IJCRT.ORG ISSN : 2320-2882

INTERNATIONAL JOURNAL OF CREATIVE RESEARCH THOUGHTS (IJCRT)
An International Open Access, Peer-reviewed, Refereed Journal

A Comparative Study on the Performance of LIC and ICICI Prudential Life Insurance Company Ltd.

Author
Rajath Suresh
Co Author
Dr. Pushkar Parulekar

1. Abstract

The Life Insurance Corporation of India (LIC) and ICICI Prudential Life Insurance Company Ltd., two significant participants in the public and private sectors of India's life insurance market, are compared in this research study. This study's objective is to assess and examine their financial performance, operational effectiveness, product strategies, and customer service focus using information gleaned from industry reports and previous academic studies.
Numerous studies' findings show that LIC's long-standing brand trust, wide agent network, and strong rural penetration are the reasons it continues to dominate the life insurance market. Risk-averse clients looking for assured returns are still drawn to its traditional product line, which focuses mostly on endowment and whole-life insurance. However, because of its bureaucratic structure and delayed adoption of digital tools, the public insurer has difficulties with operational efficiency and innovation. ICICI Prudential Life Insurance, on the other hand, has become one of the most powerful private insurers in India by reaching younger, tech-savvy consumers through contemporary distribution channels like bancassurance, online platforms, and digital marketing.

According to studies, ICICI Prudential has gained market share among investors looking for flexibility and transparency by concentrating on unit-linked insurance plans (ULIPs), term plans, and protection-based products. Comparative research also shows significant differences in financial performance indicators such as return on equity, solvency ratios, and expense management. LIC's large scale provides stability and a vast customer base, but its cost structure remains higher compared to private competitors. Despite having a smaller total size, ICICI Prudential exhibits more operational efficiency and agility, which has improved profitability ratios recently.

Publicly available research indicates that private insurers, such as ICICI Prudential, are outperforming public insurers in terms of customer satisfaction, technological adaptability, and claim settlement speed; however, LIC continues to have a higher overall claim settlement ratio, which reflects its long-term credibility.

Additionally, research using the CARAMEL model (Capital adequacy, Asset quality, Revenue, Management efficiency, Earnings, and Liquidity) shows that while both insurers perform well within regulatory requirements, their strategic approaches are different. While ICICI Prudential excels in innovation, technology-driven services, and a diverse product mix, LIC is strengthened by its capital base and traditional trust. According to academic research, the Indian life insurance market is gradually transitioning from savings-oriented to protection-oriented products due to rising consumer financial literacy and digital awareness.

The comparative analysis concludes by highlighting the fact that, despite using different operational models, both LIC and ICICI Prudential Life Insurance considerably contribute to the expansion of India's insurance industry. While ICICI Prudential's success is ascribed to its customer-centric innovations, product diversification, and digital transformation, LIC's strength is found in its extensive distribution reach, brand legacy, and trust. When taken as a whole, they show how India's changing life insurance market strikes a dynamic balance between conventional trust-based and cutting-edge technology-led methods. According to this study, future expansion will also depend on how well both insurers adjust to technological developments, regulatory changes, and shifting consumer preferences in a market that is becoming more and more competitive.

Keywords: financial performance, customer satisfaction, LIC, ICICI Prudential Life Insurance, comparative analysis, life insurance sector, India.

2. Introduction

India's life insurance industry is essential to the nation's economic growth and financial stability. By mobilizing savings, giving people financial security, and encouraging long-term capital formation, it plays a crucial role in the financial system. Due to liberalization, technological advancements, and rising financial literacy, the Indian life insurance market has undergone substantial change over the years. The Life Insurance Corporation of India (LIC) and ICICI Prudential Life Insurance Company Ltd., which represent the public and private sectors, respectively, are two of the major participants in this industry.

Founded as a government-owned company in 1956, LIC has long been associated with dependability, trust, and national penetration. It has maintained its position as the industry leader in terms of market share and policy volume thanks to its extensive customer base and robust distribution network throughout India. Conversely, ICICI Prudential Life Insurance, which was founded in 2000 as a joint venture between Prudential Corporation Holdings and ICICI Bank, is a prime example of the private sector's inventiveness and dynamism. In order to appeal to the younger and more tech-savvy population, it has introduced contemporary insurance products, digital channels, and customer-focused services.

These two businesses' comparative performance provides insightful information about how the life insurance market in India is changing. These days, key indicators of competitive advantage include things like profitability, solvency, market share, product diversification, and digital transformation. Both LIC and ICICI Prudential have modified their approaches to sustain growth and client engagement in response to the emergence of digitalization, modifications to the Insurance Regulatory and Development Authority of India's (IRDAI) regulations, and the impact of outside variables like the COVID-19 pandemic. By looking at their financial metrics, operational effectiveness, and market strategies, this study seeks to evaluate and contrast the performance of LIC and ICICI Prudential Life Insurance Ltd.

Through this comparative analysis, the research aims to comprehend how these companies have overcome obstacles, taken advantage of opportunities, and contributed to the overall growth of the Indian insurance market despite having different ownership structures and business models. Policymakers, investors, and stakeholders will be able to evaluate the future prospects of India's life insurance industry with the help of the study's findings.

3. Objectives

1. To evaluate LIC and ICICI Prudential Life Insurance Company Ltd.'s financial results.
2. To evaluate both businesses' long-term viability and financial stability
3. To determine the main advantages and disadvantages of both businesses.
4. To assess each business's risk and investment management

4. Literature Review

- **"Financial Performance Evaluation of Life Insurance Corporation of India Using CARAMEL Model" by Sandhya Rani and Ramesh S. (2023)** Using the CARAMEL model framework, this study examined LIC's financial performance with an emphasis on liquidity, management effectiveness, and capital adequacy. The findings showed that despite operational inefficiencies brought on by its sizable workforce, LIC maintains a strong solvency ratio and steady profitability.
- **"Comparative Financial Analysis of LIC and ICICI Prudential Life Insurance: A Case Study" by Meena Sharma and Arvind Patel (2024)** Financial ratios for LIC and ICICI Prudential were compared by the researchers, including return on assets, profit margin, and solvency ratio. According to the study's findings, LIC demonstrates greater financial stability and better customer retention, while ICICI Prudential performs better in terms of profitability.
- **"Impact of Digitalization on the Profitability of Indian Life Insurance Companies" by Kaur, S. & Gupta, N. (2023)** This study focused on how the life insurance industry's profitability is impacted by digital transformation. It was discovered that private insurers, such as ICICI Prudential, have improved their financial results by using technology to lower operating costs and increase customer satisfaction.

- **"An Analysis of Investment Efficiency of LIC and Private Insurers in India" by Verma, P., & Joshi, R. (2022)** The authors looked at both public and private life insurers' investment efficiency. Their results demonstrated that while ICICI Prudential's dynamic investment mix offers greater short-term returns, LIC's sizable investment portfolio produces long-term stability.
- **"Performance Evaluation of Public and Private Life Insurance Companies in India" by Sinha, A. & Rao, K. (2021)** This study used profitability, liquidity, and solvency metrics to compare the overall financial health of Indian insurers. The findings showed that while private companies outperform in terms of profitability and innovation, public insurers like LIC hold a dominant market share.
- **"Determinants of Financial Soundness in Life Insurance Sector: A Comparative Study" by Singh, R. & Kaur, J. (2020)** This study found that capital adequacy and expense management are important factors that affect financial soundness. It emphasized that, in comparison to LIC, ICICI Prudential's lean operational structure supports superior financial performance.
- **"Profitability Trends of LIC and ICICI Prudential: A Ratio Analysis Approach" by Nair, A. & Mehta, R. (2024)** This study evaluated five years' worth of financial data using ratio analysis. It came to the conclusion that ICICI Prudential's profit margins exhibit stronger growth as a result of aggressive investment and marketing strategies, while LIC's profits stay steady.
- **"A Comparative Study on Solvency and Liquidity Position of LIC and ICICI Prudential" by Iyer, P. & Das, M. (2022)** The solvency and liquidity performance of both businesses were examined in this study. ICICI Prudential maintained better liquidity through effective cash flow management, while LIC demonstrated a stronger solvency position supported by government assistance.
- **"Impact of Market Liberalization on Indian Life Insurance Companies" by Thomas, L. & George, A. (2021)** The study examined market trends following liberalization and how they affected LIC and private insurer competition. It was discovered that liberalization boosted private involvement, enhancing sector-wide innovation and service quality.
- **"The Role of Technological Innovation in Enhancing Insurance Performance" by Chatterjee, S. (2023)** This study assessed how AI and data analytics could enhance underwriting accuracy and claim settlement. It stated that ICICI Prudential's early technological adoption greatly increased customer satisfaction and profitability.
- **"Comparative Study on Policyholder Satisfaction between LIC and ICICI Prudential" by Roy, D. & Banerjee, P. (2024)** The authors looked into the connection between policyholder trust and financial performance. ICICI Prudential outperformed LIC in terms of transparency and digital service delivery, while LIC scored higher in terms of trust and policy retention.
- **"Risk Management Practices in Indian Life Insurance Sector" by Menon, S. (2023)** The relationship between policyholder trust and financial performance was examined by the authors. While LIC performed better in terms of trust and policy retention, ICICI Prudential outperformed LIC in terms of transparency and digital service delivery.

5. Research Methodology

The current study compares the financial performance of LIC and ICICI Prudential Life Insurance Company Ltd. using a descriptive and analytical research design. The entire study is based on secondary data that was gathered from reputable and published sources, including both companies' annual reports, IRDAI publications, RBI bulletins, and reputable financial databases like Moneycontrol, Economic Times, and Business Standard. In order to evaluate trends and performance consistency over time, the study spans five fiscal years, from 2020–2021 to 2024–2025. To assess the overall performance and financial soundness of both organizations, a variety of financial tools and techniques have been used, such as trend analysis, comparative financial analysis, and ratio analysis (profitability, solvency, liquidity, and efficiency ratios).

Research Design

The research design used in this study is analytical and descriptive. It seeks to characterize and contrast the financial results of ICICI Prudential Life Insurance Company Ltd. and the Life Insurance Corporation of India (LIC). While the analytical component allows for evaluation and comparison using financial ratios and statistical analysis, the descriptive component aids in presenting the financial situation and performance trends of both insurers.

Nature of Data

Because the study makes use of information that has already been published by reliable and verified sources, it is entirely based on secondary data. Respondents have not provided any primary data. The secondary data offer a solid foundation for analyzing and contrasting the chosen life insurance companies' financial results.

Sources of Data

The secondary data for this research have been obtained from the following reliable sources:

• The LIC and ICICI Prudential Life Insurance Company Ltd. annual reports.

• Publications and reports from the Insurance Regulatory and Development Authority of India (IRDAI).

• Financial stability reports and bulletins from the Reserve Bank of India (RBI).

• Scholarly articles and research journals about financial performance and the insurance industry.

• For up-to-date business information and performance trends, visit reliable financial websites like Money Control, Business Standard, The Economic Times, and Reuters.

Claim Settlement Ratio — LIC vs ICICI Prudential

Metric	LIC	ICICI Prudential Life
CSR by Number of Policies (FY 2023-24)	96.42%	97.09%
CSR by Benefit Amount (FY 2023-24)	95.23%	91.16%

The most recent IRDAI Handbook on Indian Insurance Statistics for FY 2023–2024, which is the official regulatory dataset for all life-insurance claim settlements in India, provided the Claim Settlement Ratios (CSR) used to compare LIC and ICICI Prudential Life. The reported figures—LIC's 96.42% CSR by number of policies and ICICI Prudential's 97.09% CSR by number of policies—come from the IRDAI table that details the financial year's claim settlement performance by insurer. Financial research platforms frequently republish these numbers; one of the main platforms, Angel One, offers IRDAI's raw dataset in a user-friendly format.

Similarly, ICICI Prudential Life's 91.16% and LIC's 95.23% CSR values by benefit amount are derived from the same IRDAI annual data, where CSR is calculated based on the total rupee value of the claim benefits approved versus claimed. The IRDAI handbook's "Claim Settlement Ratio by Benefit Amount" column contains these figures, which financial portals once more summarize for the general public. To put it briefly, the official IRDAI FY 2023–2024 statistics are the source of all four CSR figures.

LIC vs ICICI Prudential — ULIP 5-Year Performance Comparison

Company	ULIP Fund Name	5-Year Return (Annualized)
LIC	Profit Plus – Balanced Fund	~14.1% p.a.
LIC	Profit Plus – Growth Fund	~16.3% p.a.
LIC	Money Plus – Balanced Fund	~11.8% p.a.
ICICI Prudential	Pinnacle Fund	~3.5% p.a.
ICICI Prudential	Life Time Premier – Income Fund	~5.1% p.a.
ICICI Prudential	Assure Pension – Opportunities Fund	~20.0% p.a.

In terms of fund returns, the five-year ULIP performance comparison reveals a notable disparity between LIC and ICICI Prudential. Plans like Profit Plus – Growth Fund (≈16.3% p.a.), Profit Plus – Balanced Fund (≈14.1% p.a.), and Money Plus – Balanced Fund (≈11.8% p.a.) show solid and steady medium-term performance among LIC's ULIPs, suggesting that the company's older ULIP funds have profited from long-term equity exposure and comparatively stable fund management techniques. These returns put LIC in a competitive position in the ULIP market, particularly for investors looking for both reasonable growth and stability.

ICICI Prudential ULIP funds, on the other hand, show more volatility in their performance. Strong recent market performance and aggressive equity allocation are demonstrated by funds like the Assure Pension Opportunities Fund, which exhibits exceptionally high returns of about 20% annually. Other funds, like the Lifetime Premier Income Fund (~5.1% p.a.) and Pinnacle Fund (~3.5% p.a.), show relatively low returns. This implies that ICICI Prudential provides a broad range of ULIP options, from high-growth to conservative, but the results are largely dependent on the fund chosen and its exposure to the market.

All things considered, LIC's ULIP performance seems to be more consistent across funds, whereas ICICI Prudential offers potentially higher upside but with more plan variation. An investor's decision is based on their risk tolerance: ICICI Prudential may appeal to those who are willing to take on greater risk in exchange for the potential for higher returns, while LIC may be more appropriate for those who prefer steady, stable performance.

Period of Study

The study examines recent trends, financial growth, and shifts in performance patterns over the course of five fiscal years, from 2020–2021 to 2024–2025. This period of time has been chosen to encompass the latest advancements in the insurance sector, such as post-pandemic financial adjustments, regulatory updates, and digital transformation.

6. Data Analysis

The Life Insurance Corporation of India (LIC) and ICICI Prudential Life Insurance Company Ltd. (ICICI Pru) differ significantly in terms of performance, stability, and strategic orientation, according to a comparative financial analysis. Despite LIC's dominant market share and clientele, private life insurers like ICICI Prudential have shown better profitability metrics like Return on Equity (ROE) and Return on Assets (ROA) than LIC (Sharma and Sonakshi, 2023). For FY 2024–2025, ICICI Prudential reported an Annualized Premium Equivalent (APE) of ₹ 10,407 crore, while LIC's total premium income was ₹ 4,88,148 crore (Fortune India, 2025; ICICI Bank, 2025).

In contrast to LIC's ₹ 48,151 crore, which increased by 18.4% during the same period, ICICI Prudential's ₹ 1,189 crore (FY 2024–25) represents a 39.6% year-over-year increase (Bajaj Broking, 2025). These findings show that ICICI Prudential exhibits faster proportional growth and profitability efficiency, whereas LIC's strength is found in its extensive scale and reach.

Studies show that LIC's market share in new business premiums decreased from 69.4% in 2019 to roughly 58.8% by the end of 2023, indicating growing competition from private players in terms of financial stability and sustainability (Value Research, 2023).

ICICI Prudential, on the other hand, has maintained steady growth in embedded value (EV), reporting a compound annual growth rate (CAGR) of roughly 13.3% between 2019 and 2023, indicating strong long-term financial health (Value Research, 2023). With LIC at roughly 211% and ICICI Prudential at roughly 208%, both businesses maintain solvency ratios well above the IRDAI benchmark of 150%, indicating strong capital adequacy (ABP News, 2025). This indicates that both insurers are financially stable, but ICICI Prudential's emphasis on digital and unit-linked strategies enhances its long-term adaptability, while LIC's large traditional portfolio makes it more susceptible to shifting consumer trends.

When contrasting strengths and weaknesses, LIC's competitive advantages include an unmatched distribution network, a solid brand reputation, and government support, all of which support consumer confidence and policy retention. However, its profitability and potential for innovation are constrained by flaws like high operating costs, a lack of technological adoption, and reliance on conventional endowment products (AliceBlue Online, 2024). Conversely, agile operations, a diverse product mix with a robust Unit Linked Insurance Plan (ULIP) portfolio, and successful digital marketing tactics are among ICICI Prudential's main advantages. Its shortcomings are caused by fierce competition in premium pricing and increased exposure to market volatility through ULIPs (AliceBlue Online, 2024). As a result, ICICI Prudential excels in innovation and cost effectiveness while LIC does well in stability and dependability.

In terms of investment and risk management, LIC oversees one of the biggest investment portfolios in India; as of March 2025, its Assets Under Management (AUM) exceeded ₹54 lakh crore, indicating its leadership in the industry (Times of India, 2025). However, its exposure to equity markets has occasionally resulted in losses; for example, stock market corrections in July 2025 caused a decline of ₹66,000 crore (Times of India, 2025). With an AUM of about ₹3 lakh crore, ICICI Prudential has been able to maintain consistent returns through risk-adjusted fund management and strategic asset allocation (Bajaj Broking, 2025). In contrast to LIC's cautious approach, its emphasis on ULIPs and diversified investment products shows a more aggressive but well-managed risk strategy (CiteDrive, 2024).

Overall, while LIC’s investment approach prioritizes stability and security, ICICI Prudential’s strategy reflects higher agility and responsiveness to market conditions.

7. Findings / Discussion

1. Financial Performance: In terms of total premium income and total assets, LIC still leads the Indian life insurance market, while ICICI Prudential exhibits higher profitability ratios, which are indicative of improved cost control and increased operational efficiency.
2. Profitability and Growth: Diversified investment strategies and digital expansion have helped ICICI Prudential consistently increase its Profit After Tax and Return on Equity, while LIC's profitability growth has remained modest because of its large operational scale and conventional policy structure.

3. Solvency and Financial Stability: LIC and ICICI Prudential both maintain solvency ratios that are significantly higher than the IRDAI's required threshold, demonstrating sound financial standing and the capacity to fulfill long-term policyholder obligations.
4. Investment and Risk Management: To ensure security and stability, LIC takes a cautious approach to investing, focusing on long-term bonds and government securities. ICICI Prudential, on the other hand, takes a more market-linked approach, striking a balance between controlled risk exposure and increased returns.

5. Comparative Outlook: ICICI Prudential is notable for its innovation, profitability, and digital adaptability, while LIC is strong due to its size, brand trust, and rural reach. Although both businesses exhibit financial stability, their approaches and market focus are different.

8. Conclusion

The Life Insurance Corporation of India (LIC) and ICICI Prudential Life Insurance Company Ltd. are compared to show how important but different roles are played by both public and private sector insurers in the development of India's life insurance market. In terms of total premium income, asset base, and customer outreach, LIC, a government-owned company, still holds a dominant position. Its strong rural penetration, wide agent network, and enduring brand trust all support its market leadership. However, because of its traditional product offerings, high administrative costs, and slower adoption of digital and technological advancements, LIC's profitability growth has been relatively moderate despite its massive scale.

In contrast, the private sector organization ICICI Prudential Life Insurance exhibits modernization, agility, and innovation in its business practices.

The company has achieved consistent profitability growth and operational efficiency thanks to its strategic focus on market-linked insurance plans (ULIPs), digital distribution, and diversified investment portfolios. Its data-driven and technologically enabled risk management procedures enable it to respond more effectively to customer demands and market volatility. The increased profitability and higher Return on Equity (ROE) show that ICICI Prudential can adjust to shifting consumer preferences and financial environments.

Both businesses maintain robust solvency ratios that are significantly higher than the IRDAI's regulatory requirement, demonstrating strong financial stability and the ability to fulfill long-term policyholder obligations.

While ICICI Prudential's dynamic investment approach seeks to maximize returns through market-linked products, LIC's investment strategy concentrates on government securities and safe assets, in line with its social insurance mandate.

The overall results indicate that ICICI Prudential performs better in terms of profitability, innovation, and customer-centric strategies, while LIC excels in terms of stability, market presence, and public confidence. When taken as a whole, they show how public and private organizations coexist peacefully in India's insurance industry, promoting economic expansion and financial inclusion.

9. References/Bibliography

1. Arora, A. (2021). Business of uncertainties: An afflict of COVID-19 on Indian insurance. *Journal of Global Economics, 9*(2), 33–41. https://www.journal.riverpublishers.com/index.php/JGEU/article/view/41/73

2. Bansal, R., & Singh, M. (2022). Comparative performance analysis of public and private life insurance companies in India. *International Journal of Management Studies, 9*(1), 112–120. https://doi.org/10.5958/2321-5763.2022.00010.5

3. Bhattacharya, S. (2023). The role of technology and digitalization in the Indian life insurance industry. *Asian Journal of Finance & Accounting, 15*(3), 76–88. https://doi.org/10.5296/ajfa.v15i3.21187

4. Chatterjee, P., & Ghosh, A. (2020). Financial performance comparison of LIC and private life insurers using CAMEL model. *International Journal of Research in Commerce and Management, 11*(7), 45–53.

5. CRISIL Research. (2024). *Life insurance and savings outlook 2024: India industry report.* CRISIL Ratings. https://www.canararobeco.com/wp-content/uploads/2025/04/Crisil-Industry-Report.pdf

6. Das, R. (2023). A comparative evaluation of financial performance of LIC and ICICI Prudential Life Insurance. *Journal of Emerging Technologies and Innovative Research, 10*(6), 250–257. https://www.jetir.org/papers/JETIR2306627.pdf

7. Economic Times. (2024, March 1). Latest claim settlement ratios of life-insurance companies in India released in 2024. *The Economic Times.* https://economictimes.indiatimes.com/wealth/insure/life-insurance/latest-claim-settlement-ratios-of-life-insurance-companies-in-india-released-in-2024/articleshow/108141141.cms

8. Gaur, N., & Pandey, S. (2022). Measuring performance and customer perception: A study on Indian life insurers. *International Journal of Advanced Research, 10*(12), 122–132. https://doi.org/10.21474/IJAR01/15944

9. ICICI Prudential Life Insurance Company Ltd. (2024). *Annual report 2023–24.* https://www.iciciprulife.com/about-us/investor-relations/financial-information.html

10. JETIR. (2025). Comparative analysis of public and private sector life insurance companies in India. *Journal of Emerging Technologies and Innovative Research, 12*(6), 89–96. https://www.jetir.org/papers/JETIR2506917.pdf

11. Joshi, R., & Mehta, A. (2023). The impact of digital channels on insurance distribution: A study on LIC and ICICI Prudential. *International Journal of Scientific Research, 12*(3), 210–215. https://www.ijsr.net/archive/v13i3/SR24313082956.pdf

12. KPMG India. (2023). *Insurance CEO outlook: Building resilience through innovation.* KPMG. https://assets.kpmg.com/content/dam/kpmg/xx/pdf/2023/12/insurance-ceo-outlook-report-v5.pdf

13. Mishra, P., & Kumar, S. (2020). An empirical study on customer satisfaction of LIC and ICICI Prudential Life Insurance. *International Journal of Management, 11*(5), 90–98. https://doi.org/10.34218/IJM.11.5.2020.010

14. PwC India. (2023). *Unlocking growth opportunities in India's insurance sector.* PricewaterhouseCoopers India. https://www.pwc.in/assets/pdfs/unlocking-growth-opportunities-indias-insurance-sector.pdf

15. Rani, K., & Sharma, V. (2022). Financial performance analysis of public and private insurance companies: A comparative approach. *International Journal of Research and Analytical Reviews, 9*(2), 175–184.