International Journal of Commerce and Management Research
www.managejournal.com
ISSN: 2455-1627
Received: 22-08-2026, Accepted: 21-09-2026, Published: 06-10-2026
Volume 12, Issue 4, 2026, Page No. 46-49

Indian insurance industry performance with special reference to Public and Private Life insurance

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DOI: https://doi.org/10.66856/ijcmr.2026.12.4.12287

Abstract
Insurance market growth at 08-11%, market share growing with a Compounded annual growth rate 08.40%, new product launches, expanding distribution networks, and increasing use of digital channels, online platform, improved regulatory clarity, Rising Protection Awareness, Increasing uncertainty in life, health complication, rising the burden of medical bills, innovative selling strategies of insurance companies are posing a major opportunities, issue and challenges in insurance sector. Limited numbers of studies have taken place to measure the performances of Private and public sector (Life insurance corporation of India) life insurance. The experts haven't attempted so far to measure the growth on various performance parameters. hence an attempt has made to measure the performance of Indian life insurance sector including private and public sector life insurance companies during study period of 12 years.

Keywords: Life insurance, insurance sector, insurance market growth, private sector insurance, public sector insurance, life Insurance Corporation of India, market share

Introduction

Life insurance companies operate in a much competitive environment than a decade years ago due to privatization, bancassurance and stiff competition from market players with attractive as well as competitive insurance policies. Public sector life insurance companies operating on a high commission structure due to higher dependence on agency network. The private players built a economy Bancassurance network, which is contributing more than fifty percentage to the new premium. Public sector life insurer surviving on a large fund and also a book renewal premium book that it has built over the decades. But in future, these competitive advantages will go away and the private players will occupy the major share. Private life insurers recorded a double-digit year-on-year growth while the state-owned insurer LIC witnessed a declining trend in recent years. The India life insurance market size reached around 275.03 billion USD by 2025 and projected to grow at a CAGR of 11.10% between 26 to 2035, this is expected to be the highest rate worldwide.

LIC, as a public sector entity, benefits from a long history of trust and stability, while private insurers have shown higher annual growth and adaptability. The financial performance metrics, indicate that LIC maintains a strong market presence and long-term stability, whereas private insurers are recognized for their competitive marketing and diversified product offerings. The competition between LIC and private insurers continues to evolve, with LIC still leading in market share and trust. Major life insurance players are launching customised life insurance policies for retirement planning and supporting children's education. By leveraging digital platforms, companies are also enhancing their market accessibility to establish a seamless interaction with their clients, thereby driving the India life insurance market development.

Major Players

Life Insurance Corporation of India was established in 1956 and one of the most renowned public sector companies involved in the distribution and marketing of life insurance products. HDFC Life Insurance Company Ltd. was established in 2000 and based in Mumbai, serving with 900 regions through its 500 branches. SBI Life Insurance Company Ltd. was established in 2000 and is based in Mumbai, and has highest insurance penetration rates in India. Max Life Insurance Company is a joint venture between Max Financial Services Limited and Axis Bank Limited, established in 2000, and based in Gurugram, Haryana. Other players are ICICI Prudential Life Insurance Company Ltd., Bajaj Allianz Life Insurance Co. Ltd., Tata AIA Life Insurance Company Limited, Kotak Mahindra Group, Aditya Birla Capital Ltd., and The New India Assurance Co. Ltd., among others.

Literature Review

Dr. Tanmay Kumar Pradhan (2017) in their research article analyzed the performance and growth of public and three private insurance companies- Study revealed that the private life insurance companies have shown a decrease in net profit and working fund management positions. Dr. Harinder Singh Gill (2018) stated in their research paper that both sector companies offer competitive services to the market and at the outset private life insurance players are far ahead then LIC in terms of customer satisfaction. Amish Patel (2018) in their paper stated that the life insurance industry in India shows Penetration, density, market share, total premium, new policies issued by public and private sector. Dr. Rakesh Kumar and Dr. Surender Singh (2023) [3], in their research article compared the performance of LIC and 23 private life insurance companies.

Scope of the Study The study focuses on four variables-market share, new business premium, new policies issued and benefits paid during the period of 2013-14 to 2025-26 of Public and private life insurance companies

Objective of the Study

1. To study the market share of Public and Private life Insurance Companies
2. To analyse the new business premium income of Public and Private life Insurance Companies

3. To assess new individual policies issued by Public and Private life Insurance Companies
4. To measure the benefits paid by Public and Private life Insurance Companies

Hypothesis

H0: There is no significant difference in the market share of Public and Private life Insurance Companies

H1: There is significant difference in the market share of Public and Private life Insurance Companies

H0: There is no significant difference in the average new business premium income of Public and Privatelife Insurance Companies

H2: There is significant difference in the average new business premium income of Public and Private life Insurance Companies

H0: There is no significant difference in the average number of new individual policies issued of Public and Private life Insurance Companies

H3: There is significant difference in the average number of new individual policies issued of Public and Private life Insurance Companies

H0: There is no significant difference in the average benefits paid by Public and Private life Insurance Companies

H4: There is significant difference in the average benefits paid by Public and Private life Insurance Companies

Sample: Twenty-four life insurance companies were included in the sample size. data collection based on secondary data. IRDA annual report has been used from 2013-14 [1] to 2025-26. The data was analyzed using the t-test to evaluate the independent variables such as Market Share, New Business Premium Income, Number of New Policies Issued, and Benefits Paid etc.

Business performance

Table 1: Market Share of Public and Private Life Insurance Companies (in %)

Year	Public	YOYG	%	*Pvt Insurer*	YOYG	%
2013-14	75.47	-	-	24.53	-	-
2014-15	69.27	-6.2	-8.215	30.73	6.2	20.18
2015-16	70.5	1.23	1.776	29.5	-1.23	-4.17
2016-17	71.11	0.61	0.865	28.89	-0.61	-2.11
2017-18	69.27	-1.84	-2.588	30.73	1.84	5.99
2018-19	66.2	-3.07	-4.432	33.8	3.07	9.08
2019-20	68.76	2.56	3.867	31.24	-2.56	-8.19
2020-21	66.17	-2.59	-3.767	33.83	2.59	7.66
2021-22	63.18	-2.99	-4.519	36.82	2.99	8.12
2022-23	62.51	-0.67	-1.060	37.49	0.67	1.79
2024-25	58.08	-4.43	-7.087	41.92	4.43	10.57
2025-26	56.66	-1.42	-2.445	43.34	1.42	3.28

Source: IRDA Annual Report 2013-14 [1] to 2025-26

From the above table, it can be observed that the Market share of Private life insurance Companies has been rising during the study period. Public sector market share dropped by almost 18.81% and average percentage being 66.43. in case of Private life insurance companies, the market share increaseby 18.81 and average market share being 33.56 during the study period of 2013-14 to 29025-26 A t-test was performed to assess the null hypothesis, which states that there is no significant difference between the market shares of Public and private life insurance companies. The result is as follows

Table 2: t-Test: Two-Sample Assuming Unequal Variances

	LIC	*Pvt Insurer*
Mean	66.432	33.568
Variance	30.270	30.270
Observations	12	12
Hypothesized Mean Difference	0	
df	22	
t Stat	14.631	
P(T<=t) one-tail	0.000	
t Critical one-tail	1.717	
P(T<=t) two-tail	0.000	
t Critical two-tail	2.074	

Table 1.1: t-Test: Two-Sample Assuming Unequal Variances Public and Private Life insurance Companies Mean 66.432 and 33.568, Variance 30.270 and 30.270 Observations 12 12 Hypothesized Mean Difference 0, Df 22 t Stat 14.631, P(T<=t) one-tail 0.00 t Critical one-tail 1.717 P(T<=t) two-tail 0.00 t Critical two-tail 2.074.

Table shows that t Stat (14.631) is greater than t Critical two-tail value (2.074) and P Value (0.00) is less than 0.05. Therefore, null hypothesis is rejected. It means that Market share of Public and Private Life Insurance companies is significantly different. Mean score of LIC (66.432) and Private companies (33.568) also shows that public life insurance has a larger market share than private life insurance companies.

Table 3: New business Premium Income of Public and Private Life insurance Companies (in crores)

Year	Public	YOYG	%	*Pvt Insurer*	YOYG	%	Total
2013-14	90808.79			29510.87			120319.7
2014-15	78507.71	-12301.08	-0.135	34820.23	5309.36	0.180	113327.9
2015-16	97891.51	19383.8	0.247	40970.79	6150.56	0.177	138862.3
2016-17	124583.31	26691.8	0.273	50619.37	9648.58	0.235	175202.7
2017-18	134671.69	10088.38	0.081	59482.21	8862.84	0.175	194153.9
2018-19	142335.96	7664.27	0.057	72667.08	13184.9	0.222	215003
2019-20	178276.24	35940.28	0.253	80986.14	8319.06	0.114	259262.4
2020-21	184429.55	6153.31	0.035	94270.37	13284.2	0.164	278699.9
2021-22	198932.18	14502.63	0.079	115935.6	21665.3	0.230	314867.8
2022-23	232050.6	33118.42	0.166	139175.2	23239.6	0.200	371225.8
2024-25	236366.7	4316.1	0.019	254792.7	115617	0.831	491159.4
2025-26	271349	34982.3	0.148	300655.3	45862.6	0.180	572004.4

Source: IRDA Annual Report 2013 [1]-14 to 2025-26

Table shows the rise of new business premium of both public and private life Insurance Companies. The Average Growth was 164183 crores, Average Increase 16412.12.74, average percentage growth being 0.1109.in case of private insurer average growth was 106157.16 crores, Average Increase 24649.49, average percentage growth being 0.246.in case of private insurer, which indicates new premium business income of private companies increasing rapidly as compared to LIC during the study period.

Table 4: t-Test: Two-Sample Assuming Unequal Variances

	LIC	*Pvt Insurer*
Mean	164184	106157
Variance	3922912238	7589108538
Observations	12	12
Hypothesized Mean Difference	0	
df	20	
t Stat	1.87	
P(T<=t) one-tail	0.04	
t Critical one-tail	1.72	
P(T<=t) two-tail	0.08	
t Critical two-tail	2.09	

t-test was performed to assess the null hypothesis, which states that there is no significant difference in the average new business Premium Income of Public and private life insurance companies. t-Test: Two-Sample Assuming Unequal Variances Public and Private Life insurance Companies Mean 164184 and 106157 Variance 3922912238 and 7589108538 Observations 12,12 Hypothesized Mean Difference 0 Df 20 t Stat 1.87 P(T<=t) one-tail 0.04 t Critical one-tail 1.72 P(T<=t) two-tail 0.08 t Critical two-tail 2.09 Table shows that t Stat (1.87) is lesser than t Critical two-tail value (2.09) and P Value (0.08) is less than 0.22. Therefore, null hypothesis is accepted. It means that new business premium Income of LIC and Private Life Insurance companies is not significantly different. Mean score of LIC (164184) and Private companies (106157).

Table 5: New Individual policies issued of LIC and Private Life insurance Companies. (in lakhs)

Year	Public	YOYG	%	*Pvt Insurer*	YOYG	%	Total	YOYG	%
2013-14	345.12			63.6			408.7		
2014-15	201.71	-143.4	-41.55	57.37	-6.23	-9.80	259.1	-149.6	-36.61
2015-16	205.47	3.76	1.86	61.92	4.55	7.93	267.4	8.31	3.21
2016-17	201.32	-4.15	-2.02	63.24	1.32	2.13	264.6	-2.83	-1.06
2017-18	213.38	12.06	5.99	68.59	5.35	8.46	282	17.41	6.58
2018-19	214.04	0.66	0.31	72.44	3.85	5.61	286.5	4.51	1.60
2019-20	218.96	4.92	2.30	69.5	-2.94	-4.06	288.5	1.98	0.69
2020-21	209.75	-9.21	-4.21	71.52	2.02	2.91	281.3	-7.19	-2.49
2021-22	217.19	7.44	3.55	73.94	2.42	3.38	291.1	9.86	3.51
2022-23	204.24	-12.95	-5.96	80.42	6.48	8.76	284.7	-6.47	-2.22
2024-25	177.83	-26.41	-12.93	92.39	11.97	14.88	270.2	-14.44	-5.07
2025-26	186.48	8.65	4.86	116.4	24.02	26.00	302.9	32.67	12.09

Source: IRDA Annual Report 2013-14 [1] to 2025-26

Table 6: t-Test: Two-Sample Assuming Unequal Variances

	Public	***Pvt Insurer***
Mean	216.2908333	74.2775
Variance	1793.46999	261.888275
Observations	12	12
Hypothesized Mean Difference	0	
df	14	
t Stat	10.85115526	
P(T<=t) one-tail	1.68273E-08	
t Critical one-tail	1.761310136	
P(T<=t) two-tail	3.36546E-08	
t Critical two-tail	2.144786688	
t Critical two-tail	2.09	

t-test was performed to assess the null hypothesis, which states That there is no significant difference in the New Individual policies issued of LIC and Private Life insurance Companies. t-Test: Two-Sample Assuming Unequal Variances Public and Private Life insurance Companies Mean 216.2908333 and 74.2775 Variance 1793.46999 and 261.888275 Observations 12,12 Hypothesized Mean Difference 0 Df 14 t Stat 10.85 P(T<=t) one-tail 1.68 t Critical one-tail 1.76 P(T<=t) two-tail 3.365 t Critical two-tail 2.14 Table shows that t Stat (10.85) is greater than t Critical two-tail value (2.09) and P Value (1.68) is less than 3.36 Therefore, null hypothesis is rejected. It means that new business premium Income of public and Private Life Insurance companies is significantly different. Mean score of public sectors (216.2908333) and Private companies (74.2775).

Table 4: Benefits paid by LIC and Private Life insurance Companies (in crores)

Year	**Public**	**YOYG**	**%**	***Pvt Insurer***	**YOYG**	**%**	**Total**	**YOYG**	**%**
2013-14	158016			58380			216396		
2014-15	144126	-13890	-8.79	67055	8674.43	14.86	211180	-5215.6	-2.41
2015-16	141201	-2924.45	-2.03	60565	-6489.5	-9.68	201766	-9413.9	-4.46
2016-17	166877	25675.8	18.18	69463	8897.95	14.69	236340	34574	17.14
2017-18	196718	29841.2	17.88	81236	11772.6	16.95	277954	41614	17.61
2018-19	249185	52466.8	26.67	80393	-842.17	-1.04	329578	51625	18.57
2019-20	252761	3575.76	1.43	97916	17523	21.80	350677	21099	6.40
2020-21	285122	32361.2	12.80	113651	15734.2	16.07	398772	48095	13.72
2021-22	353438	68316.2	23.96	148659	35008.3	30.80	502097	103325	25.91
2023-24	339313	-14125	-4.00	157552	8893	5.98	496865	-5232	-1.04
2024-25	415395	76081.7	22.42	214605	57053.3	36.21	630000	133135	26.80
2025-26	413279	-2115.84	-0.51	318121	103516	48.24	731400	101400	16.10

Source: IRDA Annual Report 2013 [1] -14 to 2025-26

Table 4.1: t-Test: Two-Sample Assuming Unequal Variances

	Public	***Pvt Insurer***
Mean	259619.25	122299.6667
Variance	10370839950	6059649643
Observations	12	12
Hypothesized Mean Difference	0	
df	21	
t Stat	3.711058903	
P(T<=t) one-tail	0.000646834	
t Critical one-tail	1.720742903	
P(T<=t) two-tail	0.001293667	
t Critical two-tail	2.079613845	

Benefits paid by LIC were 158015.54 in 2013-14 and 413279in 2025-26. Benefits paid by Private insurance companies were 58380.09 in 2013-14 and 318121in 2025 26. A t-test was performed to assess the null hypothesis, which states that there is no significant difference in the average benefits paid of public and private life insurance companies. The results are shown below.t-Test: Two-Sample Assuming Unequal Variances public and Private Life insurance Companies Mean 259619.25, 122299.6667 Variance 10370839950, 6059649643 Observations 12 12 Hypothesized Mean Difference 0 Df 21 t Stat 3.71 P(T<=t) one-tail 0.00064 t Critical one-tail 1.72 P(T<=t) two-tail 0.001239 t Critical two-tail 2.07 Table 4.1 shows that t Stat (3,711) is greater than t Critical two-tail value (2.079) and P Value (0.00064) is less than 0.05. Therefore, null hypothesis is rejected. It means that benefits paid by public and Private Life Insurance companies were significantly different. Mean score of LIC (259619.25) and Private companies (122299.6667) also shows that LIC paid more benefits in comparison to Private Life insurance companies.

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