Chapter VIII

SUMMARY

CONCLUSION AND SUGGESTIONS
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SUMMARY, CONCLUSIONS AND SUGGESTIONS

In the modern scenario and in an era of globalization, life is full of risks, on every step of life; there is a risk of life. Being a social animal man always tries to reduce risk. The business of insurance is related to the protection of economic values of assets. The asset is valuable to the owner, because he expects to get some benefits from it. Although insurance cannot prevent the occurrence of accident but it provides for the losses caused thereto. Basically, insurance is a means to identify the risks by the payment of nominal sum of premium. Hindu philosophy gives the axiomatic truth of the nature of insurance "Yat bharvathi tat nasyathi' which means whatever is created will be destroyed. Thus, creation is inevitably followed by destruction. Destruction is an optimum change to the worse, in that sense change is natural course and its occurrence involves risk.

The need for insurance was not felt in India till the 19th century. The Joint family system and the cohesive living in the villages were working well. As the families, split into nuclear families, the need for insurance cover becomes stronger and more pronounced. Today, insurance business is one of the fast promising financial services, mainly in the developing nation like India. Insurance business performs remarkable feats by insuring the insurable public and its properties. However, it is submitted that even after six decades of the liberalization, the progress in insurance sector in India has not been satisfactory.

It cannot be denied that the modern industrialization society has rendered man and his property most vulnerably exposed to different kinds and varying
degrees of risks and uncertainties. The annual losses to individuals and businessman from premature deaths, health, problems, fire, water, accident, wind, storm, sea perils, earthquakes, floods, dishonesty, negligence unemployment etc are beyond estimation and hence indicate the importance of recognising and meeting them intelligence. In order to avoid these unexpected and unfortunate calamities man has devised various plans to protect himself. One such rational method is insurance.

Today, the entry of private players in the Indian insurance market has changed the nature of competition and the vigorous campaigns of these players have increased customer awareness. This has led to rapid increase in insurance business and a sizeable gain of this has also been reaped by Life Insurance Corporation of India (LIC).

Today, the consumer is the focus of all marketing strategies and the only viable means of survival and growth in the insurance competition is by developing higher value to the consumer. There is a shift in the paradigm from meeting consumers, needs to mass customization strategies for delivering value. Therefore, in the days to come, marketing success would not be gauged by increasing marketing share by any means, but by delivering higher value to the consumer.

It is submitted that The RDA since its incorporation as a statutory body in April 2000 has fastidiously stuck to its schedule of framing regulations and registering the private sector insurance companies. Since being setup as an Independent statutory body the IRDA has put in a framework of globally compatible regulations. The launch of IRDA online service for issue and renewal
of license to agents is appreciable. The approval of institutions for inspiring training to agents has also ensured that the insurance companies would have a trained workforce of insurance agents in place to sell their products.

WHO IS CONSUMER AND WHAT ARE THEIR RIGHTS:-

Every individual is a consumer, regardless of occupation, age, gender, community or religious applications. Consumer rights and welfare are now an integral part of the life of an individual and we all have made use of them at some or the other point in our daily routine.

Every year 15th March is observed as "World Consumer Rights Day". It commemorates a historic declaration (1962) by former US President John F. Kennedy of four basic consumer rights.

1. The right to safety
2. The right to be informed
3. The right to choose.
4. The right to be heard.

This declaration eventually led to international recognition of the fact that all citizens, regardless of their incomes or social standing, have basic rights as consumers. Another significant day is 9th April 1985, when the General Assembly of the United Nations adopted a set of guidelines for consumer protection and the secretary general of the United Nations was authorised to persuade member countries to adopt these guidelines through policy changes or law. These guidelines constituted a comprehensive policy framework outlining what Governments need to do to promote consumer protection in the following areas:
1. Physical safety.
2. Protection and promotion of consumer economic interests.
3. Standards for safety and quality of consumer goods and services.
4. Measures enabling consumers to obtain redressal.
5. Measures relating to specific Areas (Food, Water and pharmaceuticals and,
6. Consumer Education and information programme.

In India, 24th December is celebrated as National Consumer Rights Day, since the consumer protection Act 1986 was enacted on this day. The consumer protection act was enacted in 1986 based on UN guidelines with the objective of providing better protection of consumer interests. This Act provides for effective safe guards to consumers against various types of exploitations and unfair dealings, relying on mainly compensatory rather than a punitive or preventive approach. It applies to all goods and services unless specifically exempted and covers the private, public and cooperative sectors and provides for speedy and inexpensive adjudication.

The rights under the consumer protection Act 1986 flow from the rights enshrined in Articles 14 to 19 of the Constitution of India. The Right to Information Act (RTI) which has opened up governance processes of our country to the common public also has for reaching implications for consumer protection

**HISTORY OF INSURANCE**

The history of insurance can be traced back to the early civilization. As civilization progressed, the incidence of losses started increasing giving rise to the concept of loss sharing. The roots of insurance might be traced to Baby Lonia,
where traders were encouraged to assume the risks the caravan trade through loans that were repaid (with interest) only after the goods has arrived safety a practice resembling bottomry and given legal force in the code of Hammurabi (C.2100BC).

By the middle of the 14th Century as evidenced by the earliest known insurance contract (Genoa, 1347) marine insurance was practically universal among the maritime nations of Europe. In London, Lloyd's coffee house (1688) was a place where merchants, ship owners, and underwriters met to transact business. By the end of the 18th Century Lloyds had progressed into one of the first modern insurance companies. In 1693, the astronomers Edmond Halley constructed the first mortality table, based on the statistical laws of mortality and compound interest. The table constructed in the year 1756 by Joseph Dodson, made it possible to scale the premium rate to age, previously the rate had been the same for all ages. Insurance developed rapidly with the growth of British trade and commerce in 17th and 18th Centuries. The first Joint stock companies to engage in insurance were established by charter in England in 1720 and in 1735.

The first insurance company in the American colonies was founded at Charters ton, later SC fire Insurance Corporation was founded in New York City in 1787. The Presbyterian synod of Philadelphia was founded in 1759. This was the first life insurance corporation in America for the benefit of Presbyterian ministers and their dependents. After 1840, with the decline of religious prejudice against this practice, life insurance entered a boom period
The workman's compensation Act 1897, in Britain required employers to insure their employees against industrial accidents, public liability insurance, fostered by legislation, made its appearance in the 1880; it attained major importance with the advent of the automobile.

It is submitted that analysis of above noted insurance history indicates that marine insurance is the oldest form of insurance followed by life insurance and fire insurance.

HISTORY OF INSURANCE IN INDIA

During 1818 Europeans started the oriental life insurance company in Calcutta. In 1870 the first Indian Insurance company Bombay Mutual Life Insurance was started. In 1870 the British Government enacted the Insurance Act. In 1912, the first Indian Insurance Act was passed with the enactment again in 1938. The general insurance business in India, on the other hand can trace its roots to the Triton Insurance Company Ltd. The first general insurance company established in the year 1850 in Calcutta by the British. In 1907 the Indian Mercantile Insurance Ltd setup the first company to transact all classes of general Insurance business. During 1957, the General insurance council, a wing of the Insurance association of India framed a code of conduct for ensuring fair conduct and found business practices. The 1968 the Insurance act was amended to regulate investments and set minimum solvency margins and the Tariff Advisory committee setup. In 1972 the General insurance Business (Nationalization) Act 1972, nationalized the general insurance business in India with effect from 1st January 1973.
In April 1993, Government setup a high powered committee headed by Mr RN Malhotra to suggest reforms in the insurance sector and make it more efficient and competitive. The committee recommended the establishment of a strong and effective insurance regulatory authority in the form of a statutory autonomous board on the lines of SEBI. In December 1999, the insurance sector was thrown open to private sector, followed by the establishment of IRDA (Insurance Regulatory and Development Authority) in April 2000. Realizing the big potential in Indian market, companies all over the globe rushed to find a foothold in the Lucrative Indian Market. Development of technology and convergence of services witnessed the insurance products being offered by banks also.

It is submitted that the potential for growth of the Indian Insurance industry can be gauged by the fact that the Indian Insurance market registered the highest growth in the Asian Region even though Indian's Share of the global insurance premium is much less of compared to developed countries like US, Japan England etc.

**NEED FOR CONSUMER PROTECTION IN LIFE INSURANCE SECTOR**

In the present scenario, the insurance sector in India has come a full circle, from being as open competitive market to complete nationalization and then back to a liberalized market. The coming of private companies in the Indian insurance market has changed the nature of competition and the vigorous campaigns of these companies. The structure of this sector thus, changed and transformed into a joint sector where both the government undertakings and private entries are conducting
insurance business. In the government segment of insurance sector, the existing corporations viz LIC and GIC with four subsidiaries continue to operate. In the private segment of the Indian insurance there are about 24 private insurance companies.

Indian consumers, who have always seen life insurance as a tax saving device, are now suddenly turning to the private sector and snapping up the new innovative products on offer. The private players have taken some market share from LIC, and major growth has happened because of market expansions. More than three fourths of India's insurable population has no life insurance, pension cover or post retirement protection cover. This shows that sector has great potential for growth as there is still a huge untapped market.

The biggest challenge for the industry today is the low levels of penetration and lack of consumers’ satisfaction. This challenge becomes bigger due to the presence of host of other investment opportunities available to the consumer today and due to the spending habits of the younger generation which believes in consumption today rather than investing for tomorrow. To overcome this problem more marketing is required for insurance products.

Insurance sector in India and the world is expanding in terms of business, products and staff day by day and new products and are being launched by the existing/emerging companies in the market keeping in view the demand from the public and some existing schemes are modified to cater to the changing needs of the existing clientele. Today, the question before us is that the craze for insurance cover has become a must (necessity) or is just (optimal). There are two types of
people in the market, one are those who want that come what may, they would have satisfactory insurance cover for their life, spouse or any other thing like house, vehicle etc. whereas the other type feels that they are not much interested to have the insurance cover. The choice differs and views differ from man to man. Some people feel baffled over the ever increasing number of insurance companies flooding the market with catalog/ hollow slogans.

The insurance policy between the insurer and the insured represents a contract between the parties. Since the insurer undertakes to compensate the loss suffered by the insured on account of risks covered by the insurance policy, the terms of the agreement have to be strictly construed to determine the extent of liability of the insurer. The insured cannot claim anything more than what is covered by the insurance policy. If the contract is vague, the benefit should be given to the insured.

Today numerous public and private agencies are providing life and general insurances services and large number of clientele and there has been mushroom growth in their numbers and size in India. Buyer is being misled, duped and deceived day in day out. We find from news appearing in the newspaper, through Radio and TV that there is a lot of defiance in one form or the other in their products.

The life cycle of insurance can be viewed and analyzed from two perspectives. One that of the consumer (insured) and the other that of the insurer. The insured is looking at risks and impact for appropriate treatment to mitigate and control losses and to obtain maximum recoupment. On the other hand, the insurer
is looking at risk to develop products and redress the needs of the insured and earn a fair return by way of premiums that will give him profits/surplus over and above the claims settlement. The approach of the insured is from an individual perspective, and that of the insurer from a macro perspective. Both are looking at risks and outcomes one from the loss perspective and the other from the claims perspective. The relationship is mutual symbolic and interdependent. However, it also therefore envisages a better understanding of the risks, their likelihood and impact and the needs and pain points of consumers.

Keeping in view the above scenario, the present study entitled “CONSUMER PROTECTION SCENARIO IN LIFE INSURANCE SECTOR: WITH SPECIAL REFERENCE TO STATE OF PUNJAB” has been planned with the following specific objectives:

Achievable Objectives of the study:

1) To examine the regulatory mechanism for consumer protection from Life Insurance Sector.
2) To study the profile of life insurance sector with special reference to state of Punjab.
3) To study the service quality provided by public and private life insurance companies.
4) To study the effectiveness of consumer protection machinery in the context of Life Insurance.
5) To study the problems of consumers of life-insurance sector.
6) To suggest the means and ways for improving the quality of service rendered by life insurance sector.
RESEARCH METHODOLOGY

Three stages random sampling technique was used to select the sample for the study. Cultural regions i.e. Malwa, Doaba and Majha became the first stage of sampling unit while districts and respondents provided the second and third stage of sample respectively. Three districts were selected having the highest population from Malwa region i.e. Ludhiana, Patiala and Bathinda, Jalandhar from Doaba region and Amritsar from Majha region. As much as 100 policy holders and 50 insurance officials were selected randomly from each selected district, totalling 300 policy holders and 150 insurance officials. Primary data collected on two different specially structured questionnaires were analysed by using averages, frequencies, and percentages, ANOVA, Z-test, Factor Analysis and Regression Analysis.

LEGAL FRAME WORK AND INSURANCE SECTOR IN POST LIBERALIZATION

The opening up of the insurance sector, in the wake of economic liberalization policy, necessitated changes to be brought about in the legal framework related to the conduct of insurance sector. The operation of the insurance business due to entry of private players required to be regulated and the interests of the buyers of insurance products demanded safeguards and protection. The legal framework relating to this sector underwent a drastic change. The first step in this direction was the establishment of the Insurance Regulatory Development Authority (IRDA). The IRDA is a body corporate having perpetual succession and
a common seal with power to acquire, hold and dispose of movable and immovable property and to contract. It can sue and be sued.

In November 1998, the central cabinet approved the bill which envisaged a ceiling of 40 percent for non residents Indian Stale holders, 26 Percent for foreign collaborators and 14 percent for Non Resident Indians (NRI's) overseas corporate bodies (OCB'S) and Foreign Institutional investors (FII's)

The IRDA introduced the system of appointed actuary (AA) both for life insurance business and general insurance business in India. No insurers can transact life insurance business in India without an authorized personal appointed as actuary, perceiving a crucial role for the appointed actuary.

As a consumer we need to separate the chaff from the grains. There is a risk of being cheated, when we spend our hard earned money to get quality products or services. Thus a balance has to be made between free market forces and consumer protection. Any consumer movement can be successful if the consumers are satisfied and they receive value for the money they spend on products and services. This in turn requires a synergy and support of the Government, Judiciary, Traders and Consumers. As a matter of fact, access to justice so far, has been a luxury for most of the Indian citizens. However with the enactment of consumer protection Act 1986, the era of socio-economic justice appears to have finally dawned in India. India has gone a long way by implementing the benevolent CPA 1986 and further making some amendments therein in order to provide better protection of consumer. The near successful implementation of act has considerably
consolidated the process of consumer protection in India and has given rise to new consumer jurisprudence.

Consumer protection act covers all services/products/suppliers in the public, private and cooperative sectors including banks, education, life and general insurance, health services, retailers with regard to any product/services given to the consumer for consideration. It is submitted that life insurance policy holder is a 'consumer' under the consumer protection Act 1986 and is entitled to seek redressal in consumer courts established under the Act. It is usually observed that insurance companies don't tell demerits of the insurance policies while selling their insurance products/ schemes. The policies are sold under wrong or misrepresentation of facts. The agents also do not provide customized service once their policy is sold, rather they adopt callous attitude towards the policy holders and they become totally indifferent. They put many hidden charges and impose them immediately the policy is sold. In case of prepayment cases, they imposes penalty about which they never tell to a consumer. They display false picture before the consumer to woo him by making the picture very rosy. Many agents have been found to be charging excess from illiterate or less informed people. When the policy matures, they put temporary or fictitious obstacles to delay the payment. Many times notices for periodical premiums are not sent by them with the intention that let the policy lapse and then they would be helpless to entertain the claim and the amount in the account is encroached upon by them and is not paid to the policy holder.
I made a survey study by means of questionnaire to ascertain as to whether people using insurance products and services of various companies have knowledge about the protection available under the CPA, 1986 and whether they are satisfied with their services. I identified the clientele group from Patiala and Sangrur districts and have elicited their views on the basis of questions included in my questionnaire (mentioned in chapter 5 of the thesis). On the basis of survey conducted, I received response sheets to the above questions from 50 persons in Patiala and 50 persons in Sangrur district of Punjab. A chart prepared after consolidating those responses was prepared on the basis of which conclusions have been drawn (Mentioned in chapter 5 of the thesis).

It is pertinent to mention here that recently a new administration body known as Insurance ombudsman has been appointed by the Insurance regulatory and development authority in regard to the interests of the policy holders. The insurance ombudsman is empowered to receive and consider complaints in respect of personal lines of insurance from any person who has any grievance against an insurer.

POLICY HOLDERS PERCEPTIONS ABOUT INSURANCE SECTOR

- The highest proportion i.e. 48.33 per cent of the total policy holders were in the age group of 30-40, while this proportion came to be 47, 52 and 46 per cent in Malwa, Doaba and Majha region respectively.

- Majority i.e. 69.00 percent of the total respondents were male as compared to 31.00 per cent female respondents. Similar pattern was seen in all the three regions and 64.33 percent of them were married.
• Only 8 percent of the respondents were found to be under metric while the highest proportion (28.67%) of the policy holders was graduates. Similarly, the highest proportion i.e. 46.00 percent of total policy holders belonged to the medium size of families ranging from 5 to 8 family members. However, in general, family size was found to be smaller in Doaba, followed by Malwa and then Majha.

• About half of the total policy holders were doing government job. This revealed that life insurance is most popular among salaried persons, while agriculture sector can still be said to remain virgin for insurance sector, which needs attention of insurance companies.

• The monthly income of highest proportion i.e. 70 percent of the respondents was more than Rs. 20,000. It can safely be concluded that life insurance is most common among policy holders having a monthly income above Rs. 20000.

• The average score of agreement on having a suitable insurance policy came out to be 3.72 (74.40%). This showed that 25.60 per cent of the agreement can more be achieved by the policy holders. For this special efforts ought to be made by the insurance companies.

• Though there emerged great competition between public sector and private sector insurance companies, yet about 60 percent of the respondents was dealing with LIC of India for their insurance policies. The majority of policy holders were going to LIC, India for getting insurance policy in all the regions.
• Average duration index of dealing with a particular insurance company worked at 8.16 years. The duration index came to be significantly the highest in Malwa region (8.89 years), followed by Doaba (8.17 years).

• The highest proportion i.e. 42.00 percent of total policy holders, adopted one year as periodicity of premium. The average periodicity came to be 7.27 months while the same was 8.24 months in Malwa and 6.37 months in Majha region. The pattern of periodicity of premium in Doaba region was observed to be in correspondence with that of the state as the average periodicity (7.19) was found be very close to that of state (7.27).

• Nearly two third (63.67%) of the total policy holder respondents were preferring either cheque or saving Bank Account as mode of premium.

• The study revealed that 65.00 per cent of total respondents felt the service of premium deposit of a company was good. The level of Excellency of service of premium deposit came to be 3.57 out of 5. This showed that 71.40 per cent excellence of service of premium deposit was achieved by insurance sector and still there is a score of 28.60 percent more improvement in quality of this service. The policy holders in Majha region were more impressed by the service of premium deposit as compared to that in Malwa and Doaba.

• As much as 37.00 per cent of total policy holders opined the premium rate of private companies was at par with that of LIC, India, where as 23.67 per cent felt the premium rates of private companies cheaper than LIC India. As much as 18.00 per cent of policy holders told that the rates of premium in
private companies were very expensive in comparison to LIC India. Majha policy holders were more in favour of private companies as compared to Malwa and Doaba policy holders.

- Majority (72.33%) of the total policy holders purchased a policy as a tax saving factor followed by 44.67 per cent of respondents who took life insurance policy to cover the risk at the time of adversities in life. But the factor of tax saving secured significantly the highest consideration for purchasing insurance policy in Malwa region (87.00%), followed by Doaba (69.00%) and Majha region (61.00%).

- The analysis revealed that among total policy holders, the highest rank was secured by visits of insurance agents (3.60) as source of information about different insurance policies, followed by general advertising (3.17) and direct mail advertising (3.16).

- The analysis further showed that the importance of various sources of information influencing policy holders in decision making was different in Malwa, Doaba and Majha region of Punjab. Thus, the companies should evolve different suitable policies and plans for different regions.

- As high as 67.00 percent of total respondents were satisfied with the performance of the company while 27.67 percent of them were dissatisfied. Only 5.33 percent of them could not register their opinion in this regard. The average level of satisfaction came to be 3.57 (71.33%) among total policy holders. Though the level of satisfaction was quite high, but still
28.67 percent more satisfaction could be achieved. Insurance companies should make more efforts by exploring the weaknesses in the organization.

- The factor analysis of different aspects of insurance sector brought out 6 themes into light based on the opinion of the policy holders. The percentage of variance explained by the respective factors was 14.59, 12.26, 10.95, 8.74, 6.13 and 5.82, totalling 58.49 per cent of variance. The percentage of variance is used as an index to determine how well the total factor solution accounts for what the variables together represent. The present solution accounted for 58.49 per cent of the total variance. This indicated that 6 factor model is quite satisfactory. The 6 contents/themes emerged from 20 aspects of insurance sector included deficiencies in insurance sector, competition between public and private sector insurance companies, protection of consumers’ interests in insurance sector, suggestions for the improvement in the insurance sector, qualities in the insurance sector and importance of insurance in life due to uncertainties.

- The regression analysis showed that in Malwa region females were found to be more satisfied than the males by purchasing an insurance policy. This may be due to lessening of fear of uncertainty in life by taking a policy by the females. Similarly, the level of satisfaction diminished with the attainment of higher educational status as the more educated people have higher expectations in comparison to others. Similar behaviour was found in case of higher income group as an increase in income led to decline in
the level of satisfaction. The longer the periodicity of premium, higher was
the level of satisfaction of the policy holders in Malwa region.

- In Doaba region, married persons were more satisfied than the unmarried
  ones as married persons have to meet more liabilities as compared to the
  unmarried persons. Education again affected adversely the satisfaction level
  of policy holders in Doaba region too, while increased income exerted
  positive effect on satisfaction level. This may be due to the fact that in
  Doaba region, income level was higher than other regions because of heavy
  foreign remittances. The behaviour of periodicity of premium was again
  positive, which showed that longer periodicity caused to enhance the level of
  satisfaction of policy holders in Doaba region.

- In Majha region, older people enjoyed higher level of satisfaction as
  compared to the younger ones as the younger policy holders are always
  over-ambitious. Females were more satisfied than the male policy holders as
  in Majha; females are badly dependent upon males in economic terms. The
  behaviour of education was similar as found in Malwa. The analysis further
  revealed that longer the duration of dealing with the company, higher was
  the level of satisfaction among Majha policy holders. This may be due to the
  cordial relationship and better understanding of the policies of the company
  in a long period.

- In case of total policy holders, the satisfaction level of male policy holders
  was lower than that of female ones. The satisfaction level of married policy
  holders was higher than the unmarried ones due to higher level of liabilities
with the married persons to which insurance policy helps. Higher education led towards decline in the satisfaction level of policy holders as their expectations increase with the increase in the educational level. The longer periodicity of premium caused to enhance the satisfaction level of insurance policy holders.

- Overall, it may be concluded that gender, marital status, education, income and periodicity of premium exerted significant impact on the level of satisfaction of policy holders in insurance sector. Female and married policy holders were found be more satisfied than male and unmarried policy holders on the performance of a company. Enhancement in education and income raise the expectations of policy holders, hence lowering down their level of satisfaction. Longer periodicity results in enhanced level of satisfaction. Therefore, it is advisable that the insurance companies should evolve suitable policies to raise the satisfaction level of their customers.

OFFICIALS PERCEPTIONS ABOUT INSURANCE SECTOR

- More than third-fourth of total respondent officials preferred either cheque or saving account as mode of payment of premium. Similar patterns were observed in all the three regions as well i.e. maximum number of respondents in all the three regions preferred cheque and saving account as mode of premium of insurance policy.

- The highest and equal proportions of respondent officials (60.67%) were of the opinion that good reputation of the company and better features of the product were the factors responsible for identification the quality of the
product. The region wise comparison showed significantly different pattern of opinions of officials. In Majha, the highest proportion i.e. 78.00 percent of officials reported better features of the product for identification of quality of a product, while it was growth perspectives of the product in Doaba region (78.00%) and reputation of the company in Majha region (76.00%).

- Majority of the officials used to guide the customers through growth rate of the policy (68.67%) and the benefits emanating from the policy (68.00%). The region wise classification showed the similar patterns as far as Malwa and Doaba regions were concerned. When we compare the Malwa and Majha regions, then significant differences were observed. Overall, growth rate of the policy emerged as the most commonly adopted guiding factor by the officials, but there was significant variation among officials over regions.

- The analysis showed that promotion of new concept came to be the most frequently used method to promote sales followed by offering gifts. Regional analysis showed that in Malwa and Doaba, the officials used the method of promotion of new concepts as the major method of promoting sales while it was offering of gifts adopted by Majha officials. The second major method adopted by the Malwa officials came to be distribution of literature among customers, while the same was offering gifts to customers in Doaba region and sponsoring conferences in Majha region.
There were 17 aspects identified for the officials to represent different contents of the insurance sector. The results of factor analysis came out with 5 factors. These factors explained 57.11 per cent of the variance. The percentage of variance explained by the respective factor was 15.37, 13.55, 11.28, 9.59 and 7.32, totalling 57.11 per cent of variance.

The 5 contents/themes emerged from 17 aspects of insurance sector as reported by respondent officials included “Deficiencies in insurance sector”, “Qualities in the insurance sector”, “Career of officials in insurance sector”, ‘Competition between and within public and private sector insurance companies” and “Specificities of insurance sector”.

SUGGESTIONS

On the basis of the theoretical, historical and evidential findings of the study, following suggestions are being put forth, which may be helpful in improving the service level of life insurance companies for the consumers in the insurance sector:

1. Considering the centrality of delivering higher customer, value marketing must identify the customers’ perception of value and act upon it.

2. Consumer value is inherent to the use of some products and hiring of some services. In reality, it is a consumer's perception of value and is not something objectively determined by a seller of product or services provider.
Public awareness is required that whenever there is a delay in payment of insurance amount or delay in settlement of claims or faulty determination of claims or non-payment on unreasonable grounds, amount deficiency in service on the part of insurance company and complaint can be filed under the Consumer Protection Act, before the consumer forums.

4. There is an emerging need for rural marketing in the life insurance sector, because rural marketing is both enchanting and challenging. It is the vast potentiality giving countless opportunities being the virgin area uncovered fully.

5. Communication system of vital importance for rural marketing should be strengthened and made very effective to encourage cooperation.

6. Rural people are also people and have the same needs, desires and aspirations as urban have. Thus, given the conductive climate, rural marketing has ample scope for the development in India, particularly in Punjab. Hence there is a dire need of required laws for the uplift of rural marketing in India. Laws in this respect and their interpretations by judiciary in expanding rural marketing in insurance sector can play a vital role.

7. A well developed and consumer friendly insurance sector is needed for economic development of the country as it provides long term funds for infrastructure development and at the same time strengthens the risk of taking ability.
8. Insurance sector in India has come a long way from being a nationalized to a liberalized market. And for its growth there is a dire need to examine the key issues, trends and challenges so that India can match international standards both in terms of market size and consumer satisfaction.

9. It is the high time for the insurance companies to have terms clearly defined in the insurance policy with a reasonable clarity and not to continue with a old forms which at time are vague.

10. Insurance companies do not tell demerits of the policies while selling their products. Therefore law be made to make it mandatory on the part of Insurer to disclose the demerits of the policies.

11. Agents do not provide customized service once their policy is sold rather they adopt callous attitude towards the policy holders and they become totally indifferent. So, Agents be appointed by the companies, who are persons of ability, integrity and standing.

12. Companies hide may charges and impose these immediately the policy is sold, Law be made that all charges be disclosed at the time of sale of policy.

13. In case of prepayment cases, companies impose penalty about which they never tell to a customer. This practice be stopped by making suitable amendments in the legal rules.

14. Many agents charge excess amount from illiterate or less informed people. Government must take suitable steps to save the policy holder.

15. Law should be passed to make it mandatory on the part of the insurer to insure that notices for premium reaches to the policy holder in time.
16. More campaigns like, “Jago Grahak Jago”, should be launched through electronic media and print media to bring awareness among the people.

17. Government should make laws fixing time schedules for payment of the policy amount in the event of death/ disability and even in general cases of maturity of the policy.

18. Each and every product/ policy/ scheme of insurance should be transport enough so that even a layman is able to understand it and analyze it.

19. The insurance companies should show genuine concern for the consumers if they are really serious for their business failing which they will loose the confidence of people.

20. Government and non-Government organizations (NGO) should come forward to guide the people about the hidden clauses of the insurance policies which can play havoc with the hard earned money of the people, specially the state of Punjab where most of the people live in the rural sector.

21. Number of consumer forums at the district level should be increased and proper staff strength should be provided to facilitate prompt disposal of the cases.

22. There should be severe punishment to the faulting insurance companies/ Agents who sell defective policies by misrepresenting the facts.

23. Although various acts, rules and regulations have been passed in India, yet the reality is that the life insurance consumer is not fully satisfied and life
insurance companies are still exploiting and fleecing the consumers. Hence, more consumer awareness and protection through legal way is required.

24. Regulators must formulate strong and fair guidelines and ensure that old and new players are subject to the same rules and at the same time the government should ensure that the IRDA does not become yet another toothless tiger like TRAI.