



A COMPARATIVE STUDY OF INSURANCE IN PRIVATE SECTOR AND PUBLIC SECTOR IN INDIA

B. LALITHA SUBHANAM ¹ | LT.CDR.DR. I. NAGARAJAN ² | DR.K.PADMAVATHY ³

¹ RESEARCH SCHOLAR, ASSISTANT PROFESSOR, E.M.G YADAVA WOMEN'S COLLEGE, MADURAI, INDIA.

² ASSOCIATE PROFESSOR AND HEAD, THIAGARJAR COLLEGE, MADURAI, INDIA.

³ ASSISTANT PROFESSOR, E.M.G YADAVA WOMEN'S COLLEGE, MADURAI, INDIA.

ABSTRACT:

Since 1991, Indian economy and industry has moved away from a state controlled to a competitive market with intricate financial services to the global economy. The financial sector, particularly, the Insurance has opened up to all competition. A revamp in tightly regulated and monopolized insurance sector was brought about by the passage of the Insurance Regulatory and Development Authority Act (IRDA) in 1999. The present paper analyses the performance of public and private life insurance companies in India. As per the total premium income, in FY 2014-15, LIC with 73% of business share still holds a significant market share. 24 private insurance companies have established footholds in the market leading to intense competition. Private Insurance companies have a higher growth rate as compared to public sector. Today, Insurance penetration is better. The Insurance companies are competing in terms of policies sold, collection of premium income and others.

KEYWORDS:

COMPARATIVE, LIFE INSURANCE, PRIVATE SECTOR, PUBLIC SECTOR.

INTRODUCTION:

The world was not aware about the insurance till 18th century. During that time also particularly in marine industries people by way of some kind of mutual help from one another. In foreign countries some of them knowing the importance of insurance, they started insurance corporation for doing their business well. In India there was no such insurance corporation at that time. India is a spiritual country. The public having faith only the death and the property losses etc occur on the basis of Karma of the individuals. Some foreigners' came to start in Insurance Companies in India as to they felt that India is a fittest country for starting the business. Before independence of India an act has enacted by their ruling government in the year 1938. After Independence of India, the government enacted a special ordinance for the formation the Life Insurance of India by an Act 1956. Subsequently, the government of India permitted by granting license to the private sectors to enter into the business. To regulate the activities of the private sectors, the government in the name of Insurance Regulatory and Development Authority by an Act in the year 1999. According to the necessity and the occurrence of the situations, government has passed several Acts, then and there. An Act for the welfare of "consumer also an act enacted in the name of consumer Protection Act 1986". Thus in India the public as well as private sectors insurance corporations come to existence.

FORMATION AND EVALUATION OF LIC:-

In ancient world the traces of insurance are found in the

form of marine trade, loans or carriers, contracts. In Babylonia and India this systems exist. In our Rig-Veda references where made to the concepts Yogakshema more or less akin to the well being and security of the people. However there is no evidence.

Thus the form of present insurance system was practices. Life insurance is made its first appearance in England in 16th cent First registered life office in England in the year 1696. Life Insurance did not prosper in USA until 18th cen. In India some European started first life insurance in Bengal namely orient life assurance company in 1818 Then in Bombay a company in the name Bombay mutual life assurance society 1971. The next important insurance office was oriental government security life assurance company limited started in 1874. Subsequently several offices developed in India. Thus the evaluation in insurance started forward in India. Insurance is the outcome of man's constants search for security. It is rightly defined as a social device for reducing risk by complaining a sufficient number of expose units to make their individual losses collectively, shared proportionately in compensation.

To enforce the system of insurance has been divided into two:

- General insurance
- Life insurance

GENERAL INSURANCE

General insurance deals with expose of risks of goods, property where as life insurance deals with physical death

and economic death of life of human beings. Various companies started in 18th cent In India. Government after independent felt the necessity of amalgamation all the units exist in the field by enacting a special act. Accordingly in 1956 an insurance of India act was emaciated. Accordingly the life insurance corporation was started. In due course the government felt to increase and to enlarge the scheme to avail the system of insurance by each and every one of citizen. This cannot be able only by the government. To resolve this problem government decided to open the scheme by issuing licenses to involve private sector. In this way more Private Corporation have started with enthusiastically.

LIFE INSURANCE

The Life insurance Corporation of India is the only public sector concern. To evaluate and attracting the public to enroll themselves as investors the corporation introduced many schemes, some of them below

ENDOWMENT PLANS:

- New Endowment plan
- Jeevan Anandh plan
- Single premium endowment
- Jeevan Rakshk
- Limited premium Endowment plan
- Jeevan lakshya
- Jeevan labh
- Jeevan pragati
- Aadhaar Stamp
- Aadhaar Shila
- Nov – Jeevan
- Whole life plan:
- Jeevan Umang

MONEY BACK PLAINS

- 20 years money back
- Bima Bachat
- 2 5 years money back
- Child money back
- Jeevan tarun
- Jeevan shromani
- Bima Shree

SINGLE PREMIUM PLAN

- Single premium endowment
- Bima Bachat
- Jeeven Nidhi single premium

TERM PLANS:

- Anmol Jeevan
- Amulya Jeevan

PENSION/ ANNUITY PLAN

- Jeeven nidhi
- Jeevan Akshaya VI
- Jeevan nidhi single premium
- Pradhan Mandhri vaya vandhana Yojana
- Jeeven Santi

HEALTH PLAN:

- Jeevan Arogya
- Cancer Cover

CHILDS PLAN:

- Child Money back
- Jeevan tarun
- Single premium endowment

Life insurance of India then and there announced various schemes to compete with private sector.

PUBLIC AND PRIVATE SECTORS:

After Independence of our India, The government felt to nationalize all the private sectors into one roof. For which government passed a special enactment,' The LIC Act 1956'. The only one corporation in the name of LIC of India comes to existence. This is the only public sector corporation.

In the long run, the government felt that they could not fulfill the needs of such insurance facility to provide the public. The government allows the private sectors also attract the business so as to reach the public until to the bottom, More numbers of private sectors started in India. No doubt it is really give competition to the public sectors.

DIFFERENCES BETWEEN PUBLIC AND PRIVATE SECTORS:

The LIC is the only one public sector and It is owned by government of India. The entire capital is the public funds. Government of India initially 5 cores alone is invested to the LIC. No share holders or partners to this corporation. The entire income by way of premium have been utilized by the government of India by investing various government schemes, The profit also diverted by the corporation to the government of India, People are having faith on the LIC as it is owned by government of India. It insures security and safety for their investments. The private sectors started corporation by their own funds. Most of the income of such corporations by collecting in the way of premium from their investors diverted their funds to their own businesses. The Bajaj Alliance, Reliance , TATA such an institutions they diverted the funds to their own development of their companies and businesses. To regulate and control the activities of Private Sectors by enacting an Act "Insurance Regulatory and Development Authority in the year 1999.

COMPARISON IN BETWEEN PUBLIC AND PRIVATE SECTORS:

The LIC of India is owned by government of India. The Public also have faith on the corporation as it will be safety and security for their investments than the private sectors. The government official and the big business men are preferred only invest money in the Public Sector i.e. LIC.

The Private Sectors are mostly treated the insurance as a business and to earn profit. They invested the funds of the Schemes to divert to their Industries; It is a fact that it is controlled by IRDA. Even though sometimes the company may get losses and to close down their business so as to failure to fulfill the commitments made with the investors. As an example, some long years one insurance company in the name of "pearless Life Insurance" started. It announced more attractive financial benefits to their investors and allowed more commission to their Agents. At a later date, the government examined the conditions of the company and tried to discontinue the business to certain extent.

THE BENEFITS AND DEFECTS IN BOTH INSURANCES:

The LIC of India is the only corporation in public sector. It is run by own funds, no share holders or partners. The income or the losses are shared by the government only. The losses if any will not affect in any way the customers / investors.

But whereas the private sectors are their run by their own funds and the way of collected premium from the investors. We have seen that the funds collected by such a way are being invested into their own business. Sometime there is a chance for getting losses it will certainly affect the investors.

SUGGESTIONS:

It is a fact that the LIC of India, the public sector only sufficient to fulfill the needs of public. It has to start more branches to reach more people living in remote the country. More schemes to be introduced men and there to compete with the private sectors, the formalities to be adopted in getting benefits by the investors should be made easy. The functions of the insurance agents should be entrusted not only enrolling in investors and to help to getting the benefits by the investors, at the earliest possible. Necessary guidance and advices to give the insurance agents to achieve his goals. The private sectors announcing enormous benefits to the investors in their schemes. The IRDA should have more constant touch in the activities of the private sectors and enforce the safety and security of the life and the property. The Private sectors mostly prefer the insurance on the property and not on the life.

Even though, If any lose in the private sector, the investors should not b lose any benefit.

To security and safe the IRDA may have control over the private sectors, to divert certain funds to the government of India as permanent assets. This fund will be meeting out

losses. If any to the investors.

CONCLUSION:

Now –a – days, the government of India, to lift out their responsibilities and to encourage the private sectors only. Some of the high official and politicians are selfish and they are very much interested to grow rich by way of to getting bribe and corruption/commission etc. Encouraging private sector may not be good for the public. Only public sectors may do good for the public. Hence the government may have more control on the erring officials and the politician by taking severe actions for their activities and should be punished severely. At the same time, the officials having faith on the nation should be encouraged by giving appropriate opportunities to serve the society. Then only the country will flourish.

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