



Growth And Working Of Life Insurance Corporation Of India

DR. Peeyush Prakash

Email : nishiraj64@gmail.com

Received- 27.10.2020,

Revised- 01.11.2020,

Accepted - 04.11.2020

Abstract: *The life Insurance business in India was nationalized on January 19, 1956, by taking over about 245 erstwhile, 1956, life insurance business has been carried on exclusively by the Life Insurance Corporation of India which was established in 1956 as a statutory corporation formed and governed by the Life Insurance Corporation Act, 1956. It is also governed by Insurance Act, 1938. LIC built up huge 'life fund' of over Rs. 229, 396 crore since nationalization; premium income of over Rs. 11600 crore in the fiscal year, 2001-02.*

It has been offering policies with varying degree of coverage and savings, over 100 types of policies covering basic products like family, children, post retirement and special needs like mortgage, housing etc. It has extensive distribution network, over 2048 fully computerized branches, 100 divisional and 7 zonal offices. The Corporation has Branch Office in Fiji, Mauritius and U.K. During the year 2003, LIC has sold 2.45 crore policies and at present LIC has 14.10 crore total current policies. LIC received in 2003 IT excellent prize for use of IT in Insurance sector. It has real compounded annual average growth of 8.8 per cent over the past 7 year higher than India's real industrial growth rate.

INSURANCE COMPANIES OPERATING IN INDIA- Ten life insurance companies and six general insurance companies were granted certificate of registration till March 31, 2002. The details have been given in Table No. 1, as follows:

Table No.1

Insurance Companies operating in India

(a) Life Insurers-

S.No.	Registration No.	Date of Registration	Name of the company
1	101	23.10.2000	HEPC Standard Life Ins. Co. Ltd.
2	104	15.11.2000	Max New York Life Ins. Co. Ltd.
3	105	24.11.2000	RECI Prudential Life Ins. Co. Ltd.
4	107	10.01.2001	Gen Rozak Mahindra Life Ins. Co. Ltd.
5	109	31.01.2001	Birla Sun Life Ins. Co. Ltd.
6	110	12.02.2001	Tata AIG Life Ins. Co. Ltd.
7	111	30.03.2001	SBI Life Ins. Co. Ltd.
8	114	02.04.2001	IRCI Vijaya Life Ins. Co. Ltd.
9	116	03.08.2001	Allianz Bajaj Life Ins. Co. Ltd.
10	117	06.08.2001	MetLife India Ins. Co. Pvt. Ltd.

Key words- Insurance, nationalized, business, exclusively, Corporation.

Head and Associate Professor , commerce Department Dav college kanpur (U.P.), India

Corresponding Author

(b) General Insurers-

S.No.	Registration No.	Date of Registration	Name of the company
1	102	23.10.2000	Royal Sundaram Alliance Ins. Co. Ltd.
2	103	23.10.2000	Reliance General Ins. Co. Ltd.
3	108	22.01.2001	UNTA AIG General Ins. Co. Ltd.
4	113	02.05.2001	Bajaj Allianz General Ins. Co. Ltd.
5	115	03.01.2002	ICICI Lombard General Ins. Co. Ltd.
6	121	03.01.2002	ADP SBI&AR Amaranth Ins. Co. Ltd.

Source- Vision : The Journal of Business Perspective, July - Dec. 2002, pp. 45-46

INVESTMENTS- The Total funds of the L.I.C. amounted to Rs. 193621.69 crores as at 31st March, 2001 and the investments of the L.I.C. amounted to Rs. 175491.18 crore (including other investments) as at 31st March 2001. sector-wise and Component-wise distribution of investment in India may be seen from Table No. 2 as given below.

Table No. 2

Investment of L.I.C. (1961 to 2001)

Year	Investment-wise Distribution in Public	Private	Joint	Co-operative	Component-wise Distribution in Stock Exchange Securities	Loans	Total (1+4)
1961	-	-	-	-	303.6	20.2	-
1971	1198.0	230.5	4.7	180.3	1132.7	440.0	1602.4
	(74.82)	(14.58)	(0.29)	(5.94)			
1981	4707.8	447.2	0.0	665.8	2891.3	2735.6	6630.5
	(78.24)	(18.79)		(11.84)			
1991	19180.2	2210.0	1.6	1444.3	13871.2	7416.8	24699.7
	(80.24)	(13.29)	(0.06)	(5.80)			
2001	141236	22740	800	2168	140336	22136	163004
	(84.34)	(13.04)	(0.49)	(1.30)			

Table No. 3

Growth of New Business buy L.I.C (Rs. in crore)

Year	Amount	Increment	% Increase Over the Previous Year
1996-97	56994.00	-	-
1997-98	63928.00	6934.00	12
1998-99	75000.00	11072.00	18
1999-00	91491.00	15885.00	21
2000-01	124772.00	33281.00	36
2001-02	192572.00	67800.00	54



LIFE INSURANCE FUND- Amount of Life Insurance Fund of L.I.C. has also been increasing from year to year. During the year 2002 the fund was Rs. 229396 crores. The position of Life Insurance Fund of L.I.C. between 1997 and 2002 may be seen from Table No. 4, as follows-

Table No. 4

Growth of New Business buy L.I.C

Year	Amount	Increment	%Increase Over the Previous Year
1997	87760.00	-	-
1998	106830.00	18073	20.60
1999	127380.00	21556	20.37
2000	150040.00	26655	20.02
2001	1892870.00	33297	20.76
2002	229396	40873	21.80

It is evident from Table No. 4 that the life insurance fund of L.I.C. has been increasing from year to year, Life Insurance Fund has increased from Rs. 87760 crores during 1997 to Rs 229396 crores during 2002. Thus, it has increased by about Rs. 141636 crore or more than twice during the last six years. It can be observed from the Table that percentage increase of fund is almost constant i.e. about 20. It shows the growing financial strength of L.I.C Table No. 5 reflects the settlement of claims by the L.I.C during 1996-97 to 2000-01:

Table No. 5

Growth of New Business buy L.I.C (Rs. in crore)

Year	Number (in lakhs)	Amount (Rs in crore)
1996-97	49.40	501.40
1997-98	56.52	667.04
1998-99	50.83	793.18
1999-00	66.42	921.30
2000-01	75.86	11637.98
2001-02	97.48	16979.86

Sources- Various Annual Reports of L.I.C.

Amar Ujala, Allahabad, September 2, 2003,

It is quite clear from the above Table No. 5 that L.I.C has been making efforts to settle claims timely. It has settled claims of 49.49 lakh in 1996-97 to 97.48 lakh in 2003 (up to 01.09.2003. In terms of money, the claims settled amounted to Rs. 5691.49 crore in 1996-97 to Rs. 16979.86 crore in 2003 (up to 1st September). It is more than thrice during that period.

Employment Generation by L.I.C- L.I.C. is quite conscious and has been planning to increase its employment. It has become quite important because of growing monopoly in the country. It is quite clear from the following Table No. 6 that the number of employees during 1990 to 2002 has increased considerably.

Table No. 6

Growth in Number of Employees

Year	No. of Employees
1990-91	96289
1996-97	126620
1997-98	126620
1998-99	124385
1999-00	122867
2000-01	120156
2001-02	118495

G.O.I. Public Interprise Survey, 2001-02 Vol.1

It is evident from table No. 6 that the number of employees in L.I.C has increased from 96289 in 1990-91 to 126620 in 1996-97 but after that in showed a decline.. During 1990-91 to 1996-97, it increased by 30331 employees. It however, declined by 7124 frm 1997-98 to 2001-02

RECRUITMENT AND TRAINING -

During 2000-01 LIC recruited 12 actuarially qualified officers in the cadre of Assistant Administrative Officer and initiated the process of recruitment of 200 Actuarial Apprentices. LIC trained a total number of 24133 employees in different categories during the year 2000-01 at the Seven Zonal Training Centers in the country, Class I Officers at middle and senior management levels were exposed to Training Programmes at different institutions as shown in Table. No. 7

Table No. 7

Training Provided to the Managers

S.No.	Institutions	No. of Participants
1	L.I.C. Management Development Centre	1921
2	National Insurance Academy, Pune	1217
3	External Training Institutes like IIM, IAI, IASCI, etc.	364

CONCLUSION-

L.I.C. was established to carry on life insurance business. Besides life insurance and group insurance L.I.C. undertakes the responsibilities of under - writing and subscribing new issues and advances, loans mostly to social sectors as a major avenue for investment of its surplus funds. every year. During the year 2000-01 the growth of new business by L.I.C. is Rs. 192572 crore, i.e., 54 percent over the previous year. The size of insurance fund as on March 2002 stood at Rs 2293.96 crore inducting the financial strength of the Corporation was 118495 and Agents 10.02 lakhs. During 2002-03, L.I.C. has settled claims in number 97.48 lakh and in amount 16979.86 crore.

On the whole, the growth, working and performance of L.I.C. has been remarkable. However, the



size of L.I.C. has become too giant and, like GIC, it has also to be reorganized and split into at least four subsidiaries to improve its efficiency further. At present, it has a substantial market share, but in near future it is bound to reduce, as many private sector companies and banks have started spreading their tentacles in this sector.

REFERENCES

1. Mathur, N.D., (June 2002), The Indian Insurance Sector in IJPE, Vol. 17, No. 32, p. 38.
2. Bakshi, Rajat Shuvro, (July-December 2002), Strategies for India Insurance Companies Post Liberalisation, in Vision: The Journal of Business Perspective, Vol. 6, No. 2, p-46
3. Government of India, Economic Survey 2001-02, p.17
4. L.I.C. Annual Report, 2001-03, p.29
5. Ibid., p.29.
6. Government of India, Public Enterprises Survey, 2001-02, Vol.1, p.58.
7. www.licindia.com
8. Government of India, Economic Survey, 2001-02, p.14
9. www.licindia.com
10. Amar Ujala. Allahabad, Sept, 2, 2003 p.5
11. L.I.C. Annual Report, 2001-02-p. 51
