ABSTRACT

Insurance is a social device in which a group of individuals (insured’s) transfer risk to another party (insurer) in order to combine loss experience, which permits statistical prediction of losses and provides for payment of losses from funds contributed (premiums) by all members who transferred risk. The insurance sector regulated according to the Industrial Policy passed by government industrial policy 1990 was the milestone for globalization as well as liberalization. In April, 1993 government set up a high power committee headed by Mr. R. N. Malhotra to suggest reforms in the insurance sector and make it more efficient and competitive. The committee recommended the establishment of a strong and effective insurance regulatory authority in the form of a statutory autonomous board on the lines of SEBI. In 1999, the Insurance sector opened up for private companies in life as well as Non-life Insurance companies. It was followed by the establishment of IRDA (Insurance Regulatory and Development Authority) in April 2000. The foreign companies looked upon the untapped profit potentials in Indian insurance industry and rushed over here. Insurance industry in India has seen lot of changes since the opening of the sector for private participation. Industry has witnessed entry of a plethora of companies and is to witness many more to today. Every insurance company is required to maintain the minimum standard of capital and surplus as required by law.

KEYWORDS: Life Insurance, Profitability, Competitive, Financial performance.