

EMERGING TRENDS OF INNOVATION IN LIFE INSURANCE BUSINESS AFTER LPG

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ABSTRACT

European organized life insurance business for European in India as Oriental life insurance company to do insurance business in the year 1818 in kolkotta, this was the first life insurance company in India, after this two hundred and forty five insurance company started still the year 1956.

KEYWORDS: Life Insurance, Globalization

INTRODUCTION

Before privatization and globalization the Indian government`s intention was to create a monopoly and protect the insurance business from foreign and private competition. But insurance sector faced a lot of problems such as capital scarcity, poor product quality, lacking in new technologies, bad services after sales etc., So the government decided to nationalized all the life insurance company as LIC of India in the year 1956. After that, there was a monopolistic in life insurance business in India, then in the year 1999 the Indian government decided to privatize and globalize life insurance business. Now the private sectors and foreign direct investments changed the insurance business in India, it creates competition among the players, quality products are coming up, new technology is introduced, the marketing strategies also changed, various types of intermediaries are introduced etc.,

MAIN IMPACT OF LPG IN LIFE INSURANCE BUSINESS

- Public Sectors life insurance business is decreased.
- Private sector life insurance business is increased.
- Competition in insurance is heavy and healthy.
- Various methods of strategies in marketing is introduced.
- Government invites more foreign players through a proposed bill of increasing the percentage of foreign direct investment.
- Foreign investments are increased in insurance sector.
- Awareness of insurance are created.
- Technologies are updated.
- LPG strengthening foreign political relationships.

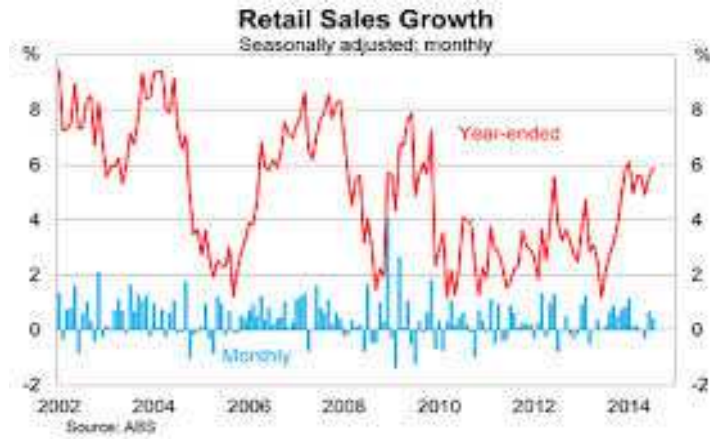


Figure 1

CHALLENGES IN LIFE INSURANCE BUSINESS AFTER PRIVATIZATION AND GLOBALIZATION

Spreading the Insurance Business in India`s Rural Areas

- Educating the concepts of insurance.
- Decreasing lapsation of policies.
- Increasing rate of return on premium paid.
- Avoiding cut throat competition.
- Investing the insurance funds in social infrastructure schemes.
- Expecting quality ethics in insurance business.
- Reducing the rate of insurance premium.

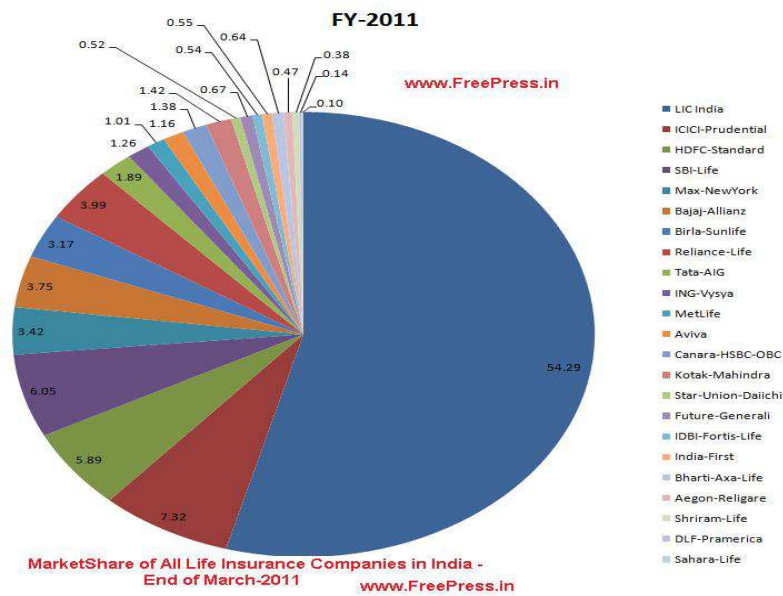


Figure 2



Figure 3

OBJECTIVES OF LPG IN LIFE INSURANCE

- For inviting foreign investments in India in insurance sectors.
- For sharing technologies and strategies with global players.
- For increasing the percentage of insured people in India.
- For quality services to the policyholders.
- For varieties of products in insurances.
- For breaking the monopoly in insurance sectors.
- For creating healthy competition among the insurance players.

REMEDIES OF BEST INSURANCE BUSINESS IN INDIA

- IRDA should be strict in rules and regulations of insurance business.
- Government should encourage the public sectors to start insurance business.
- Government should restrict the FDI's percentage of direct investment to 26% only.
- Government should take severe action against false promising insurance companies.
- IRDA should control the wrong publicities or sales promotional activities of insurance companies.
- IRDA should be watching all the claim settlement of insurance companies.
- IRDA should be justifying the rate of premium charged by insurance companies.

CONCLUSIONS

Even though more number of foreign players are entered in life insurance business in India after the Globalization, the objects of FDI is not fulfilled, because all the payers are concentrating on urban area business only. No one is concentrating in rural areas except the public sectors. The foreign players are keen on maximization of profits only, and there are no social responsibilities under taken by the insurance players. Indian government also very keen on increasing the percentage of FDI from 26% to 49%, But Indian market will be different for the FDI.

