

## Reliance Life Insurance Leading in Private Sector

Manish Kumar Rathi

### Abstract

*With largest number of life insurance policies in force in the world, Insurance happens to be a mega opportunity in India. It's a business growing at the rate of 15-20 per cent annually and presently is of the order of Rs 450 billion. Together with banking services, it adds about 7 per cent to the country's GDP. Gross premium collection is nearly 2 per cent of GDP and funds available with LIC for investments are 8 per cent of GDP.*

*Key words: Life insurance, private sector, Reliance Life Insurance Company, IRDA, premium.*

### Introduction

Yet, nearly 80 per cent of Indian population is without life insurance cover while health insurance and non-life insurance continues to be below international standards. And this part of the population is also subject to weak social security and pension systems with hardly any old age income security. This it is an indicator that growth potential for the insurance sector is immense.

In India, insurance is generally considered as a tax-saving device instead of its other implied long term financial benefits. Indian people are prone to investing in properties and gold followed by bank deposits. They selectively invest in shares also but the percentage is very small. Even to this day, Life Insurance Corporation of India dominates Indian insurance sector. With the entry of private sector players backed by foreign expertise, Indian insurance market has become more vibrant.

### Present Scenario

The Government of India liberalized the insurance sector in March 2000 with the passage of the Insurance Regulatory and Development Authority (IRDA) Bill, lifting all entry restrictions for private players and allowing foreign players to enter the market with some limits on direct foreign ownership. Under the current guidelines, there is a 26 percent equity cap for foreign partners in an insurance company. There is a proposal to increase this limit to 49 percent.

The opening up of the sector is likely to lead to greater spread and deepening of insurance in India and this may also include restructuring and revitalizing of the public sector companies. In the private sector 12 life insurance and 8 general insurance companies have been registered. A host of private Insurance companies operating in both life and non-life segments have started selling their insurance policies since 2001.

### Reliance Life Insurance Co Ltd

Reliance Life Insurance Company Ltd which is now Reliance Nippon Life Insurance Company (RNLI), is one of the largest life insurance companies in India with a market share of 5 percent.

Reliance Nippon Life Insurance Company is amongst the leading private sector life insurance companies in India in terms of individual WRP (Weighted Received Premium) and new business WRP. The Company is one of the largest non-bank supported private life insurers, with over 1 crore policy holders, a strong distribution network of over 700 branches, and over 160,000 advisors as of March 31, 2017. The Company holds one of the top Claim Settlement Ratios in the industry, which stood at 95.2% as of March 31, 2017.

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Became 4<sup>th</sup> largest private insurer in 2008 and the largest private insurer in number of policies in the year 2010, RNLI is leading life insurance company of Private Sector at present.

Table 1 showing total income of last five years of Reliance Nippon Life Insurance Company (RNLI):

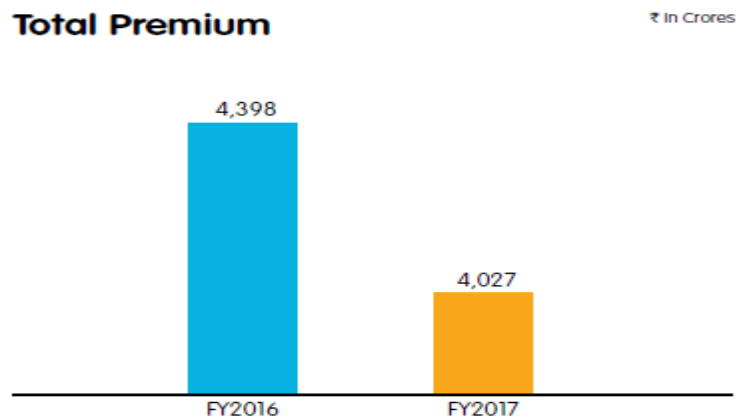
**Table 1**  
**Income of Reliance Nippon Life Insurance Company**  
**(2012-13 to 2016-17)**

(Rs. 000)					
Particulars	2016-17	2015-16	2014-15	2013-14	2012-13
Gross premium income	4,02,68,213	4,39,81,174	4,62,10,816	4,28,34,047	4,04,53,933
Net premium income	3,99,92,557	4,37,06,405	4,59,16,669	4,25,67,453	4,01,53,194
Income from investments, net of amortisation	1,85,10,942	57,63,375	3,20,27,852	2,20,66,923	1,56,12,905
Other income	16,23,693	39,99,518	16,28,188	12,35,140	29,28,266
<b>Total income</b>	<b>6,01,27,192</b>	<b>5,34,69,298</b>	<b>7,95,72,709</b>	<b>6,58,69,516</b>	<b>5,86,94,365</b>

Source: Annual Report, RNLI, 2016-17.

As can be seen from Table 1, gross premium income from policyholders' account increased continuously in first three years i.e. from 2012-13 to 2014-15, then decreasing in 2015-16 and 2016-17. Net premium income also showed the same trend. Total income from policyholders' account was Rs. 58694365 thousand in 2012-13 which increased to Rs. 65869516 thousand in 2013-14 and reached to Rs. 79572709 thousand in 2014-15. Then it decreased to Rs. 53469298 thousand in 2015-16 but increased again and reached up to Rs. 60127192 thousand in 2016-17.

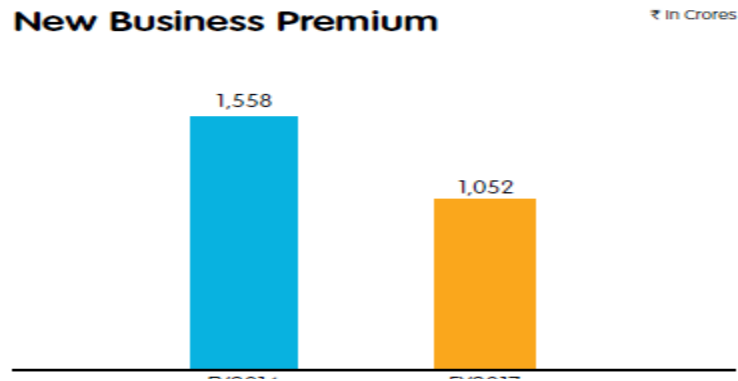
**Premium:** The Company earned a total premium of Rs. 4,026.82 crore for FY2017, as against Rs. 4,398.12 crore achieved during the previous year; a decrease of 8.44%.



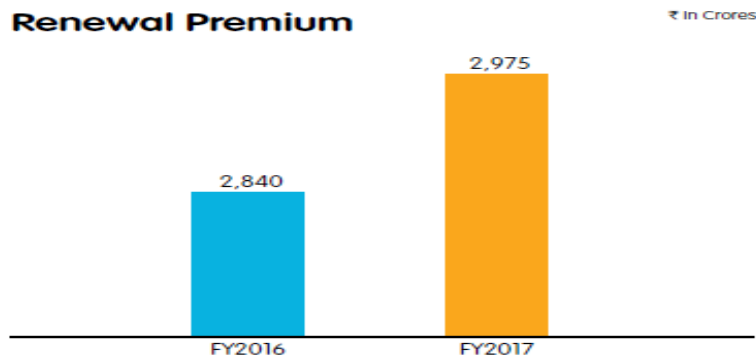
**New business premium (NBP):** For FY2017, new business premium was Rs. 1,051.58 crore as against Rs. 1,558.33 crore during the previous year.

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**Renewal business premium:** For FY2017, renewal business premium was Rs. 2,975.24 crore as against Rs. 2,839.79 crore received during the previous year; an increase of 4.77%.



During FY2016-17, the bank led private life insurers reported growth largely on the back on Unit Linked Insurance Plans (ULIPs). The year has been particularly challenging for the Company as it steered cleared of ULIP driven growth and focused on traditional non-par products, while at the same time focused on optimising cost ratios. With stringent cost control strategies, the Company was able to reduce its losses for the year from (Rs. 197.28 crore) in FY2016 to (Rs. 61.13 crore) in FY2017.

The Company's focus on non-ULIP products came at a cost of foregoing business and a drop in business volumes. As a consequence, It registered a decline of 22.8% in terms of Individual WRP in FY2016-17. The Company, despite the impact of demonetisation, managed to grow renewal premium by 4.8%.

### Conclusion

From the above analysis, it can be concluded that Reliance Nippon Life Insurance Complany Ltd working well and leading private sector life insurance companies.

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