



“A STUDY ON IMPACT OF LIFE INSURANCE – A COMPARATIVE STUDY BETWEEN LIFE INSURANCE CORPORATION OF INDIA AND KOTAK LIFE INSURANCE COMPANIES”.

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Abstract

Insurance sector in India is one of the developing sectors of the economy and is growing at the rate of 15-20% per annum. In India, insurance is one of the establishing industries where several national and international companies are competing with each other at rapid rates. In India, Life Insurance Companies Act was passed in 1956 .Indian insurance company offers an insurance plan which helps the middle class people to increase their wealth. Due to the sudden growth and demand for Indian insurance, more companies have started to merge with Indian Insurance Sector. Life Insurance Corporation of India had enjoyed monopoly for more than 4 decades. But due to Liberalization & Development, Regularity & Authority has set up in Indian insurance, so the private companies have been making a remarkable performance and giving a tough competition to the life insurance companies to break the market condition by taking its market share. In this study, we focused on the awareness created on public by the two life insurance companies on their policies, along with the no of policy holder and their claim settlement ratios taking data for the period of 5 years (i.e. 2010 to 2015).

KeyWords:*Insurance, Insurance activities, Claim Settlement Ratio, Public Awareness,LIC, Kotak Life Insurance Companies*

Introduction

The concept of Life Insurance was started in England during 16th Century. The first policy was issued by Richard Martin on the life of William Gybbon in the year 1536. This policy was publicity to the Life Insurance. Two companies came into existence in the year 1696 and 1698 named as ‘Hand in Hand Society’ and ‘The Mercer’s Company’ respectively. Stanfield started the society of assurance for widows and orphans in 1699. Olden day’s life insurance business was undertaken in joint stock form but later Parliament Act was passed in 1712 which allowed the promotion of companies with the object of Life Insurance business. But the growth of the business was very slow in Europe, USA etc.

In India, the ancient Indian writers like Manu and Yajnavalkya mentioned about ancient form of insurance. But the modern concept of insurance came into existence only in East Indian Company in 18th Century. When number of British insurance companies came to India to insure the lives of Britishers who are working in this country, these companies used to charge very high rates of premium due to higher mortality rates. The first foreign insurance company which was started in India was Oriental Company in 1818. This company was started very early but reappeared again as New Oriental Company. In 1823 a company named Bombay Life started an insurance business, later a number of European Companies entered in India but they gave up early due to unethical business practices and then British Parliament passed an Insurance Act in 1870 to promote and 16 Non Indian Insurers by the year 1956. Life insurance businesses were nationalized in 1956 and Life Insurance Corporation of India was established for undertaking this business. Nowadays government has allowed the entry of Private Life Insurance sector and mostly the Private Indian Insurance companies have set up joint ventures with foreign companies for entering Life Insurance Sector.

Definition

According to Insurance (Amendment) Act, 1950,” Life Insurance is a business of effecting contracts of insurance upon human life including any contract where by the payment of money is assured on death except death by accident on the happening of any contingency dependent on human life and any contract which is subject to the payment of premium for a term dependent on human life.”

According to J.H. Magee,” The Life Insurance contract embodies an agreement in which broadly stated the insurer undertakes to pay a stipulated sum upon the death of insured or at some of designated beneficiary.”

The uses or benefits of life insurance

- It provides protection for family.
- It encourages savings
- It provides channel for investment
- It eliminates dependency
- It helps in capital formation



- It allows loans against policy
- It provides Liquidity
- It is helpful for Partnership concerns
- It is useful in education and marriages.
- It helps in tax relief

Literature Review

In 2011, C Bharthi, CD Balaji and CH.Ibohal Meithej an analytical review have clearly discussed about the impact of Global recession on the fastest growing Indian Insurance Market. In 2012, Kaur measured the job satisfaction level of the employees of public and private insurance sector. In 2012, Corporate Author wanted to find out whether Private sector insurance companies are safe than Public sector insurance companies or not. In 2013, Hole & Misal an analysis of performance and employees in public and private sector in General Insurance Companies. In 2013, Patel wanted to make an analysis of public and private insurance companies in India. In 2014, Bapat, Soni & Joshi made a comparative study on Product Quality between Public and Private Sector of Life Insurance Companies.

Statement of Problem

Some people are in the belief that only Public sector insurance company gives a best performance compared to Private sector insurance companies. This paper attempts to study the need for Life Insurance Policy & also to know to what extent public is aware about the policies of selected companies' i.e Life Insurance Corporation of India and Kotak Life Insurance Company.

Objectives of the Study

- To know about the public awareness on the policies offered by Life Insurance Corporation of India and Kotak Life Insurance Company.
- To study the claims settlement ratio of Life Insurance Corporation of India and Kotak Life Insurance Company.
- To know the number of policy holders of both Life Insurance Corporation of India & Kotak Life Insurance Company.

Research Methodology:The methodology followed for conducting the study included the specification of research design, sample design, questionnaire design, data collection & statistical tools used for analysing the collected data.

Research Design:The research design used for study is of Analytical & Descriptive studies. The reason for using Descriptive type is to describe the state of affairs as it presents. The paper was carried out by collecting both the primary & secondary data.

Population:The total element of the universe from which sample is selected for the purpose of study is known as Population. The population of this research is the policyholders & the selected companies i.e. Life Insurance Corporation of India and Kotak Life Insurance Company.

Sample Size: For this study, 50 policy holders of both the companies i.e. Life Insurance Corporation of India and Kotak Life Insurance Company was taken.

Period of the Study:The study was conducted for a period of 3 Months.

Data Collection:This study is based on both Primary data and Secondary data i.e.

- **Primary Data** was collected through questionnaire & observation. The main tool used was the questionnaire method followed by communicating with the policy holders.
- **Secondary Data** was collected from the annual report of IRDA and also the websites of the insurance companies i.e. Life Insurance Corporation of India and Kotak Life Insurance Company like growth rates, percentages etc.

Presentation Tools

Graphs, Charts, Tables are used to represent the data of selected companies i.e. Life Insurance Corporation of India and Kotak Life Insurance Company.

Limitations of the study

Certain limitations have been perceived & are acknowledged here with:-

- This study was conducted focusing only on Bengaluru city.

- Our sample size was limited to 50 policy holders of both the selected companies.
- The time period for our study was too short.
- The public was refusing to give their information about their policy and also it was very difficult to get Kotak policy holders for our study.

Data Analysis & Interpretation

- **Table No 1: Public Awareness about the two Life Insurance Companies i.e. Life Insurance Corporation of India and Kotak Life Insurance Company (in %)**

Company Name	Public Awareness
Life Insurance Corporation of India	80%
Kotak Life Insurance Company	15%
Others	5%

Data Interpretation: Table No 1 represents about the public awareness of the two Life Insurance Companies. According to our sample size, 80% of the policy holders are holding policy of Life Insurance Corporation of India and 15% of the policy holders are holding policy of Kotak Life Insurance Company and 5% of the policy holders are holding policy of other Life Insurance Companies.

- **Table No 2: Comparative Study on Claim Settlement Ratio of both Life Insurance Corporation of India with Kotak Life Insurance Company from the period 2010-2015 (in %)**

Year	Life Insurance Corporation of India	Kotak Life Insurance Company
2010-2011	97.03%	89.3%
2011-2012	97.42%	92.1%
2012-2013	97.73%	92.04%
2013-2014	98%	90.69%
2014-2015	98%	91%

Data Interpretation: Table No 2 represents the claim settlement ratio of both the Life Insurance Companies i.e. In case of Life Insurance Corporation of India the claim settlement ratio keeps on increasing from the period 2010-2015 respectively were in, In case of Kotak Life Insurance Company the claim settlement ratio keeps on fluctuating from the period 2010-2015

- **Table No 3: Comparative Study on the no of policies taken by the public from Life Insurance Corporation of India and Kotak Life Insurance Company for the period 2010 to 2015 (in%)**

Age Group	Number of Policy Holders of Life Insurance		Total
	Life Insurance Corporation of India	Kotak Life Insurance Company	
18-25	5	9	14
26-32	2	5	7
33-40	6	3	9
41-48	5	4	9
49 & above	9	2	11
Total	27	23	50

Data Interpretation: Table No 3 represents the number of policy holders who have taken life insurance policies from both the life insurance companies i.e. In case of, Age Group 18-25 & 26-35 Kotak Life Insurance Company is more compared to Life Insurance Corporation of India but from Age Group 33-40, 41-48, and 49& above Life Insurance Corporation of India is more compared to Kotak Life Insurance Company. Therefore Life Insurance Corporation of India has more Life Insurance policy holders compared to Kotak Life Insurance Company.

Findings of the Study

- In this survey, the total number of policy holder have taken more life insurance policies from Life Insurance Corporation of India compared to Kotak Life Insurance Company
- As per the sample, 100% of them are policy holder in that 80% of them are from Life Insurance Corporation of India, 15% of them are from Kotak Life Insurance Company and 5% of them are from other reputed Life Insurance



Companies. This shows that there is lack of public awareness of Kotak Life Insurance Company compared to Life Insurance Corporation of India.

- As per the study, the claim settlement of Life Insurance Corporation of India is more compared to Kotak Life Insurance Company. This shows that after the entry of private insurance company also the Life Insurance Corporation of India has an remarkable growth in the claim settlement ratio for the period of 2010-2015

Conclusions

This study has been conducted on comparing the performance of both Life Insurance Corporation of India and Kotak Life Insurance Company. From this study it is revealed that majority of the general public are not aware about Kotak Life Insurance Company. This shows that even after the entry of Private Sector Insurance Company, Life Insurance Corporation of India as a same remarkable growth in Indian Industry. Kotak Insurance Company should invite public by promoting their insurance company as public is not aware about Kotak's services.

Suggestions

- Kotak Life Insurance Company public awareness is less compared to Life Insurance Corporation of India. They should opt for more promotional activities like advertising, by giving awareness about their insurance plans which is available in their sector.
- Kotak Life Insurance Company can give training to their agents or advisors about the knowledge of the company & their policies benefits.
- Kotak Life Insurance Company should enhance its promptness of claim settlement.

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