

A Study on Business Environment of Life Insurance in India

**K.Radhika, ** M. Srinivas*

*Assistant Professor, Vaagdevi College of Engineering, warangal

**Assistant Professor, Vaagdevi Institute of management sciences, warangal

Abstract:

This article implicated the business environment of life insurance in India. There is a tremendous opportunity and highly resources are available for life insurance in the business environment. There is a need to educate the people for their future financial needs and their savings. The insurance is a touchstone of nation's level of evolution. The life insurance principle now comes to be more and more useful with the passage of time. In other word, insurance is a great source of development of national savings. This is the law of nature that individuals need to live and play with perils. Regardless of the possibility that this is true, people of India still don't have curiosity to insure them. The present study was intended to understand the business environment towards life insurance in India

.Key words: Insurance, nation, attitude, principle, curiosity, savings & business.

Introduction

The whole idea of insurance has developed on the fact that human life is full of uncertainties and the life of a person itself is very uncertain. Eventualities do cast their shadows, and therefore one has to equip oneself with possible means so as to face the unforeseen. It is well said that "Life is full of risks. For property, there are fire risks, for shipment of goods, there are perils of sea, for human life, there is the risk of death or disability and so on and so forth.

Life insurance is a husband's privilege, a wife's right and a child's claim.² The scheme of life insurance provides an assurance that if such an event happens, the person or his dependents would get financial assistance to bear the loss.

Insurance is a means of protection from financial loss. It is a form of risk management primarily used to hedge against the risk of a contingent, uncertain loss. An entity which provides insurance is known as an insurer, insurance company, or insurance carrier.

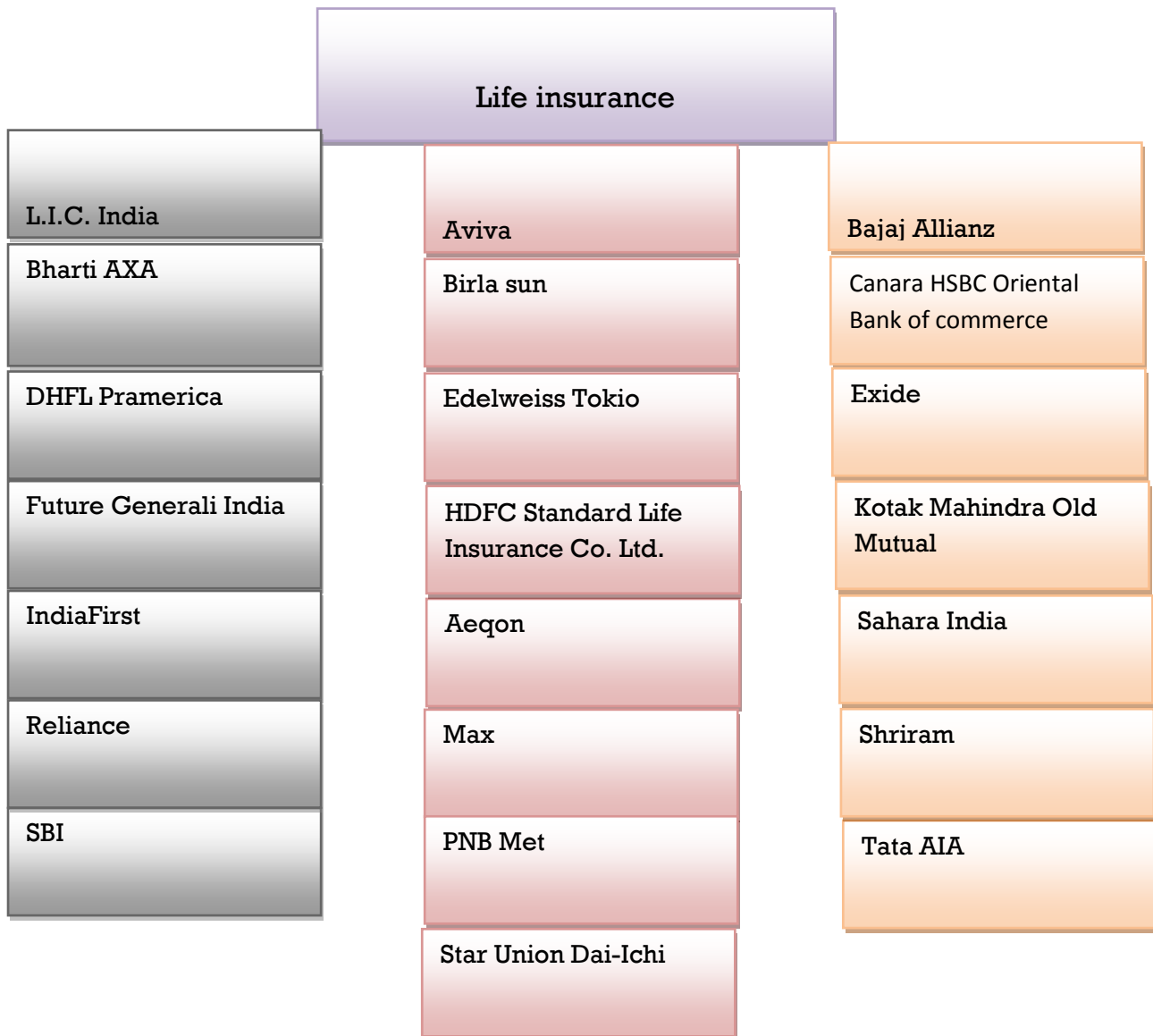
Definition of insurance

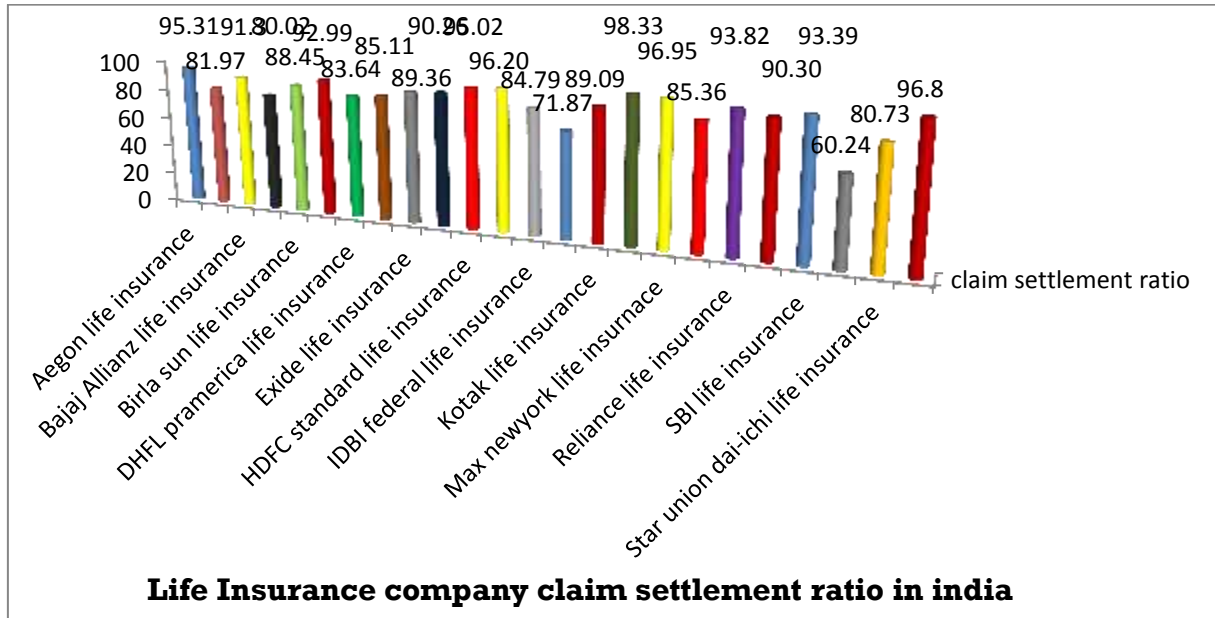
Under an insurance contract, a party the insurer indemnifies the other party the insured against a specified amount of loss, occurring from specified eventualities within a specified period, provided a fee called

premium is paid. In general insurance, compensation is normally proportionate to the loss incurred, whereas in life insurance usually a fixed sum is paid. Some types of insurance (such as product liability insurance) are an essential component of risk management, and are mandatory in several countries.

Insurance, however, provides protection only against tangible losses. It cannot ensure continuity of business, market share, or customer confidence, and cannot provide knowledge, skills, or resources to resume the operations after a disaster. Insurance that pays out a sum of money either on the death of the insured person or after a set period.

Indian Life Insurance Company





Source: Indian Life Insurance Company claim settlement ratio

Insurance cover that serves two major purposes: To substitute for the insured's income if he or she dies, and to qualify the insured for favorable tax treatment. The policy holders buy insurance cover from an insurance company, and pay specific periodic amounts (premiums) for the term (duration or life) of the policy. If the insured dies before this term is completed, a guaranteed sum (the face amount of the policy) is paid to one or more named beneficiaries. If the insured survives the term then, depending on the type of the policy, he or she may receive the full or a part of the face amount of the policy.

Review of Literature

Narendar and Sampath (2014) observed that the level of awareness towards the rights and duties regarding insurance is negligible. The study tries to understand the awareness of the people towards the rights and duties towards life insurance products after the privatization of the insurance sector with special reference to Indian insurance sector. To actually understand this, a primary research was conducted to find out the level of awareness towards the rights and duties of the policy holders across demographic profiles

and about the level of awareness towards life insurance policies prevailing in the Indian market. The study totally concentrates on the individual behavior, attitudes and also creating the awareness regarding their contribution on Indian insurance sector.

Ramesh Bhat and Dixit, M.R. (2005) in their article entitled “Bancassurance Exploiting an Opportunity with Partnerships” conclude that banks are the potential partners in distributing the insurance products in the market.

Sunil Maheswari (2005) in her article entitled “managing insurance and the Agents”, pointed out that those quality agents can sell insurance products in the market successfully.

Manchanda, S.M. (2005) in his article entitled “Need to Cover the Death Risk”, concluded that insurance companies should educate their customers on different products, which suit their special needs.

Research methodology

The study has been intended to know the business environment of life insurance in India. The descriptive nature of the study is used to collect some information relating to the business environment of Life Insurance Company. Secondary data were used in this study.

Objectives of the study:

The main objectives of the study measuring the business environment of the life insurance.

- To understand the business environment of life insurance in India.
- To suggest ideas to modify the business environment of life insurance.

Hypothesis of the study

- ❖ There is a relationship among business environment of life insurance in India.

Contract of Utmost Good Faith

An insurance contract is a contract of utmost good faith and therefore, the contracting parties are placed under a special duty towards each other, not merely to refrain from active misrepresentation but to make full disclosure of all material facts within their knowledge. It has been said that „there is no class of documents to which the strictest good faith is more rightly required in courts of law than policies of insurance.

Findings

There is a good business environment of life insurance in India. LIC is much ahead of private insurance companies in this field. They are undoubted champions in insurance when it comes to profit earning.

Customer base of LIC is very strong and still business per branch, profit per branch or premium per branch, they are leading much ahead of private insurance companies in India.

There is an opportunity to develop the business in rural areas but here insurance companies are forget to create insurance awareness in rural areas. Product wise as well as premium wise.

Suggestion

Life insurance has to create awareness among rural areas to develop the business environment in India. Have to change the advertisement and the premium in the rural areas to develop the insurance business in the society.

Conclusion

Human life is most valuable asset on the earth and life insurance is the one kind of protection which provides money related security to a person and his family at the season of uncertain danger or harm. Life insurance provides both safety and protection to persons and also encourages savings between people .Insurance is a great source of development of national savings. There is a need to educate the people for

their future financial needs and their savings. The study has come to the point that there is a scope of good business environment for life insurance in the present insurance market in India.

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