

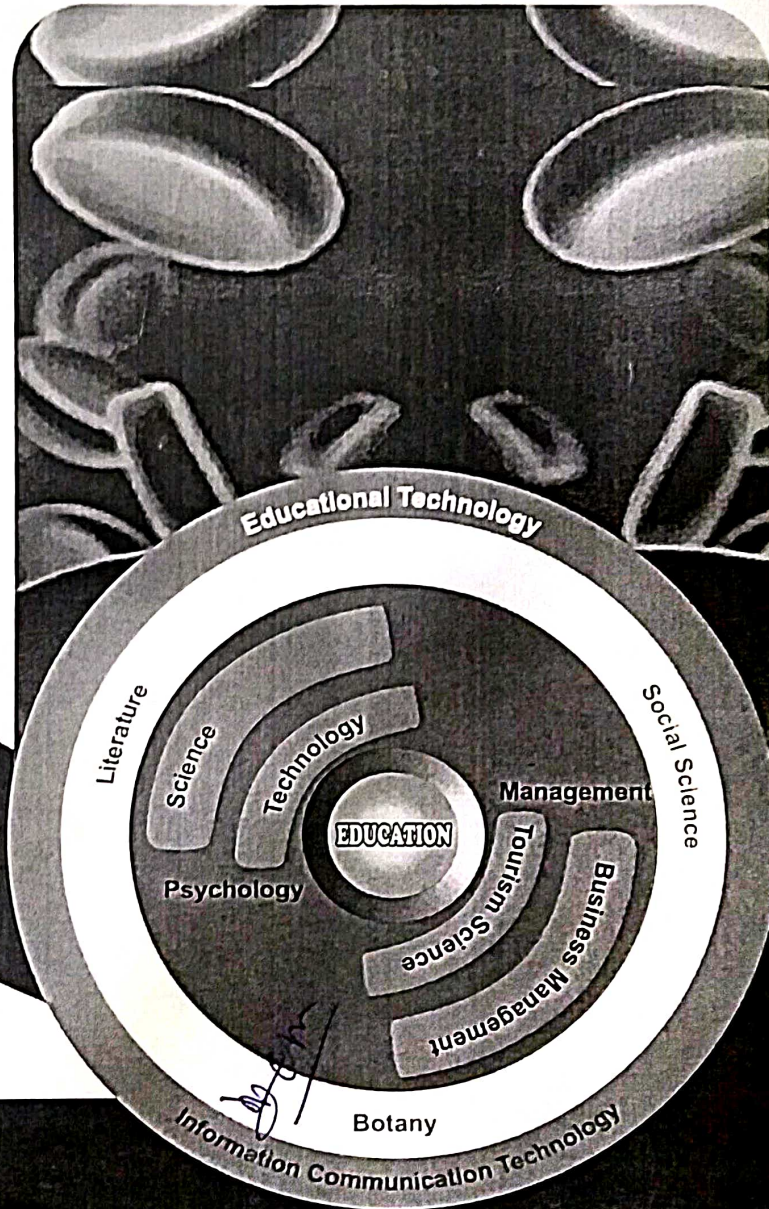
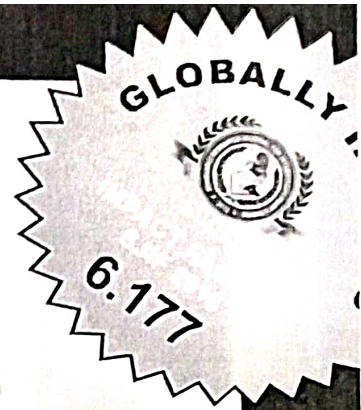
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INDIAN LIFE INSURANCE INDUSTRY OVERVIEW & IT'S HUMANITIES

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Introduction: - India has adopted the policy of liberalization, privatization, & globalization (LPG) in 1990's and transferred the traditional market mechanism to the threshold of a free market philosophy. Naturally, the Insurance sector is also not a exception to this change. Insurance sector in India was liberalized in March 2000 with the passage of the Insurance Regulations & Development Authority (IRDA). This has lifted the entry restrictions for private players and allowing foreign players to enter the market with some limits on direct foreign ownership. The potentials for growth of insurance industry in India is immense as nearly 80% Indian population is without life insurance cover while health insurance and non-life insurance continues to be well below international standard.

OBJECTIVES OF THE STUDY

The person Research study is carried out with the following objectives in view

1) To study the Indian Life Insurance Industry Overview & It's Social Responsibility 2) To study the spread Life Insurance widely and in particular to the rural areas and to the socially and economically backward classes.

RESEARCH METHODOLOGY

Secondary data also collected from various websites are as follows.

The said Research study is based on the secondary data. For this propose the researcher studied the various reference books on commerce, Economics, management & Insurance. The researcher also studied the various reports published by the LIC as well as other financial institutions

Reform of Insurance Sector:- The first step towards insurance sector reforms was taken in 1993 with the formation of Malhotra Committee, under the Chairmanship of former Finance Secretary & RBI Governor Mr. R.N.Malhotra. The Committee was formed with an object to evaluate the Indian insurance industry & recommend its future direction in the free market economy. This committee has made the important recommendations on Structure, Competition, Regulation Investments, Customers Services, etc. Some of the very important recommendations have focused below:-

- 1) An Insurance regulatory body should be set up.
- 2) Controller of insurance should be made independent.
- 3) Govt. stake in the insurance companies to be brought down to 50%.
- 4) All the insurance companies should be given greater freedom to operate.
- 5) Private Companies with minimum paid up capital of Rs. 1 billion should be allowed to enter the industry.
- 6) Foreign company may be allowed to enter the industry in collaboration with the domestic companies.
- 7) No Company should deal in both life & General Insurance through single entity.
- 8) Mandatory Investments of LIC Life Fund in Govt. securities to be reduced from 75% to 50%.
- 9) Insurance Company must be encouraged to set up Unit Linked Pension Plans.
- 10) Computerization of operation & updating of technology to be carried out.

Opening up of Insurance Sector to Private & Foreign Players:-