insurance contract (GENOA 1347), maritime insurance was widely used across Europe by the middle of the 14th century.

1.3 Insurance Industry in India

In 1818, the British introduced insurance to India, laden with imperialist bias. For the first time, an insurance provider in the nation offered coverage for European windows solely. As time went on, British insurers started providing coverage for Indians' lives, but at a cost that was 15% to 20% greater than what Britishers had to pay. It wasn't until 1870 that the inequity was finally addressed. Bombay Mutual Life Insurance Society was founded by six Indians who were fed up with being treated like second-class citizens. India's insurance market was spurred on by social discrimination, which was itself a driver for innovation. The Hindu Family Annuity Fund was established in 1909 by activist Ishwar Chandra Vidyasagar as the first example of an Indian-specific pension-based investment plan. Similar to what occurred in Britain previously, the proliferation of new participants and the shoddy enforcement of restrictions led to an unprecedented disaster. Several insurance companies defaulted on their contractual responsibilities, alleging investment losses, and some even went out of business completely..

In India, the insurance sector has been around for about 150 years. The British were the first to invent modern-day life insurance. It was founded in Calcutta in 1818 by Europeans as the first insurance firm in the city. India's insurance industry may be traced back to the Triton Insurance Company Ltd., a British-owned insurance company founded in Kolkata in 1850 by the British. An insurance firm called Bombay Mutual Life Assurance Society was founded in 1870, making it the country's first insurance company. However, up to the end of the 19th century, foreign insurance firms in India enjoyed an advantage in the insurance market. Insuring Indians with a 10% surcharge was standard practise at the time.

2. Life Insurance

Consumers are heavily engaged in the life insurance industry because of the variety of products offered, the complexities of the policies and procedures, and the necessity to include the customer in every step of the process. Life insurance is one such professional service. Recently, life insurance has become more than just a 'Protection' or 'Legacy' option for the family; it has become a vital investment vehicle. Because of its rapid economic growth, India has become one of the world's most attractive insurance markets.

2.1 Growth of Life Insurance Industry

There was no fierce competition in the insurance business in India when it was first opened to the public. Prior to 2000, India had just one life insurance firm, the Life Insurance Corporation (LIC), which was a government-owned enterprise. IRDA (Insurance Regulatory Development Authority) was established in 1999 when the Indian government permitted insurance sector privatisation. The life insurance market has been opened up to private businesses after IRDA provided licences. It has resulted in a fast expansion of the insurance business in India, since private companies have been permitted to join the life insurance market in India since 1999, when the field was liberalised. When it comes to premium revenue and new business policies, offices, agents, and products and riders all in India's life insurance sector have grown rapidly since the year 2000. The insurance sector in India is through a period of rapid expansion that is being fueled by companies that are trying to modernise and enhance the market dynamics. There are now 23 private life insurance companies and one public life insurance company active in India at this time. For the 2007 McKinsey report, India was predicted to become the fifth-largest global market by 2025.

2.2 Public & Private Sector Life Insurance

2.2.1 Public sector Company: Life insurance Corporation of India

There is just one public sector life insurance company in India, the Life Insurance Corporation of India (LIC). The state-owned Life Insurance Corporation was established on September 1, 1956, when 245 insurance firms and provident societies were combined into one. With an estimated asset value of 1560481.84 crore (US$250 billion), it is the biggest insurance firm in India. A total life fund of Rs.1433103.14 crore and a total value sold of Rs.367.82 lakh were the company's figures as of 2013.

- ✓ **Life Insurance Corporation of India**

The Insurance Act, 1956, passed by Parliament in 1956, resulted in the formation of LIC of India on September 1st of that year. A number of laws and regulations apply to LIC, the largest life insurance company in the United States. The LIC has 8 Zonal Offices, 113 Divisional Offices, 2048 Branch Offices, 73 Customer Zones, 1401 Satellite Offices, and 1240 Mini Offices as of March 31, 2016.

Three of the company's branch offices are located in Fiji, Mauritius, and England. Life Insurance Corporation (International) B.S.C.(c), based in Manama (Bahrain), as well as Kenindia Assurance Company Ltd. in Nairobi, the Life Insurance Corporation (Nepal) Ltd. in Kathmandu, and the Life Insurance Corporation (Lanka) Ltd. based in Colombo (Sri Lanka) are all JV companies that operate in the international insurance market for the company. An LIC joint venture was founded on December 14, 2015 by Life Insurance Corporation of India (LIC), Strategic Equity Management (SEM), and Mutual Trust Bank (MTB). On April 30, 2012, Life Insurance Corporation (Singapore) Pte Ltd., a wholly owned subsidiary, was formed. Kenindia Assurance Co. Ltd., Nairobi, Kenya, and Saudi Indian Company for Co-operative Insurance (SICCI), Riyadh, Kingdom of Saudi Arabia, are two of the two joint ventures (JVs) listed on the stock exchanges of their respective countries.

✓ **General Insurance Corporation Of India**

At that time, 107 insurers were consolidated into four companies: the National Insurance Company of India, the New India Assurance Company of India, the Oriental Insurance Company and United Insurance Company. In 1972, the GIC was formed, and the other four firms became subsidiaries of that company. Since then, GIC has been designated as the Indian Reinsurer and its supervisory position has been terminated. GIC's status as a holding company for its subsidiaries ended on March 21, 2003, and ownership of those companies was transferred to the Government of India. To better serve customers, the company maintains a global presence with a head office in Mumbai along with offices in London, Dubai, and Kuala Lumpur as well as one representative office in Moscow. Furthermore, the company is a joint venture with two international companies (GIC Re South Africa and GIC Re India Corporate Member Ltd. in UK). On March 31, 2016, the company had 558 employees. Despite the fact that the firm has a paid-up equity capital of Rs.430 crore, the permitted capital of Rs.1000 crore remains.

✓ **New India Assurance Company Limited**

A merger of Indian corporations led to Sir Dorabji Tata's company's nationalisation in 1973. A total of 18783 people work for the company as of March 31, 2016. Clients get insurance services from the firm, which has over 170 products to meet the needs of customers in almost every area of the general insurance market. The firm has Rs. 300 crore in authorised capital and Rs. 200 crore in paid-up equity capital.

✓ **United India Insurance Company Limited**

In 1938, the United India Insurance Company Limited was founded. 12 Indian Insurance Companies, four Cooperative Insurance Societies and the Indian businesses of five foreign insurers were amalgamated into United India Insurance Company Limited as a result of India's nationalisation of the general insurance industry. As of the 31st of March 2016, the company has 2080 locations with a total of 16345 employees. A wide range of general insurance services are offered by the organisation to its clients. There is an authorised capital of Rs.200 crore and an equity capital of Rs.150 crore in the firm.

✓ **Oriental Insurance Company Limited**

In 1947, the Oriental Insurance Company Ltd. was established as a limited liability company. In 2003, the General Insurance Corporation of India sold all of its interests in the firm to the Indian government. As of the 31st of March 2016, the company has 1924 locations around the nation with a total of 13923 employees. A wide range of general insurance services are offered by the organisation to its clients. Rs.200 crore is the approved and paid-up equity capital of the firm.

✓ **National Insurance Company Limited**

In the year of 1906, the company was officially established. To become National Insurance Company Ltd., it was amalgamated with 21 foreign and 11 Indian firms once nationalisation had taken place. As of the 31st of March 2016, the company has 1998 locations throughout India with a total workforce of 15079 people. A wide range of general insurance services are offered by the organisation to its clients. The firm has Rs. 200 crore in authorised capital and Rs. 100 crore in paid-up equity capital.

2.2.2 Growth as a Monopoly

Life Insurance Corporation of India, which had the exclusive right to solicit and sell insurance in India, generated enormous surpluses from its inception. From about 300 offices and around 5.7 million policies in 1959, the Corporation's business had expanded to more than 250,000 offices, 350 million policies, and a corpus of more than 800,000 crores (US$130 billion) by the end of the twentieth century.

2.2.3 Private companies that are in life insurance sector are as under

- AEGON Religare Life Insurance
- Edelweiss Tokio Life Insurance Co. Ltd
- Aviva India
- Shriram Life Insurance
- Bajaj Allianz Life Insurance
- Bharti AXA Life Insurance Co Ltd
- Birla Sun Life Insurance
- Canara HSBC Oriental Bank of Commerce Life Insurance
- Star Union Dai-ichi Life Insurance
- DLF Pramerica Life Insurance
- Future Generali Life Insurance Co Ltd
- HDFC Standard Life Insurance Company Limited
- ICICI Prudential Life Insurance Company Limited
- IDBI Federal Life Insurance
- IndiaFirst Life Insurance Company
- ING Life Insurance
- Kotak Life Insurance
- Max Life Insurance
- PNB MetLife India Life Insurance
- Reliance Life Insurance Company Limited
- Sahara Life Insurance
- SBI Life Insurance Company Limited
- TATA AIA Life Insurance

2.3 Public and private life insurance companies' performance

LIC's yearly reports, as well as textbooks and articles from across the world, provided all of the necessary information. The annual reports of IRDA, IRDA journal, and Life Insurance Today were used to gather secondary data. In addition, a few internet resources were used. Percentage, ratio, growth rate and coefficient of variation were utilised to analyse the data. The purpose of the research was to assess the financial performance of Indian life insurance businesses by examining the factors that contribute to their profitability. Aside from offering a method for preserving money and transferring risk, insurance firms also serve to move cash from surplus economic units into deficit economic units so that investment activities may be supported in the economy. The success of a company may have a direct impact on the economy as a whole, hence empirical analysis is necessary to evaluate the performance. Financial ratios, such as the current ratio, solvency ratio, return on assets ratio, and insurance leverage ratio, have been used to evaluate the financial success of a company.

3. Marketing Strategy

A company's long-term competitive position and its component businesses are taken into account while determining the board structure for its marketing mix. The long-term competitive positioning of the organisation and its key business divisions are at the heart of marketing strategy. Environmental prospects may be turned into profitable economic operations with the support of marketing strategies, which in turn help offset environmental risks. It is a key component of the company's long-term competitive strategy. By creating long-term plans for each target market, marketing strategists hope to lessen the effect of unanticipated changes in the external environment. As a manager, your job is to ensure that the organization's goals, capabilities, and resources are aligned with current and future market conditions. An way to managing complex organisations in the face of ever-changing external pressures and dangers is provided by marketing strategy. Synergy may be achieved by coordinating the utilisation of resources and abilities across several marketplaces. Marketing strategy is characterized as external market orientation, long term perspective empirical research marketing information system base, entrepreneurial thrust and inter disciplinary approach.

3.1 Public and private life insurance companies use different marketing approaches

When it comes to protecting your family in the case of your untimely death, life insurance is the best option. In India, the insurer guarantees to pay a certain amount to the policyholder's family in the event of the policyholder's death within the duration of the contract. Life insurance is a contract between an insurance company and a policyholder in which the insurer promises to pay a certain amount of money to a designated beneficiary in the event that a policyholder passes away during the policy's duration. By agreeing to a predetermined quantity of money, the policyholder agrees to make recurring or one-time payments in the form of premiums. Benefits may be paid out in the event of a critical sickness or a terminal disease, if they are contained in the contract. Funeral expenditures, for example, may be included in the benefits package if they are specifically mentioned in the contract. Funeral expenditures, for example, may be covered by an insurance if they are specifically listed in the contract. Besides death benefits, a Life Insurance plan offers maturity benefits as well. If the insured is still alive at the end of the policy period, they will get a payment. In addition, under Section 80C of the Income Tax Act of 1961, life insurance plans are eligible for a number of tax advantages.

Private players in India may now do business as usual after the recent economic reforms. In the year 2000, India's private service industry was granted full commercial freedom. In 2001, a foreign investor in life insurance joined forces with Indian insurers to launch their company in the country. There was only one government-regulated life insurance company in India before to privatisation, and that was the LIC. Currently, 24 different life insurance businesses provide protection to their customers via life insurance. Since the nationalisation of the life insurance industry in 1956, India's laws and practises governing the industry have evolved dramatically. Only the Life Insurance Corporation and the Postal Life Insurance Company remained in the life insurance industry after nationalisation. In the year 2000, India established a new regulatory agency. IRDA has been granted the authority to issue certificates to private insurers in India to conduct life insurance business. A total of 23 private Indian businesses have been granted permission to participate in the Indian life insurance market. Joint ventures and overseas partnerships have been established by these firms.

4. Growth Of Life Insurance Business In India

Insurance has a long history in India. Yagnavalkya's Dharmasastra and Manu's Manusmrithi both make reference of it (Arthasastra). They discuss how resources may be pooled and redistributed at times of disasters like fire, flood and diseases, as well as hunger. This was most likely a forerunner to today's insurance policies. In the form of maritime trade loans and carriers' contracts, ancient Indian history has retained the first evidence of insurance. Over the years, the insurance industry in India has drawn substantially on the experience of other nations, notably England. The Oriental Life Insurance Company was founded in Calcutta in 1818, and it marked the beginning of the life insurance industry in India. In 1834, however, this company went bankrupt. As early as 1829, the Madras Equitable had began doing business in the Presidency of Madras. The British Insurance Act was enacted in 1870, and in the latter three decades of the nineteenth century, the Bombay Mutual (1871), Oriental (1874), and Empire of India (1897) were established at the Bombay Residency. Foreign insurance offices, such as Albert Life Assurance, Royal Insurance, Liverpool, and London Globe Insurance, dominated the Indian market in this period, and the Indian offices had to contend with fierce rivalry from the foreign corporations. It was in 1914 that the Government of India began to publish insurance company returns in India.' For the first time ever, life insurance companies in India were regulated by law in 1912. Indian and international insurers including provident insurance societies conducted business in India in 1928 under the Indian Insurance Companies Act, which allowed the government to gather statistical data on both life and non-life insurance transactions. As a means of preserving the interests of the insurance public, the Insurance Act, 1938, was enacted in 1938, consolidating and amending the prior law.

Principal agencies were disbanded by the Insurance Amendment Act of 1950. Although there were many insurance firms to choose from, competition was fierce and premiums were expensive. Allegations of unfair trading practises were also made. Therefore, the Indian government chose to nationalise the insurance sector. The Life Insurance industry was nationalised on January 19, 1956, and the Life Insurance Corporation was established at the same time. 245 Indian and international insurers were absorbed by the LIC – 154 Indian, 16 non-Indian, and 75 provident societies. Until the late 1990s, when the insurance market was opened to competition, the LIC had a monopoly. As a result of the Industrial Revolution in Europe and the rise of sea-faring trade and industry in the 17th century, general insurance was born. It was brought to India by the British as a relic of their rule. The British established Triton Insurance Company Ltd. in Calcutta in 1850, which became India's first general insurance company. 1907 saw the establishment of Indian Mercantile Insurance Ltd. This was the first general insurance firm to handle all types of business.

The Insurance Association of India's General Insurance Council was established in 1957. Code of conduct for the General Insurance Council ensures fair and good business operations. Regulation of investments and the establishment of minimum solvency margins were two of the goals of an amendment to the Insurance Act passed in 1968. At same time, the Tariff Advisory Committee was also established. On January 1st of 1973, after the passage of the General Insurance Business (Nationalization) Act of 1972, general insurance was nationalised. The National Insurance Company Ltd., the New India Assurance Company Ltd., the Oriental Insurance Company Ltd., and the United India Insurance Company Ltd. combined and united 107 insurers into four businesses. Incorporated in 1971, the General Insurance Corporation of India went into operation on January 1st, 1973. A almost 200-year odyssey has brought insurance to a complete circle in this century. The process of reopening the sector began in the early 1990s, and in the previous decade and more, it has been extensively opened up. RN Malhotra, the former governor of the Reserve Bank of India, was appointed head of a government committee in 1993 tasked with making reform proposals for the insurance industry. The goal was to complete the financial sector reforms already underway. Among its recommendations was that the insurance business should be opened up to the private sector. They recommended that foreign firms enter the market via the establishment of Indian joint ventures. Since its inception in 1999, the Insurance Regulatory and Development Authority (IRDA) has served as a self-regulatory and development arm of India's insurance sector. In April of 2000, the IRDA became a legally recognised entity. The IRDA's main goals include promoting competition to boost customer happiness and decrease rates, while preserving the financial stability of the insurance sector.

In August 2000, the IRDA issued an open request for registration applications. Foreign corporations were permitted to own up to 26% of the firm.. Section 114A of the Insurance Act, 1938 gives the Authority the authority to make rules, and the Authority has done so since 2000, when it issued regulations covering everything from registering insurance businesses to safeguarding the rights of policyholders. A national re-insurer was created out of GIC's subsidiaries in December 2000, and GIC itself was reformed as an independent company at the same time. GIC's four subsidiaries were de-linked from GIC in July, 2002, when Parliament enacted a law. At the current count of 28 general insurance firms and 24 life insurance companies, Indians have access to a variety of options. Insurers are expanding at a pace of 15-20 percent per year, making the industry one of the largest in the world. About 7% of the country's GDP is derived by insurance and banking services combined. Insurance is a boon to economic growth since it offers long-term money for infrastructure development while also enhancing the country's risk-taking capacity. The origins of insurance may be traced back to the dawn of humanity. Primitive folks had the same impulse to protect themselves from loss and calamity that sophisticated businesspeople have today. To avoid the tragedy of a fire or flood, as well as the loss of life, they were prepared to make some sacrifices. There are records that show that the idea of insurance has been around for almost 6000 years, even though it was developed mostly in the post-industrial age (the last few decades)

5. Conclusion

As a result, life insurance has become an essential part of every modern market economy since it provides a long-term source of income. The LIC's dominance in the insurance industry may be threatened by privatisation, but new research demonstrates that this isn't the case. Insurance firms in the private sector also sought to expand their market share. When compared to the LIC, private life insurers exploited new business channels to a far greater level. Increased sales of unit-linked plans assist to take away market share from the insurance company (LIC). The investment patterns of the LIC and commercial insurers also differed somewhat. Private life insurers' solvency ratios were substantially higher than those of the LIC, notwithstanding the large losses they experienced. Private insurers had a greater lapse rate than LIC, and LIC handled death claims better than private life insurance.

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