

## New Business of LIC of India under Individual Assurance in the 21st Century: An Appraisal

Dr. Furquan Uddin<sup>1</sup>, Dr. Mohd. Ashraf Ali<sup>2</sup>

<sup>1</sup>Post Doctoral Fellow, Department of Commerce, Aligarh Muslim University, Aligarh, India

<sup>2</sup>Professor, Department of Commerce, Aligarh Muslim University, Aligarh, India

### \*Corresponding Author:

Dr. Furquan Uddin

Email: [furquanbhu@gmail.com](mailto:furquanbhu@gmail.com)

**Abstract:** The insurance sector in India has witnessed the different phases viz. open competitive market, nationalised market, liberalised market and highly competitive market. After the foundation of IRDAI, private insurance players started entering the life insurance industry in India. At present, there are twenty three private life insurers and one public life insurer. The structure of the insurance industry has undergone a drastic change since liberalisation. It has been observed that the total business, earnings and market share of giant LIC of India have been affected. In this context, the present paper is an effort to appraise the performance of LIC of India on the basis of New Business in India under Individual Assurance in respect of Annual Premium, Number of Policies and Sum Assured.

**Keywords:** Liberalisation, New Business, Individual Assurance, LIC of India, Annual Premium, Number of Policies, Sum Assured

### INTRODUCTION

Of the services, insurance is unique. It is unique because, at one place, it protects the economic value of life and property, at the other; it generates employment, promotes savings and investment, and thus, contributes significantly to capital formation which is vital for promoting industrialisation in the country. It may be noted that in the economically advanced countries like the USA, the United Kingdom, Germany etc., insurance sector has been playing a significant role in their socio-economic development. So far as insurance sector in India is concerned, its penetration, keeping in view the size of population, is not so enthusiastic. After the achievement of independence, the Government of India took several measures to promote insurance sector in the country. First, the life insurance business was nationalised. A new Act named Life Insurance Corporation of India Act came into existence in year 1956. On this basis, Life Insurance Corporation of India was set up. The Corporation has been enjoying monopoly position in the area of life insurance business. Second, at a later stage, general insurance business was also nationalised. The monopoly situation of insurance business continued till the initiation of the policy of economic liberalisation and privatisation in the year 1991. In the process of economic liberalisation, the insurance business in the country has also been liberalised paving way to private insurance companies both domestic and foreign in the beginning of twenty-first century. This has significantly changed the scenario of insurance business (both life and general) in India. After the entry of private players

in the business of insurance in the country, insurance market has taken a new turn. In the field of life insurance business, the Life Insurance Corporation of India has been maintaining its leadership position, but its relative share in life insurance has been gradually eroding. The private players, both domestic and foreign, have been making efforts to increase their relative share in the market. As a result, the relative market share of the LIC has come down from 100 percent before liberalisation to about 48 percent in regular premium and to over 74 percent in overall premium in the year 2008. In spite of fall in relative market share, the LIC has maintained its position as a leader.

### LITERATURE REVIEW

LIC of India has been the focus of many researchers. There are many several studies analyse the performance of the Corporation. Barik and Patra [1] in their paper entitled on "Emerging Trends in Insurance-A Study in Indian Life Insurance Industry" find new trends such as hybrid distribution channel, regulatory trend, difficulty in designing marketing mix, online policy, claim management, customer servicing and FDI and growth. Shahi, Prarthana [2] in her paper on "Recent Trends in the Marketing Strategies of LIC of India" reveals that the contribution of LIC to total industry in terms of life insurance offices has dipped down from 99.41 percent in the year 2001 to 30.94 percent in the year 2012. She further states regarding the marketing strategies adopted by LIC such as facilities to their existing employees, increasing the number of individual agents, introduced Life-Plus

offices, increase in women employees, bancassurance and alternate channels, corporate communication and international joint venture. Frylinck, Michael [3] in his study on "Life Insurance Product Design: A Brief Overview" elaborates about the steps involved, methodology used, challenges faced, product development process, sources of product ideas like inspiration/creative genius, overseas more mature market, competitors' new products, reinsurers, intermediaries, customer focus groups, gap in existing product range, outdated/unprofitable/excessively risky existing products. Singh and Lall [4] in their paper on "An Empirical Study of Life Insurance Products and Services in Rural Areas" lay stress on the examination of opportunities for insurers in rural market and what would be new strategies to tap the highly underinsured rural area. He finds that insurance companies are fulfilling many purposes of investments and savings at a time but maximum respondents buy insurance policies for tax rebate and family safety. He suggests that micro insurance product should be developed for under privileged people and rural areas population and products should be designed as per their needs and income. Satyanarayana [5] in his research paper entitled "Unit Linked Insurance Plans" included several aspects pertaining to ULIP. However, he suggested to incorporate two benefits life and investment into one "policy" and also presented related and important secrets. Rao [6] analysed in his paper entitled "Product Development in Insurance" that by adding value in policies and by minimising the distribution cost and transaction cost the development of present policies could be made successful. Balasubramanyam [7] mentioned in his research entitled "Life Insurance Product Pricing Priority for Insurance" that most significant factor in the determination of premium is the expected rate on investment. Khansili [8] mentioned in his article "A New Way of Thinking- Innovation in Product Design and Pricing by the LIC" about the innovation in product design and pricing by LIC. Generally, innovation in the life insurance market is attributed to initiatives taken by private companies. Private life insurers have joint venture partners from the countries operating in the U.S., U.K., Germany, Canada, Australia, France and South Africa and naturally, the practices of the life insurance market of these countries are reflected in the products being made available in our country by these private life insurer. This is reflected in all the products, be it individual life products, unit linked products, universal life products or health products/riders. Not long ago, it had introduction a novel product for women, Jeevan Bharti, covering congenital diseases. Besides, it has introduced another new product named Jeevan Saral- a unique product. Jaykar [9] in his paper "Covering Lives" stated that products innovation; distribution and better use of technology were assisting the new breed of private life insurer's market share away from the monopolists. New entrants in the life insurance sector snatched the market share from the yesterday monopolist LIC by better

technology, new products innovation and new ways of distribution etc. He further mentioned that the opening of insurance sector has created tough competition for public giant LIC. Gupta and Chuganee [10] in their article "LIC learns to Tango" stressed on several steps to be taken by LIC to compete with the new players. Due to the opening of insurance sector, the public giant LIC faced fierce challenges. Various major decisions are to be taken in regard to products, services, information technology etc. Moreover, LIC has been increasing the manpower rather than downsizing as there is overstaffing. They also emphasised on skill-upgradation. The above analysis of the previous studies reveals that there are several studies related to LIC of India, however, there is no any specific research like the present study as it focuses on the product performance of LIC of India. It reveals about the contribution of individual assurance in the product sales under the new business.

### **OBJECTIVES OF THE STUDY**

The main objectives of the present study encompass the appraisal of new business contribution under individual assurance in the product portfolio of LIC and the evaluation of new business performance of LIC of India under individual assurance in terms of annual premium, number of policies and sum assured.

### **METHODOLOGY**

The present study is descriptive and specific to LIC of India. It involves the new business performance under individual assurance only. In order to elicit the data, secondary source has been used through annual reports of LIC. The period of study ranges from 2001-02 to 2015-16 i.e. fifteen years. This period witnessed the opening of insurance sector, introduction of innovative products, IRDAI's Regulations and stiff competition. The data, thus, gathered, tabulated and analysed with the help of percentage and growth index method. Besides, data have been presented through tables and figures.

### **ANALYSES AND FINDINGS OF THE STUDY**

LIC offers a number of plans viz. traditional plans, pension, general annuity and unit linked insurance plans to meet the various needs of individuals and their family. Traditional plans like term assurance, whole life, endowment plans provide economic protection at a cheaper cost whereas ULIPs are meant for investment and risk coverage both. In fact, ULIPs are considered as innovative plans in India and initiated by private player Bajaj Allianz Life Insurance Co. in the market. Later on, it was followed by rest players including LIC of India. ULIP is a bundle of risk coverage, saving and investment under a single contract. It has many attributes such as transparency, flexibility, liquidity, and customization. It is a blending of life insurance and mutual fund. The performance of ULIPs may be known by NAV (net asset value). As a matter of fact, during its peak demand several life

insurers have concentrated on it. Money Plus and Market Plus of LIC of India, Smart Performer of SBI Life, Assure Plan of Aegon Religare, etc. have gained preferences which resulted into sharp downfall in share of traditional plans. However, later on, mis-selling and under performance of ULIPs have dipped down its business.

New business is a pointer towards the spread of message of insurance among those people who have never availed of the benefits of life insurance as well as the existing policyholders. New business of individual in India entails the performance of the Corporation in terms of number of policies, sum assured and the total annual premium during a particular year. The percentage of growth in number of policies, annual premium and sum assured year after year are the significant criteria for evaluating the performance of the Corporation. Besides, the growth index is also one of the vital tools used to know the growth from the base year to the next year. The performance of the new business in India has been analysed for the period of study (Table 1).

It is evident from the Table 1 that the total new business comprising of different product category such as individual assurance, general annuity, pension, unit linked has been rising up during the period of study except last three years. Despite the fluctuation in share of individual assurance to total new business, it has major dominance during the period under consideration. In the year 2001-02, the individual assurance had the most number of policies sold i.e. 96.66 percent whereas general annuity, pension and Bima Plus (ULIP) account for 2.22 percent, 1.11 percent and 0.01 percent respectively. The individual assurance new business increased to 99.01 percent whereas rest comprised of less than 1 percent in 2002-03. The sales of pension policies, general annuity, ULIP grew and account for 1.18 percent, 0.03 percents and 0.63 percent, as a result, the individual assurance had 98.16 percent share to total policy sales in the year 2003-04. LIC introduced another ULIP i.e. Future Plus that jointly with Bima Plus had the share of 7.35 percent, pension business increased to 1.72 percent whereas general annuity and individual assurance fell down and comprised of 0.02 percent and 90.91 percent respectively in 2004-05. The year 2005-06 brought up individual assurance business share to 92.75 percent whereas general annuity, pension, bima plus, future plus, jeevan plus comprised of 0.01 percent, 0.13 percent, 0.11 percent, 6.03 percent and 0.97 percent respectively. In the year 2006-07, LIC faced shocking downfall in individual assurance from 92.75 percent to 54.73 percent as money plus procured 28.22 percent and market plus accounted 13.07 percent whereas rest of the share comprised of general annuity, pension, future plus and jeevan plus. Again in 2007-08 the individual assurance dipped down to 47.78 percent and money plus, market plus, profit plus accounted for 19.59 percent, 22.34 percent and 9.42 percent

respectively. The others were health plus, future plus, pension and general annuity that constituted the rest of the business. In the year 2008-09, LIC regained its individual assurance business and recorded impressive growth to 81.70 percent whereas market plus-1 accounted for 9.30 percent and remaining were child fortune plus, pension and general annuity. As a matter of fact, the mis-selling of ULIPs and impact of global economic recession led to the preferences towards the individual assurance rather than ULIPs. The year 2009-10 recorded decreasing individual assurance business accounted for 78.73 percent, wealth plus (4.81 percent), market plus-1 (13.21 percent) and rest were pension, general annuity and other unit linked plans. In 2010-11, the individual assurance business stood at 84.96 percent, endowment plus (3.23 percent), market plus-1 (7.02 percent) and rest were general annuity, pension and other ULIPs. LIC's individual assurance business accounted for 96.86 percent and 98.79 percent in the years 2011-12 and 2012-13 respectively. During the last three years the total number of policies issued under new business fell down remarkably, however, the contribution of individual assurance has been almost 99 percent. It may be noticed that a slight decline has been recorded in individual assurance's share because of minimal growth under the non-individual assurance business in the years 2014-15 and 2015-16. Overall, it shows that LIC's focus has been on traditional plans in long term rather than ULIPs as abysmal performance of ULIPs led to increase in demand of traditional plans. As a matter of fact, the product strategy of LIC of India has been repositioning of traditional plans for many years. It may also be observed that in the year 2006-07 and 2007-08, LIC focused on selling of ULIPs (Money Plus and Market Plus) in order to respond the competition from the private players. It can be said that to achieve the short term goal, the preference of LIC towards the individual assurance deviated for some time.

**Table 1: Product Wise New Business of LIC of India in India**

Years/ Products (No. of Policies)	2001- 02	2002- 03	2003- 04	2004- 05	2005- 06	2006- 07	2007- 08	2008-09	2009-10	2010-11	2011-12	2012- 13	2013- 14	2014- 15	2015- 16
<b>Ind. Ass.</b>	224908 52 (96.66)	242672 82 (99.01)	264563 20 (98.16)	218179 67 (90.91)	292848 00 (92.75)	209100 41 (54.73)	179613 63 (47.78)	29322395 (81.70)	30578367 (78.73)	31445829 (84.96)	34605678(96 .86)	363099 21 (98.79)	342002 83 (99.19)	199018 34 (98.90)	202238 93 (98.57)
<b>Gen. Ann.</b>	515948 (2.22)	6394 (0.026)	6777 (0.03)	4577 (0.02)	4678 (0.01)	5903 (0.01)	4270 (0.01)	6505 (0.02)	23466 (0.06)	35051 (0.09)	26206 (0.07)	22254 (0.06)	24007 (0.07)	29224 (0.14)	103852 (0.51)
<b>Pension</b>	259515 (1.11)	234390 (0.96)	318761 (1.18)	413441 (1.72)	40842 (0.13)	16288 (0.04)	11921 (0.03)	16471 (0.04)	18661 (0.05)	22599 (0.06)	28013 (0.08)	17658 (0.05)	14933 (0.04)	24068 (0.12)	24206 (0.12)
<b>Unit Linked - Bima Plus</b>	452 (0.01)	1134 (0.01)	170061 (0.63)	719085 (3.00)	35692 (0.11)	*	*	*	*	*	*	*	*	*	*
Future Plus	-	-	-	104463 3 (4.35)	190250 5 (6.03)	127344 3 (3.33)	*	*	*	*	*	*	*	*	*
Jeevan Plus	-	-	-	-	304030 (0.97)	228570 (0.60)	*	*	*	*	*	*	*	*	*
Money Plus	-	-	-	-	-	107806 75 (28.22)	736606 1 (19.59)	*	*	*	*	*	*	*	*
Market Plus	-	-	-	-	-	499365 5 (13.07)	839771 8 (22.34)	*	*	*	*	*	*	*	*
Fortune Plus	-	-	-	-	-	-	209621 (0.56)	123925 (0.35)	158 (0.01)	2 (0.01)	*	*	*	*	*
Profit Plus	-	-	-	-	-	-	353714 6 (9.42)	1971972 (5.49)	631508 (1.63)	44391 (0.12)	*	*	*	*	*
Money Plus-1	-	-	-	-	-	-	-	986802 (2.75)	456163 (1.17)	53558 (0.14)	*	*	*	*	*
Child Fortune Plus	-	-	-	-	-	-	-	26629 (0.07)	23828 (0.06)	5713 (0.02)	*	*	*	*	*
Market Plus-1	-	-	-	-	-	-	-	3339196(9. 30)	5132078(13. 21)	2599251(7. 02)	*	*	*	*	*
Health Plus	-	-	-	-	-	-	101895 (0.27)	97437 (0.28)	50100 (0.13)	*	*	*	*	*	*
Health Protection Plus	-	-	-	-	-	-	-	-	43965 (0.11)	67645 (0.18)	12806 (0.04)	4287 (0.01)	1299 (0.004)	*	*
Jeevan	-	-	-	-	-	-	-	-	11330	504 (0.01)	*	*	*	*	*

Sathi Plans									(0.03)						
Wealth Plus	-	-	-	-	-	-	-	-	1869029 (4.81)	804750 (2.17)	*	*	*	*	*
Endowment Plus	-	-	-	-	-	-	-	-	-	1195052 (3.23)	345878 (0.97)	51584 (0.14)	5962 (0.02)	*	*
Pension Plus	-	-	-	-	-	-	-	-	-	104712 (0.28)	25871 (0.07)	*	*	*	*
Samridhi Plus	-	-	-	-	-	-	-	-	-	633190 (1.71)	459576 (1.29)	*	*	*	*
Flexi Plus	-	-	-	-	-	-	-	-	-	-	-	1599 (0.004)	248 (0.0007)	*	*
New Endowment Plus	-	-	-	-	-	-	-	-	-	-	-	-	-	-	11669 (0.06)
Non-Linked Health Jeevan Arogya	-	-	-	-	-	-	-	-	-	-	220721 (0.62)	348148 (0.95)	233698 (0.68)	167371 (0.83)	152887 (0.74)
Total	232667 67	245092 00	269519 19	239997 03	315725 47	382085 75	375899 95	35891332	38838653	37012277	35724749	367554 51	344804 30	201224 97	205165 07

Source: Compiled from various Annual Reports of LIC of India

Note: Sign (-) connotes the policy has not been introduced and sign (\*) refers to the withdrawn of policies and closed policy.

Figures in parenthesis represent percentages of policies issued to total number of policies issued.

**NEW BUSINESS OF LIC OF INDIA UNDER INDIVIDUAL ASSURANCE**

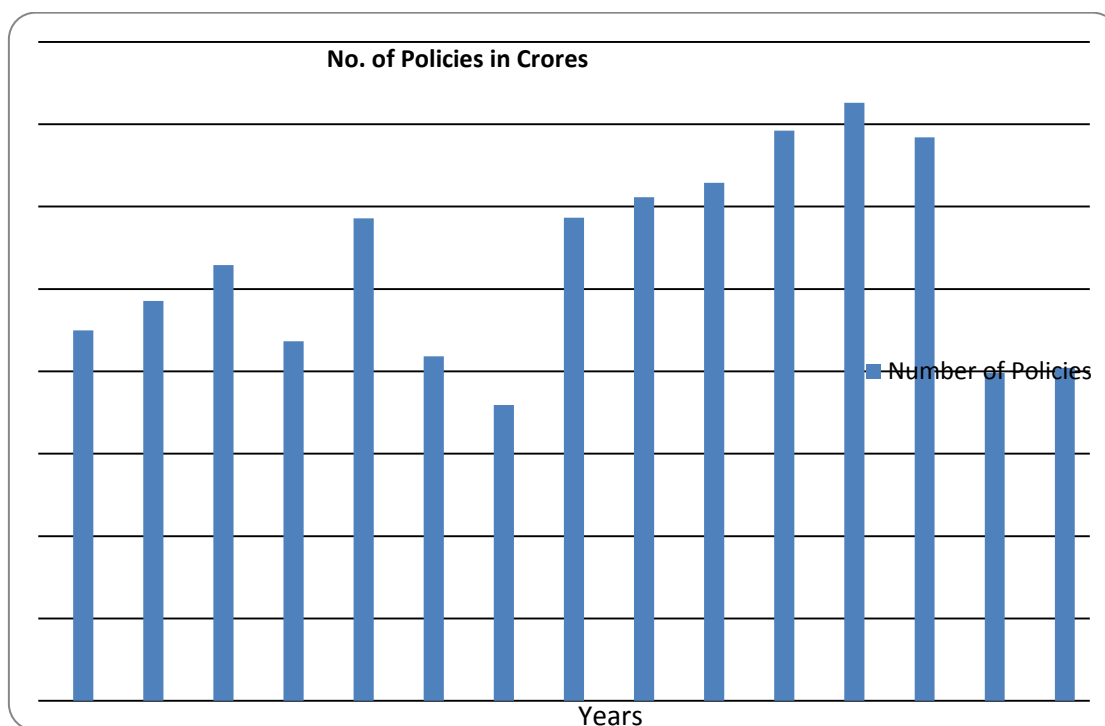
Assurance is the provision of coverage for an event that is certain to happen and when it is given to an individual is known as individual assurance. Generally,

it includes traditional forms of life insurance such as whole life insurance, term insurance and endowment plans. The performance of individual assurance plans of LIC of India in term of number of policies can be traced from the Table 2.

**Table 2: New Business of LIC of India under Individual Assurance in India- Number of Policies**

Years	Number of Policies	Percentage Growth over Previous Year	Growth Index
2001-02	22490852	-	100
2002-03	24267282	7.90	107.90
2003-04	26456320	9.02	117.63
2004-05	21817967	-17.53	97.00
2005-06	29284800	34.22	130.21
2006-07	20910041	-28.60	92.97
2007-08	17961363	-14.10	79.86
2008-09	29322395	63.25	130.37
2009-10	30578367	4.28	135.96
2010-11	31445829	2.84	139.82
2011-12	34605678	10.05	153.87
2012-13	36309921	4.92	161.44
2013-14	34200283	-5.81	152.06
2014-15	19901834	-41.81	88.49
2015-16	20223893	1.62	89.92

Source: Annual Reports of LIC of India



**Fig-1: New Business of LIC of India under Individual Assurance- Number of Policies**

Source: Annual Reports of LIC of India

It is obvious from the Table 2 and Figure 1 that LIC has issued more than 2 crores 24 lacs policies in the year 2001-02 which enhanced to 2 crore 42 lacs with approximately eight percent growth in 2002-03 over the previous year. It further recorded about nine percent growth in the year 2003-04. But in the year 2004-05 the new business dipped down with 17.53

percent. However, it regained its new business with 34.22 percent in the year 2005-06. Again, LIC faced the downfall of new business with 28.60 percent and 14.10 in the years 2006-07 and 2007-08 respectively. The worldwide recession had been one of the important reasons for the same. Surprisingly, the new business of LIC boosted with 63.25 percent in the year 2008-09. It

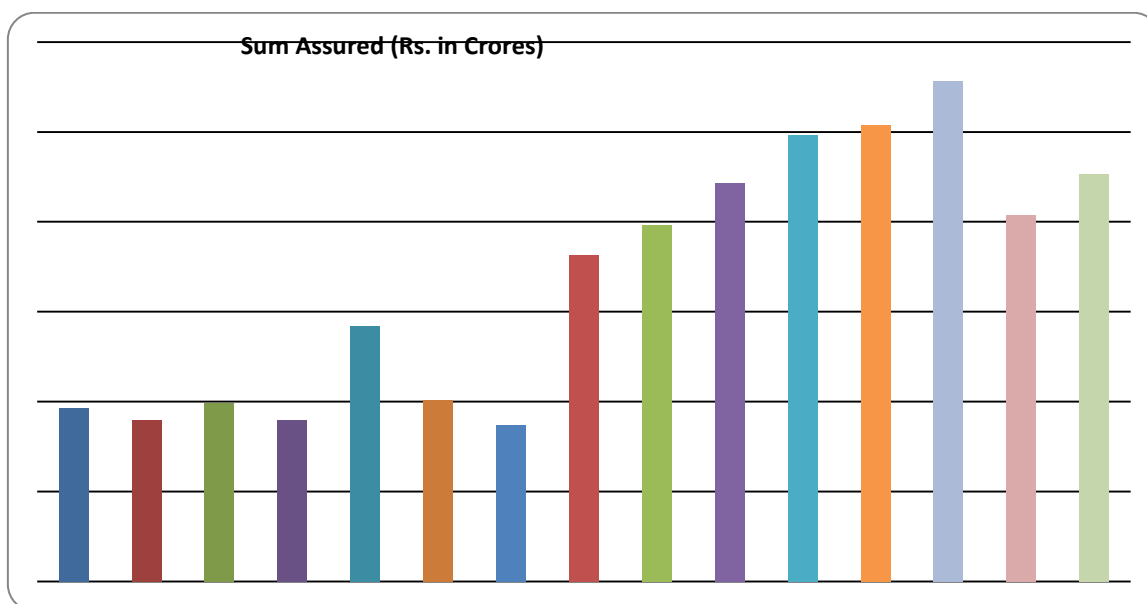
was the highest growth rate recorded under the period of study. Afterwards, in the year 2009-10 and 2010-11 LIC performed well with the growth rate of 4.28 percent and 2.84 percent respectively. In the years 2011-12 and 2012-13, LIC recorded growth of 10.05 percent and 4.92 percent respectively. However, LIC witnessed consecutively notable negative growth of 5.81 percent and 41.81 percent in 2013-14 and 2014-15. As a matter of fact, LIC had to withdraw the products because of IRDA’s directives. At the last of the year 2013, IRDA classified life insurance products into traditional plans, unit linked insurance plans and variable insurance plans, and directed to levy service tax on traditional life insurance policies at the rate of 3.09 percent in the first year and for subsequent years it is 1.5 percent but now it has been hiked to 3.5 percent

and 1.75 percent respectively. The rate of service tax is 14 percent in ULIPs. In fact, LIC of India used to pay service tax from its own pocket rather than imposing on customers and private players used to charge from customers. In this connection, private players complained to IRDA. As a result, LIC had to withdraw its existing product which in turn affected adversely its business. In the last year of period of study i.e. 2015-16, it improved with 1.62 percent. The growth index reveals that more than one and half times of new business in terms of policies has been increased upto 2013-14, however, during the last two years it confronted the severe downfall. The performance of new business in regard to policies issued during the years 2004-05, 2006-07, 2007-08, 2014-15 and 2015-16 was less than the base year 2001-02.

**Table 3: New Business of LIC of India under Individual Assurance in India- Sum Assured**

Years	Sum Assured (Rs. in crore)	Percentage Growth over Previous Year	Growth Index
2001-02	192569.11	-	100
2002-03	179504.34	-6.78	93.22
2003-04	198707.12	10.70	103.19
2004-05	179481.39	-9.67	93.20
2005-06	283763.74	58.10	147.36
2006-07	201620.74	-28.95	104.70
2007-08	173662.72	-13.87	90.18
2008-09	363135.70	109.10	188.57
2009-10	396701.12	9.24	206.00
2010-11	443531.71	11.80	230.32
2011-12	496680.53	11.98	257.92
2012-13	507847.01	2.25	263.72
2013-14	557091.70	9.67	289.29
2014-15	408003.28	-26.76	211.87
2015-16	453545.36	11.16	235.52

Source: Annual Reports of LIC of India



**Fig-2: New Business of LIC of India under Individual Assurance- Sum Assured**

Source: Annual Reports of LIC of India

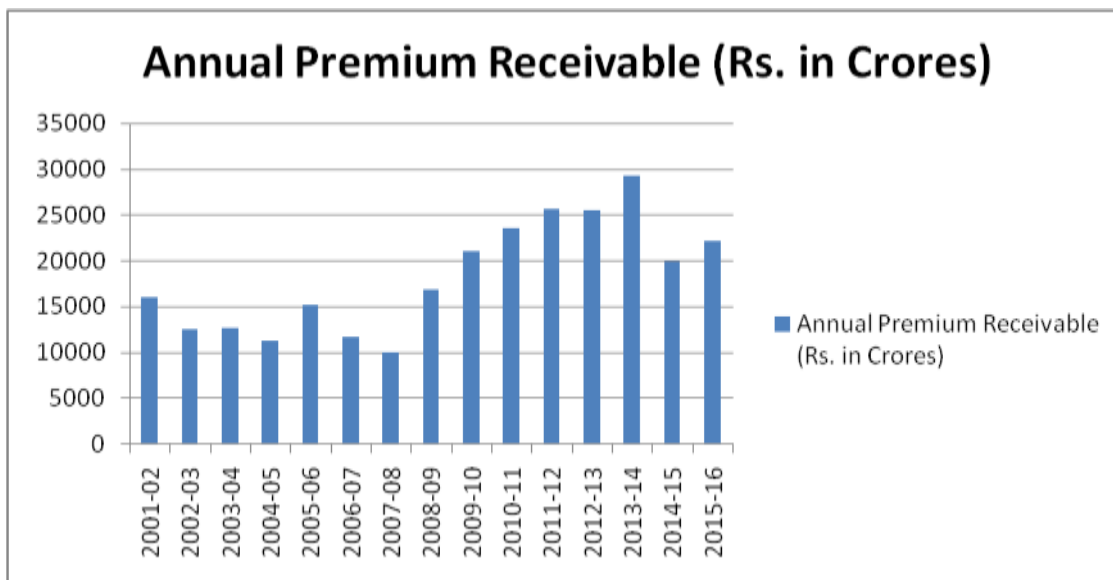
It is clear from the Table 3 and Figure 2 that the amount of **sum assured** fell down by 6.78 percent in the year 2002-03 over the year 2001-02. However, it increased with 10.70 percent in the 2003-04. Again, it fell down by 9.67 percent in the year 2004-05. Then consecutively in the years 2006-07 and 2007-08 the figures dipped down by 28.95 percent and 13.87 percent respectively. Spontaneously, it recorded a high jump with 109.10 percent growth in the year 2008-09. In the

years 2009-10 and 2010-11, the sum assured has increased with 9.24 percent and 11.80 percent respectively. LIC recorded positive growth rates during the last years except the year 2014-15 which shown negative growth rate of 26.76 percent. The growth index portrays that about 2.36 times the sum assured has been increased during the period of study. But in the year 2002-03, 2004-05 and 2007-08 the sum assured was recorded less than the base year 2001-02.

**Table 4: New Business of LIC of India under Individual Assurance in India-Annual Premium**

Years	Annual Premium Receivable (Rs. in Crores)	Percentage Growth over Previous Year	Growth Index
2001-02	16009.13	-	100
2002-03	12504.19	-21.89	78.11
2003-04	12540.82	0.29	78.34
2004-05	11224.19	-10.50	70.11
2005-06	15157.76	35.05	94.68
2006-07	11672.72	-22.99	72.91
2007-08	9871.89	-15.43	61.66
2008-09	16858.57	70.77	105.31
2009-10	20948.53	24.26	130.85
2010-11	23586.25	12.59	147.33
2011-12	25599.07	8.53	159.90
2012-13	25502.55	-0.38	159.30
2013-14	29199.56	14.50	182.39
2014-15	19822.13	-32.11	123.82
2015-16	22105.97	11.52	138.08

Source: Annual Reports of LIC of India



**Fig-3: New Business of LIC of India under Individual Assurance- Annual Premium**

Source: Annual Reports of LIC of India

It is obvious from the Table 4 and Figure 3 that the annual premium received by LIC under new business during the period of study has recorded unsatisfactory performance most of the times. However, it increased to more than one and quarter times in fifteen years as per growth index. From 2002 to 2008, the annual premium received was less than the base

year 2001-02. In the context of percentage growth over previous year, it is clear that LIC’s annual premium dipped down with 21.89 percent in the year 2002-03 from the year 2001-02. In the year 2002-03, it recorded a slight improvement i.e. 0.29 percent. But it fell down by 10.50 percent in the year 2004-05. The year 2005-06 provided relief with 35.05 percent growth rate. Later



on, the two consecutive years 2006-07 and 2007-08 confronted with the negative growth rates of 22.99 percent and 15.43 percent respectively. The year 2008-09 witnessed tremendous growth rate of 70.77 percent while 2009-10 and 2010-11 recorded 24.26 percent and 12.59 percent respectively. The annual premium accounted for 8.53 percent growth in 2011-12 whereas it recorded a slight downfall of 0.38 percent in the year 2012-13. During the last period of study it recorded positive growth rates, however, in the year 2014-15 its one-third ratio dipped down.

### CONCLUDING REMARKS

It is obvious that the present insurance industry is complex and competitive. The opening up of insurance sector in the beginning of twenty first century led to the product innovations, new vistas in distribution channel and smart marketing. It may be pointed out that at the beginning private players like Bajaj Allianz Life Insurance introduced ULIP which created threat and challenge before the corporate giant. The first decade has witnessed many fluctuations in the life insurance market. By the end of first decade, ULIPs lost its popularity due to mis-selling and under performance. IRDA has also played a key role in the development of life insurance market by suggesting new products like variable insurance plans. In fact, the idea behind these plans has been borrowed from the developed insurance market. However, at present, traditional plans are being promoted with some modifications and its share in product categories is highest. In life insurance market, LIC of India is still leading the market because of its trustworthy brand image and experience in the market.

It is evident from the present study that the total new business of LIC of India comprising of different product category, such as, individual, assurance, general annuity, pension, unit linked has been rising up during the period under the study except last three years. In the year 2001-02, the individual assurance had the highest number of policies sold i.e. 96.66 percent, whereas general annuity, pension and Bima Plus (ULIP) accounted for 2.22 percent, 1.11 percent and 0.01 percent respectively, while in 2015-16, the shares of individual assurance business and ULIPs were 98.57 percent and 0.06 percent. Under new individual business in India, LIC has issued more than 2 crores 24 lacs policies in the year 2001-02 which increased to more than 3 crores 63 lacs in the year 2012-13 but fell down to 2 crores 2 lacs policies which is less than the base year after fifteen years. The sum assured under new individual business in India was Rs. 192569.11 crores in the year 2000-01, whereas in the year 2015-16, it increased to Rs. 453545.36 crores. The growth index portrays that the sum assured has augmented by 2.36 times in fifteen years. It is obvious from the study that the annual premium received by LIC under new business during the period under the study has recorded unsatisfactory figures at most of the times. However, it increased to one and half times

approximately in fifteen years as per growth index. From 2002 to 2008, the annual premium was less than the base year 2001-02 premiums received. However, the three years particularly, 2008-09, 2009-10 and 2010-11 witnessed tremendous growth rate of 70.77 percent, 24.26 percent and 12.59 percent respectively. It may be noted that the performance of LIC of India has not been well from the growth viewpoint as its number of policies issued in the year 2015-16 is less than the year 2001-02. It has also recorded negative growth in terms of annual premium received at most of the times during the period under the study. It is also apparent that the sum assured and annual premium has increased during the period of study which means LIC has raised sum assured and premium per policy. Keeping in mind the inflation, time value of money and other external forces, LIC hiked the price (premium). As a matter of fact, the premium for a person aged 30 in the year 2000 will not be equal to the same aged person in the year 2016. Another reason is that in order to have more sum assured value a policyholder has to pay more premium. Hence, whatever the policies sold in the market, they were of more premium for more sum assured. There is a point to be noted that LIC's performance fell down mainly in the year 2014-15 as at that time there was an instruction by IRDAI to withdraw the existing products. As a matter of fact, LIC could not tackle such situation which in turn yielded negative outcomes. It is quite challenging matter of concern for LIC of India. Keeping in mind such information, LIC of India should chalk out the significant factors responsible for it and needs to take corrective measures as it is directly concerned with the earning and profitability of the concern. LIC should be proactive in its approach towards the market and it should concentrate on increasing the number of policies under new business.

### REFERENCES

1. Bhagabat, B., & Rakesh, P. (2014). Emerging Trends in Insurance- A Study in Indian Life Insurance Industry. *Abhinav National Monthly Refereed Journal of Research in Commerce and Management, Abhinav Publication*, 3, 6.
2. Prarthana, S. (2013). Recent Trends in the Marketing Strategies of LIC of India. *International Journal of Application or Innovation in Engineering and Management*, 2(10), 311-317.
3. Michael, F. (2012). Life Insurance Product Development: A Brief Overview. Retrieved from [www.fsb.co.za/>fais Documents](http://www.fsb.co.za/>fais Documents)
4. Harnam, S., & Madhurima, L. (2011). An Empirical Study of Life Insurance Products and Services in Rural Areas. *Zenith International Journal of Multidisciplinary Research*, 1(8), 290-305
5. Narayana, S., & Balaji, B. (2008). Unit Linked Insurance Plan, Insurance Chronicle. *The ICFAI University Press, Hyderabad, June*, 49-60.

6. Rao, G. V. (2006). Product Development in Insurance. *IRDA Journal, Hyderabad, August, 14-17.*
7. Balasubramanyam, P. A. (2006). Life Insurance Product Pricing- Priorities for Insurer. *IRDA Journal, Hyderabad, September, 13-15.*
8. Chandra, K. D. (2004). A New Way of Thinking- Innovation in Product Design and Pricing by the LIC. *IRDA Journal, 11, 6, 25-26.*
9. Roshni, J. (2003). Covering Lives. *Business India, June 8, 68.*
10. Arti, G., & Bhakti, C. (2001). LIC Learns to Tango. *Insurance Chronicle, June-July* [[www.icfaipress.org](http://www.icfaipress.org)].
11. [www.licofindia.com](http://www.licofindia.com)