CHAPTER - I
INTRODUCTION AND DESIGN OF THE STUDY

INTRODUCTION

The insurance industry of India consists of 53 insurance companies of which 24 are in life insurance business and 29 are non-life insurers. Among the life insurers, Life Insurance Corporation (LIC) is the sole public sector company. Apart from that, among the non-life insurers there are six public sector insurers. In addition to these, there is sole national re-insurer, namely, General Insurance Corporation of India (GIC Re). Other stakeholders in Indian Insurance market include agents (individual and corporate), brokers, surveyors and third party administrators servicing health insurance claims.

Out of 29 non-life insurance companies, five private sector insurers are registered to underwrite policies exclusively in health, personal accident and travel insurance segments. They are Star Health and Allied Insurance Company Ltd, Apollo Munich Health Insurance Company Ltd, Max Bupa Health Insurance Company Ltd, Religare Health Insurance Company Ltd and Cigna TTK Health Insurance Company Ltd. There are two more specialised insurers belonging to public sector, namely, Export Credit Guarantee Corporation of India for Credit Insurance and Agriculture Insurance Company Ltd for crop insurance.
MARKET SIZE

India's life insurance sector is the biggest in the world with about 360 million policies which are expected to increase at a compound annual growth rate (CAGR) of 12-15 per cent over the next five years. The insurance industry plans to hike penetration levels to five per cent by 2020.

The country’s insurance market is expected to quadruple in size over the next 10 years from its current size of US$ 60 billion. During this period, the life insurance market is slated to cross US$ 160 billion.

The general insurance business in India is currently at Rs 78,000 crore (US$ 11.7 billion) premium per annum industry and is growing at a healthy rate of 17 per cent. The Indian insurance market is a huge business opportunity waiting to be harnessed. India currently accounts for less than 1.5 per cent of the world’s total insurance premiums and about 2 per cent of the world’s life insurance premiums despite being the second most populous nation. The country is the fifteenth largest insurance market in the world in terms of premium volume, and has the potential to grow exponentially in the coming years.

INVESTMENTS

The following are some of the major investments and developments in the Indian insurance sector.

- The Insurance Regulatory and Development Authority of India (IRDAI) is planning to simplify the approval process for online insurance products.
• The Central Government is planning to launch an all-in-one insurance scheme for farmers called the Unified Package Insurance Scheme (Bhartiya Krishi Bima Yojana). The proposed scheme will have various features like crop insurance, health cover, personal accident insurance, livestock insurance, insurance cover for agriculture implements like tractors and pump sets, student safety insurance and life insurance.

• Government launched a special enrolment drive, Suraksha Bandhan Drive comprising of sale of gift cheques and launch of deposit schemes in bank branches, to facilitate enrolment under Pradhan Mantri Suraksha Bima Yojana (PMSBY) and Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY).

• To increase the subscriber base and ensure wider reach, the Central Government has eased several norms for its flagship insurance scheme Atal Pension Yojana (APY), in terms of more options for periodical contributions, voluntary and premature exits and simplified penalty for payment delays.

• Bennett Coleman and Co. Ltd (BCCL), the media conglomerate with multiple publications in several languages across India, is set to buy Religare Enterprises Ltd’s entire 44 per cent stake in life insurance joint venture Aegon Religare Life Insurance Co. Ltd. The foreign partner Aegon is set to increase its stake in the joint venture from 26 per cent to 49 per cent, following government’s reform measure allowing the increase in stake holding by foreign companies in the insurance sector.

• GIC Re and 11 other non-life insurers have jointly formed the India Nuclear Insurance Pool with a capacity of Rs 1,500 crore (US$ 226
and will provide the risk transfer mechanism to the operators and suppliers under the CLND Act.

- State Bank of India has announced that BNP Paribas Cardif is keen to increase its stake in SBI Life Insurance from 26 per cent to 36 per cent. Once the foreign joint venture partner increases its stake to 36 per cent, SBI’s stake in SBI Life will get diluted to 64 per cent.

- Bangladesh has granted permission to the Life Insurance Corporation of India (LIC) to run its business, making it the second foreign insurance company to operate in the country.

- Reliance Life Insurance Company (RLIC) today said it will add 20,000 agents across India in this financial year as part of its expansion plans. It will increase their agency force by 20 per cent which now stands at 100,000.

Methods for transferring or distributing risk were practiced by Chinese and Babylonian traders as long ago as the 3rd and 2nd millennia BC, respectively. Chinese merchants travelling treacherous river rapids would redistribute their wares across many vessels to limit the loss due to any single vessel's capsizing. The Babylonians developed a system which was recorded in the famous Code of Hammurabi, c. 1750 BC, and practiced by early Mediterranean sailing merchants. If a merchant received a loan to fund his shipment, he would pay the lender an additional sum in exchange for the lender's guarantee to cancel the loan should the shipment be stolen or lost at sea.
At some point in the 1st millennium BC, the inhabitants of Rhodes created the general average. This allowed groups of merchants to pay to insure their goods being shipped together. The collected premiums would be used to reimburse any merchant whose goods were jettisoned during transport, whether to storm or sinkage.

Separate insurance contracts (i.e., insurance policies not bundled with loans or other kinds of contracts) were invented in Genoa in the 14th century, as were insurance pools backed by pledges of landed estates. The first known insurance contract dates from Genoa in 1347, and in the next century maritime insurance developed widely and premiums were intuitively varied with risks. These new insurance contracts allowed insurance to be separated from investment, a separation of roles that first proved useful in marine insurance.

Property insurance as we know it today can be traced to the Great Fire of London, which in 1666 devoured more than 13,000 houses. The devastating effects of the fire converted the development of insurance "from a matter of convenience into one of urgency, a change of opinion reflected in Sir Christopher Wren's inclusion of a site for 'the Insurance Office' in his new plan for London in 1667". A number of attempted fire insurance schemes came to nothing, but in 1681, economist Nicholas Barbon and eleven associates established the first fire insurance company, the "Insurance Office for Houses", at the back of the Royal Exchange to insure brick and frame homes. Initially, 5,000 homes were insured by his Insurance Office.

At the same time, the first insurance schemes for the underwriting of business ventures became available. By the end of the seventeenth century, London's growing importance as a center for trade was increasing demand for
marine insurance. In the late 1680s, Edward Lloyd opened a coffee house, which became the meeting place for parties in the shipping industry wishing to insure cargoes and ships, and those willing to underwrite such ventures. These informal beginnings led to the establishment of the insurance market Lloyd's of London and several related shipping and insurance businesses.

Leaflet promoting the National Insurance Act 1911.

The first life insurance policies were taken out in the early 18th century. The first company to offer life insurance was the Amicable Society for a Perpetual Assurance Office, founded in London in 1706 by William Talbot and Sir Thomas Allen. Edward Rowe Mores established the Society for Equitable Assurances on Lives and Survivorship in 1762.

It was the world's first mutual insurer and it pioneered age based premiums based on mortality rate laying the framework for scientific insurance practice and development and the basis of modern life assurance upon which all life assurance schemes were subsequently based.

In the late 19th century, accident insurance began to become available. This operated much like modern disability insurance. The first company to offer accident insurance was the Railway Passengers Assurance Company, formed in 1848 in England to insure against the rising number of fatalities on the nascent railway system.

By the late 19th century, governments began to initiate national insurance programs against sickness and old age. Germany built on a tradition of welfare programs in Prussia and Saxony that began as early as in the 1840s. In the 1880s Chancellor Otto von Bismarck introduced old age pensions,
accident insurance and medical care that formed the basis for Germany's welfare state. In Britain more extensive legislation was introduced by the Liberal government in the 1911 National Insurance Act. This gave the British working classes the first contributory system of insurance against illness and unemployment. This system was greatly expanded after the Second World War under the influence of the Beveridge Report, to form the first modern welfare state.

INSURABILITY

Risk which can be insured by private companies typically shares seven common characteristics:

1. Large number of similar exposure units: Since insurance operates through pooling resources, the majority of insurance policies are provided for individual members of large classes, allowing insurers to benefit from the law of large numbers in which predicted losses are similar to the actual losses. Exceptions include Lloyd's of London, which is famous for insuring the life or health of actors, sports figures, and other famous individuals. However, all exposures will have particular differences, which may lead to different premium rates.

2. Definite loss: The loss takes place at a known time, in a known place, and from a known cause. The classic example is death of an insured person on a life insurance policy. Fire, automobile accidents, and worker injuries may all easily meet this criterion. Other types of losses may only be definite in theory. Occupational disease, for instance, may involve prolonged exposure to injurious conditions where no specific
time, place, or cause is identifiable. Ideally, the time, place, and cause of a loss should be clear enough that a reasonable person, with sufficient information, could objectively verify all three elements.

3. Accidental loss: The event that constitutes the trigger of a claim should be fortuitous, or at least outside the control of the beneficiary of the insurance. The loss should be pure, in the sense that it results from an event for which there is only the opportunity for cost. Events that contain speculative elements such as ordinary business risks or even purchasing a lottery ticket are generally not considered insurable.

4. Large loss: The size of the loss must be meaningful from the perspective of the insured. Insurance premiums need to cover both the expected cost of losses, plus the cost of issuing and administering the policy, adjusting losses, and supplying the capital needed to reasonably assure that the insurer will be able to pay claims. For small losses, these latter costs may be several times the size of the expected cost of losses. There is hardly any point in paying such costs unless the protection offered has real value to a buyer.

5. Affordable premium: If the likelihood of an insured event is so high, or the cost of the event so large, that the resulting premium is large relative to the amount of protection offered, then it is not likely that the insurance will be purchased, even if on offer. Furthermore, as the accounting profession formally recognizes in financial accounting standards, the premium cannot be so large that there is not a reasonable chance of a significant loss to the insurer. If there is no such chance of loss, then the transaction may have the form of insurance, but not the
substance (see the U.S. Financial Accounting Standards Board pronouncement number 113: Accounting and Reporting for Reinsurance of Short-Duration and Long-Duration Contracts.

6. Calculable loss: There are two elements that must be at least estimable, if not formally calculable: the probability of loss, and the attendant cost. Probability of loss is generally an empirical exercise, while cost has more to do with the ability of a reasonable person in possession of a copy of the insurance policy and a proof of loss associated with a claim presented under that policy to make a reasonably definite and objective evaluation of the amount of the loss recoverable as a result of the claim.

7. Limited risk of catastrophically large losses. Insurable losses are ideally independent and non-catastrophic, meaning that the losses do not happen all at once and individual losses are not severe enough to bankrupt the insurer, insurers may prefer to limit their exposure to a loss from a single event to some small portion of their capital base. Capital constrains insurers' ability to sell earthquake insurance as well as wind insurance in hurricane zones. In the United States, flood risk is insured by the federal government. In commercial fire insurance, it is possible to find single properties whose total exposed value is well in excess of any individual insurer's capital constraint. Such properties are generally shared among several insurers, or are insured by a single insurer who syndicates the risk into the reinsurance market.
METHODS OF INSURANCE

In accordance with study books of The Chartered Insurance Institute, there are the following types of insurance:

1. Co-insurance – risks shared between insurers
2. Dual insurance – risks having two or more policies with same coverage
3. Self-insurance – situations where risk is not transferred to insurance companies and solely retained by the entities or individuals themselves
4. Reinsurance – situations when Insurer passes some part of or all risks to another Insurer called Reinsurer

CLAIMS

Claims and loss handling is the materialized utility of insurance; it is the actual product paid for. Claims may be filed by insure directly with the insurer or through brokers or agents. The insurer may require that the claim be filed on its own proprietary forms, or may accept claims on a standard industry form, such as those produced by ACORD.

Insurance company claims departments employ a large number of claims adjusters supported by a staff of records management and data entry clerks. Incoming claims are classified based on severity and are assigned to adjusters whose settlement authority varies with their knowledge and experience. The adjuster undertakes an investigation of each claim, usually in close cooperation with the insured, determines if coverage is available under the terms of the insurance contract, and if so, the reasonable monetary value of the claim, and authorizes payment.
The policyholder may hire their own public adjuster to negotiate the settlement with the insurance company on their behalf. For policies that are complicated, where claims may be complex, the insured may take out a separate insurance policy add-on, called loss recovery insurance, which covers the cost of a public adjuster in the case of a claim.

Adjusting liability insurance claims is particularly difficult because there is a third party involved, the plaintiff, who is under no contractual obligation to cooperate with the insurer and may in fact regard the insurer as a deep pocket. The adjuster must obtain legal counsel for the insured, monitor litigation that may take years to complete, and appear in person or over the telephone with settlement authority at a mandatory settlement conference when requested by the judge.

If a claims adjuster suspects under-insurance, the condition of average may come into play to limit the insurance company's exposure.

In managing the claims handling function, insurers seek to balance the elements of customer satisfaction, administrative handling expenses, and claims overpayment leakages. As part of this balancing act, fraudulent insurance practices are a major business risk that must be managed and overcome. Disputes between insurers and insured over the validity of claims or claims handling practices occasionally escalate into litigation.

MARKETING

Insurers will often use insurance agents to initially market or underwrite their customers. Agents can be captive, meaning they write only for one company, or independent, meaning that they can issue policies from several
companies. The existence and success of companies using insurance agents is likely due to improved and personalized service.

**TYPES OF INSURANCE**

Any risk that can be quantified can potentially be insured. Specific kinds of risk that may give rise to claims are known as perils. An insurance policy will set out in detail which perils are covered by the policy and which are not. Below are non-exhaustive lists of the many different types of insurance that exist. A single policy may cover risks in one or more of the categories set out below. For example, vehicle insurance would typically cover both the property risk and the liability risk. A home insurance policy in the United States typically includes coverage for damage to the home and the owner's belongings, certain legal claims against the owner, and even a small amount of coverage for medical expenses of guests who are injured on the owner's property.

Business insurance can take a number of different forms, such as the various kinds of professional liability insurance, also called professional indemnity (PI), which are discussed below under that name; and the business owner's policy (BOP), which packages into one policy many of the kinds of coverage that a business owner needs, in a way analogous to how homeowners insurance packages the coverages that a homeowner needs.
AUTO INSURANCE

Auto insurance protects the policyholder against financial loss in the event of an incident involving a vehicle they own, such as in a traffic collision. Coverage typically includes:

- Property coverage, for damage to or theft of the car
- Liability coverage, for the legal responsibility to others for bodily injury or property damage
- Medical coverage, for the cost of treating injuries, rehabilitation and sometimes lost wages and funeral expenses

GAP INSURANCE

Gap insurance covers the excess amount on your auto loan in an instance where your insurance company does not cover the entire loan. Depending on the company's specific policies it might or might not cover the deductible as well. This coverage is marketed for those who put low down payments, have high interest rates on their loans, and those with 60-month or longer terms. Gap insurance is typically offered by a finance company when the vehicle owner purchases their vehicle, but many auto insurance companies offer this coverage to consumers as well. If you are unsure if GAP coverage had been purchased, you should check your vehicle lease or purchase documentation.

HEALTH INSURANCE

Health insurance policies cover the cost of medical treatments. Dental insurance, like medical insurance, protects policyholders for dental costs. In most developed countries, all citizens receive some health coverage from their
governments, paid for by taxation. In most countries, health insurance is often part of an employer's benefits.

GOVERNMENT INITIATIVES

The Government of India has taken a number of initiatives to boost the insurance industry. Some of them are as follows:

- IRDAI has formulated a draft regulation, IRDAI (Obligations of Insures to Rural and Social Sectors) Regulations, 2015, in pursuance of the amendments brought about under section 32 B of the Insurance Laws (Amendment) Act, 2015. These regulations impose obligations on insurers towards providing insurance cover to the rural and economically weaker sections of the population.

- The Government of India has launched two insurance schemes as announced in Union Budget 2015-16. The first is Pradhan Mantri Suraksha Bima Yojana (PMSBY), which is a Personal Accident Insurance Scheme. The second is Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY), which is the government’s Life Insurance Scheme. Both the schemes offer basic insurance at minimal rates and can be easily availed of through various government agencies and private sector outlets.

- The Uttar Pradesh government has launched a first of its kind banking and insurance services helpline for farmers where individuals can lodge their complaints on a toll free number.

  Government of India has launched an insurance pool to the tune of Rs 1,500 crore (US$ 226 million) which is mandatory under the Civil Liability
for Nuclear Damage Act (CLND) in a bid to offset financial burden of foreign nuclear suppliers.

**INSURANCE**

The business of insurance is related to the protection of the economic value of assets. Every asset has a value. The assets have been created through the efforts of the owner who expects to get value out of them, when unexpected events take place. The benefits may be in the form of compensation. Insurance is a mechanism that helps to reduce the effects of adverse situations and indemnity to the insured for any loss incurred. Insurance is a social device whereby the risks of individuals may be minimized and security is provided to them by the insurance companies either one time contribution or periodical contributions.

In India, Insurance is a flourishing industry, with several national and international players competing and growing at rapid rates. Thanks to reforms and the easing of policy regulations, the Indian Insurance sector has been allowed to flourish and as Indians become more familiar with different insurance products, this growth can only increase; the period from 2010 - 2015 projected to be the 'Golden Age' for the Indian Insurance industry. According to a Forrester survey, 88% of the Life insurance executives responding, identified agents as the primary channel of distribution.¹

In the new economic reality of globalization, insurance companies face a dynamic global business environment. Radical changes are taking place owing to the internationalization of activities, the appearance of new risks, new

¹ Forrester Research "Reinventing Life Insurance Sales" by Todd Eyler with Ron Shevling, December 2001
types of covers to match with new risk situations, and unconventional and innovative ideas on customer service. Low growth rates in developed markets, changing customer needs, and the uncertain economic conditions in the developing world are exerting pressure on insurer’s resources while testing their ability to survive.

The existing insurers are facing difficulties from non-traditional competitors who are entering the retail market with new approaches and through new channels.

The rapidly changing economic scene, the political attitude, social values and structures, cultural patterns, developments in Information Technology have transformed life styles in urban and rural areas\(^2\). Their cumulative impact introduces elements of uncertainty in the possible developments in all sectors. At the same time Insurance industry does not remain untouched. Development in other parts of the world, which is witnessing sweeping changes in terms of convergence of financial and insurance markets through bank assurance, replacement of reinsurance contracts by financial instruments, sales of insurance through unconventional distribution channels and consolidation through merger and acquisitions will also have their impact on the Indian Insurance industry. Till the year 2000, the insurance industry was a government monopoly. It is now experiencing cut-throat competitions because, a number of players have entered into the Indian market in the form of joint ventures with Indian private sector partners.

\(^2\) The rural areas are considered as the grass roots of the society for different reasons- nearly 70% of the population of our country lives areas, and the rural areas possess more natural resources and contribute to the development of economy.
Consequently, Indian Insurance industry is closely integrated with world economy thereby making it imperative for insurance companies to operate outside national boundaries. During the long monopoly regime, the government attempted minor changes in the procedures without going into the root cause. The deregulation requires the comprehensive changes in the character and basic policies of the industry. Increasing market competition, heightened customer service expectations and the need to build competencies that stand out from the competition are some of the key challenges facing the insurance industry today. In response, insurance companies expand and enhance offers, and searching for new customer segments.

They’re focusing on better servicing of existing customers by improving response times and improving the exchange of information. All of these efforts require that insurance companies do a better job of sharing information across business units that traditionally have been isolated.

Irrespective of large number of products which are in the insurance sectors, the success and failure finally remains in the hand of the customer who is undisputedly is the “king”.

Customers’ satisfaction of insurance should aim at customer delight in the present context.

**IMPORTANCE OF THE STUDY**

Consumers’ satisfaction is the major focus of any marketer, whether marketing tangible products or intangible services. Life insurance, as a service and intangible in nature could be sold, only if the buyers are satisfied with the

---

3 Customers are too good to lose -------- Lets keep them happy! “Customer is the king”. “Earth is not the center of universe but revolves around the Sun”. –Copernicus.

4 Marketing starts with the customer and ends the customer.” – Peter Drucker.
service. How far the customers are satisfied or to what extent customers can be delighted? These are the concerns of the insurance providers. By understanding the level of consumers satisfaction, the marketer can take measures, to retain the existing ones and to secure fresh customers. Hence this study in detail way, to find out the extent of satisfaction of policyholders of Life Insurance Corporation.

**STATEMENT OF THE PROBLEM**

Insurance sector, as a whole has contributed to the development of economy through generation of employment opportunities, acceleration of industrial growth etc. Although Life insurance Corporation of India has its own significance and place in the economy, it is not free from problems. Customer satisfaction is the true differentiator for the success of any business and is more so in insurance, where the products are perceived to be intangible. The three main aspects i.e. awareness level, service quality, satisfaction level of policyholders. Studying the policyholders’ behaviour and analyzing the existing marketing strategies of LIC of India with reference to various products offered by the company along with plans and policyholders satisfaction will be of social relevance in the present context.

**OBJECTIVES OF THE STUDY**

1. To study the demographic profile and awareness level of the respondents.

2. To understand the perception on Customer Relationship activities of LIC.
3. To identify the factors influencing policyholders’ satisfaction in LIC products.

4. To study the policyholders’ response towards marketing activities of LIC.

5. To identify the reasons to switch over from LIC to other companies.

6. To identify the satisfaction level between rural and urban customers.

SCOPE AND SIGNIFICANCE OF THE STUDY

The scope of the study lies in finding out the perception of customers in Thanjavur Division. The study will be able to reveal the preferences, needs, satisfaction of the customers regarding the insurance services. It also helps insurance to know whether the existing products or services are offering really satisfying the customers’ needs. Through responses taken by 300 policyholders during a period of five years and highlighting the key areas which require some concern on part of LIC of India and improving upon which the company may strengthen its customer base. The present study, analysis, findings, suggestions and conclusion proposed by the present researcher will be of immense use for future researcher with similar studies in insurance market. High quality products with quality support services both in terms of international standards and competitiveness have entered into our country. Customer satisfaction has emerged as the key differentiator and defining attribute. The study is very much significant because it brings out the differences in various parameters like awareness level, service quality, satisfaction level of policyholders' investment products of LIC and these are the main attributes to build up the
customer perception and loyalty towards a company. The study is significant because it will help LIC to create a positive impact on its customers by working on its lacking qualities.

**RESEARCH METHODOLOGY**

Who design the structured interview schedule which is finalised after made pre test. The suitable methodology is an important for analysing the data gathered for the study. The present study is based on both primary and secondary data. Primary data were collected through collection of data, the filled up interview schedules are edited properly. A master table is prepared to sum up all the information. With the help of the master table, classification tables are prepared and they are taken directly for analysis.

**SAMPLING DESIGN**

The universe for the study is comprised to the policyholders of LIC in Thanjavur Division. The sample, policy holders were picked from sample frame, listed by the three branch managers and five agents. The sample was a group as urban and rural clusters. In each cluster, a sample of 150 policyholders was approached at the convenience of the researcher and the policyholders. The necessary data were collected from the 300 policyholders in all.

**AREA OF THE STUDY**

The location selected is at Thanjavur Division in Tamilnadu.
RESEARCH DESIGN

The Researcher used convenience Descriptive Research Design to study the service quality, awareness level, satisfaction level and its key dimensions in life insurance sector. The questionnaire was divided into two sections. In the first part information related to different socio-economic and demographic criteria like income, age, profession, educational qualification, are collected. In the second part, respondents were asked to evaluate parameters on awareness level, satisfaction level, and service quality, relevant to insurance product of LIC on a 5 point scale (“strongly agree” to “strongly disagree.”

Specially, these service quality aspects were identified by a detailed exploratory identification process. This includes two focus group discussions with 300 (Rural and urban) life insurance policyholders and eight in-depth interviews (three with branch managers and five with agents of LIC). Content analysis of focus group discussions and depth interviews were performed.

SOURCES OF DATA

The study is mainly based on primary data collected from the field survey using pre-tested questionnaire. Secondary data were collected from various sources such as journals, magazines, publications and various websites including the official websites of IRDA & LIC. The published research reports and market studies also helped the researcher to probe into the problem.

DATA EVALUATION

The data collected were not simply accepted as it contained unnecessary
information and over or under emphasized facts. Therefore only relevant data were included in the report, which helped in achieving the objectives of the project.

**STATISTICAL TOOLS USED**

The collected data have been consolidated, tabulated and analyzed by using relevant statistical tools like, Standard Deviation, Factor Analysis, Correlation, One Way ANOVA, Perceptual Mapping and Henry Garret Ranking Method. The SPSS 16 package was utilized for analyzing the data. The interpretation of the study is done by using tables, graphs and charts to give meaningful results.

**PRE-TESTING AND PILOT STUDY**

The questionnaire was given to some research experts for a critical view regard to its content, format and sequence and their feedback was incorporated. Then questionnaire was distributed to 20 respondents for pre-testing and pilot study was also conducted. Pre-testing was done to ensure reliability and validity of the questionnaire. It was done to check whether the instrument was correctly framed in an understandable manner. Taking into consideration the suggestions of the selected sample respondents, necessary modifications and changes were incorporated in the questionnaire after the pilot study. The respondents included in the pilot study were not included as samples for the final study.
RELIABILITY

Reliability refers to the consistency or repeatability of the questionnaire for further analysis. The reliability of the questions was empirically examined in order to understand the coherence in the responses made. Reliability of the scales was ensured with Cronbach’s alpha coefficient. The coefficient varies between the values 0 to 1. If the score is closer to the value ‘1’, the internal consistency in the questionnaire is perfect and if the score is closer to ‘0’, there is poor internal consistency among the questions in the scale constructed.

Cronbach’s alpha measures, how well a set of items (or variables) measures a single one-dimensional latent construct.

Cronbach’s alpha can be written as a function of the number of test items and the average inter-correlation among the items. Cronbach’s $\alpha$ is defined as

$$\alpha = \frac{N}{N-1} \left( 1 - \frac{\sum_{i=1}^{N} \sigma_{Yi}^2}{\sigma_X^2} \right)$$

where $N$ is the number of components (items or test lets), $\sigma_X^2$ is the variance of the observed total test scores, and $\sigma_{Yi}^2$ is the variance of component.

Cronbach’s alpha can be interpreted as the percent of variance the observed scale that would explain hypothetical true scale composed of all possible items in the universe. Alternatively, it can be interpreted as the
correlation of the observed scale with all possible other scales measuring the same thing and using the same number of items.

The Cronbach alpha score for the attributes that influences the LIC product and services was calculated to be 0.906 which is greater than 0.7 it can be seen that the factors chosen are quite good and relevant. Thus, the internal consistency of the questionnaire is good enough to proceed for further data collection and analysis. (The all reliability out puts is enclosed along with annexure Page No. ii, iii & iv).

LEVEL OF SIGNIFICANCE

After examining the construct validity of the instrument, the data was collected, tabulated, processed and analyzed with reference to each of the specific objectives, with the help of appropriate tools of analysis. All tests were conducted for ten percent level, five percent level and one percent level of significance. Analysis made to meet the purpose of each of the specific objectives and test the hypotheses

ACCESSIBILITY OF INSURANCE

The easy accessibility of a insurance is the next most coveted Insurance. Benefits that the customers look for. The online access to insurance companies and their policies has made them more lucrative to the customers. Now-a-days, customers can search, compare and select their insurance coverage through the click of a mouse from their own residence. This has been observed that through online service, the insurance companies have been able to reach more number
of customers and consequently their customer base has also mopped up significantly.

EVALUATION OF MARKETING STRATEGIES IN LIFE INSURANCE CORPORATION OF INDIA

The well designed marketing strategies are essential for the effective functioning of any service organization. Life Insurance Corporation of India also needs consumer oriented marketing strategies to achieve its goals. Unfortunately, the need for developing consumer oriented marketing strategies was recognized in LIC of India at a later stage. Until 1982, LIC of India was purely sales organization and its approach to the market was more oriented to the needs of the corporation than the needs of the customer. The branch offices were acting as merely business procuration center, while serving aspect was left to the divisional offices. As a result, there was delay in serving the policyholders. There was no clear cut market segmentation strategies in LIC to look after the specific needs of various customer grasp.

In the year 1982, LIC of India started adopting the marketing approach. The first step towards this end was decentralization of LIC of India operations up to branch level. As a result of decentralization, almost all aspects of policy serving were entrusted to the branch office. This enabled the corporation in avoiding delays in policy servicing and moving closed to the customer. Most of the marketing function like identifying the prospective customer and motivating them to take policies, policy registration, policy serving, sales force management, settlement of claims etc., are now entrusted to branch office.
However, the function like market research, advertising, publishing and market planning are still carried out by the corporate office.

Under the reorganization scheme, whereby a total change in the organization structure and culture is being attempted, the whole approach to co-operation business activity has been refashioned. The LIC tell that “the basic change in the concept of the organization from sales organization to a marketing organization requires scientific approach to its sale techniques”.

On the one hand the offices are required to do environmental scanning and prepare their performance budget and plan in view of their resources and potential, on the other hand area of operation and the constituent clientele, they are required to identify and classify the market segments in order to help design suitable products evolving right strategies for increase in sales, thereby achieving all round growth. In view of this, the objective of the marketing policy have been defined as follows “as a national organization to provide optional financial security through Life Insurance, as extensively as possible to diverse populations in urban and rural areas, with different occupation and sources of income and in high, middle and low income levels more especially the economically weaker sections”.

For achieving the above stated objective the goals are spelt out as follows.

i. Bringing about a marketing approach at different tiers of the organization hierarchy.

ii. Better penetration into rural areas and market segments of urban and rural areas which were hither to adequately explored.
iii. Offering adequate range of products suitable for different segments of people.

iv. Improving customer satisfaction, by ensuring need based selling, by evolving stands of performance for different aspects of servicing, by devising appropriate procedures and systems, and by enhancing the commitment to service on the part of agents and employee.

v. Improving cost effectiveness by ensuring a high rate of conservation of business, lowering procreation and servicing costs, optimizing the product mix, higher productivity in the field and in the office and by improving the quality of supervision and control over personnel and practice.

For evolving effective strategies to achieve these objectives, the corporation examined its strengths, weakness, opportunities and treats (SWOT analysis) before it. The main elements of this process were planning and performance budgeting, product development, improvement in agency organisation in qualitative and quantitative terms with increasing emphasis on training and incentives. Simultaneously well-designed programmes of consumer education through proper publicity media were undertaken.

With a view to achieve the marketing objective and goals, LIC has established, marketing departments at various levels i.e. central Zonal, divisional and branch levels.

In order to serve different grasp of the community it is necessary to identify the market segments and find a strategy to serve the needs of each segments.
The LIC has identified the following segments for the purpose of marketing.

i. Professional and managerial groups

ii. Regular income group viz., clerical, sales, service, production, transport and others.

iii. Self-employed group viz., cultivators, traders, fisherman, etc.

iv. Salary saving scheme group

v. Group and superannuation scheme

This was done to ensure

1. Systematic analysis of environment and economic data to determine to market potential and to plan the level of performance for each market segment.

2. The determination in detail of the marketing strategies. The need to develop different market segments and the field organization need to achieve the purpose and

3. Estimation of total resources needed to achieve the planned level of performance, profitability and sustained growth. The divisional and branch offices were advised to begin the exercise of preparing the performance budget and plans tacking into account the potential of each market segment the their area of operation

After the adoption marking concepts in the place of sales concepts, LIC has made significant improvement in the development of products, pricing of policies, promotion and distribution strategies. The business performance of LIC of India has also improved after introducing the reorganization scheme.
LIC has improved servicing quality to a large extent during the period by transferring all the servicing function to branch offices. Though the need for marking approach is recognized by LIC, there is a wide spread feeling that the important of marketing orientation is not realized throughout the organization, particularly at the grass root level. The adoption of marketing strategies in LIC is still in evolving stage. Therefore, there is a need to continuously reviews its marketing operation and identity the deficiencies existing in the present set up. Keeping this in view an attempt is made here to review the marking operation and strategies of LIC from the view point of its marketing mix elements which are being used in implementing its programmes.

LIMITATIONS OF THE STUDY

As the study made with Primary and Secondary research, there are certain limitations to the study to be noticed.

1. Main limitation to the study was the time available to conduct it, which affected the processing and analyzing of the data.
2. Sufficient number of respondents from all the LIC service could not be included.
3. The study is confined only to policyholder satisfaction of LIC and other related issues are beyond the purview of present study
4. Due to time constrain the researcher covered only a limited period of study i.e. 2010-2011 to 2014-2015.
5. Sample size is limited to 300 people only. The sample size may not adequately represent the whole market.
6. It is difficult to know if all the respondents gave accurate information; some respondents tend to give misleading information.

CHPETERS SCHEME

Chapter I: Introduction & Design of the Study

This chapter presents an introduction to Insurance, importance of the study, Statement of the problems, Objective of the study, Hypothesis of the study, scope and significance of the study, Research methodology (Sampling design, area of the study, period of the study, Research design, data collection, data evaluation, Statistical tools used, pre-testing and Pilot study, Reliability, Level of significance), Evaluation of Marketing strategies in Life Insurance Corporation of India and limitation of the study.

Chapter II: Review of Literature

This chapter presents the review of previous literature.

Chapter III: Theoretical Perspective of Indian Insurance Industry Profile

This chapter discusses the theoretical perspective of Indian Insurance Industry.

Chapter IV: Life Insurance Corporation of India, Company and Area profile

This chapter discusses the theoretical perspective exclusively of LIC of India and profile of Thanjavur District.
Chapter V: An Analysis of Policyholders Evaluation, Marketing and Satisfaction in LIC

This chapter presents the analysis of the data, results of the data analyzed were presented in tables and inferences drawn are mentioned.

Chapter VI: Summary of Findings, Suggestion and Conclusion

A summary of findings of the study is presented in this chapter.