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A Study On Financial Performance of Life Insurance Corporation of India

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Abstract : The insurance sector in India has seen lot of changes in the past three decade. It has been observed that a change in the consumer perception on life insurance and its awareness and penetration of new market, the insurance industry has witnessed a notable growth in its business. A major reason for this growth is indeed the recognition and acceptance of liberalization privatization and globalization (LPG) in the year 1991. Nowadays public and private insurance sector provide greater option in terms of products and services. With a vast population base and large unexploited consumer market, life insurance industry has a great opening in India for national as well as overseas investors. The profitability of the Life Insurance Corporation of India has been changed due to change in functioning like selling new policies, appointment of energetic agents, bountiful commission to the agents and calculating maturity value. Life Insurance Corporation of India (LIC) plays a vital role in the economic development of our nation.

The study offers recommendations to make the Life Insurance Corporation more efficient, as well as vibrant and valuable for the economy. This study also measured the financial soundness of Life Insurance Corporation of India.

KEYWORDS: - General Insurance, Risk, Insurance, LIC, Growth rate, Net Earned Premium, Solvency Ratio etc.

I. INTRODUCTION

Insurance in India mentioned in the literatures of Manu (Manusmrithi), Yagnavalkya (Dharma shastra) and Kautilya (Arthashastra). In the event of a natural disaster or unnatural calamity such as a flood, fire, or famine, resources could be shared and reallocated. This may have been a precursor to today's insurance industry. In the form of maritime trade loans and carriers' contracts, ancient Indian history has retained the first evidence of insurance. Over time, insurance in India has largely been influenced by other countries, particularly England.

The "Life Insurance of India Act" of 1956 was the Parliamentary Act that formed the LIC. The Act merged the Life Insurance Corporation of India with 245 other insurance and provident organizations. After the liberalization, privatization, and globalization of the Indian economy in July 1991, the insurance businesses drastically change. Past forty decade, the Life Insurance Corporation (LIC) was the only life insurance provider in India. Private sector involvement and foreign direct investment (FDI) opening up the insurance market would have an impact on LIC of India's future success. At this stage, it is significant to evaluate LIC of India's operational and financial performance as the company is expected to compete with its international brands, which hold extensive industry knowledge and can increase investments in the insurance sector significantly in the coming year.

"Insurance is a scheme/device for the transfer to an insurer of assured risks settled through mutual agreement between two parties i.e. the insurer and the insured, for the agreed consideration, called the premium of monetary loss or individuals risks/injury that that would otherwise be borne by the insured".

Problem

Profitability is the most vital objective of Life insurance Corporation. The profitability of the company plays an significant role in contributing to the company's core market value which can be identified through its profit ratio annually. Different studies have been conducted on the Life Insurance Corporation in India and other countries their main focus was to determine factors affecting profitability.

II. REVIEW OF LITERATURE

In India, there are 55 Insurance companies (year 2023). These consist of both Public Sector insurers (9) and Private Sector (61) as at 31.03,2023. The insurance sector in India comprises a total of 55 insurers,1 reinsurer, 2 specialized insurers and 12 re-insurer. The number of life insurance offices all over India is 11,256 as on March 31, 2023'. Around 59 per cent of life insurance offices are located in Tier I centres where the population is one lakh and above. About 0.76 per cent of life insurance offices are in Tier centres with a population of VI less than 5,000.

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Dr. Rakesh Kumar and Surender Singh (2023) studied "A Comparative Analysis of Private Insurance Companies and Life Insurance Corporation of India" concluded that four variables Market Share, New Individual Policies Issued, Premium Income and Benefit Paid Life Insurance Corporation of India outperformed Private life Insurance Companies. These results clearly indicate that in-spite of increase in the market share of Private Insurance Companies during the analysis period, Life Insurance Corporation still holds significantly major market share of India's life insurance industry though, private companies have established footholds.(Kumar & Singh, 2023)

Ms. Eshita Sahu , Dr. Sumeet Khurana & Dr. Bhanu Pratap Singh (2023) , A Study Of Life Insurance Corporation (LIC) Of India's Financial Performance assessed that Policyholders are benefiting from LIC's value creation efforts. The LIC's performance remained mostly unchanged throughout the research period. One may say that the performance is steady, and the items' market worth has remained high. Private insurance businesses are popping up all over the place, so LIC will have to work hard to stay ahead of the competition. The level of investment must also be controlled by LIC. Investment (policyholders) requires control since, as previously said, it has the second-highest volatility. Scientific approach has been used to examine the many components of expenditures; hence, LIC is performing well, managing the goods and related marketing initiatives successfully. However, the data analysis shows that LIC should keep its operating expenses under control so as not to impact its income.(d)

M. M. Revathi, Dr.M.Viswanathan and Dr.C.Selvakumar made (2021) "A Study Focus on Attitude of Policy Holders Towards Services of Life Insurance Corporation In Tirupur City", The revealed that now a days, consumers have become more demanding. Those that satisfied their demands yesterday no longer satisfy them today. Either they want something new or something with enhanced value (value addition) in the products and services that they buy. With competition getting tougher and with customers becoming more demanding, LIC has to benchmark its service frequently with the best, not only in the same industry, but also from other financial industries. Offering quality service in LIC increases the chances of customers visiting LIC again. LIC should understand customers' key touch points in life insurance environment and provide quality service, which ultimately culminates in increased customer satisfaction and loyalty, if they were to make profits and enhance their market share.(Revathi, 2021)

D.Vanitha & Dr.V.S. Rajakrishnan (2018) examined Determinants of Insurance Investment: A Case Study of Life Insurance Corporation of India and it was concluded that on general premise, a relatively high proportion of the variation of the dependent variable investment is accounted for by the independent variables (premium and claim).The result of first hypotheses uncovered that there exists a statistically significant impact of premium on investment of Life Insurance Corporation of India. The result of second hypotheses stated that there exists a statistically significant impact of claim on investment of Life Insurance Corporation of India. The research paper serves as the first methodical investigation of the impact of underwriting activities on investment. In particular, it is of interest to see whether insurers embrace an integrated approach to considering their underwriting profile so that risk of unavailability of fund can be mitigating. In the aftermath of expanding liberalization in the insurance industry together with the worldwide financial crisis has posed a great deal of challenges for insurance regulatory authorities in monitoring investment of insurance companies.(Vanitha & Rajakrishnan, 2022)

According to the **Dr. Samreena Tariq**, Insurance Company divided into two categories:

A General Insurance: is a contract that offers financial compensation on any loss other than death. It insures everything apart from life. A general insurance compensates you for financial loss due to liabilities related to your house, car, bike, health, travel, etc. The insurance company promises to pay you a sum assured to cover damages to your vehicle, medical treatments to cure health problems, losses due to theft or fire, or even financial problems during travel. Simply put, a general insurance offers financial protection for all your assets against loss, damage, theft, and other liabilities.(TARIQ, 2018)

- **Life Insurance :** Life insurance is the most popular insurance whereby the Insurance Company agrees to pay a specified sum of money to the insured, on the expiry of a certain period of time or on the death of the insured person, whichever is earlier. Thus life insurance relieves the widow, children and other dependents from the hardships of utter poverty, in case death of the breadwinner takes place. Life insurance combines two elements simultaneously element of protection and element of investment. Element of protection provides the safeguard against the risk of early death by replacing the income of the deceased. Thus, if a person dies before the policy matures for payment, Life Insurance Company undertakes to pay the assured sum to the representatives and dependents of the deceased. It, therefore, extends the hand of protection to those who are left without support and help due to the sudden and premature death of their breadwinning. Element of investment implies that the small sums paid to the insurance company by way of premium over a long period of 10 to 20 years grow into a large sum and are paid back to the policyholder after the

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expiry of the term. In other words, if an insured person live up to the maturity of the policy, the insurance company undertakes to replace income to him and to his dependents in the evening of one's life, when he is unable and unfit for physical hard work. Though, the protection aspect is present in other forms of insurance like fire and marine, the investment aspect is lacking in these forms. Thus life insurance is the only avenue that offers both the protection and investment benefits. (TARIQ, 2018)

STATEMENT OF THE PROBLEM

Before the probable and existing investors in life insurance policies there were many insurers such as LIC and other institutions of Indian origin and aboard. The insurers other than LIC used to form a consortium of banks and other companies of India and from abroad with a view to globalizing life insurance business and also with a view to having large scale life insurance business. Under the, circumstances the insurers offer different kinds of policies with a view to bringing more investors into the fold. The investors in life insurance policies may be grouped on the basis of gender, income, age, profession, religion and caste. It will be interesting to examine the preference of investors towards an insurance company.

Objectives:

1. To analyze the influence of management efficiency on profitability of LIC.
2. To identify the problems and suggest suitable measures for improvement and development of investment of LIC.
3. To study the stock management of insurance companies.
4. To suggest appropriate measures for the upgrading of the financial performance of LIC.
5. To analyze the impact of profitability ratios on ROE with the help of multiple regression.

Methodology :

The study is limited for a period of ten years i.e. 20114-23. The study is based on the information accessible in the in Annual Report (secondary data) of LIC.

III. DATA AND ANALYSIS

In this section, the financial data of LIC is given in Model I ,II and III respectively and data of two-way ANOVA test is also given in this section.

Where,

a. ROA = Return on Assets
   Measures how well firm resources are being used to create income. It is the ratio of net profit after tax divided by total assets. At this point in time maximizing ROA was a common corporate goal and the realization that ROA was impacted by both profitability and competence led to the development of a system of planning and control for all operating decisions within a firm. (x.pdf)

b. ROE = Return on Equity
   Is the measurement of profits per unit of capital and specifically used for computing the return on shareholder's equity. Higher return on equity is considered as better performance in terms of profitability of firms. Return of equity is calculated by dividing net income by the total equity.(x.pdf)

Other Ratio's :

c. Tangibility
d. MSP = Market Share Policy
e. ROCE = Return on Capital Employed
f. IY = Investment Yield
g. Prem Income/TI = Premium Income /Total Income
h. Inv Income /TI = Investment Income/Total Income
i. PPH/TI = Payment Policy Holder/Total Income
j. NPA= NPA Ratio
k. TA = Total Assets

Correlation :

The relationship between ROA and other financial ratio was analyzed through Karl Pearson Correlation Coefficient (r) Analysis. The value of Karl Pearson Correlation Coefficient varies between -1 to +1 and has a different interpretation for different values. Table 1 portray the relationship amongst the studying constraints. It has been observed that ROA positively correlated to Market Share Policy, Return on Capital Employed, Investment Yield, Payment Policy Holder/Total Income and Total Assets. The analysis reveals that ROA a high degree of positive relationship with ROCE and this relationship are statistically significant. It has also been observe that Investment Yield and Tangibility as well as Investment Income/Total Income and Premium Income/Total Income & Market Share policy/Total Assets are highly statistically significant.

Methodology :

The study is based on the secondary data, collected from website of LIC, magazines, journals as well as Annual Reports and financial statements of LIC and IRDA for the year 2012-13 to 2023-24. To analyze the impact on ROA and ROE on investment, a multiple regression model has been developed.

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Model I :

The ROA is dependent variable represented by "Y" and the predictors (Predictors: Market Share Policy, ROCE, Investment Yield, Premium Income /Total Income, NPA_RATIO, Tangibility, Investment Income/Total Income) are independent variables or explanatory variables. As the number of explanatory variables is seven, relationship between the variables is explored by using multiple regression models. Further the data analysis has been prepared through the SPSS.

Regression Equation Y(ROA) = $ß_0$+ $ß_1$ (Market_Share Policy) + $ß_2$ (ROCE) + $ß_3$ (Investment_Yield) + $ß_4$ (Premium Income /Total Income, NPA_RATIO,) + + $ß_5$ (Tangibility) + $ß_6$ (R Investment Income/Total Income) + Ɛ where Y is the value of dependent variable "ROA" where $ß_0$ is the regression constant and $ß_1$ $ß_2$, $ß_3$,$ß_4$,$ß_5$ & $ß_6$, $ß_7$ the partial regression coefficient for independent variable

Model II :

Regression Equation Y(ROA) = $ß_0$+ $ß_1$ (Payment Policy Holder/Total Income) + $ß_2$ (Tangibility) + $ß_3$ (Investment Income/Total Income) + $ß_4$ (Market_Share Policy + + $ß_5$ (Total_Assets) + $ß_6$ (Premium Income /Total Income) + Ɛ where Y is the value of dependent variable "ROA" where $ß_0$ is the regression constant and $ß_1$ $ß_2$, $ß_3$,$ß_4$,$ß_5$,& $ß_6$, the partial regression coefficient for independent variable.

Model III :

Regression Equation Y(ROA) = $ß_0$+ $ß_1$ (Investment Income/Total Income) + $ß_2$ (Tangibility) + $ß_3$ (NPA_RATIO) + $ß_4$ (Investment_Yield) + + $ß_5$ (Premium Income /Total Income) + Ɛ where Y is the value of dependent variable "ROE" wher0e $ß_0$ is the regression constant and $ß_1$ $ß_2$, $ß_3$,$ß_4$ & $ß_5$,, the partial regression coefficient for independent variable

Multiple Correlation and Regression :

The multiple correlation coefficients between the dependent variable ROA and the independent variables Market Share Policy, ROCE, Investment Yield, Premium Income /Total Income, NPA_RATIO, Tangibility & Investment Income/Total Income taken together was 1.00. It indicates that the profitability was just about perfectly influenced by its independent variables. It is also evident from the value of R square that 100 percent of variation in ROA/ROE was announced by the joint variation in all the independent variables. Coefficient of determination is also 100 percent indicates that the regression line perfectly fits the data. Standard error of estimate is perfectly associated with regression analysis. Such a significant variation could be justified as the impact of many other financial performance indicators, which have not taken into the study, in addition to the effect of the used in the study.

Model I

Table : 1

Descriptive Statistics	Mean	Std. Deviation
ROA	.1560	.22302
NPA_RATIO	5.2360	2.01229
Investment Yield	8.0500	.39149
ROCE	.3290	.24660
Tangibility	3.4740	.04835
Premium Income /Total Income	.6060	.01430
Investment Income/Total Income	.3930	.01418
Market Share Policy	75.4020	4.59472

Table : 2

Correlation Coefficients	ROA	NPA RATIO	Investment Yield	ROCE	Tangibility	Premium Income /Total Income	Investment Income/ Total Income	Market Share Policy
ROA	1.000	-.371	.175	.918	.493	-.124	-.098	-.272
NPA_RATIO	-.371	1.000	-.103	-.439	-.128	-.215	.293	-.460
Investment Yield	.175	-.103	1.000	.366	.828	-.534	.500	-.320
ROCE	.918	-.439	.366	1.000	.586	-.175	-.028	-.311
Tangibility	.493	-.128	.828	.586	1.000	-.392	.288	-.464
Premium Income /Total Income	-.124	-.215	-.534	-.175	-.392	1.000	-.975	.540
Investment Income/Total Income	-.098	.293	.500	-.028	.288	-.975	1.000	-.483
Market Share Policy	-.272	-.460	-.320	-.311	-.464	.540	-.483	1.000

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Table 3 (Estimation of Standard Deviation)

Model Summary	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	1.000	1.000	1.000	.00082	2.683

The Durbin-Watson statistic value lies between 0 and 4 and value of 2.0 indicates there is no autocorrelation noticed in the sample. Values from 0 to less than 2 point to positive autocorrelation and values from 2 to 4 mean negative autocorrelation.

The coefficient of determination R^2 indicating the percent of how much of the total variance is explained by the independent variable is 100% (Table 3). The analysis of variance for multiple regression will be made starting from the following results:

Table – 4 (Variance Analysis)

ANOVA	Sum of Squares	df	Mean Square	F	Sig.
Regression	.448	7	.064	95507.625	.000
Residual	.000	2	.000		
Total	.448	9			

In order to test the null hypothesis we turn to F test that requires an analysis of the variance identified in the ANOVA table above. From the data in the previous table (Table 4) it can be ascertained that the value of the calculated F is 95507.625 for the variance generated by the regression. The critical value of F, at the significance level of 0.05 with 7 degrees of freedom at numerator and 2 at denominator is 19.353. By comparing the values of F it results that it is compulsory to accept the alternative hypothesis, meaning that not all regression coefficients are equal to zero. This means that a significant influence of multiple regression model occurs over the dependent variables.

Table – 5

The main purpose of this analysis is to know to what extent is the profit size influenced by the five independent variables and what are those measures that should be taken based on the results obtained with using SPSS - Statistical Package for Social Sciences refer by C. Constantin, (Turóczy & Marian, 2012)

The table shown below provides the data required to perform the multiple regression analysis.

Using the SPSS program tools, a multiple regression table shown below :

Regression Coefficients	Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
	B	Std. Error	Beta	t	Sig.	Tolerance	VIF
(Constant)	68.591	.291		235.573	.000		
NPA_RATIO	-.005	.000	-.049	-24.628	.002	.386	2.593
Investment Yield	-.010	.002	-.018	-5.403	.033	.134	7.479
ROCE	-.020	.004	-.022	-5.246	.034	.083	12.040
Tangibility	.192	.015	.042	12.889	.006	.144	6.954
Premium Income /Total Income	-68.758	.268	-4.408	-256.794	.000	.005	197.017
Investment Income/Total Income	-69.220	.278	-4.402	-249.429	.000	.005	208.187
Market_Share Policy	-.001	.000	-.031	-13.818	.005	.303	3.305

Based on the unstandardized coefficients we obtain the regression equation:

ROA = 68.591 - .005 (NPA RATIO) - .010 (Investment Yield) - .020 (ROCE) +.192 (Tangibility) -68.758 (Premium Income/Total Income) – 69.220 (Investment Income/Total Income) - .001 (Market Share Policy) +€

In order to test the validity of multiple regression model a global test must be used, which researches whether all the independent variables have regression coefficients equal with zero, or in other words if the explained variance is not due to a random. The regression coefficients of the sample have as correspondents the following regression β_1 β_2 β_3 β_4 β_5, β_6 β_7 (reference E Kulcsar, 2009) (Turóczy & Marian, 2012). The alternative and null hypotheses are formulated as follows:

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$H_0 : \beta_1 = \beta_2 = \beta_3 = \beta = \beta_5 = \beta_6 = \beta_7 = 0$

H_1 = all β's not equal to zero.

The test used is the Student test, respectively t with 10-(7+1) degrees of freedom Kulcsar, 2009. For each of the seven variables, from the SPSS results, we get the calculated t values in Table 5. These are: -24.628 for NPA ratio, -5.403 for Investment Yield, -5.246 for ROCE, 12.889 for Tangibility , -256.7 94 for Premium Income /Total Income , -249.429 for Investment Income /Total Income and -13.818 for Market Share Policy. In order to define the decision rule concerning the null hypothesis, the calculated t values will be compared with the critical value of t at a significance level of 0.05 in the case of a two-tailed test, with 10 - (7+1), meaning with 2 degrees of freedom. This value is ±4.303.

The results shows that calculated value is greater than table value, therefore null hypothesis is rejected and it is accepted that regression coefficient is different from zero.

Model II

Table - 6

Descriptive Statistics		
	Mean	Std. Deviation
ROA	.1560	.22302
Tangibility	3.4740	.04835
Total Assets	8.4620	.13718
Premium Income /Total Income	.6060	.01430
Investment Income/Total Income	.3930	.01418
Market Share Policy	75.4020	4.59472
Payment Policy Holder/Total Income	.4050	.05083

Table - 7

Correlations Coefficients	ROA	Tangibility	Total Assets	Premium Income /Total Income	Investment Income/Total Income	Market Share Policy	Payment Policy Holder/Total Income
ROA	1.000	.493	.486	-.124	-.098	-.272	.160
Tangibility	.493	1.000	.436	-.392	.288	-.464	.231
Total Assets	.486	.436	1.000	-.517	.408	-.859	.628
Premium Income /Total Income	-.124	-.392	-.517	1.000	-.975	.540	-.474
Investment Income/Total Income	-.098	.288	.408	-.975	1.000	-.483	.439
Market Share Policy	-.272	-.464	-.859	.540	-.483	1.000	-.536
Payment Policy Holder/Total Income	.160	.231	.628	-.474	.439	-.536	1.000

Table - 8

Model Summary	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	1.000	1.000	1.000	.00281	3.015

Durbin Watson value mentioned in table 8 , indicate that a negative auto correlation between the variables. The coefficient of determination R^2 indicating the percent of how much of the total variance is explained by the independent variable is 100% in Table 8.

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Table - 9

ANOVA[b]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.448	6	.075	9451.954	.000[a]
	Residual	.000	3	.000		
	Total	.448	9			

a. Predictors: (Constant), Payment Policy Holder/Total Income, Tangibility, Investment Income/Total Income, Market_Share Policy, Total_Assets, Premium Income /Total Income
b. Dependent Variable: ROA

Table - 10

Correlation Coefficients	Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
	B	Std. Error	Beta	t	Sig.	Tolerance	VIF
(Constant)	72.305	.600		120.446	.000		
Tangibility	.111	.025	.024	4.397	.022	.592	1.689
Total Assets	-.133	.018	-.082	-7.377	.005	.143	7.014
Premium Income /Total Income	-71.100	.443	-4.558	-160.343	.000	.022	45.838
Investment Income/Total Income	-71.575	.424	-4.551	-168.658	.000	.024	41.301
Market Share Policy	-.003	.000	-.058	-6.143	.009	.196	5.091
Payment Policy Holder/Total Income	.060	.025	.014	2.388	.097	.545	1.835

The value of coefficient summarizes the regression equation's aftereffects. So from coefficient table the variables which sig value is (>0.05) point towards the rejection of that hypothesis and shows insignificant impact between independent variable which was Payment Policy Holder/Total Income and dependent variable ROA, whereas Tangibility, Total Assets, Premium Income /Total Income , Investment Income/Total Income and Market Share Policy shows significant impact on ROA.

Model III

Table - 11

Descriptive Statistics	Mean	Std. Deviation
ROE	273.49200	155.136431
NPA_RATIO	5.2360	2.01229
Investment Yield	8.0500	.39149
Tangibility	3.4740	.04835
Premium Income /Total Income	.6060	.01430
Investment Income/Total Income	.3930	.01418

Above table states that Standard deviation of ROE was very high as compared to other variable viz. NPA ratio, Investment yield , tangibility , Premium Income /Total Income as well as Investment Income/Total Income. It means variation of data in ROE was very high.

Table - 12

Correlations Coefficients	ROE	NPA_RATIO	Investment Yield	Tangibility	Premium Income /Total Income	Investment Income/Total Income
ROE	1.000	-.174	-.810	-.704	.671	-.578
NPA_RATIO	-.174	1.000	-.103	-.128	-.215	.293

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Investment Yield	-.810	-.103	1.000	.828	-.534	.500
Tangibility	-.704	-.128	**`828**	1.000	-.392	.288
Premium Income /Total Income	.671	-.215	-.534	-.392	1.000	-.975
Investment Income/Total Income	-.578	.293	.500	.288	-.975	1.000

Table - 13

Model Summary	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.977	.954	.897	49.791818	2.646

Durbin Watson value mentioned in table 13 is greater that 2 , indicate that a negative auto correlation between the variables. The coefficient of determination R^2 indicating the percent of how much of the total variance is explained by the independent variable is 95.4% in Table 13.

Table – 14

ANOVA	Sum of Squares	df	Mean Square	F	Sig.
Regression	206688.910	5	41337.782	16.674	.009
Residual	9916.901	4	2479.225		
Total	216605.811	9			

Table – 15

Regression Coefficients	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-32044.234	8930.550		-3.588	.023
NPA_RATIO	-32.037	9.783	-.416	-3.275	.031
Investment Yield	-435.259	100.656	-1.098	-4.324	.012
Tangibility	1548.787	817.419	.483	1.895	.131
Premium Income /Total Income	31040.818	7288.349	2.861	4.259	.013
Investment Income/Total Income	30020.567	7632.864	2.744	3.933	.017

Table 15 shows the results of multiple linear regression analysis. ROE is dependent variable whereas NPA Ratio, Investment Yield, Tangibility, Premium Income /Total Income and Investment Income/Total Income ratio are independent variables. Firstly, NPA Ratio has negative impact on ROE since the unstandardized beta coefficient is -32.037. It indicates that for everyone unit change in NPA ratio, there will be -32.037 unit change in ROE. However, its regression coefficient is statistically insignificant at 5% level of significance ($P<0.05$). Therefore, H_0 is rejected.

Secondly, the unstandardized beta coefficient of Investment Yield ratio is -435.259 which indicates that one unit change in Investment Yield ratio will bring -435.259 unit change in ROE. . Further, its regression coefficient is statistically significant at 5% level of significance ($P<.05$) , therefore null hypothesis rejected.

Thirdly, Tangibility has positive impact on ROE since the unstandardized beta coefficient is 1548.787. It indicates that for everyone unit change in Tangibility, there will be 1548.787 unit change in ROE. However, its regression coefficient is statistically insignificant at 5% level of significance ($P>0.05$). Therefore, H_0 is accepted.

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Forthly, the unstandardized beta coefficient of Premium Income /Total Income ratio is -31040.818 which indicates that one unit change in Premium Income /Total Income ratio will bring 31040.818 unit change in ROE. . Further, its regression coefficient is statistically significant at 5% level of significance (P<.05) , therefore null hypothesis rejected.

Fifthly, the unstandardized beta coefficient of Investment Income/Total Income ratio is -30020.567 which indicates that one unit change in Investment Income/Total Income ratio will bring 30020.567 unit change in ROE. . Further, its regression coefficient is statistically significant at 5% level of significance (P<.05) , therefore null hypothesis rejected

Hence, it can be said that there is no significant impact of Tangibility on Return on Equity. On the contrary, NPA Ratio, Investment Yield, Premium Income /Total Income and Investment Income/Total Income ratio has significant impact on Return on Equity.

IV. FINDINGS

It has been observed after comprehensive study of LIC that there is a nonstop growth in the market for private insurance sector after new economic Policy 1991.

A healthy competition is created in insurance sector and investors are coming forward to invest in the insurance industry.

Money making policy is a key element highlighted by IRDA in its report, the insurance industry boost the business from the individual states as well as rural markets.

The market share contribution of private sector is significantly high as compared to the public sector market share contribution. These changes helped the public to make savings in private sector.

V. RECOMMENDATIONS

As per the findings of the present paper, there are few recommendations to Life Insurance Industry:-

1. Private sector insurance companies also used the new business channels of marketing to increase their market share as and when compared with LIC . Therefore, LIC should attempt to improvement its business by delivering supplementary products in order to retain its market.

2. LIC should adopt new marketing strategies in the competitive scenario to aware the customers about their products.

3. LIC must expand its branches launching new attractive products into the rural areas to spread the life insurance business so that more investor will come forward to invest in LIC .

4. LIC have to conduct regular workshop to agents" with updated techniques like artificial Intelligence, cloud computing technology which benefits in clarifying the customers various doubts.

5. In order to compete with private Insurance companies, LIC should launch diversified plans to increase the premium amount and income.

The present research highlights the significance and the need to solidification the Life Insurance Corporation and the need of alertness to be trained on the conservative based rural customer of life insurance. Life Insurance Corporation should focus on providing the awareness of the need and the incredible benefits of the life insurance service specially to rural people. This research should help insurance sector to focus and work on the factors which increase the profitability and financial performance of the life insurance corporation.

VI. LIMITATION OF THE STUDY

The limitations of this study are given below:

All the internal variables such as the volume of cash flow, age, board of director9 Full time/independent), variety of products offered by Life insurance Corporation and regulatory body like auditor , company secretary etc. are not included in this study.

The external variable such as rate of interest, number of life insurance policyholders and as well as premium paid agent to acquire policy, as a basis of their businesses is not included in this research.

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Annexure :

Year	ROA	ROE	Market Share	Tangibility	Total Assts	PI to TI	II to TI	PP to TI	ROCE	NPA Ratio	Investment Yield
2023	0.79	79.69	10.9	3.54	8.66	0.6	0.39	0.43	0.97	3.27	8.24
2022	0.09	38.84	6.13	3.52	8.63	0.59	0.41	0.5	0.33	6.53	8.54
2021	0.07	45.6	6.03	3.52	8.58	0.59	0.41	0.42	0.29	7.78	8.69
2020	0.08	366.81	12.41	3.44	8.5	0.62	0.38	0.41	0.08	8.17	7.54
2019	0.08	396.13	10.75	3.42	8.49	0.6	0.4	0.45	0.08	6.15	7.59
2018	0.08	376.15	9.64	3.44	8.45	0.61	0.39	0.38	0.35	6.23	7.71
2017	0.08	367.99	14.04	3.41	8.41	0.61	0.39	0.34	0.34	4.73	7.78
2016	0.11	431.92	11.84	3.51	8.34	0.63	0.37	0.34	0.33	3.76	8.11
2015	0.09	324.2	4.39	3.5	8.31	0.59	0.41	0.36	0.28	3.3	8.22

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