

## **A STUDY ON SUSTAINABLE TECHNOLOGY DEVELOPMENT AND GROWTH OF LIFE INSURANCE COMPANIES ON ECONOMIC GROWTH IN INDIA**

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### **ABSTRACT**

The insurance company is providing highest economic growth to India. In India the technology has improved. Since the improvement of technology has increased the insurance premium payment. The Customers are comfort to pay the insurance premium through the online. This study belongs to secondary data. The main aim of the study was to analyse the life insurance penetration of insurance company's payment through online. The insurance companies are very struggling to collect the premium from the customers before the improvement of the technology. But now the companies feel easy to get the premium form the customers through the online. The development of technology has improved the insurance sector. The major finding of the study was the premium payment ratio was high in 2022 compare from the year 2019.

Keywords: Technology, Premium, Insurance, Payment, Customers.

### **INTRODUCTION**

In the future, several changes in regulatory frameworks could lead to further changes in how the life insurance industry conducts business and engages with its customers. During the next three to five years, the life insurance industry in the country is expected to grow by 14-15% annually. Indian insurance companies continue to extend the use of IoT beyond telematics and risk assessment for customers. The number of Insur Tech start-ups in India currently exceeds 110. There are several demographic factors that will support Indian life insurance growth, including the growing middle class, the young population who are insurable and growing awareness of the need for protection and retirement planning. The insurance industry turns accumulated capital into productive investments. In addition to enabling loss mitigation, financial stability, and trade and commerce activities, insurance contributes towards sustainable economic growth and development. Therefore, insurance is essential to the sustainable growth of an economy. According to the Survey, significant government initiatives and a favorable regulatory climate in the nation have aided in the expansion of the insurance business, which has seen an increase in partnerships, product innovations, and active distribution channels.

## OBJECTIVES

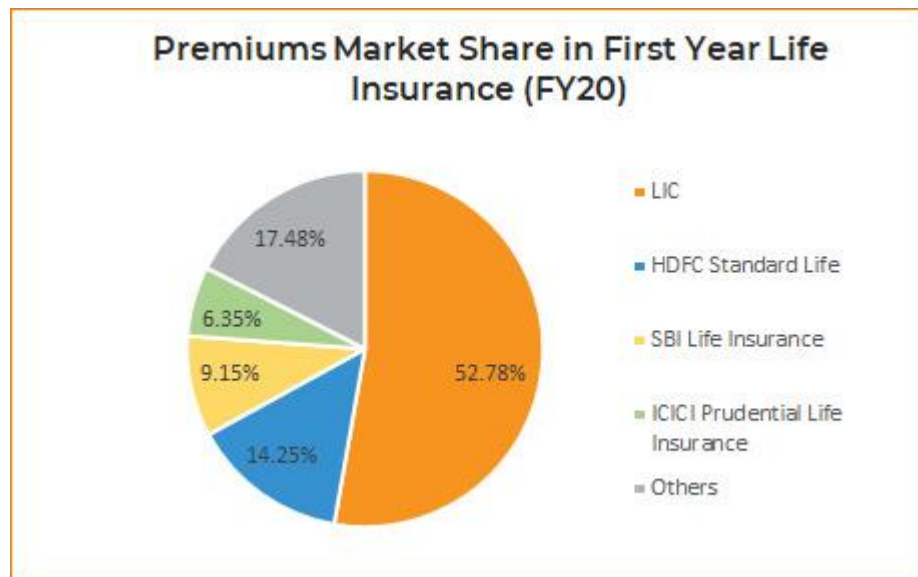
- To study the online payments penetration increases the economic growth in India.
- To analyse the life insurance penetration of insurance companies payment through online.
- To study the recent investments and initiatives regarding insurance companies.

## LIFE INSURANCE

A life insurance policy is a contractual arrangement between an insurance policy holder and an insurance company, in which the insurer promises to pay a sum of money in exchange for the payment of premiums upon the death of an insured person. An insurance policy defines life insurance as a contract between the policy owner and the insurance company. A life insurance policy promises to pay a sum of money upon the death of an insured person or after a specified period of time in exchange for a premium.

## THE INSURANCE SECTOR'S IMPACT ON ECONOMIC GROWTH

The role of insurance companies in the economy's financial and investment activities. This technique raises the GDP of the economy as a result. India's insurance industry contributes significantly to the health of the country's economy. It greatly expands people's options to save money, protects their future, and aids the insurance industry in building up a sizable fund reserve. By promoting financial stability and releasing savings, insurance can aid in boosting investment. The corporation can spend capital elsewhere in the economy for higher returns thanks to the concentration of income from consumers who buy life insurance plans, for instance.



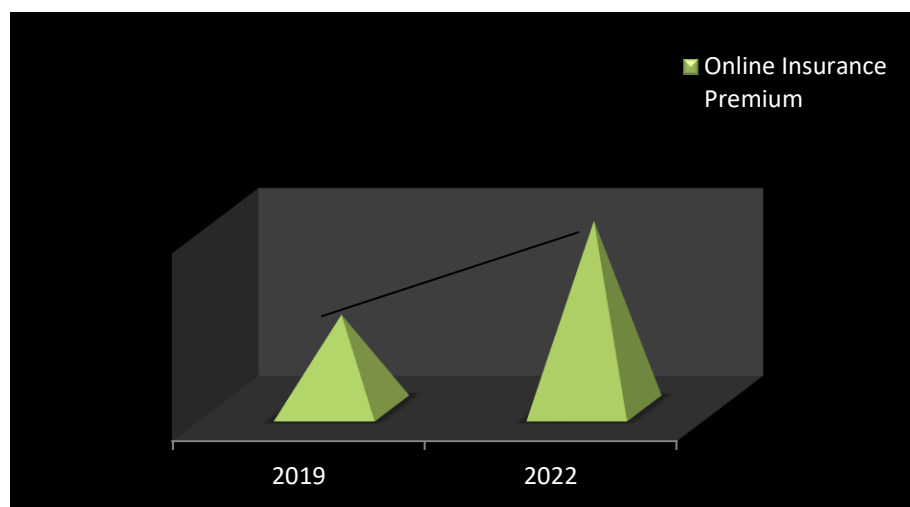
Source: Secondary data.

## CONTRIBUTION OF INSURANCE ON ECONOMIC GROWTH IN INDIA

India's insurance companies facilitate the mobilization of savings. A large portion of the funds that insurance companies accumulate come from the premiums that they collect from customers. A substantial amount of these funds are invested in different ways that contribute to economic growth. According to statistics from the Insurance Regulatory and Development Authority of India, insurance penetration in India is 3.7 percent of gross domestic product (GDP), compared to 6.31 percent worldwide. During FY14-20, life insurers' New Business Premiums increased by 14% due to the financialization of savings and the launch of new products. During the next decade 2020-30, the Indian insurance industry is predicted to grow at 12.5% CAGR due to the launch of specialized products such as annuities and protection. Now-a-days the customers are paid the premiums through online. Online contribution Premium was increased in India. The market is projected to reach approximated INR 220 Billion by 2024. Moreover, insurance facilitates loss mitigation, financial stability, and trade and commercial activity promotion, all of which contribute to sustainable economic growth and development. 4.2% of the GDP was covered by insurance premiums in FY21, which represents a sizable untapped market.

### Chart – 1

**Online Insurance Premium Collected INR Billion in India  
2019-2022**



**Source: Developed by Researcher**

### Interpretation

Chart 1 interprets that, in 2019 the insurance premium has collected through online was 40% and the insurance premium has collected in 2022 through online was 60%.

## INVESTMENTS AND RECENT DEVELOPMENT IN INDIAN INSURANCE SECTOR

The following are some of the major investments and developments in the Indian insurance sector.

- ICICI Lombard and Airtel Payments bank have entered into a partnership for providing cyber insurance in February 2022.
- Probus Insurance receives US\$ 6.7 million in funding from a Swiss impact fund in December 2021.
- Companies are trying to leverage strategic partnership to offer various services as follows:
  - In November 2021, ICICI Lombard collaborated with Vega to provide a personal accident insurance cover with every online Vega helmet purchase to increase road safety awareness among customers.
  - In November 2021, ICICI Prudential Life Insurance partnered with NPCI Bharat Bill Pay, a subsidiary of National Payments Corporation of India (NPCI), to offer Click Pay feature to its customers.
  - In November 2021, the Competition Commission of India (CCI) approved HDFC Life Insurance's acquisition of 100% shareholding in Exide Life Insurance. The move is expected to strengthen HDFC Life's position in South India.
  - In November 2021, Willis Towers Watson acquired the remaining 51% shares in WTW India, taking the company's holding in WTW India to 100%.
  - In November 2021, Acko, a digital insurance start-up, raised US\$ 255 million in funds, taking the company's valuation to ~US\$ 1.1 billion.
  - In September 2021, Zest Money raised US\$ 50 million to enter new business opportunities in the insurance sector.
  - In August 2021, PhonePe announced that it has received preliminary approval from IRDAI to act as a broker for life and general insurance products. As a result, the company can now offer insurance advice to its 300+ million users.
  - In FY21, LIC achieved a record first-year premium income of Rs. 56,406 crore (US\$ 7.75 billion) under individual assurance business with a 10.11% growth over last year.
  - In India, gross premiums written of non-life insurers reached US\$ 26.52 billion in FY21 (between April 2020 and March 2021), from US\$ 26.49 billion in FY20 (between April 2019 and March 2020), driven by strong growth from general insurance companies.
  - In August 2021, ICICI Prudential Life Insurance tied up with the National Payments Corporation of India (NPCI) to provide a unified payments interface autopay.

- In August 2021, ICICI Lombard General Insurance introduced extensive coverage for remote piloted aircraft, particularly drone operators. This product protects the drone, as well as the payload (camera/equipment) attached to it, against theft, loss, or damage, and third-party liabilities.
- In July 2021, MedPay, a Bengaluru-based B2B tech start-up, built an API infrastructure that connects healthcare service providers, standalone clinics, pharmacies, labs and insurance companies through its MedPay Connected Care Network (CCN).
- In June 2021, Bharti AXA Life Insurance reported a 10% renewal premium increase of Rs. 1,498 crore (US\$ 200.64 million) in FY21.
- In June 2021, LIC Housing Finance announced plans to raise ~Rs. 2,334.69 crore (US\$ 312.43 million) through preferential issue of equity shares to the Life Insurance Corporation of India (LIC).
- On July 1, 2021, the LIC introduced its Saral Pension Scheme, which is a non-linked, non-participating, single premium, individual immediate annuity plan.
- In July 2021, Gallagher announced plan to acquire 100% stake in India's Edelweiss Gallagher Insurance Brokers.
- In June 2021, Aditya Birla Sun Life Insurance announced the launch of a new Vision Life Income Plus Plan that will provide guaranteed regular income plus flexible bonus payouts to policyholders.
- In June 2021, Ward wizard Group ties up with Bajaj Allianz to offer insurance policies to Joy e-Bike customers.
- In May 2021, Max Life Insurance Co. Ltd. launched 'Max Life Saral Pension', a non-linked, individual immediate annuity plan.
- In March 2021, health insurance companies in the non-life insurance sector increased by 41%, driven by rising demand for health insurance products amid COVID-19 surge.
- In February 2021, Bharti AXA General Insurance launched its 'Health AdvantEDGE' health insurance scheme to provide holistic cover against accelerating costs associated with medical requirements and other healthcare facilities.
- In February 2021, ICICI Lombard General Insurance, a non-life insurance firm in the private sector, has been authorized by the International Financial Services Centre (IFSC) to establish an IFSC Insurance Office (IIO) in GIFT City in Gandhinagar, Gujarat.

## GOVERNMENT INITIATIVES

- The Government of India has taken number of initiatives to boost the insurance industry. Some of them are as follows:
- In 2022, the Indian government plans to sell a 7% stake in LIC for Rs. 50,000 crore (US\$ 6.62 billion). This is the largest initial public offering (IPO) in India.
- In November 2021, the Indian government signed an agreement with the World Bank for a US\$ 40 million project to advance the qualities of health services in Meghalaya, including the state's health insurance programme.
- In September 2021, the Union Cabinet approved an investment of Rs. 6,000 crore (US\$ 804.71 million) into entities, offering export insurance cover to facilitate additional exports worth Rs. 5.6 lakh crore (US\$ 75.11 billion) over the next five years.
- In August 2021, the Parliament passed the General Insurance Business (Nationalization) Amendment Bill. The bill aims to allow privatisation of state-run general insurance companies.
- Union Budget 2021 increased FDI limit in insurance from 49% to 74%. India's Insurance Regulatory and Development Authority (IRDAI) has announced the issuance, through Digilocker, of digital insurance policies by insurance firms.
- Under the Union Budget 2021, Finance Minister Ms. Nirmala Sitharaman announced that the initial public offering (IPO) of LIC will be implemented in FY22, as part of the consolidation in the banking and insurance sector. Though no formal market valuation has been undertaken, LIC's IPO has the potential to raise Rs. 1 lakh crore (US\$ 13.62 billion).
- In June 2021, the government extended a Rs. 50 lakh (US\$ 66.85 thousand) insurance coverage scheme for healthcare workers across India until the next one year.
- In February 2021, the Finance Ministry announced to infuse Rs. 3,000 crore (US\$ 413.13 million) into state-owned general insurance companies to improve the overall financial health of companies.
- Under Union Budget 2021, fund of Rs. 16,000 crore (US\$ 2.20 billion) has been allocated for crop insurance scheme.

## INSURANCE PREMIUM COLLECTED THROUGH ONLINE PAYMENT

In the fiscal year 2021–2022, life insurance carriers in India collected premiums from new businesses totaling about INR 2.78 trillion (or approximately USD 38 billion), an increase of 7.49% from the previous year.

**Table – 1**  
**Gross premium Collected**

S.No.	Year	Percentage of Premium Collected by the Companies
1.	2019-2020	11.1%
2.	2020-2021	12.93%
3.	2021-2022	16.81%

**Source: IRDA**

### **Interpretation**

Table -1 interprets that 2019-2020 the insurance premium was collected 11.1%, in 2020-2021 the insurance premium was collected 12.93% and the year 2021-2022 the insurance premium was collected 16.81%. The highest premium collected in the year 2021-2022. The lowest rate of percentage was collected in the year 2019-2020.

### **FINDINGS & SUGGESTIONS**

1. Chart 1 interprets that, in 2019 the insurance premium has collected through online was 40% and the insurance premium has collected in 2022 through online was 60%.
2. Table -1 interprets that 2019-2020 the insurance premium was collected 11.1%, in 2020-2021 the insurance premium was collected 12.93% and the year 2021-2022 the insurance premium was collected 16.81%. The highest premium collected in the year 2021-2022. The lowest rate of percentage was collected in the year 2019-2020.



## CONCLUSION

The Insurance premium was collected through online payment. The burden of collecting the premium payment is lessened for the insurance firms. The researcher has given the contribution of insurance companies to the economic growth in India. Three years before (2019-2020) the premium payment has lower percentage. Collected Premium is the premium amount that has not been modified to account for changes in the rate level. The money paid by an individual or company for an insurance policy is known as the insurance premium. Insurance premiums are paid for life, vehicle, home, and health insurance coverage. The insurance firm receives income from the premium once it is earned. Before reinsurance and transmitting commissions are subtracted, the entire direct and assumed premium written by an insurer is known as gross written premium. These are the components of the gross premium: Commission: The agents and intermediaries receive this portion of the gross premium as payment. Net Premium: This is the portion of a customer's overall premium that goes towards the cost of the policy. The net premium plus the operating expense less the interest make up the gross premium, which is the total premium paid by the policy owner. The total premium for an insurance policy, before any brokerage fees or discounts, is known as the gross premium.

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