

AN ANALYTICAL STUDY OF CLAIM TYPES, SETTLEMENT PROCESSES, AND PERFORMANCE METRICS OF THE LIFE INSURANCE CORPORATION (LIC) OF INDIA

Sriyalaxmi Panda*
Ravi Kant Modi**

ABSTRACT

The Life Insurance Corporation of India (LIC) is a key player in the insurance industry, providing financial security to policyholders and their beneficiaries. The total number of claims resolved, which includes death claims and maturity claims is a key indicator of operational effectiveness. This measure demonstrates LIC's dedication to client happiness, transparency, and regulatory compliance. Over the years, LIC has consistently maintained a high claims settlement ratio, demonstrating its dependability and integrity to policyholders. Streamlined operations, digital transformation, and proactive customer service initiatives all contribute to its success. The majority of claims are settled within specified time frames, indicating LIC's efficiency and ability to handle large volumes. This paper attempts to investigate the types of claims, claim settlement process that has been followed by LIC, and the main part of the study is to analyse the total amount as well as the growth in the claim settlement done by LIC of India during the period of study for ten years through the help of different statistical tools and techniques as per the need of the study.

Keywords: Claim settlement, LIC, ACGR, Analyse, Beneficiaries, Policyholders.

Introduction

The Life Insurance Corporation of India (LIC), founded in 1956, has long dominated the Indian life insurance business, both in terms of market share and public trust. One of the most important factors contributing to LIC's image and customer loyalty is its claim settlement policy, which serves as a critical point of contact for policyholders and their beneficiaries. Claim settlement is the ultimate measure of an insurance company's success since it determines the insurer's ability to fulfill its commitment to consumers when they are most vulnerable, such as when the policy matures or when a policyholder dies.

LIC's claim settlement strategy is intended to promote efficiency, transparency, and regulatory compliance, with separate systems for maturity claims, death claims, and any additional claims related with riders. The importance of claim settlement procedures extends beyond operational efficiency; they have a direct impact on policyholder happiness, shape public image of the insurer's reliability, and ultimately drive client retention and acquisition. The Insurance Regulatory and Development Authority of India (IRDAI) have also issued guidelines for rapid claim settlement, encouraging LIC and other insurers to adopt customer-centric claim management processes.

Despite its solid reputation and high claim settlement ratio, LIC suffers the same issues as many large insurers, including documentation delays, grievances about the clarity of settlement processes, and occasional breakdowns in customer support. Furthermore, recent technological improvements have

* Research Scholar (Commerce), School of Commerce and Management, Nirwan University Jaipur, Rajasthan, India.

** Professor and Dean, School of Commerce and Management, Nirwan University Jaipur, Rajasthan, India.

raised new expectations for digital claim processing, forcing LIC to adjust to a shifting market in which clients expect faster, and more convenient and transparent processes. As LIC competes with private and digital-first insurers, its claim settlement policy must adapt to satisfy client expectations and regulatory obligations.

This research study examines the types of claims, claim settlement process of LIC of India and mainly the data analysis part of total number as well as amount of claims that has been settled by LIC of India for a study period of 10 years.

Research Problem

The research problem for this study is to assess claims resolved by India's giant public sector insurance organization, LIC, over a 10-year period i.e.2012-2022.

Objectives of the Study

The main objectives behind conducting this study are mentioned as below:

- To study the kinds of claims that LIC of India settles.
- To examine the claim settlement process at LIC of India.
- To analyze the total amount of claims settled by LIC during the research period.
- To study the growth in the total claim settlement by LIC of India during the period of study.

Review of Literature

The following are some literature that has been studied thoroughly to gain some ideas about the related topics and work that has already been done. The existing literature is provided as follows:

Kadam, R. N. (2012). The article appears to be focused on the Life Insurance Corporation of India (LIC) and its key role in India's insurance business. It is anticipated to address LIC's status as a key participant in the country's insurance business, exploring factors such as its size, impact, and even its historical evolution.

Yadav, R. K., & Mohania, S. (2014). The article focuses on ICICI Prudential Life Insurance's claim settlement system. At ICICI Prudential Life Insurance Company, the number of policies and claims are increasing simultaneously. Thus, an easy-to-understand claim settlement system is critical. This research paper is based on research papers from various publications as well as secondary data acquired from IRDA. The study concluded that ICICI Prudential Life Insurance Company's "Customer First" policy efficiently manages claim settlement.

Rakesh H M and Shilpa R (2015). This paper provides a comprehensive explanation of LIC's remarkable expansion over the years. The article also discusses the opening of foreign direct investment in the insurance industry, which means LIC must contend with a number of domestic and international competitors. LIC's total claims, commission costs, operating costs, shareholder investment, and policyholder investment over a nine-year period were all examined in this report. The study aimed to determine that LIC needs to keep its operational costs under control. It also found that it is still at the top of other data analysis-related topics, which is a very positive sign that LIC should continue to do so in the years to come.

Varghese, M., & Haresh, R. (2018). This article discusses the scope, current performance, and developed products of the insurance industry's expansion strategy. The government's intention to float five state-owned non-life insurance companies adds to any prospects for market growth. The study appears to cover the important issues that will influence the future growth of India's insurance market.

Christy, F. S. J. (2022). This paper investigates satisfaction with LIC claim settlement in Srivilliputhur Taluk, Virudhunagar district. A total of 124 claimant nominees were surveyed, and the results are provided. 87.10% expressed satisfaction with their right to know insurance benefits and whereabouts. Satisfaction with KYC, fund transfer, bank details, and succession certificate procedures, as well as ID proof submission, claim settlement, and parent nomination procedures, significantly impacts overall satisfaction with policy nomination procedures and claim settlement.

Research Methodology

The exploratory study relies on secondary data from LIC's yearly reports. The study period is for ten years, from 2012 to 2022. The data is analyzed using statistical tools such as common size statement, trend analysis; ACGR, graphs etc and other tools are also being used according to the need and suitability of the researcher.

Results and Findings

According to the study objectives the following are the discussions:

Types of Claims

The Life Insurance Corporation of India (LIC) resolves a wide range of claims to offer financial stability for policyholders and their beneficiaries. Here are the primary types:

- **Maturity Claims:** These are paid when the policy's term finishes. The policyholder receives the sum assured, plus any relevant bonuses or incentives.
- **Death Claims:** If the policyholder dies during the policy period, LIC will pay the death claim to the nominee(s). It includes the sum assured and, in some situations, additional perks such as bonuses.
- **Survival Benefit Claims:** For certain plans, LIC pays a portion of the sum promised at regular intervals (as specified in the policy) if the policyholder survives these predetermined periods. This type is common in money-back policies.
- **Rider Claims:** LIC provides extra riders, such as accidental death and critical sickness riders. In the event of an incident covered by these riders, LIC settles rider claims in accordance with policy conditions.
- **Annuity Claims:** Under pension or annuity plans, LIC makes periodic payments to policyholders when they attain retirement age or as stated in the policy.

The main claims are the first two and with that only the further analysis are going to be done. LIC evaluates claims by validating papers and ensuring that all requirements are met, with the goal of settling claims on promptly and in full transparency.

Claim Settlement Process

LIC of India's claim settlement process is designed to ensure that policyholders or beneficiaries receive payments on time and without difficulty. The steps are as follows:

- **Claim Notification:** The claimant (policyholder or nominee) must notify LIC of the claim by submitting a claim intimation form, which can be completed online or at any LIC branch.
- **Document Submission:** LIC requires specific documentation based on the kind of claim.
 - Maturity Claims: The original policy document, ID evidence, and discharge form.
 - Death Claims: Death certificate, insurance paperwork, claimant's ID proof, and other necessary forms.
 - Rider Claims: Include any relevant medical or incident-specific evidence.
- **Claim Processing and Verification:** LIC verifies submitted documents and may conduct extra checks, particularly on death claims, to prevent fraud and ensure validity.
- **Approval & Disbursement:** Once verified and accepted, the claim amount is paid immediately to the claimant's bank account or supplied via another preferred manner. Maturity claims are typically approved faster because they do not require rigorous verification.
- **Timeline:** LIC seeks to pay maturity and survival claims as soon as possible, generally on the due date, although other claims (such as death claims) take slightly longer, with the goal of settling within 30 days after document submission.

The approach stresses transparency, with LIC providing online claim status tracking to keep claimants informed.

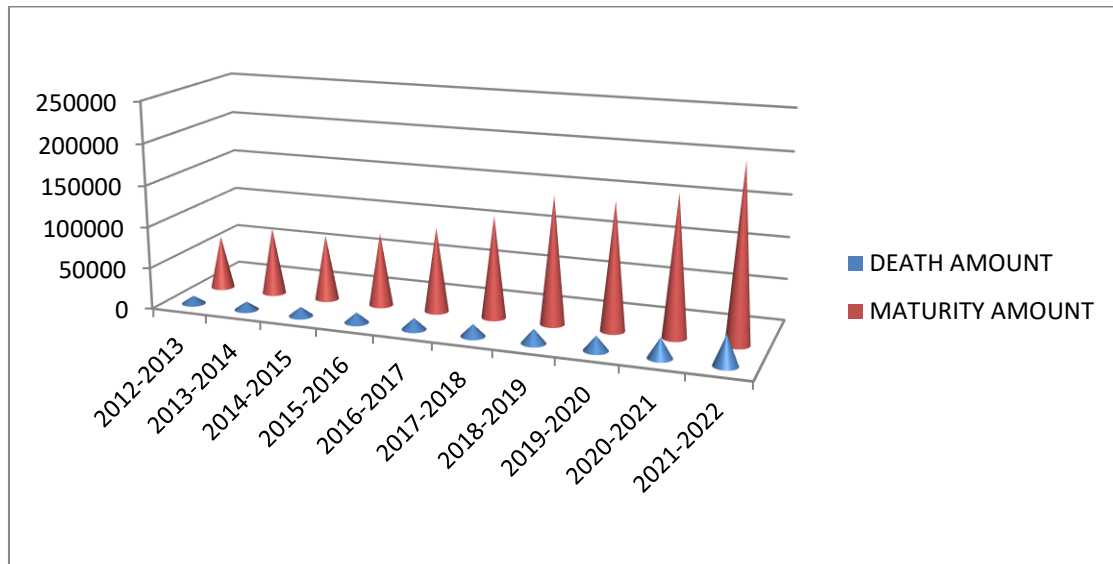
Analysis of Total Claim Settlement By LIC of India

LIC generates revenue through a variety of sources, including the first year premium, renewal premium, single premium, investment income, miscellaneous income, and other premium income. LIC spends the money it earns each year in a variety of ways. It is vital to examine claim settlement in order to evaluate the corporation's overall performance. The claims are broadly separated into two categories: those linked to death and those related to maturity. The Table and Figure below indicate the total amount of claims settled by LIC over the study period.

Table 1: Analysis of Total Claim Settlement by LIC (in Cr.)

Year	Death Amount	Maturity Amount	Total
2012-2013	9447.71(13)	64630.13(87)	74077.84(100)
2013-2014	9761.91(11)	81424.54(89)	91186.45(100)
2014-2015	11092.45(12)	79365.71(88)	90458.16(100)
2015-2016	12159.28(12)	88389.61(88)	100548.89(100)
2016-2017	13438.84(12)	102065.3(88)	115504.14(100)
2017-2018	14385.6(10)	122643.3(90)	137028.9(100)
2018-2019	17124.88(10)	152885.88(90)	170010.76(100)
2019-2020	17552.70(10)	152601.78(90)	170154.48(100)
2020-2021	23776.74(12)	167549.58(88)	191326.32(100)
2021-2022	36205.64(15)	209068.50(85)	245274.14(100)
Average	16494.58(12)	122062.4(88)	138557(100)

Sources: Annual Reports of LIC and IRDA

**Figure: Analysis of Total Claim Settlement by LIC**

The above Table and Figure indicates the percentage of each component of the total claim settlement paid by LIC, which has increased annually for the greatest number of times over the 10-year study period. The death claims settled in crores grew from ₹ 9447.71 in 2012-13 to ₹ 36205.64 in 2021-22. LIC settled maturity claims in crores, increasing from ₹ 64630.13 to ₹ 209068.50 during the research period, nearly 3.3 times higher than the starting year.

The biggest maturity claim settled during the research period was ₹ 209068.50cr in 2021-22, while the lowest was ₹ 64630.13cr in 2012-13. The total amount of death claims settled by LIC has continually increased year after year over the study period, as evidenced by the above table and graph. It might be easily construed that LIC is becoming more prompt and liberal in settling death claims as soon as practicable. The average computed from the table is ₹16494.58cr. Approximately 4 times during the study period, it was above average, while the remaining 6 times were below average. On an average the total percentage of 88% maturity claims are being settled by LIC and death claims is near about 12% on an average out of 100 percent of total claims during the study period.

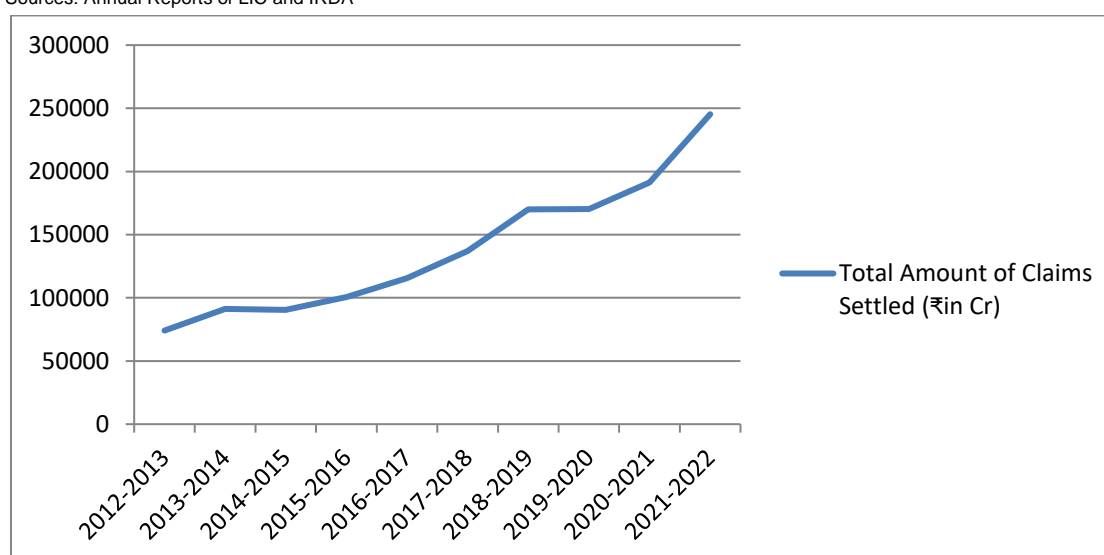
The aforementioned table and graph clearly illustrate that the total number of maturity claims settled by LIC rose annually over the study period. This demonstrates that LIC is working harder and faster to address maturity claims as soon as possible. During the study period, the average (₹ 122062.4 cr) was above average five times and below average five times, as shown in the table.

LIC's total number of claims settled was higher than the average of all claim settlements for four years, but lower for the remaining six, according to the overall average calculated using the amount of both death claims and maturity claims.

Table 2: Analysis of Growth in Total Claim Settlement by LIC (in Cr.)

Year	Amount (₹in Cr)	% Growth	Index
2012-2013	74077.84	-	100
2013-2014	91186.45	23.09	123
2014-2015	90458.16	-0.79	122
2015-2016	100548.89	11.15	136
2016-2017	115504.14	14.87	156
2017-2018	137028.9	18.64	185
2018-2019	170010.76	24.07	230
2019-2020	170154.48	0.084	230
2020-2021	191326.32	12.44	258
2021-2022	245274.14	28.20	331
ACGR		14.63933	

Sources: Annual Reports of LIC and IRDA

**Figure: Analysis of Growth in Total Claim Settled by LIC**

The preceding table and graphs clearly indicate the total amount of claims settled by LIC during the study period. Starting in 2012-13, the overall amount of claims settled was ₹ 74077.84cr. By 2021-22, the total amount of claims settled was ₹245274.14cr, the highest amount recorded during the research. The index has almost tripled to 331 from the base year (2012-13), which was set at 100. The percentage of growth in the total claims that has been settled by LIC ranges between -0.79% to 28.20%. The computed Annual Compound Growth Rate is 14.63933%, with the growth rate above ACGR for five years of the study period and falling below ACGR in the remaining years. It is obviously an encouraging sign that the growth rate in terms of claims settled by LIC is trending in the right direction. Although it had a negative growth rate in 2014-15, it made up for it by doing admirably in the subsequent years of the research period.

Conclusion

The claims settlement process of the Life Insurance Corporation (LIC) of India is a crucial indicator of the organization's dependability and customer-centric attitude. LIC has always maintained a high claim settlement ratio, demonstrating its commitment to policyholders. This success demonstrates its operational efficiency and ability to satisfy financial obligations on time, promoting trust and confidence among its consumers. A good claims settlement structure is critical to maintaining policyholder loyalty and increasing the insurer's market position. Over time, LIC has modified its systems and processes to meet the changing needs of its large customer base. The use of technology-driven solutions has considerably increased the efficiency of its claim settlement process, resulting in fewer delays and timely reimbursements. This dedication to modernization has increased not only consumer satisfaction, but also operational transparency and accountability. Furthermore, LIC's broad network and robust grievance

redressal systems help to address policyholder issues, solidifying the company's reputation as a trustworthy insurer. The steady increase in the overall number of claims settled by LIC reflects Indian people's growing trust in life insurance as a financial safety net. This development is consistent with rising awareness of insurance advantages and LIC's extensive reach in both urban and rural areas. It also represents the corporation's ability to efficiently manage risks, even in the face of shifting economic conditions. LIC's commitment to resolving claims efficiently and fairly emphasizes its role as a market leader and a critical component of India's financial ecosystem.

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