

Performance Evaluation of Insurance Claims Management in LIC-India

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Abstract- This article mainly focuses on evaluating the claims management performance in LIC considering the 5 years' study from 2012-13 to 2016-17. The study used descriptive methodology and consider the maturity claims and death claims to prove the said objective. the study found that there is high increase in policy assured value compare to number of policies that's results in showing the optimal performance to LIC in the selected period.

Index Terms- performance evaluation, claims management, death claims, maturity claims.

1. INTRODUCTION

The potential and performance of the insurance sector is universally assessed with reference to two parameters; i) Insurance Penetration and ii) Insurance Density. Insurance penetration is defined as the ratio of premium underwritten in a given year to the gross domestic product (GDP). Insurance density is defined as the ratio of premium underwritten in a given year to the total population (measured in USD for convenience of comparison). Increasing demand of life insurance is an opportunity for global insurers and new entrants. The emerging insurance market is opening a new way for transnational and multinational corporations too. The increasing life expectancy, better health care facilities and increasing population are some of the causes influencing demand of life insurance in many countries. Insurance is contributing a fair percentage in GDP in various countries and life insurance is a major part in service sector in most of the countries. A well-developed insurance sector is essential for economic development as it provides long-term funds for infrastructure development at the same time strengthening the risk taking ability of the country. The risk absorption role of insurers promotes financial stability in the financial markets and

provides a "sense of peace" to economic entities. The business world without insurance is unsustainable since risky business may not have the capacity to retain all kinds of risks in this ever changing and uncertain global economy.

2. BACKGROUND OF THE STUDY

Insurance is a device for the transfer of risks of individual entities to an insurer who agrees for a consideration (called premium) to assume to a specified extent losses suffered by the insured. Insurance covers insurable risks and the probability of insurable risk can be determined or forecasted for example risk related to life, property, riots, thefts are insurable.

Life insurance is a contract under which one person, in consideration of a premium paid either in lump sum or by monthly, quarterly, half-yearly or yearly payments, undertakes to pay to the person for whose benefit the insurance is made, a certain sum of money either on the death of the person whose life is insured or on the expiry of a specified period of time.

This is encouraging people to save their money. The other options of investment are mutual funds, share market, gold, government bonds/securities, bank and post office deposits.

Advantages and Features of Life Insurance:

1. Insurance products are better than a traditional saving instrument.
2. Insurance provides easy settlement and protection against creditors.
3. Insurance helps to achieve the purpose of the Life Assured.
4. Insurance can be encashed and facilitates quick borrowing.
5. Disability Benefit.
6. Tax Relief and saving.

3. REVIEW OF LITERATURE

According to Mr. Sumit Bodha and Dr. Deepak Tandon (2017), this study was aimed to analyse and compare the profitability performance life insurance companies in India (both Public and Private). The study period was of 10 years which ranged from 2007-2016. The study revealed that, among the private sector life insurers, the average net premium for the last 5 years was found the highest in case of ICICI prudential followed by HDFC followed, in upside, by Exide life. According to Dr. N Senthilkumar and K Selavamani (2016), this study review that Life insurance industry in India – an overview. The outcome of the study is LIC is the world largest insurance company in India. LIC's first year premium income grew 24.7% in 2015-16. Dr. According to Dharmendra Mistry, Gurmeet Singh (2015), this study review that Determinants of Insurance Product Performance in India. The results of regression analysis reveals that the allocation charge, mortality charge, admin charge & fund management charge significantly influence the maturity benefit of ULIP products under the study. According to MOHD ARIF (2015), this study review that Life Insurance Industries in India: Trends and Patterns. The outcome of the study is in last few years, the performance of life insurance industry has been shown a downfall (decreasing trends) because of slow economic growth rate, higher inflation, global crises, low saving. According to Mrs. H. Christy Cynthia and Dr. N. R. Nagaraja (2011), this study review that Performance Evaluation of the United India Insurance Company Limited. The outcome of the study found that all the three types of policies viz., fire, marine and motor constitute more or less an equal share in premium income during 2009-10. According to Roghayeh Shahbazi Alenjagh (2013), this study states that Performance evaluation and ranking of insurance companies in Tehran Stock Exchange by financial ratios using ANP and PROMETHEE. The outcome of the study is companies were ranked based on financial performance and Parsian insurance company had the highest performance.

According to Ashraf S and Nikita Kumari(2016), this study review that An Evaluation of Investment Performance of Private Life Insurance Industry in India. The study finds that during all years under

study, 15% to 40% life insurance companies have been found on the CRS frontier and 40% to 60% life insurance companies have been found on the VRS frontier. According to R. Sukithar (2016), this study review that Performance of Public and Private Life Insurance Companies In India: A Comparative Study. The outcome of the study is compared to Public Sector Life Insurance, the growth rate of total premium of private life insurance companies was high. According to Nikita Kumari (2015), this study review that Determinants of Insurance Investment: A Case Study of Life Insurance Corporation of India. The result of study is that premium and claim is significantly influenced the investment of insurance sector. According to Shilpa Agarwal and A. K. Mishra (2017), this study review that Life Insurance Industry of India – Past, Present & Future (A Study of LIC of India). The outcome of the study is the share of the life insurance business in total insurance business was very high at 80.2% and it is ranked 10th among 88 countries. According to Dr. Sonal Nena (2013), this study review that Performance Evaluation of Life Insurance Corporation (LIC) of India. The outcome of the study is that analysis of variance (F –Test), variance on operating expense was highest amongst all, while variance of Investments (shareholders') was lowest. So as a result of F-Test is 4.08. While the critical value is 2.77. So the hypothesis is rejected. According to Dr. Artta Bandhu Jena (2014), this study review that Financial Performance of Selected Indian Life Insurance: An analysis. The outcome of the study is that the investment into assets into business increasing as compared to the base year 2008. But, the LIC, ICICI Prudential, HDFC Standard Life Insurance Companies' investment into assets has been decreased for the financial year 2010 respectively as compared to the financial year 2009.

4. OBJECTIVE OF THE STUDY

- To analyse the claim settlement with respect to Maturity and Death.

5. RESEARCH METHODOLOGY

Types of research: Descriptive research -Descriptive research used for the study. It describes the facts, features and situations in a study. It shows the past

and present financial data relating to the life insurance (LIC).

Sampling: The Insurance industry now a day has so many Life Insurance institutions in India; the researcher has selected LIC of India as a sample. The study considered maturity and death claims settlement of LIC of India as a sample.

Data Collection: The present study covers secondary data. Data and information have been extracted from Annual Reports LIC of India. This study consists 5 years' maturity and death claims settlement of LIC India as the sampled unit.

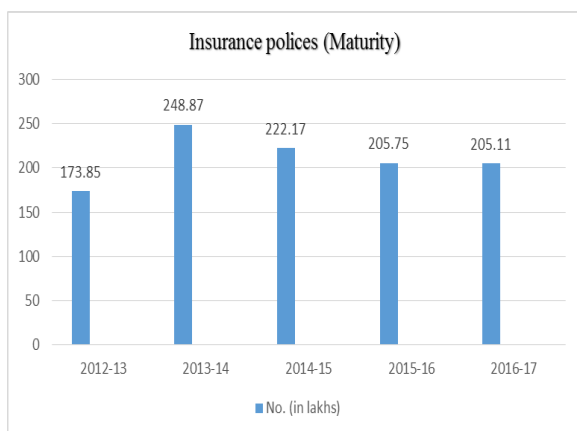
Period of the Study: The period of the study was from 2012-13 to 2016-17 i.e. of 5 years.

6. DATA ANALYSIS AND INTERPRETATION

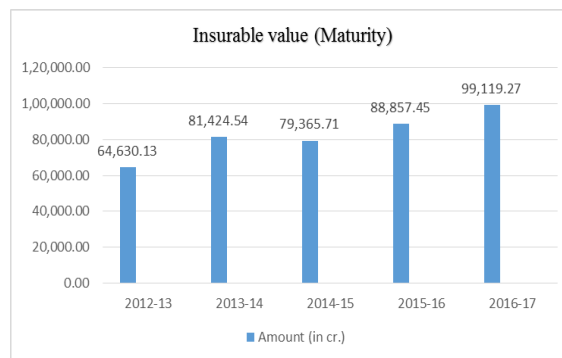
This study seeks to analyse the claim settlement with respect to Maturity and Death. For the analysis company financial reports are used. The study period is to 5 years.

Claims Settlement

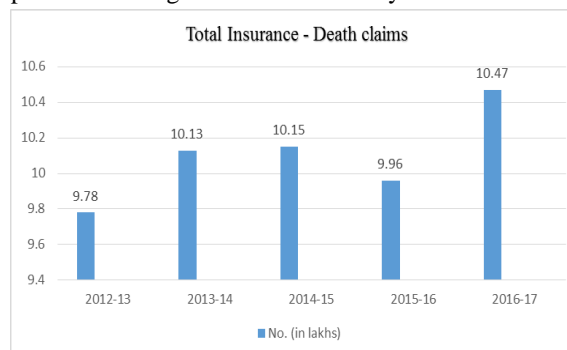
Years	MATURITY			DEATH		
	No. (in lakhs)	Amount (in cr.)	% o/s in maturity claim	No. (in lakhs)	Amount (in cr.)	% o/s in death claim
2012-13	173.85	64,630.13	0.53	9.78	9,447.71	0.90
2013-14	248.87	81,424.54	0.33	10.13	9,761.91	0.48
2014-15	222.17	79,365.71	0.23	10.15	11,092.45	0.44
2015-16	205.75	88,857.45	0.25	9.96	12,184.20	0.45
2016-17	205.11	99,119.27	1.66	10.47	13,581.14	0.37



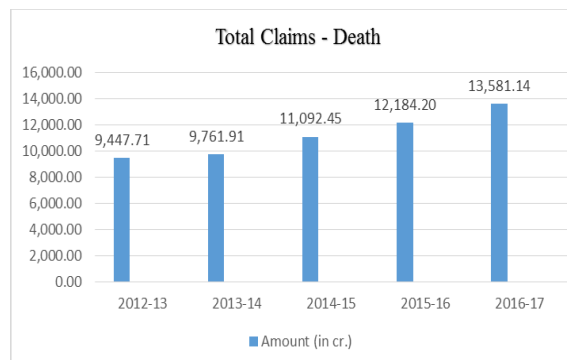
From the above table the study represents the number of policies which has maturity in considering period of 5 years from 2012-13 to 2016-17. The study found that the number of policies had decline from 2013 to 2016. Due to the high amount accumulation which results in reduce the number of policies and increase in value of insurance.



From the above table the study represents the insurable value which has maturity in considering period of 5 years from 2012-13 to 2016-17. The study found that the number of insurable value had increased from 2013 to 2016. Due to the high value in the insurable value that results in less number of policies and high amount of maturity.

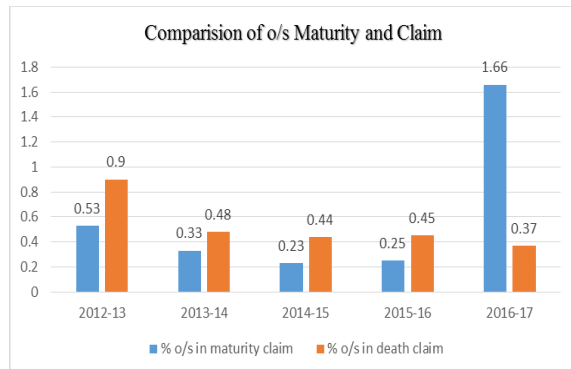


From the above table the study represents the total insurance – death claims which has considering period of 5 years from 2012-13 to 2016-17. The study found that there will be a considerable increase in number of insurance policies from 2013 to 2016. Due to the high amount of death claims that results in high number of policies and high amount of death claims.



From the above table the study represents the total death claims which has considering period of 5 years from 2012-13 to 2016-17. The study found that the

number of death claims value had considerably increased from 2013 to 2016. Due to the number of policies comparatively less than maturity claims.



From the above table the study represents the comparison of o/s maturity and death claim which has considering period of 5 years from 2012-13 to 2016-17. The study found that the number of o/s maturity claims had drastically increased from 2015-2016 and the number of o/s death claims had decline from 2013-14 to 2015-16.

7.FINDINGS AND RECOMMENDATION

- Number of policies in maturity decline from 2013-2017 i.e. 18%.
- Insurable value in maturity have been increased from 2013-2017 i.e.35%.
- Total insurance policies in death claims considerably it has been increased from 2013-2017 i.e. 7%.
- Total death claims value has been considerably increased from 2013-17 i.e. 30.16%.
- o/s of maturity claims has been drastically increased from 2015-2017 i.e. 13.86%.
- o/s of death claims has been increased from 2013-2017 i.e. 41.11%.
- companies need to concentrate on death claims compare to maturity claims.
- Firms have made proper procedure to evaluate the condition of the insurer towards reducing the burden of outstanding.
- The beneficiary is need to match the criteria and it has to be fulfilled and the procedures are need to be evaluate critically towards reducing the risk.

8.CONCLUSION

LIC has been successfully able to create value for its policyholders. The performance evaluation shows consistent increase in its business. During the period of the study there is no major change in the performance of the LIC. Even though there is a high influence by the investors and they addicted to this for an investment proposal. The high policy amount that results comparatively less number of policies by the individuals. LIC is doing good job, managing the products, and related marketing strategies effectively. As per analysed data the study suggests that LIC need to control the critical evaluation procedures, to not affect its income.

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