Chapter - IV

Review of Related Literature on Life Insurance
REVIEW OF RELATED LITERATURE ON LIFE INSURANCE

This chapter presents the review of literature to identify and understand the implications of different issues related to consumer behaviour and life insurances in India. A comprehensive review of related past studies helps the researcher to adopt, modify and improve the conceptualisation of framework and provide a link with past approaches. The findings and recommendation of the past literature relating to consumer behaviour towards life insurance services are not many. Only few comprehensive studies exclusively towards consumer behaviour on endowment policy are carried out in India. Based on the review of literature the researcher has enable to identify her source for the present study. The available studies are collected from research articles, committee reports, projects and surveys conducted.

Khan, M.K. (1978)\(^1\) attempts to know the opportunities and prospects in the career of a life insurance sector. He explains about what a good career is and how a good career should be for selling of life insurance products. There is no age barrier and it requires no previous occupational experience but one must be a professional and capable of creating opportunities in building personality. The relationship of life Insurance agent with clients is not temporary and the service rendered has no substitutes. He also observes that life insurance agent remains, in a sense, permanent server to the clients.

Ramesh Jain (1980)\(^2\) conducts a case study at Sagar branch, Calcutta, of Life Insurance Company view the spread of life insurance in a particular area and to

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channelize the mobilized saving for nation building activities. Analyzing the processing of procurement of insurance business and administration of Life Insurance Company in branch level, the study also brings out the growth of total new business and about 30% of Life Insurance Companies individual assurance business originated from the rural sector - it adds to the privilege of Life Insurance Company to contribute their investments to many of the vital projects and schemes under 20 point programmes. The findings of the study were to establish servicing center to have continuous interaction with the policyholders and the sagar branch has still greater potentialities of expansion in rural area.

**Rajkumar (1985)**\(^3\) views that advertising is to influence a customer, who has a limited spending power and it seems to operate through familiarizing spreading news over cog inertia and image building improving market share, educating, informative and to have staff support. As far as insurance industry is concerned, misconception is a common problem and the pre-testing revealed that most of the rich people are associated with insurance and he viewed that the treatment of Life Insurance Company to the public is always unfair.

**Shessa Ayyar, V. (1986)**\(^4\) in his article entitled “Product Development” has discussed various issues connected with developing new polices such as the importance of developing new schemes and various problems involved in the development of new schemes in Company. He suggested the need for including ancillary benefits such as accident benefits, disablement and hospitalization benefits.

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Rajan Saxena (1986)\(^5\) in his article entitled “Life Insurance Services” discusses various issues relating to life insurance. The author insists on the importance of life insurance and discusses on various strategies of life insurance.

Mishra, M.N. (1987)\(^6\) made a study to appraise the strategies of Life Insurance Company. While reviewing the strategies, the author felt that before 1960 Life Insurance Company did not give much attention to the objective of customer satisfaction, but from 1980 onwards the corporation has taken several remedial measures to provide better customer service and improve the customer satisfaction.

Ashis Deb Roy (1987)\(^7\) in his article entitled “We Care for our Customers” has examined the nature and importance of better customer services to policyholders and has emphasized the need for quality in service. He has given a detailed note on the various steps to be taken by Life Insurance Company to improve the customer service such as training programmes conducted by Company to its agents and employees, opening new branches and introduction of computers in insurance branch offices.

Venkatesh, N.C. (1987)\(^8\) in his article entitled “On the Trail of Better Service” has discussed the importance of better and personal servicing to the customers and has emphasized the importance of satisfying the policyholders.

The Planning Wing of the LIC Divisional Office, Thanjavur (1987)\(^9\) has conducted a sample survey on “Customer Satisfaction”. The objectives of the study found the level of consumer satisfaction regarding the services, particularly on the

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\(^7\) Ashis Deb Roy, “We Care for our Customers”, Yogakshma, April 1987, P. 4.
aspects such as timely dispatch of discharge forms, reminders, the cooperation given
by agents or development officers, courtesy and sympathy of Company officials,
receipt of the policy amount within the due date etc. The results of the study revealed
the following points. They are:

- Discharge forms are received before the due date by seventy nine per cent of
  the policyholders.
- Eleven per cent of the policyholders approached the agent or development
  officer for help in the submission of the requirement and they are happy with
  the services rendered by them.
- Twenty one per cent of the policyholders submitted the requirements after
  receiving a reminder from the branch office.
- Six per cent of the policyholders approached the branch office for discharge
  forms.
- Ninety per cent of the policyholders were satisfied with the prompt service
  rendered by the branch office.
- Some policyholders stated that the corporation should insist the agents and
  development officers render all possible help to their clients at the time of
  claim and survival benefits settlement.

The overall conclusion from the above study were:

- There is an imperative need for keeping up the tempo of maturity claims
  settlement operations at the present level.
- It is desirable to verify the policy ledgers every fortnight for omissions in the
  computer list so that the delays can be reduced and all the claims can be
  settled before the due date.
• A few policyholders, who expressed their grievances at the delay, could have been satisfied, if some courteous and prompt attention had been paid to them when they came to office.

The Insurance Institute of India prepared a Project Report on “Marketing of Life Insurance”, (1987). This project was undertaken to examine the following aspects: Extent of life insurance coverage, awareness, attitudes and beliefs of people on life insurance, perceptions, sense of identification of employees with Life Insurance Company. He concluded that LIC is a better avenue of investment than bank deposits. LIC products are sold easily among the consumers on account of its reliability.

Rao, B.S.R. and Appa Rao Machiraju (1988) in their article entitled “Life Insurance and Emerging Trends in Financial Services Market”, contends that the agents of life insurance should improve their services to the level of financial experts. The authors felt that the change in the economic scenario would help the corporation in better services field.

Raghunadhan, R. (1988) in his article “Population - Insurable and Insured” made an attempt to analyze the insurance coverage of the insurable population and concluded that more self employed and agricultural labourers are to be tapped. The author gave a suggestion to improve and introduce new schemes to satisfy the groups.

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The National Council of Applied Economic Research, New Delhi conducted two surveys in 1988 and 1989 on “Appraisal of Quality Service in Service Organizations” and “Quality Services in Life Insurance Company” respectively. These two studies were sponsored by the Life Insurance Company. The policyholders’ general feeling is that the demand notice must be sent in time. Some policyholders rated the quality of services was excellent. Hence, by providing prompt services, the customer relationship is maintained for a long period of time.

Patki, V.V. (1989) in his article “Rural Marketing” discussed the problems of selling the life insurance in the rural areas and gave many suggestions to penetrate into the rural market. The suggestions are participation in village fairs, using audio-visual methods and explaining the merits of the life insurance to the villagers etc.

Shejwalkar, P.C. (1989) in his article “Training in life Insurance” discussed the importance of trained agent force to develop the life insurance business. He stressed that present selection pattern of the agent should be changed. He expressed his opinion that private or independent institute should be invited to impart training to the agents.

Krirubashni, B. (1991) in her study attempts to know the level of awareness, preference and influencing factor pertaining to policy holdings and to test the relationship between the influencing factors and policy holdings. The study reveals that the majority of the respondents aware of the endowment assurance policy and considered to rank it as number one. The study also revealed that there was a significant relationship between personal factors and policy holdings.

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Appi Reddy and Narasimha Murthy, G. (1992)\(^{17}\) have attempted to examine true marketing practices followed by Life Insurance Company in rural areas and problems involved in providing the services. The organization appoints development officers with responsibility in a specified territory (Trust with Trust) and special promotional efforts like field publicity vans, film shows, exhibitions etc are insisted. The study found that only 4.55 crores people have been insured against the insurable population of 21 crores, in spite of consistent efforts.

Seetaramaiah, M. (1992)\(^{18}\) in his article entitled “Fluctuations in New Business” identified the reasons for heavy work load on new business during the year ending period. He suggested some steps to overcome them. They are closing the half yearly accounts in September, giving heavy discount for the premium received in the first quarter, giving a special rebate of premium in the lean months, and completing the promotion and posting of officials by the first week of April.

Gidwani, S.J. (1996)\(^{19}\) tries to find probable solution as to why human life is valued after death in monetary terms and to what extent the life insurance is needed for an individual. He adopts three methods to study the situation.

(i) Ability to look into one’s pocket to decide how much one can save fixed sum of money so that maximum life insurance can be purchased.

(ii) Calculate individual average earning from future personal effort over the remaining year of productive life time, and

(iii) Total expenditure met during lifetime represents cost of acquisition of human asset which is productive in subsequent year.


\(^{19}\) Gidwani, S.J., “How Much Life Insurance does a Man Need”, Chartered Secretary, Jan 1996, P.31-32.
Narasima Murthy, G. (1996)\textsuperscript{20} in his paper attempts to examine and evaluate the customer service provided by company at Hanamkonda branch in Andhra Pradesh. For this purpose, opinion of the policyholders were grouped as professional and managerial group, regular income group, self employed group and agricultural group. A sample of 100 customers on random basis were selected and the data were collected, using structured questionnaire. The findings of the study was that majority of the policyholders are satisfied with premium rates fixed by Life Insurance Company and remaining felt that rates should be reviewed in view of declining mortality rate. Majority of the respondents expressed satisfaction with service of agents at the time of maturity.

Malhotra, R.N. (1996)\textsuperscript{21} a committee on reforms in the insurance sector was formed to discuss on the media’s insurance sector - According to his survey, the awareness level of various policies of both General and Life Insurance Company is quite limited. He is also of the view that a fair proportion of people are of the opinion that peerless companies are offering only general insurance.

Modawat, S.L. (1997)\textsuperscript{22} studies the change that had taken place between two decades in life insurance with particular reference to policyholders’ weal and loops. The twin objective at the time of inception was to provide protection to all the section of society and to make available the investment in priority sectors. The study revealed no spectacular increase in business from rural areas but all efforts were made to exploit the vast and untapped potential from rural business. Life fund registered an

increase at 12.83% in the year 1975-76. 17.7% the net lapse ratio was due to the misguidance of agents and development officers but targets were fixed realistically to bring down it.

Shekar Chandra (1998) in his article “Future strategies for Life insurance” discussed various issues relating to life Insurance. He has given a detailed note about new kinds of products and intimacy with the constant technology adoption for survival as well as for consistent growth.

Pamela L. Alreck and Robert B. Settle (1999) felt that the central objective of the marketer’s is not simply to have a relationship with buyer but also to build the relationship with buyer in the form of linking the brand to a particular need, associating it with a pleasant mood, appealing to sub conscious motives: conditioning buyers to prefer the brand through reward; penetrating perceptual and cognitive barriers to create preferences and providing attractive models for buyers.

Ajit Ranode and Rajeev Abuja (1999) present an overview of the operation of Life Insurance Company in India and identify the strategic issues in liberalization and the entry of private players in insurance. The author brings out the need of private players, enhances efficiently in operation, achieving a greater density and penetration of life Insurance, mobilize long term savings for infrastructure and to bring freedom in investment in order to survive and adapt to the liberalized scenario.

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Raghu Gulati (1999)\textsuperscript{26} in his survey attempts to observe the Life insurance market in relation to products and customers. A basic understanding of life insurance business, product portfolio, strategy the company adopts, demographic analysis, the customer strategy that the organization repeatedly follows when launching insurance etc. is studied. The study also reveals that the company has deep penetration in urban areas, but the people are under insured, yet there exist potential to increase the coverage of insurance. 50\% of Life Insurance Company business comes from rural areas and agents seem to be the most effective channels regarding sales. In product strategy, if the customer is in need of basis insurance product, the company should come forward to launch term profit that is to be matched with risk; a unit link product is to be launched etc.

Shresha Ayyer, V. (1999)\textsuperscript{27} in his article entitled “New Insurance Products in the Next Century” expressed his views about new products. The possibility of the aged living too long has become real because of advancement in medical facilities. Pension schemes have thus become popular though at a slow pace. Divorce rates are increasing and the insurer can look into the problem and introduce new schemes to fit them.

Vijayavani, J. (1999)\textsuperscript{28} in her prize winning technical paper entitled “Cost Effective Distribution Channels of Life Insurance Products” discussed the various methods to improve the channels of distribution. The concept of floating rebate schemes to the customer not only spreads insurance coverage but also attracts extra


customer. She suggested health insurance products for different segments. She further suggested that free offer schemes should be introduced to the customers to improve business.

**Lajput Ray Chandhani (1999)**\(^{29}\) attempts to study the monetary value of key man’s life, maximum Sum Assured and other requirements. Though introduced five years back in India, it is yet to gain prominence in the field of life insurance. He viewed that key man insurance holds good to mitigate the losses that might materiality affect the organizations profit, reduce sales, increase cost, restrict credit etc and that might be caused by key employees whose skill and knowledge is more valuable to the organization and remains almost indispensable.

**Vinay Verma (1999)**\(^{30}\) in his technical paper entitled “Retailing Personal Covers” gave some suggestions to improve the insurance business. He suggested that health insurance products for different segments. As the need of the target groups should be developed. He also suggested that free offer schemes should be introduced to the customers to improve business.

**Jaya Basu and Chandra Sekhar (2000)**\(^{31}\) discuss the problem faced by the insurance players towards majority of population being ignorant of the policies. Only 15 per cent of the total population is insured and the penetration level of insurance policies in India is only 0.5% as against 2.86% in Israel and 2.43% in Hong Kong. If this status is to be increase in India, there is a need to create customer awareness in rural areas, innovate low-prices units with a low premium and right distribution techniques with planning for rigorous training to agents, direct marketing, bank assurance etc, which can definitely prove to be a boon to new the companies entering this sector.

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Ramakrishna Reddy and Raghunadha Reddy (2000)\(^{32}\) attempt to study the issues and relate conclusion on certain matters like whether premium rates reflect the life expectancy or the policy designed only for government employees or semi-government employees or reputed commercial firms etc. The spirit of the policyholders to know about the working, drawbacks and short comings of the Life Insurance Company is discussed. The study reveals that the rates of premium charged under postal life insurance are less and cheaper compared to the rates of premium of Life Insurance Company. As it is covered for a confined class of selective masses, it is felt necessary to concentrate on uncovered areas and non-salaried class as potential Market segments. The foremost change required is to provide transparency of information to the community, as they have the freedom to access any information about the working of Company.

Malliga, R. (2000)\(^{33}\) in her study examines the association between Socio Economic Status, Personality Traits of the Agents and the Performance in Tirunelveli, Tuticorin and kanyakumari districts. Further, the impact of marketing strategies and attitude of the agents towards the organization and their performance is studied with a sample of 100 respondents using stratified random sampling. The results of the data show that performance of the agents in terms of number of policies, the Sum Assured and the total commission received was found to be dependent on the Socio-economic status. There is a significant correlation between the marketing strategies of the agents and their performance.

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Achamma Samuel (2000)\textsuperscript{34} has made an attempt to make an overview of the insurance system in India. As the insurance sector facilitates for economic development, the author tries to evaluate the insurance penetration and makes a comparison with the world standards. The study reveals that India’s insurance penetration was only 2.3% as against the world’s average of 7.8% in the year 2000. The low insurance penetration reflects on the vast potential for the development of insurance markets in India. The share of insurance as a percentage of real Gross Domestic Product during the period 1981-82 to 2000-01 was below 1%. The insurance sector has been only a marginal contributor to the country’s Gross Domestic Product. One of the reasons attributable to this could be the lack of effective competition (due to the monopoly position enjoyed) by the public sector. Opening up of the insurance sector may argue well for the growth in income from this sector.

Vijay Srinivas (2000)\textsuperscript{35} in his article entitled, “How Returns Linked Insurance Products can be Popularized?” emphasized that the insurers should link insurance products with other benefits. Low incomes, social structure, lack of understanding among the public, lack of availability of new schemes are the main reasons for low productivity for insurance in India.

Kotler, P. (2000)\textsuperscript{36} in his book, mentioned that a company practicing market segmentation realizes that buyers differ in their needs and wants, purchasing behaviour, demographic characteristics, product service usage patterns, geographic locations, buying habits and other characteristics.


India is poised to experience major changes in its insurance markets as insurers operate in an increasingly deregulated and liberalized environment. For consumers, opening up of the insurance sector will mean new products, better packaging and improved customer service product innovation and channel diversification would gain momentum, in line with the global trend of financial services convergence, the non-life insurance industry in India is thus set to see some major drama unfolding in the near future, with the public sector companies tussling with the private companies for the potentially lucrative Indian General Insurance Market.

**Mishra and Simita Mishra (2000)**\(^37\) brings the position of insurance compared with European countries, where life insurance accounts for 58% of global direct premium and non-life 42% during the year 1997. The study states that the need for insurance arises when economic activity increases, family becomes nuclear and individual become more dependent on employment.

**Anabil Battacharya (2000)**\(^38\) in his article “Indian Banks - Entry into Insurance Sector” has stated that the banking industry is perpetrating into the insurance industry. He suggested that the eligibility criteria (Framed by the IRDA - Minimum net worth to the extent of Rs.500 Crores, reasonable level of non-performing assets of the bank, continuous profit for the first three years) might be relaxed (10% of the net worth Rs.50 Crores as Minimum net worth).

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Sankariah, Rudra Saibaba and Pervaram Sreenath (2001)\(^{39}\) attempt to articulate the objectives like marketing strategies, progress in Life Insurance Company, different facilities to meet risk coverage and highlights of the new policies offered by the insurance companies in the context of privatization, liberalization and globalization. On comparing with private firms, the study elicited that different varieties of policies offered by Life Insurance Company are not available with other insurance companies as they offered only endowment and money back policies. The progress of Company is highly remarkable which recorded only 9.32 Lakhs. New policies in the year 1956 as against 148.43 Lakhs new policies in the year 2000. There is every possibility in the growth of insurance business as 57.6% of the insurable population is still uncovered. LIC intends shifting from mass - marketing to target marketing of individuals and extends reaching out to customer in the most cost effective way with target offers.

Mahesh Chandra Garg (2001)\(^{40}\) brings out the new paradigm in the insurance industry by imposing the increase in life expectancy of individuals and disintegration of joint family system. According to his view, the rate of insured which was around 7 per cent of the population in 1999 has to grow very fast because private sector operator in collaboration with their overseas partners are likely to bring in more professional and focused approach. Once competition grows, lower premium may also become a reality and the regulatory body has to ensure a balance in the enactment of the regulation in the overall development and maturity of the insurance industry.


Agarwal, R.F. (2001)\textsuperscript{41} has attempted to study the importance of information technology in the insurance industry and brings out the efficient need of providing improved services when there is competition due to private entry. In an insurance company, the service of it may be utilized in many areas like customer service, claim management, human resources etc. It is assumed that to have an overall increase in the size of the insurance market, information technology must be used on a much vigorous basis for more extensive penetration.

Paresh Parasnis (2001)\textsuperscript{42} in an article briefly discusses the various channels of distribution in the life insurance industry in India and new avenue cues being explored by the new player. The greater importance is given to the customer not only for meeting his requirements but also the impact in times of fulfillment, quality of service rendered, complexity of products etc is given priority. To conclude, the life insurance industry in transition presents - opportunities, but is also fraught with challenges of an - unknown magnitude. Therefore, only the best will survive in the long-term which enables to spot the emerging trends and helps to capitalize the benefits of its customers.

Nikhil Gupta (2001)\textsuperscript{43} in his article views that among the strategies that Indian insurers adopt, best opportunity lies in the product’s core function that is in providing a safety net. Though insurance is pooling of resources to help a few in distress, it certainly requires retaining the notion of responsibility. The author brings out the highlights in rising proportional aspects, penetration level and other projected

\textsuperscript{41} Agarwal, R.F., “Role of Information Technology in the Insurance Industry”, Chartered Secretary, Aug 2001, P. 235-237.


macro - factors along with global insurance market during the year 1999. Each private player’s viewpoints are to sell the product for customers at their own risk. Protection is discussed separately with their capital base, center owned, number of agents and free look period.

Swapan Bakshi (2001)\(^{44}\) tries to focus issues on the potential growth in insurance business and the infrastructure for banks to adopt the strategies for success in a competitive environment while opportunities are immense and the challenges are also formidable, the prospects and problems for banks planning to foray into insurance is well discussed. Entry of private players may erode the deposit base of banks, since life insurance advantage, flexibility and gestation period. The potential threat to deposits may be the factors considered for banks to go for both life and non-life sector.

Kutty, S.K. (2001)\(^{45}\) brings out the fact that the growth of the insurance industry growth is achieved not through penetration among one-segment of population i.e., the formal sector (middle class) but also the pattern of expectations in the informal sector (lower class) that helps in the sufficient spread of life insurance. The author has cited many India cases. One among the author’s own survey of 75 rural policyholders conducted in Trichur district of Kerala in 1999, the key findings are majority of the respondents are concerned with specific savings needs and smaller number were concerned with general needs. Majority felt that insurance is for a dominant need and safety for their investment.


Vasanithi Srinivasan, Prakash and Sithramu (2001)\textsuperscript{46} explore the changes taking place in management of agents in liberalized economy. The objectives of the study were to identify the competencies required and methodology adopted for selecting the effective agents. A sample of 15 agents ranging between 28-47 years, representatives, customers of agents were taken for qualitative solution. The findings indicated that a professional competency is necessary for successful insurance agents. The study also highlights the analysis of industry, how to manage agents to develop competencies and domain experts in the selection of agents.

Michael Theil (2001)\textsuperscript{47} analyses the demographic variables and the appraisal of insurance with a case analysis, pertaining to assistance products. Additional features to traditional products are referred to as assistance products. A consumer survey was conducted to find the demographic characteristics and the related assistance products. It also analyses the consumer’s judgment towards new class of insurance products. The study reveals that variables used in the survey are different and there is a weak relationship between consumer’s judgment and class of products. As demographic Variables are not performing as expected it seems advisable to focus on alternative factors.

Kishore, R.B. (2001)\textsuperscript{48} in his article “A Holistic View of Insurance Reforms and a Blue Print for Strengthening Life Insurance Company” stated that there is an enormous scope for a big breakthrough and an accelerated growth with keen healthy competition. He forecast that the Industry would generate 8 to 10 lakhs jobs in the next 5 to 7 years.


Rajat Shuvro Bakshi (2002)\textsuperscript{49} in his study attempts to know the theoretical concepts and examines the post liberalization Scenario in the existence of Insurance Regulatory and Development Authority and the strategies for the future must be based on customers, as the customers are the major driving force for the private players and is not easy to achieve especially when insurers are preparing themselves up for a competition. Insurance premium in India accounts for mere 2-3\% of Gross Domestic Product and percentage of savings is barely 5.95\% in India. The factors discussed in the study is to retain the customers, in spite of private entry are strong distribution network, strategic selection of segments, reputation, creditability and financial stability. As per Financial Times, May 14, 2002, Company records to the extent of 23 million numbers of Policies sold, compared to other private companies.

Arunajatesan (2002)\textsuperscript{50} in his study attempts to find the reason for poor penetration of insurance and influencing factors like awareness of Life Insurance Products, preferred mode of saving, insurable population, reasons for buying etc. The findings of the study were that 70\% of the population is aware of insurance through Television, Newspapers and agents and among them only 24\% are insured. Regarding the knowledge of schemes, less than 15\% are known and reasons for buying insurance is only for tax planning and risk cover only.

Ashok Thampy and Sitharama, S. (2002)\textsuperscript{51} studies the highlights of rural insurance research, an Economic Approach. Two representative districts were selected from each area in the whole of rural India, affluent areas of western Uttar Pradesh are Andhra Pradesh. The study shows that the rural sector offers huge


business opportunity and out of 124 million rural house hold, 27% already possess life policy and 51% of the respondents express to purchase a policy. This ensures that the insurance industry will grow in future.

Bajpal, G.N. (2002)\(^{52}\) in his application brings out the environmental changes like liberalization and globalization, increasing disasters, declining interest rate, convergence, discriminating customer expectation that brings challenges before the insurance industry. The industry passes through different phases of evolution of Life risk management, multi-channel distribution, network management, stake holder’s conflict management, corporate governance etc. that appears to be looming large on the emerging trends, suggest the industry to move from mere risk mitigation to net wealth management so as to have immense opportunities for growth and profit which enables to offer and transform the conceptual practices and customer relationship management.

Thiripurasundari, K. (2002)\(^{53}\) in her study attempts to know the attitude of Policyholders towards the Services of Life Insurance Company branch office at Mayiladuthurai Town in Tamil Nadu and the Level of Satisfaction of Policyholders relating to the rate of bonus, rate of premium, and medical examination etc. The study also reveals that the overall services of the branch office with regard to various aspects are satisfactory and 80% of the respondents expressed their opinion towards rate of premium as normal and bonus as moderate at the end of maturity period. Majority of the policyholders felt that the medical examination insisted for taking policy is necessary.

\(^{52}\) Bajpal, G.N., “The Challenges before the Insurance Industry in India”, Published by the A.D. Shroff Memorial Trust, Mumbai 2002.

Pushpa Kumari (2002) attempts to find out how LIC provides security to the masses and its contribution to the development of the economy. As per the annual report, number of policies in individual assurance increased more than 13 times i.e., from 85.77 Lakhs in 1961 to 1131.11 Lakhs by 2001. Rural share which was 36.5% in 1961 increased to 55.5% in 2000-01. To conclude, investment structure seems to have undergone a shift in favour of the government securities and in corporate sector as a whole.

Mittal and Anil Chandnok (2002) attempt to study the impact and perspective of insurance sector before and after privatization. In the pre-scenario privatization, 75% of the business was generated in the months of January, February and March of every year for income-tax saving, while the remaining 25% - of the business was procured in the remaining nine months. In the post-scenario privatization, private companies are likely to target the village population, which is almost untapped. A performance survey regarding the number of policies sold for the year 2001 is analyzed in the selected branches of Life Insurance Company (Ambala city, kurukshetra, karnal branch 1 and 2 in the state of Harayana). The findings of the study were that 85% of the majority of the business in the life insurance sector is from the male segment of the Indian population and only 15% of the female population is insured.

Pradeep Gupta and Sanjay Bhyana (2002) discuss the challenges and strategies in the insurance industry in India. An attempt was made to know the market

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position of different insurance brands and business practices codes given by IRDA to maintain some minimum standard. As per study after liberalization in November 1999, awareness of LIC brand shows 100% as against ICICI prudential awareness 70% followed by HDFC, with 52%. The study of Tapen Sinha states that 312 million middle class consumers in India have enough financial resources, but only 2.5% of the population has insurance coverage and India is the sixth largest market in the world.

Shaoa, S.D. (2002)\textsuperscript{57} in his article “Rebating in Insurance” gave suggestions to overcome the problem of rebating. LIC is paying 35% as first year commission to its agents. It can be spread over subsequent years. If a Policyholder fails or subsequently defaults in premium payment, the commission paid to the agents should be recovered. To implement this, IRDA has to make amendment in the IRDA Act 2000.

Rudra Saibaba (2002)\textsuperscript{58} has conducted an enquiry on “Perception and attitude of Women towards Life Insurance Policies”. According to him, 75% of women perceived that life insurance plans provided coverage against future risk, 58% of women felt that insurance provided accidental coverage, nearly 41% of women considered insurance beneficial for availing housing loans, 70% of the respondents are satisfied with the services offered by the corporation. 58.75% of the women knew about the different types of polices available with the corporation. 41% of the respondents have not taken any new polices.

\textsuperscript{57} Shaoa, S.D., “Rebating In Insurance”, The Indian Journal, Jan- June, 2002, P. 32.
Mittal, R.K. (2002)\(^{59}\) in his article “Privatization of Life insurance sector in India - impact and Perspective” stated that 10 per cent of the agents procured 90 per cent of the business and remaining 90 per cent of the agents procured the remaining 10 per cent of the business. If the awareness towards insurance is ignited vigorously the untapped potential business can be translated into actual business.

Azhagaiah and Varadharajan, R. (2003)\(^{60}\) in their study view that out of one billion people in India; only 35 million people are covered by insurance. With the entry of Private insurance Players, people have a host of schemes to choose with distinguished features, giving importance to the return on investment. Life Insurance Company has been withdrawing many of its assured return plans, due to the factors like changing customer behavior, deregulation and government intervention, competition etc. The ICICI prudential tops the rank with 40% progress followed by Max New York with 13% progress in the insurance business of India.

Ziaudeen, A. (2003)\(^{61}\) in his dissertation “Marketing of Life Insurance Services by Life Insurance Corporation of India at Thanjavur district” has discussed various aspects relating to product line, product development process, product mix, premium fixation, modification, facilities provided to policyholders, accessibility of Life Insurance Company services in Thanjavur location, training, motivation and the problem involved in it. He suggested that the level of awareness among the consumers has to be improved more in order to tap the market entirely. The marketing of LIC is found satisfactory in Thanjavur district.


Patil Kallinath, S. (2003)\textsuperscript{62} attempts to evaluate the duties of agents and to assess whether the existing products are satisfying the needs of the policyholders in Life Insurance Company branches of Gulbarga district (back ward area of Hyderabad – Karnataka) during the period 1999. The sample size is 1921 (Policyholders and agents) representing 0.20\% of the total insured population. The finding of the study revealed that insurance Products with fewer premiums and covering more risk are preferred by Policyholders and demonstration of product features by the agent is not satisfactory. It is found that in the branches rapport between the agents and development officer is not customary and majority of the respondents are dissatisfied with the kind of services rendered by the officials.

A Study conducted by Ravi Prakash, S., Satyanarayana Chary, T. and Shyamsunder, C. (2003)\textsuperscript{63} article “Globalisation - Its Impact on Insurance Industry” Indian journal of marketing revealed that the size of the existing insurance market is very large. It is also growing at the rate of 10\% per year. The estimated potentiality of the Indian insurance market in terms of premium is around $80 billion in 1999 only.

Santosh Dhar and Upinder (2003)\textsuperscript{64} present the study for the purpose of assessing the awareness and understanding of future managers about insurance. The study has revealed that five dimensions (Protects current and future needs, encourages savings, guarantees payment, ensures growth and security) are perceived as important by these future insurance managers. As people’s expectations about services tend to be strongly influenced by their prior experience of outcomes with a particular service


provider. The future managers must learn to know the customer’s specific requirements to provide individual attention and to recognize him as a regular customer.

Kaliyamoorthy and Suresh (2003) study the changes in the key factors like demographic, social, economic, political factors and strategic choices that are responsible for the growth of the service sector comparison of insurance contribution in the developed and developing countries. It clearly state the terms of saving mobilization. The study states that with the entry of private companies, competition has brought in changes but Company started offering some of the service which even the private insurance companies have not yet begun. It is necessary to keep a close watch on the trends of the industry to analyze its future development.

Punithavathi Pandian and Malliga, R. (2003) in their article impact of liberalization on the marketing performance by Life Insurance Company stressed that the marketing performance of the Life Insurance Company has increased over the last few years. The products are sold in abundance and still insurance penetration towards the mass has to be increased enormously over the forthcoming years.

Agarwal, V.K. (2004) in his article briefly discusses the various channels of distribution and new avenue being explored by the new players in the insurance sector. He states that a customer may have expectations like value added services, development of new products, technology insurance, solvency, financial security, quality trained staff etc. Though customer satisfaction may be provided by

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maintaining high professional standards and rationalized procedures etc., yet it requires new paradigms. In short, customer care is an approach of non-stop caring where only those companies will survive, which can respond to the customers’ needs faster and better than others.

Ravi Shanker (2004) attempts to know the objectives namely the reform adopted by Life Insurance Company after Nationalization, its impact, influencing factors in competition and marketing strategies adopted by the insurance companies. The findings of the study are as per the reforms, the direct insurers to have a Minimum paid up capital of Rs.1 billion invest from policyholders’ funds only in India and to restrict international companies to a Minority equity holding of 26% in any new company. The two possible limitations are (i) The rate of premium of Gross Domestic Product which is indeed comparatively low in India and (ii) new players find it easier to capture existing customers by offering better service and other advantages.

Devashish Pujari and Anand Sharma (2004) their study formulate certain objectives to elucidate the importance and application of marketing concepts in the services offered by insurance companies, and suggest measures to strengthen customer satisfaction. The study is primarily based on the observation and unstructured interviews with the executives at regional office and branch office of insurance companies The main source of information is through advertisement and information lying in the branch, divisional and regional office.

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Shobit and Sanjay Shukla (2004)\textsuperscript{70} conduct a survey in Lucknow city as well as its adjoining rural areas to understand the present scenario of private insurance players. The sample size is 200 of which rural accounts for 80 students. The finding revealed that majority of rural population showed high bias towards low premium risk coverage. The study also revealed that in urban areas, efficient customers’ services and services provided at doorstep are the two major reasons for market penetration in the private insurance sectors.

Raman, N. and Gayathri, C. (2004)\textsuperscript{71} have observed the customers awareness towards new insurance companies. They found that 53\% of the respondents belong to the age group below 30, 24\% to the age group 31-40, 2\% belong to the group of 41-50 and the rest of the respondents belong to the group of ‘above 50’. They also observed that a large percentage of the insured respondents (32\%) are professional, and 56\% of the respondents are married. It is also found that 52\% of the respondents have taken a policy to cover risk and 44\% of them to avoid tax and the remaining to invest their surplus amount.

Sharma Ravi Kumar (2005)\textsuperscript{72} performed a study on ‘Insurance Perspective in Eastern-up’ with the objective of probing into the reasons or the factors behind the purchase of the insurance product. It was found that according to 93.86\% of the respondents insurance policies are considered indispensable for risk protection.


Krishan Kumar, S. (2005)\textsuperscript{73} article highlights Life Insurance Companies rural penetration, inherent problems in implementation, growth over the years, social schemes over the year, social schemes for the rural poor and the ‘Bima gram’ Program. The study indicates that nearly 55\% of its new, individual policies have come from the rural sector. Its performance stands miles ahead of the private players. But amongst the insurance products available, very few are tailor - made for the rural population.

Kumar Jagendra (2005)\textsuperscript{74} in his study revealed that the life insurance penetration, India is just about 2\% of Gross Domestic Product. The life insurance premium per capital is just Rs.550. The Life Insurance Company is the largest player with over 2000 officers. After liberalization, it has improved its efficiency and customer services. Among the private life insurance companies ICICI prudential life insurance and Birla Sun life are the first and second largest players other prominent companies in competition are - Bajaj Allianz, HDFC, Standard life, Kodak Mahindra, ING Vysya, Aviva Life, MetLife, etc. The present study intends to prepare the profile of life policyholders to examine the preference of the policyholders towards various types of policies, and to probe into the reasons behind the insurance product purchases in rural area.

The study indicates that respondents belonging to the age group 31-40 dominate the rural insurance market around 70\% of the respondents have monthly income below Rs.8000. The women segment is still untapped in rural areas, only 12\% of the total respondents were females.

\textsuperscript{73} Krishan Kumar, S., “LIC Making Inroads into Rural India”, Insurance Chronic, 2005, P. 42-49.
Agents are the most important source of information and motivation as rural people just take a policy which the agent suggests to them. A large number of respondents have got insured themselves for life risk coverage and for future contingencies. Life Insurance Company has got the maximum (93%) market share among various life insurance players. Money back policy is the most preferred policy in rural areas followed by Jeevan Anand and endowment policy. Most of the respondents were found to be satisfied with the performance of the insurance companies. The role of advertisements is still not up to the mark in motivating rural people to buy insurance policies. During the study, it was also observed that the rural people have less faith in private players.

**Mony, S.V. (2005)** in his article entitled “New Initiatives in the Insurance Sector Opportunities and Challenges Stressed that the Co-operative Sector and the Micro-Credit Organizations”, might help in the penetration of insurance in the rural areas by formulating low cost polices. He also stressed that good customer service and information technology might help insurance companies in the penetration of insurance products into urban areas.

**Krishnamurthy, S. (2005)** in his article entitled insurance sector challenges of competition and future scenario concludes that the limited availability of data on policyholders, the low awareness among policyholders the inadequate infrastructure and technology are the major problems of the insurance industry in marketing its products.

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Sandep Bakhshi (2005)\textsuperscript{77} in his article entitled “Integrated Approach; Key to Growth and Development” Stressed that Multi - Product, Multi - Channel and Multi - Segment Routes might help the insurance industry to improve the penetration level in the domestic market.

Ramesh Bhat and Dixit, M.R. (2005)\textsuperscript{78} in their article entitled “Bancassurance Exploiting an Opportunity with Partnerships” conclude that banks are the potential partners in distributing the insurance products in the market.

Sunil Maheswari (2005)\textsuperscript{79} in her article entitled “managing insurance and the Agents”, pointed out that those quality agents can sell insurance products in the market successfully.

Manchanda, S.M. (2005)\textsuperscript{80} in his article entitled “Need to Cover the Death Risk”, concluded that insurance companies should educate their customers on different products, which suit their special needs.

Prakasha Rao, B.K.S. and Venkateswara Rao, B.H. (2005)\textsuperscript{81} in their article “Buoyant Rural Markets” concluded that the establishment of micro-branches and the appointment of specialized insurance agents in rural areas help the policyholders to market different insurance products.

Jack Burke (2005)\textsuperscript{82} in his article entitled “the Art of Building a Relationship” stressed that only post-sales service help in capturing more customers.

In India, insurance has not been on the main agenda of either individuals or corporate.

Hence, reforms encompass not merely regulatory intervention but also promotional effort to develop the market. The steady growth of the industry, as also the consolidation of private player progressively bears a silent testimony to the proactive regulatory regime in place in India.

Namasivayam, Ganesan, S. and Rajendran, S. (2006) examined the socio-economic factors that are responsible for purchase of life insurance policies and the preference of the policyholders towards various types of policies of Company. From the analysis, it was found that factors such as age, educational level and sex of the policyholders are insignificant, but income level, occupation and family size are significant factors for the purchase of LIC products.

A study conducted by Rajesham, Ch. and Rajender, K. (2006) article “Changing Scenario of Insurance Sector” Indian Journal of marketing revealed that insurance companies of India are required to come up with multi-benefit policies including tax benefits with quality based timely customer services and need to focus on health insurance which is one of the untapped areas of insurance including services through innovative products, smart marketing and aggressive distribution with internet facility with much individual attention transparency and flexibility to increase the quality and volume of insurance business. Today, the focus is on selling more products to existing customers to improve profitability, therefore customer - focused strategies require an effective CRM ensuring insurance firms monitor the ebb and flow of customer behaviour, giving them a holistic 360-degree view for their customers.

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A study conducted by Raman, N. and Gayathri, C. (2006)\textsuperscript{85} article “A Study on Customer’s Awareness towards New Insurance Companies”, Indian journal of Marketing revealed that customers are now looking at insurance as complete financial solutions offering stable returns coupled with total protection. Companies will need to constantly innovate in terms of product development to meet over changing consumer needs. Understanding the customer better will enable insurance companies to design appropriate products, determine price correctly and increase profitability. In the present scenario a key differentiated would be professional customer service in terms of quality of advice on enhancing the customer convenience.

A study conducted by Nagajothi, R.S. and Hasanbanu, S. (2007)\textsuperscript{86} article “A Study of the Insurance Perspective in Uthamapalayam Taluk” Indian journal of marketing revealed that in India, the insurance has not been on the main agenda of either individuals or corporate. Hence, reforms encompass not merely regulatory intervention but also promotional effort to develop the market. The steady growth of the industry, as also the consolidation of private players progressively bears a silent testimony to the proactive regulatory regime in place in India.

A study conducted by Bodla, B.S. and Sushma Rani Verma (2007)\textsuperscript{87} article “Life Insurance Policies in Rural Area and Understanding Buyer Behaviour”, ICFAI University revealed that insurance sector plays a very important role in the development of any economy and it provides long-term funds for infrastructure development and at the same time strengthens the risk taking ability.

A study conducted by Tanmay Acharya, Harshita Mishra and Venkataseshaiah, S. (2007) article “Customer Preferences in Insurance Industry in India”. The ICFAI journal of marketing services revealed that the purchasing decision of the consumer depends on quality, accessibility, company type, recommendations and promptness of service. India is poised to experience major changes in its insurance markets as insurers operate in an increasingly deregulated and liberalized environment. For consumers, opening up of the insurance sector will mean new products, better packaging and improved customer service.

Patil, P.B. and Thakkar, P.N. (2007) article “Impact of Disinvestment on Banking and Insurance Sector” revealed that a strong competition among the insurance companies has led to better services being provided by customer satisfaction can be known from the customer retention ratio. Now most of the companies are customer centric approach, rather than product centric approach which is leading to customer-retention ratio.

A study conducted by Keerthi, P. and Vijayalakshmi, R. (2009) “A Study on the Expectations and Perceptions of the Services in Private Life Insurance Companies” reveals that the policyholders’ expectations are well met in the case of certain factors reacting to service quality. But in the case of other variables, there exists a significant gap which means that policyholders have experienced low levels of service as against their expectations. If all the players in the Life insurance industry focus on the effective delivery of services, they can win the hearts of customers and anticipate their increased market share.

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A study conducted by Sunayna Khurana (2008)\textsuperscript{91} article “Customer Preferences in Life Insurance Industry in India”, revealed that the insurance sector plays a very important role in the development of any economy. It is necessary for the economic and overall development of any country. In today’s competitive economy, the business, finance and insurance sector plays a very important role. More and more job opportunities are available in these sectors.

A study conducted by Raju, S. and Gurupandi, M. (2009)\textsuperscript{92} in their article “Analysis of the Socio Economic Background and Attitude of the Policyholders towards Life Insurance Corporation of India”, Smart Journal of Business Management Studies revealed that the study was of great help to the policyholders, as it was aimed at finding the attitude towards the services of Life Insurance Company. Hence the prospective customers, who propose to buy the insurance products and avail of the services of an insurance company for the first time, can get benefited by the best service provider.

A study conducted by Varaprasad, V. and Murali Krishna, B. (2009)\textsuperscript{93} article “Insurance sector: Strategies for Intermediation and Marketing”, Smart Journal of Business Management studies revealed that the suggestions brought forward by this study are mixed. The contribution of insurance sector to economic development hardly affects financial intermediation. He concluded that in order to make insurance sector significant component of financial intermediation process, complete deregulation and increase in face of reforms are essential at the same time, by adopting proper segmentation capture significant share in the market for the overall benefit of organizations.

Shivanand H. Lengti (2009) in his article “Insurance Disputes in India” revealed that the insurance consumers have the option to select the appropriate authority and forum. It may be the insurance ombudsman or the consumer councils, to settle their disputes.

Praveen Sanu, Gaurav Jaiswal and Vijay Kumar Panday (2009) in their article, “A Study of Buying Behaviour of Consumers towards Life Insurance Company”, Prestige institute of Management and Research, Gwalior, revealed that in present Indian market, the investment habits of Indian consumers are changing very frequently. The individuals have their own perception towards various types of investment plans.

Selvavinayagam, K. and Mathivanan, R. (2010) article has revealed that the competitive climate in the Indian insurance market has changed dramatically over the last few years. At the same time, changes have been taking place in the government regulations and technology. The expectations of policyholders are also changing. The existing insurance companies have to introduce many new products in the market, which have competitive advantage over the products of life insurance companies.

Ramanathan, K.V. (2011) research has resulted in the development of a reliable and valid instrument for assessing customer perceived service quality, awareness level, and satisfaction level of customers towards life insurance industry. Here, service quality needs to be measured using a six dimensional hierarchal

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97 Ramanathan, K.V., A Project on ”A Study on Policyholders Satisfaction with Special Reference to Life Insurance Corporation of India, Thanjavur Division, Bharathidasan University, 2011.
structure consisting of assurance, competence, personalized financial planning, corporate image, tangibles and technology dimensions. This would help the service managers to efficiently allocate resources, by focusing on important dimensions first. There is no right and wrong in this. The success of marketing insurance depends on understanding the social and cultural needs of the target population, and matching the market segment with the suitable intermediary segment.

**How far the present study were different from the earlier studies**

The past related reviews are basically relating to marketing strategies, its current impacts, customers awareness towards new polices, insurance penetration, insurance perception, buying behaviour towards Life Insurance Company, opportunities and challenges in Life Insurance Company, case study, operations of Life Insurance Company, comparison with other countries, channels of distribution, potential growth in insurance, reforms adopted by Life Insurance Company, consumer preference in insurance industry, attitude of policyholders to its life insurance company services and its contribution towards the development of an economy.

There is no specific and in depth study relating to the Endowment policy of Life Insurance Company. This enabled the Researcher to carry out the intensive research in the field of Consumer behaviour towards Endowment policy in Perambalur district. The Researcher has identified that the majority of the family living in Perambalur District are dependent upon Agriculture. They can’t invest more and pay premium regularly due to high sum-assured. Taking single Policy also finds it very difficult to them. These ambitions are fulfilled through the scheme existing in Endowment policy. This also paves way for the researcher to carry out the research relating to the behaviour of the Consumers towards Endowment policy of Life Insurance Company.