

14. INSURANCE

Figures in this section refer to the insurance business of insurers who transacted business under the Insurance Act, 1938. The Postal Life Insurance Fund (Tables 14.4 and 14.5) is, however, exempted from the operation of the Act. From September 1, 1956, life insurance was nationalised and the then existing business of Indian insurers, and Provident Societies and Indian business of foreign insurers were vested in the Life Insurance Corporation of India.

Table 14.1

This table gives the revenue account of the insurance business in India.

Table 14.2

This table gives the new life insurance business by Indian Insurers during the year and total business in force at the end of the year.

Table 14.3

This table shows the summary of the balance-sheet of life and other classes of business of the Life Insurance Corporation of India.

Tables 14.4 and 14.5

Table 14.4 shows Receipts and Payments of Post Office Life Insurance Fund Account and Table 14.5 shows policies issued under Postal Life Insurance.

The postal insurance data were available separately for whole life and endowment policies upto the year 1963-64. As the accounts for the two have been amalgamated and are not being maintained separately from April 1964, consolidated data for whole life and endowment postal insurance, are shown in these tables from 1964-65 onwards.

Table 14.6

Figures for other insurers are for calendar year ending 31st December while those for Life Insurance Corporation of India are for financial year ending 31st March.

Table on General Insurance business of Non-Indian Insurers has been discontinued as the data for the table are not available after Jan. 1, 1973, when general insurance was nationalised, and the undertakings of foreign insurers were transferred to and vested in the Indian Insurance Companies.

INSURANCE

Table 14.1- LIFE INSURANCE REVENUE ACCOUNT OF THE LIFE INSURANCE CORPORATION OF INDIA

(Rs. Million)

| Item | 1990-91 | 1999-00 | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 |
|---|--------------|---------------|---------------|---------------|---------------|---------------|----------------|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| Income | | | | | | | |
| Premium for Life Insurance and Annuities/ single(including consideration for annuities granted) | 2752 | 12988 | 26934 | 90961 | 53460 | 52298 | 50086 |
| First Year's | 12917 | 50625 | 67104 | 104902 | 106260 | 117522 | 115652 |
| Renewal | 40339 | 211004 | 248040 | 302196 | 386384 | 461486 | 542841 |
| Net Interest, Dividends and Rents (1) | 28206 | 160566 | 186687 | 238492 | 259896 | 298559 | 370559 |
| Other receipts | 966 | 12113 | 10919 | 1247 | 3553 | 1125 | 2064 |
| Total | 8518 | 447296 | 539684 | 737798 | 809474 | 930990 | 1081208 |
| Outgo | | | | | | | |
| Claims by death | 3279 | 16377 | 19093 | 21435 | 25444 | 29397 | 33050 |
| Claims by survival | 14346 | 76286 | 97575 | 122182 | 144355 | 166507 | 203560 |
| Surrenders including Bonus in reduction of premium | 1323 | 13090 | 17071 | 22942 | 25663 | 31553 | 33392 |
| Annuities less re-insurance | 567 | 5927 | 6461 | 10161 | 12006 | 14116 | 16355 |
| Transfer of Reserve | 50 | 995 | 1378 | 2724 | 87726 | 75724 | 12590 |
| Expenses of management | | | | | | | |
| Commission to Insurance agents | 5424 | 24961 | 32419 | 45179 | 49986 | 57339 | 61987 |
| Other Expenses | 7590 | 33148 | 35611 | 42604 | 45718 | 51929 | 62413 |
| Indian Dominion and Foreign taxes | 2549 | 7586 | 7096 | 8682 | 12586 | 15063 | 53652 |
| Miscellaneous | 7614 | 2380 | 3166 | 8139 | 4970 | 5518 | 6966 |
| Increase to Life Insurance Fund | 49291 | 266547 | 319810 | 453750 | 401020 | 483844 | 597244 |
| Total | 85180 | 447297 | 539684 | 737798 | 809474 | 930990 | 1081208 |

Source: Life Insurance Corporation of India

(1) Includes refund of Income Tax.

\$ Rs.76.14 crores in 1990-91 was paid to Government of India as 5% of valuation surplus.

Table 14.2-NEW LIFE INSURANCE BUSINESS BY INDIAN INSURERS
AND TOTAL LIFE INSURANCE BUSINESS IN FORCE

| Year | New business | | | Total business in force at the end of the year | | |
|----------|--------------------------|-----------|-------------------------|---|------------------------|-------------------------|
| | Sum assured per annum | Annuities | National Cash Option | Sum assured and bonus | Annuities per annum | National Cash Option |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 1990-91 | 541512 | 2031 | .. | 1496814 | 9684 | .. |
| 1997-98 | 1390760 | 3232 | .. | 4755466 | 21381 | .. |
| 1998-99@ | 756063 | 2464 | .. | 4592010 | 15910 | .. |
| 1999-00 | 914909 | 6001 | .. | 5364508 | 21338 | .. |
| 2000-01 | 1249506 | 9083 | .. | 6450419 | 29626 | .. |
| 2001-02 | 1927850 | 73369 | .. | 8110173 | 104605 | .. |
| 2002-03 | 1798112 | 174 | 35834 | 9566752 | 103493 | 35834 |
| 2003-04 | 2000394 | 321 | 28266 | 11131887 | 100179 | 60517 |
| 2004-05 | 1785413 | 33 | 36040 | 12734687 | 43261 | 637795 |

Source: Life Insurance Corporation of India

@ 1998-99 figures are including group business figures.

*: for new deferred annuity policies annuity rates are not guaranteed and hence National Cash Option is given in column 4 & 7

INSURANCE

Table 14.3- LIABILITIES AND ASSETS OF THE LIFE INSURANCE CORPORATION OF INDIA

| | (Rs. Million) | | | | | |
|--|---------------|----------------|----------------|----------------|----------------|----------------|
| Item | 1990-91 | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| Liabilities | | | | | | |
| Capital | 50 | 50 | 50 | 50 | 50 | 50 |
| Funds | | | | | | |
| Life insurance funds | 284010 | 1860247 | 2270105 | 2696578 | 3165842 | 3744911 |
| Other insurance funds | 385 | 14976 | 23862 | 33361 | 47726 | 65311 |
| General reserve and other reserve funds | 597 | 4 | 25019 | 25103 | 25914 | 30399 |
| Profits and loss account | - | - | - | - | - | - |
| Investment fluctuation account | 1707 | 1706 | 30414 | 17143 | 216726 | 282263 |
| Outstandings | | | | | | |
| Life insurance claims admitted or intimated but not paid | 1021 | 4323 | 3198 | 2913 | 3360 | 3944 |
| Other liabilities of life insurance business | 7408 | 43646 | 100414 | 130900 | 213810 | 253451 |
| Estimated liability in respect of outstanding claims of general insurance business | - | - | - | - | - | - |
| Other sums owing to insurers | 5 | 193 | 210 | 195 | 170 | 462 |
| Contra accounts entry | 6 | - | - | - | - | - |
| Total | 295190 | 1925146 | 2453272 | 2906243 | 3673598 | 4380792 |
| Assets | | | | | | |
| Mortgage on property | 36208 | 106098 | 107636 | 103208 | 121720 | 119886 |
| Loans on policies within their surrender values including A.N.F. advances | 11889 | 5985 | 71554 | 85684 | 112697 | 150161 |
| Loans on reversions and life interest | - | - | - | - | - | - |
| Loans on stocks and shares | - | - | - | - | - | - |
| Other loans (1) | 39556 | 176736 | 163488 | 181855 | 201164 | 249872 |
| Central Govt. securities | 94394 | 851818 | 1283855 | 1635005 | 2024345 | 2489071 |
| State Govt. securities | 10714 | 143740 | - | - | - | - |
| Foreign Govt. securities | 1184 | 4119 | - | - | - | - |
| Indian Municipal Port and Improvement Trust Securities | 280 | 5 | - | - | - | - |
| Bonds, debentures, stocks and other Securities where an interest is guaranteed by the Indian Govt. or State Govts. (1) | 23016 | 35024 | - | - | - | - |
| Debentures of Indian Companies etc. | 20831 | 220600 | - | - | - | - |
| Preference shares of Indian Companies etc. | 242 | 824 | - | - | - | - |
| Ordinary shares of Indian companies etc. | 7228 | 140240 | - | - | - | - |
| Land and house property | 2224 | 7226 | 5873 | 6528 | 7154 | 7713 |
| Agents' balances | 431 | 3127 | 3595 | 4415 | 5015 | 5621 |
| Outstanding premium | 3922 | 19855 | 22905 | 29747 | 35204 | 36110 |
| Amount due from other insurers | 5 | 0 | 12 | 13 | 17 | 9 |
| Accrued and outstanding interest, dividends and rents | 10500 | 70697 | 87309 | 84398 | 69324 | 83800 |
| Deposits, cash and stamps | 8898 | 47871 | 71685 | 98170 | 100739 | 103540 |
| Miscellaneous | 23659 | 34479 | 54048 | 47349 | 47651 | 41633 |
| Contra accounts entry | 6 | - | - | - | - | - |
| Total* | 29190 | 1925146 | 2453272 | 2906243 | 3673598 | 4380792 |

Source: Life Insurance Corporation of India

(1) From 1972-73 onwards, "Other loans" include "loans on personal security" and "loans to State Govts. for housing & other schemes" which were hitherto included in "bonds, debentures etc."

*: Includes some others items also

INSURANCE

Table 14.4-POST OFFICE LIFE INSURANCE FUND ACCOUNT

(Rs.Million)

| Particular | 1990-91 | 1999-00 | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 |
|--|-------------|---------------|---------------|---------------|---------------|---------------|---------------|
| 1 | 2 | 4 | 5 | 6 | 7 | 8 | 8 |
| I.Postal Life Insurance | | | | | | | |
| Receipts | | | | | | | |
| Balance at the beginning of the year | 6396 | 32903 | 38540 | 44623 | 50902 | 57973 | 6620 |
| Premia realised | 961 | 3785 | 4362 | 5027 | 5917 | 6989 | 9054 |
| Medical fee realised | - | - | - | - | - | - | - |
| Cost of assignment fees | - | - | - | - | - | - | - |
| Fines realised | 1 | 2 | 4 | 4 | 6 | 6 | 7 |
| Loans-principal | 21 | 146 | 231 | 260 | 276 | 290 | 262 |
| Loans-interest | 5 | 21 | 23 | 36 | 39 | 43 | 84 |
| Misc. receipts | - | 1 | - | - | - | - | - |
| Interest on balance | 801 | 3974 | 4103 | 4324 | 4688 | 4764 | 5501 |
| Total Receipts | 8185 | 408317 | 472622 | 542732 | 618272 | 700647 | 811058 |
| Payments | | | | | | | |
| Policies paid (Maturity and Death) | 204 | 1210 | 1403 | 1894 | 2231 | 2310 | 3013 |
| Monthly allowance paid | - | - | - | - | - | - | - |
| Surrender value paid | 65 | 431 | 506 | 632 | 798 | 709 | 297 |
| Medical fees paid | 1 | 2 | 2 | 2 | 2 | 3 | 3 |
| Refunds | 2 | 9 | 9 | 12 | 14 | 13 | 15 |
| Refund of M.E. | - | - | - | - | - | - | - |
| Refunds of loan interest | - | - | - | - | - | - | - |
| Loan payment on principle | 52 | 259 | 308 | 352 | 412 | 412 | 335 |
| Postal establishment including printing etc. | 101 | 473 | 411 | 480 | 397 | 421 | 659 |
| Refunds of assign non fees | - | - | - | - | - | - | - |
| Misc. charges | - | - | - | - | - | - | - |
| Total Payments | 425 | 23845 | 26396 | 33715 | 38540 | 38666 | 43214 |
| Balance at the end of year (Total Receipt-Total Payments) | 7761 | 38539 | 44623 | 50902 | 57973 | 66198 | 76784 |
| II.Extra Premium fund | | | | | | | |
| Receipts | | | | | | | |
| Balance at the beginning of the year(as on 1st April) | 31 | 83 | .. | .. | .. | .. | .. |
| Subscriptions realised | - | - | .. | .. | .. | .. | .. |
| Interest on balance | 4 | 10 | .. | .. | .. | .. | .. |
| Total | 35 | 92 | .. | .. | .. | .. | .. |
| Payments | | | | | | | |
| Postal establishment including printing etc. | - | - | .. | .. | .. | .. | .. |
| Balance at the end of the year | 35 | 92 | .. | .. | .. | .. | .. |

Source: Department of Posts,

Note: Totals may not tally due to rounding off of figures.

INSURANCE

Table 14.5-POSTAL LIFE INSURANCE POLICIES ISSUED (1)

(number: '00)
(Amount :Rs. Million)

| Year | Balance at the beginning of the year | | Issued during the year | | Total | | Deduct | | | |
|----------------------|--------------------------------------|--------|------------------------|--------|---------------------------|---------------|----------------------|-------------|--------------------------------|--------|
| | No. | Amount | No. | Amount | No. | Amount | Effect of conversion | | By death | |
| | | | | | | | No. | Amount | No. | Amount |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| 1990-91 | 15794 | 21194 | 1564 | 4763 | 17358 | 25957 | - | 0 | 24 | 24 |
| 1995-96 | 20929 | 47769 | 1719 | 8431 | 22648 | 56200 | - | 1 | 35 | 56 |
| 1996-97 | 21985 | 55461 | 1374 | 7685 | 23359 | 63146 | - | 1 | 44 | 80 |
| 1997-98 | 22549 | 62158 | 1457 | 9514 | 24006 | 71672 | - | 1 | 43 | 85 |
| 1998-99 | 23256 | 70654 | 1479 | 10750 | 24735 | 81403 | - | 0 | 52 | 113 |
| 1999-00 | 23875 | 80006 | 1646 | 13982 | 25522 | 93988 | | 0 | 55 | 130 |
| 2000-01 | 19004 | 92320 | 1568 | 13633 | 20572 | 105953 | - | 0 | 52 | 139 |
| 2001-02 | 19526 | 104051 | 1722 | 17100 | 21248 | 121151 | - | 1 | 55 | 159 |
| 2002-03 | 20217 | 120101 | 2130 | 21102 | 22347 | 141203 | - | 2 | 53 | 271 |
| 2003-04 | 20986 | 136768 | 2769 | 28467 | 23755 | 165235 | - | 2 | 46 | 263 |
| 2004-05 | 22087 | 159176 | 3444 | 30306 | 25531 | 197483 | | 5 | 52 | 321 |
| Deduct-Concl. | | | | | | | | | | |
| Year | By maturity | | By surrender | | By lapse and cancellation | | Total | | Balance at the end of the year | |
| | No. | Amount | No. | Amount | No. | Amount | No. | Amount | No. | Amount |
| | | | | | | | | | | |
| 1 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 |
| 1990-91 | 235 | 105 | 169 | 137 | 11 | 11 | 439 | 278 | 16919 | 25678 |
| 1995-96 | 393 | 234 | 234 | 447 | - | 1 | 662 | 739 | 21986 | 55461 |
| 1996-97 | 488 | 309 | 278 | 596 | - | 1 | 810 | 986 | 22549 | 62160 |
| 1997-98 | 462 | 332 | 238 | 587 | 5 | 13 | 748 | 1018 | 23258 | 70654 |
| 1998-99 | 515 | 417 | 292 | 864 | 1 | 3 | 860 | 1397 | 23875 | 80006 |
| 1999-00 | 620 | 550 | 326 | 963 | 5517 | 25 | 6518 | 1668 | 19004 | 92320 |
| 2000-01 | 661 | 646 | 330 | 1110 | 3 | 8 | 1046 | 1902 | 19526 | 104051 |
| 2001-02 | 747 | 875 | 359 | 1408 | 1 | 5 | 1162 | 2448 | 20086 | 118703 |
| 2002-03 | 787 | 1960 | 399 | 798 | 122 | 1405 | 1361 | 4435 | 20986 | 136768 |
| 2003-04 | 726 | 2047 | 315 | 709 | 581 | 3039 | 1668 | 6059 | 22087 | 159176 |
| 2004-05 | 849 | 2692 | 172 | 297 | 541 | 3113 | 1614 | 6428 | 23917 | 191054 |

Departments of Posts

(1) The accounts of the Whole Life and Endowment Assurance Policies and Annuities were amalgamated with effect from Ist April,1964.The figures include monthly allowance contracts issued,discharged,lapsed and surrendered during the year.

Note: Totals may not tally due to rounding off of figures.

INSURANCE

Table 14.6-PARTICULARS RELATING TO PREMIUM DERIVED FROM FIRE, MARINE AND MISCELLANEOUS INSURANCE BUSINESS OF INDIAN INSURERS

(Rs.Million)

| Year | Premium income included in Revenue Account | | | | | | | |
|---------|--|---------------|----------|---------------|---------------|---------------|----------|---------------|
| | Fire | | Marine | | Miscellaneous | | Total | |
| | In India | Outside India | In India | Outside India | In India | Outside India | In India | Outside India |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| 1990-91 | 5279 | 1652 | 4163 | 549 | 14750 | 1031 | 24192 | 3232 |
| 1995-96 | 12414 | 3873 | 7119 | 1628 | 31335 | 3192 | 50868 | 8693 |
| 1996-97 | 14556 | 3218 | 7451 | 670 | 38399 | 3042 | 60406 | 6930 |
| 1997-98 | 16482 | 2708 | 7565 | 660 | 45202 | 2953 | 67249 | 6321 |
| 1998-99 | 17953 | 2495 | 7594 | 817 | 51780 | 340 | 77323 | 670 |
| 1999-00 | 21410 | 2617 | 7695 | 767 | 57374 | 3772 | 86479 | 7157 |
| 2000-01 | 18451 | 3050 | 7392 | 893 | 67341 | 5597 | 93183 | 9540 |
| 2001-02 | 24110 | 2229 | 7705 | 457 | 77394 | 2266 | 109209 | 4952 |
| 2002-03 | 25121 | 3182 | 11307 | 502 | 89135 | 5957 | 125563 | 9642 |
| 2003-04 | 24463 | 3078 | 9655 | 578 | 99253 | 5819 | 133371 | 9476 |
| 2004-05 | 24114 | 2926 | 9830 | 611 | 105786 | 6221 | 139730 | 9759 |

Source: General Insurers, (Public Sector) Association of India

Note: The L.I.C. of India has not been transacting any general insurance business from 1.8.1973.