

INDIAN INSURANCE INDUSTRY - PERFORMANCE OF SBI LIFE INSURANCE COMPANY LIMITED

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ABSTRACT

SBI Life Insurance is a joint venture between the State Bank of India and BNP Paribas Cardif. SBI Life is one of India's leading private life insurers. Backed by a robust distribution network and strong understanding of needs and aspirations, offer a comprehensive range of protection, child, saving, ULIP,s and retirement products to individual and group customers. The company has built the business upon the trust of many of the customers who avail of its products and services through a widespread bancassurance network of 14 partners, more than 29,000 partner branches, more than 18,498 employees, and over 135,902agents, 64corporate agents. The present study is based on secondary data and relates to the period from 2017-18 to 2020-21. Data has been analysed using simple percentages and the annual growth rate. The study reveals

recorded new business premium of H2.78 trillion (\$38 billion) in FY21, growing at 7.49% over the last year with private life insurers growing at 16.29%. More SBI Life has a considerable contribution to the total market share of private life insurers.

Keywords: SBI Life Insurance, Market share, ULIP

Introduction

The development of the economy depends upon the financial system. The Insurance sector is one of the major players in this system. In today's world, there is a lot of risk uncertainties and stress in everyone's life. The people or public have an urge to play down the risk and take protection against possible uncertainty of their life. Life insurance sectors provide an intent goal from which people can seek protection against many risks of their life which may cause in the future. Life insurance not only provides risk coverage but also it provides other certain benefits for the people or customers, they are an investment, tax, savings loan facilities and more knowing the customers need or various requirements, the insurance company provides a very large variety of insurance products or the policies to their customers, and they have to provide an efficient service to the policyholders as the relationship with them would last for a longer period. As consumers play the main role in the insurance sector and they have to emerge as a centre of the insurance sector due to the life insurance companies as they have begun to provide good and better service to the customers with much-trained sales force and advisors, they are providing advice and need to be based selling the practice to the customers. The turnaround times and with a good response the improvement in specific areas is improved such as premium notice, policy document final maturity payment settlement of the claim, and more on. The insurance industry of India has 57 insurance companies 24 are in the life insurance business, while 34 are non-life insurers.

Indian Insurance in the Global Scenario

In the life insurance business, India is ranked tenth in the world. India's share in the global life insurance market was 2.73 percent during 2019. Compared to the previous year, the life insurance premium in India increased by 9.63 percent whereas global life insurance premium increased by 1.18 percent. Globally, the share of life insurance business in total premium was 46.34 percent and the share of non-life insurance premium was 53.66 percent during 2019. However, the share of life insurance business for India was high at 74.94 percent while the share of non-life insurance business was at 25.06 percent.

SBI Life Insurance

SBI Life Insurance Company Limited is a joint venture between the State Bank of India (SBI) (currently holds 55.5% stake) and BNP Paribas (currently holds 5.2% stake) formed in 2001. SBI Life was the first private sector insurer to achieve breakeven in FY06, primarily leveraging SBI's branch network to reduce its distribution costs. SBI has the largest bank distribution network in India. BNP Paribas Cardif S.A. is one of the largest life insurance companies in France and a worldwide leader in creditor insurance products. BNP operates in many countries mainly through the bancassurance and partnership models. Since FY10 SBI Life has been the leader in terms of new business premium generated with a market share of 23.9% among private life insurers and 6.2 % in the industry in Q1FY21. SBI Life offers a comprehensive range of life insurance and pension products at competitive prices, ensuring high standards of customer service and world-class operating efficiency. The Company offers individual and group products which include savings and protection plans to address the insurance needs of diverse customer segments. The Company has an AUM of Rs.1753.5 bn as of June 30, 2020.

Review of Literature

V Prema (2016) in her article entitled "Performance of SBI Life Insurance Company Limited" found that SBI Life Insurance Company Ltd is providing innovative products and services and premium growth has an adorable growth from the first year till the date.

Richa Jain (2014) in the article entitled "Brand building through corporate social responsibility: - A case study of SBI Life Insurance suggests that there is a significant rise in the business performances of SBI life insurance through the conduction of Corporate social responsibility activities.

Statement of the Problem

In India liberalisation was implemented in 2000, the insurance sector was under the monopoly of Life Insurance Corporation. After the liberalisation, the private players' entry made a

tough competition and created a drastic change in the insurance sector. There were a variety of schemes introduced in the insurance sector that increased the services and thereby they capture the market share. SBI Life insurance is one of the top leading life insurers in the

private players and gives contribution to the Indian economy. This leads to know the performance of SBI Life insurance in this period.

The Objective of the Study

1. To analyse the performance of SBI Life Insurance
2. To assess the growth of SBI Life Insurance.

Methodology

The present study is based on secondary data. Annual reports of SBI Life Insurance, Reports of IRDA, journals, magazines, publications, newspapers are the sources of data. The study is conducted for the period of 2011-12 to 2020-21. In the study, the simple percentage and growth rate are analysed.

Data Analysis and interpretation.

SBI Life Insurance has a large network in the world with the combination of SBI and BNP Paribas Cardif. Within the period of over twenty years, SBI Life Insurance Company Ltd. Recorded an enviable operational performance and growth including earning of profits.

Table 1 Growth of SBI Life insurance Premium (Rs in Billion)

Year	Total premium	Premium growth	Growth Rate in percentage
2011-2012	129.45	-	-
2012-2013	131.34	1.89	1.46
2013-2014	104.5	-26.84	-20.43
2014-2015	107.39	2.89	2.76
2015-2016	158.25	50.86	47.36
2016-2017	210.15	51.9	32.79
2017-2018	253.54	43.39	20.64
2018-2019	329.89	76.35	30.11
2019-2020	406.35	76.46	23.17
2020-2021	502.54	96.19	23.36

Total growth		373.09	161.22
Average growth		41.45	17.913

Table 1 reveals that during the study period (2011-2012 to 2020-2021) the total premium consequently increased from 129.45 billion in 2011-2012 to 502.54 in billion rupees in 2020-2021. the premium growth rate is unstable during the period. The growth rate during the period went down and reached a negative figure and then increased to 96.17 during the 2020-2021 FY.

In the financial year 2021, SBI Life Insurance Company Limited had written over 502 billion Indian rupees worth of life insurance premiums across India. This premium value of the company was a significant increase from the previous financial year and illustrates its exceptional position within the private sector.

Table 2. Gross Written Premium (Rs. In Billion)

Year	First year premium	Single premium	Renewal premium	Gross written premium
2011	33.9	42	53.56	129.46
2012	21.93	43.39	66.02	260.8
2013	26.18	25.65	52.67	104.5
2014	29.98	20.68	56.73	107.39
2015	33.31	21.98	73.38	128.67
2016	46.31	24.76	87.19	158.26
2017	62.07	39.37	108.71	210.15
2018	81.39	28.27	143.38	253.04
2019	90.57	47.35	191.97	329.89
2020	98.29	67.64	240.42	406.35
2021	103.38	102.86	296.30	502.54

Source: Annual reports of SBI Life Insurance Company from 2011-2021

Table 3 reveals the total premium during the period 2011-2021. The first-year premium increased from Rs 33.9 billion to 103.38 billion in the 2021 financial year. There is an annual increasing trend. The single premium in 2011 is 42 billion rupees has immensely raised to 102.86 billion rupees in the 2021 financial year. The trend shows an annual increase during the period. Similarly, the renewal premium during 2011 is 53.56 billion and the trend shows an annual increase of 296.30 in the 2021 financial year.

FINDINGS AND CONCLUSIONS

The private sector life insurers should concentrate to improve their premiums through direct selling and brokers channels. The SBI life insurance has a large network and it is operating successfully through different channels. It was commenced its operation in 2000 and in 2006 booked profit of around Rs 20 million and the break-even has attained in 2008. In 2010 the company crossed Rs 100 billion gross written premium. In 2012 Profit after tax crossed Rs 5 billion. Asset under management crossed Rs 500 billion in 2013 and Gross wrote premium crossed Rs 150 billion in 2016. In 2018 Enhanced shareholder value and SBI life got listed on BSE and NSE. The total assets under Management crossed Rs 1 trillion. In the financial year 2021, SBI Life Insurance Company Limited had written over 502 billion Indian rupees worth of life insurance premiums across India. This premium value of the company was a significant increase from the previous financial year and illustrates its exceptional position within the private sector.

SBI Life Insurance Company is placed as a pioneer in the development of bancassurance in India. It offers a variety of life insurance products through its multi-distribution channel. The company attained its competitive advantage by offering more products and services customer-centric. It has a large network of branches and individual agents spread all over India for distributing insurance products.

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