Chapter No. II

Research Methodology and Review of Literature

2.1 Introduction:

Indian economy is one of the fastest growing economies of the world. It is developing at a very fast pace as compared to other global economies. In 2008, India was ranked as the second fastest-growing economy of the world. The sectoral distribution of the Indian economy can be figured by 62.5 per cent in service sector, 20 per cent in industrial sector and 17.5 per cent in agricultural sector. India's per capita income is $1,030, ranked 139th in the world.¹ The major service sectors which are considered to be a boon for the Indian economy are the IT sector, the Business Process Outsourcing sector, Insurance Sector, Banking industry and tourism sector. Among the service sectors, the insurance sector is one of the fastest growing. Looking back, at the time of the British rule in India, the very first insurance company named Oriental Insurance Company was started in 1818; however, it discriminated between the British and the Indian community.

The first Indian insurance company was the Bombay Mutual Life Assurance Society which came into existence in 1870. In the early 20th century, many new insurance companies emerged and thus the Life Insurance Companies Act, 1912 made it necessary that the premium-rate
tables and periodical valuations of companies should be certified by an actuary.\textsuperscript{2} A monopoly existed in both Life as well as general insurance business for Life Insurance Corporation of India, (LIC) and General Insurance Corporation, (GIC) with its four subsidiaries, namely Oriental Insurance Company Limited, New India Assurance Company Limited, National Insurance Company Limited and United India Insurance Company Limited.

Liberalization, privatization and globalization resulted in a vast change and development of the Indian insurance sector, as many new private sector players entered the Insurance market which hampered the monopoly of the Government in the Insurance sector. Currently, India is the world's fifth largest life insurance market and is growing at a rapid pace of 32-34 per cent annually. There is a huge source of development in this sector due to a large base of untapped market because of the country’s second largest population and other economic factors. According to the norms of the IRDA, many schemes are also introduced for the rural sector which focuses only on the development of this sector. Currently, in India only two million people (0.2 % of the total population of 1 billion) are covered under Medic-claim, whereas in developed nations like USA about 75 per cent of the total population is covered under some insurance schemes.\textsuperscript{3}

Privatization in India has increased due to the Foreign Direct Investments which the foreign sector companies are readily doing in order to form a merger of one foreign and one Indian Insurance company. As per the current norms of the FDI, any foreign collaboration can invest up to 26 per
cent of the total share capital and the rest 74 per cent would be of the Indian company. Even after the existence of 20 private sector companies in the Life Insurance business, LIC leads the chart by its top ranking. Among the private sector players, ICICI Prudential Life Insurance is the largest, followed by Bajaj Allianz Life Insurance Company Limited. Among others, Kotak Life Insurance is emerging as a one of the best product providers in the current market. On the other hand, when we talk about the general insurance sector with the existence of 15 private sector companies, GIC leads with the 1st rank. Some major private players in this field are Royal Sundram Alliance Insurance, IFFCO Tokio General Insurance, ICICI Lombard General Insurance and Cholamandalam General Insurance.4

2.2 The Insurer and the Insured:

Insurance is a cover used for protecting oneself from the risk of a financial loss. It is important to understand that risk is a part of any person’s life and that it increases as a person increases in age, responsibility and wealth. Insurance is risk coverage against financial losses and should not be taken as an investment instrument. There are mainly two parties involved in this – the insurer and the insured. The insurer is the insurance company who will provide the cover to the insured against any financial losses. The insured may be an individual person or a group of people like an employer, members of a society, etc.

A policy is the contract between the insurer and the insured, which states the risks covered, the exclusions, if any, and the benefits reimbursed on the happening of an event like death, illness etc. The policy is paid
through what is called a premium, which is a set amount that must be paid by the insured on a monthly, semi-annual or annual basis. On the happening of an event like death, disability, fire, etc, for which the insured is covered, the benefit amount stated in the policy contract can be claimed by the insured.

There are mainly two broad classes of Insurance – Life and Non Life.

- Life insurance products include Term Life policies, which give pure risk coverage of only the death benefit, whereas endowment or money back policies have a risk as well as savings component i.e. death as well as maturity benefit. Also coming under the life insurance umbrella are the Unit – Linked Policies in which there is a risk component and a savings component, which is invested in equity, debt or gilt funds, depending on the insurance company.

- Non Life insurance products include property or casualty, health insurance or house, fire, marine insurance etc. This insurance class deals with all the non-life aspects of an insured like his/her house, health, land, office, cargo, etc which might bring financial loss.

2.3 Role of Insurance Industries in Indian Market:

The insurance industry forms an integral part of the Indian financial market, with insurance companies being significant institutional investors. In recent decades, the insurance sector, like other financial services, has grown in economic importance. This growth can be attributed to a number of factors including rising income and demand for insurance, rising insurance sector employment, and increasing financial intermediary services for policy
holders. A sound national insurance market is an essential characteristic of economic growth. This is not surprising as the insurance industry forms a major component of an economy by virtue of the amount of premiums it collects, the scale of its investment, and, more fundamentally, the essential social and economic role it plays by covering personal and business risks. By encouraging these factors that promote insurance demand and aid financial development, policymakers possess a strong tool to stimulate economic growth.

A number of foreign insurance companies have set up representative offices in India and have also tied up with various Life Insurance companies. The business environment is constantly changing and demand for adaptability among the organizations tends to increase. Demands from customers, technological development, change of value and globalization are the factors that drive the need to change and develop an organization. It is hard to get advantages by quickly adapting technology to product or service in an efficient manner. The ability to handle organizations intangible assets such as service is of great importance to reach success, then the ability to invest and manage tangible assets.

2.4 Importance of Study:

The insurance industry affects money, capital markets and the real sectors in an economy, making insurance facility necessary to ensure the completeness of a market. It is an industry with strategic importance for the country as it contributes to the financial sector as well as confers social benefits on the society. At the micro-level, an insurance policy protects the
buyer against financial loss arising from a specified set of risks at some cost. It thus reduces anxiety and promotes financial stability by providing a much needed social security net, especially in times of crumbling family ties and nuclear households in developing countries. The role of life insurance is undergoing a phenomenal change today as is evident from the service bouquet and the product advertisements. The emphasis lies on insuring oneself and one's close family members for self-reliance more-so because nuclear families are the emerging trend in India. To meet the varying needs of various individuals, the life insurance companies have a vast foray of products and services in their bouquet. Besides this, almost all companies offer the flexibility to customers to choose the most suitable product for themselves by combining features of a number of products and services together. Thus life insurance companies have to customize the services to improve the quality of service to suit the customer as per their needs.

The research is aimed at understanding the life insurance sector in India and the issues relating to customer satisfaction. The life insurance sector has a small market and covers approx 3 per cent of population in India. As a growing sector, it is important that all players get a level playing field. The competition act is to provide for a level playing field to all players to encourage competition in market. Through in the study the researcher tried to substantiate this with facts and evidence proving that LIC as a state owned enterprise enjoys a dominant market. The enterprise having a dominant position is not per se illegal but abuse is. The dominance of LIC is not deliberate rather it is by virtue of the regulations that the market is deprived of a level playing field and market has an anti-competitive environment. This sector is highly lucrative and therefore increasing the FDI cap would be a step to enhance competition in this sector and also cover a large population.
The research design chosen for this study is descriptive. The main objective is to see the factor affecting service quality which ultimately leads to customer satisfaction of life insurance customer in India. A Life Insurance Company operating in state of Maharashtra is chosen for the study. The study is restricted to major city and districts of Nanded Division of Maharashtra. The present study has been undertaken to study the customer’s perception of service quality offered by the Life Insurance Company. More specifically, this study attempt to access the factors which affect the service quality perception of life insurance customer those are in line with the objectives of the study. The study will prove valuable to insurers, researchers, analysts, policy makers insurance agents, students of general management and insurance, academicians and business professionals in insurance and financial services and all those who are interested in the future of insurance industry in India.

2.5 Title of Study:

“A Study of Life Insurance Corporation of India with Special Reference to Nanded Division.”

2.6 Objective of Study:

The following objectives were select for the present study:

1) To study the role and Importance of Life Insurance Corporation of India in Socio-Economic Development.
2) To evaluate progress of Life Insurance Corporation of India.
3) To trace out the role of government in the development of Insurance business.
4) To know the products and services provided by LIC to its customers.
5) To evaluate the quality customer services provided by Life Insurance Corporation of India and its impact in Nanded Division.
6) To study the problems and challenges of Life Insurance Corporation.
7) To Find out the general and specific problems of life insurance business in competitive environment and suggest suitable remedies.

2.7 Scope of Study:

There are two divisional Offices of Life Insurance Corporation in Marathwada Region that is Aurangabad and Nanded, due to time and cost constraints, Nanded division is selected for study. The study covers period of 10 years from 2000-2001 to 2009-2010. Nanded division has four districts that are Jalna, Parbhani, Nanded and Hingoli. Customer satisfactions and services quality is the main focus area of the study. The Primary data in this regards was collected from selected Sample respondents from the customer of life Insurance corporation in Nanded division.

2.8 Hypotheses of Study:

The following hypothesis was formulated for the study.

1) Policy holders are satisfied with services provided by Life Insurance Company in Nanded Division.
2) Role of Life Insurance Corporation of India in socio-economical development is most significant.
3) LIC Insurance Products are most beneficial with compare to the other company’s product.

2.9 Research Methodology:

This study basically depends on two important statistical sources i.e.-

1) Primary data
2) Secondary data

There are two divisions in Marathwada region that is Aurangabad division and Nanded Division. The present study is conduct in Nanded division of LIC of India. At present this division has cover district viz. Jalna, Parbhani, Nanded and Hingoli. Primary data is collected through the well structured and designed questionnaires from selected four districts in Nanded Division. From each district 100 policy holders are selected by Purposive sample Method. For this the survey was conducted with help of questionnaire and personal interview of life insurance policy holders in selected area. The primary data were collected using a questionnaire. The researcher than approached the respondents and explained to them the questionnaire in detail (including its purpose, the meaning of the items and what was expected of the respondents). The respondents were asked to give their perception of the level of service quality delivered by the insurance companies.

Secondary data on numbers of Policy Holder, Various product and services offered by insurance company and LIC of India, total business, policy conditions and various clauses and privilege, settlement of claims etc. Secondary data is collected from divisional office; branch official published records, various journal, books, and magazines and also published record use of LIC, Private companies’ records and websites. Theoretical Information
has been sourced from books, newspapers, trade journals, and white papers, industry portals, government agencies, trade associations, monitoring industry news, etc.

2.10 Samples Selection:

The questionnaire was administered through in person to 400 respondents. The researcher got response from 400 respondents. Respondents included were from a balanced mix of various demographic factors (age, gender, marital status, education levels, and employment status and income group). The respondents consisted of LIC customers from the areas of Nanded division of Maharashtra State in India. Statements related to service quality dimensions were based on past literature. The following Table shows the Distribution of Sample Respondents.

Table No. 2.01:

Distribution of Sample Respondents.

<table>
<thead>
<tr>
<th>Sr.</th>
<th>District</th>
<th>Urban</th>
<th>Rural</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Jalna</td>
<td>50</td>
<td>50</td>
<td>100</td>
</tr>
<tr>
<td>2</td>
<td>Parbhani</td>
<td>50</td>
<td>50</td>
<td>100</td>
</tr>
<tr>
<td>3</td>
<td>Nanded</td>
<td>50</td>
<td>50</td>
<td>100</td>
</tr>
<tr>
<td>4</td>
<td>Hingoli</td>
<td>50</td>
<td>50</td>
<td>100</td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td><strong>200</strong></td>
<td><strong>200</strong></td>
<td></td>
<td><strong>400</strong></td>
</tr>
</tbody>
</table>

2.11 Questionnaire Design:

A structured Questionnaire was designed to collect the primary data. The interview schedule was kept respondent friendly to make a quality of questionnaire. The questionnaire was developed by identifying the variables
based on literature review and the objective of the study. The help of experts, professionals, and trainers in the field of life insurance was taken so as to ensure the content validity. Further to prepare questionnaire for Life Insurance Company customers were chosen for in depth interview. On behalf of that, a questionnaire was prepared. The logical structure of questionnaire followed the order of service quality dimensions. For understanding the importance and satisfaction of each service quality dimension a three point scale was used (1= Agree, 2= Disagree, 3= Neutral). The questionnaire developed was reviewed by professionals, experts and trained personnel in order to increase the validity and reliability of questionnaire and response. Few minor modifications were made based on their feedback regarding the clarity of some items. No major adverse comments were raised and thus the instrument was deemed ready for actual respondents. The questions were designed on interval scale for effective analyzing the data. The open ended questions sought respondent’s opinion about the quality of service provided by their life insurance company.

2.12 Use of Statistical Tools:

For this study statistical tool is used like percentages, ratios, cumulative frequency, averages, growth and other appropriate methods for analysis of primary and secondary data. The data analysis methods include percentages, averages, ratio analysis, using computer software tools, judgmental forecasting and cause and effect analysis.
2.13 Limitation of the Study:

The author has expended considerable energy to collect sample data from a specific district in Marathwada region to illustrate the applications. Appendices display the data and summary measures for the 400 sample and discuss considerations in the choice of a district and various levels of variables. The conclusion drawn from the results of this study should be viewed under the following limitations. Firstly, this study was carried out mainly in Nanded Division; therefore, the results obtained may not be pertinent to the country as a whole. Of course, the study can be extended to other states of India. Secondly, the study has been steered with non-probability convenience sampling in a single public life insurance company as the sampling method. To achieve higher statistical sophistication, the study can be steered with a probability sampling method. Thirdly, the present study has been conducted by taking a sample of 400 customers of LIC, ignoring the private life insurance companies. This cannot lead to the generalizability of the findings and the results may not be implied conclusively to the whole life insurance industry. Additional studies are recommended to fill this gap. These limitations may decrease the ability of generalizing the results of this study to other life insurance companies’ settings. Therefore, the conceptual and methodology limitations of this study need to be considered when designing future research.

2.14 Chapters Scheme:

The present study is divided into following seven chapters.

1) Introduction.
2) Research Methodology and Review of literature.
3) Progress of LIC of India.
4) An Analysis of the growth of LIC business in Nanded Division
5) Customer satisfaction and quality performance of LIC.
6) Problems and Challenges for Life insurance business in India.
7) Conclusions and suggestions.

2.15 Review of Literature:

The insurance industry affects money, capital markets and the real sectors in an economy, making insurance facility necessary to ensure the completeness of a market. It is an industry with strategic importance for the country as it contributes to the financial sector (and hence the GDP) as well as confers social benefits on the society. At the micro-level, an insurance policy protects the buyer against financial loss arising from a specified set of risks at some cost. It thus reduces anxiety and promotes financial stability by providing a much needed social security net, especially in times of crumbling family ties and nuclear households in developing countries.

To develop a proper perspective of the ongoing debates on the privatization and globalization of the insurance sector a systematic study of the structure and pattern of growth of the Indian insurance industry is essential. An analysis of pattern of growth of life insurance industry - a state monolith - since its nationalization in 1956 has been carried out. This study goes into the operating results of the Life Insurance Corporation and their importance. The main focus of the study is the pattern and growth of life insurance business in India. Specifically, it deals with the analysis of growth of new business, business in force, income and outgo life fund, i.e., institutionalization of savings, and business by different zones of LIC. Finally, these indicators are compared with the related macro variables.
1) MCDaniel, David (1995)

The article explains that insurance agents are afraid of banks cutting into their business as they have in Europe where banks are far more efficient than agents. The article lays out how to make the proposed legislation ineffective, by warning of unsubstantiated tie-ins bank coercion, proposing 10-day waiting periods, state legislation, and tough fire walls.

2) Milligan, John (1996)

First long island bank prospers because it serves a small niche of small privately owned companies and upscale consumers that it coddles by being available both in person/phone and online.

3) The research study undertaken by Ross, James B. (1996) addresses the interest of the Life Insurance Corporation of India in constructing a model to calculate the life insurance potential of an individual and, by aggregating those calculations, to assess the life insurance potential available in any geographical area. A secondary interest is assisting insurance salespeople in determining the appropriate amount of life insurance for an individual. The study proceeds under the concepts of human capital theory, restricting the variables in the main part of the study to education level and age. Since one objective is to devise an instrument that could be used by the average worker in field operations, nearly one-third of the study is devoted to tables that facilitate such use. The author observes that the application of the theory provides both a minimum and a maximum for the guidance of agents, so that its application can eliminate both underinsurance and over insurance. The concern evidenced in this remark suggests that, in markets serviced by a
single governmental insurer - such as the Life Insurance Corporation of India - the theory may have considerably more applicability.\(^8\)

4) Pasini, Roy (1997)

The author states that the insurance industry can defend itself against the invasion by banks through better customer service and greater use of technological efficiencies\(^9\).

5) Crystal, Mary (1997)

This panel discussion on bank marketing suggest more direct interaction with customers by direct mail or personal contact. doing it pro-actively and by alternative methods: call centers, PC-banking, internet banking and supermarket banking. Using branding and other retail marketing skills. Bankers have tried to cut down on personal contact and may have alienated their customers\(^10\).


The authors wonder whether the merger will bring about promised synergies, and whether consumers really want all their from one provider. Can they cross –sell their brands?\(^11\)

7) D. Tripathy Rao (2000) – *Life Insurance Business in India: Analysis and Performance* - the study concludes that to develop a proper perspective of the ongoing debates on the privatization and globalization of the
insurance sector a systematic study of the structure and pattern of growth of the Indian insurance industry is essential. An analysis of pattern of growth of life insurance industry - a state monolith - since its nationalization in 1956 has been carried out. This article goes into the operating results of the Life Insurance Corporation and their macro-economic importance. The main focus of the article is the pattern and growth of life insurance business in India. Specifically, it deals with the analysis of growth of new business, business in force, income and outgo life fund, i.e., institutionalization of savings, and business by different zones of LIC. Finally, these indicators are compared with the related macro variables.  

8) Carrow Kenneth A. (2001): Conceptually similar to the one cited above, in that the author investigates whether the announcement of a merger between Citicorp and travelers abnormally impacted stock prices of financial and insurance companies. Analysis of abnormal returns surrounding the merger show that life insurance companies and large banks experienced significant stock price increases, while the returns of stocks of smaller banks, Health insurance, and property / casualty insurers remain relatively unchanged.

9) Estrella, Arturo (2001):
This analysis which types of mergers are likely to be most productive for banks and other financial firms in the united states. The author acknowledges that the extent to which different business activities are fundamentally distinct induces a tradeoff between diversification gains and loss of efficiency. The research considers life insurance, property / casualty insurance, securities, and commercial firms as potential
matches for firms and concludes that potential diversification gains arise from almost all combination involving banking and insurance. The paper stand out because it shows, unlike other earlier researcher, that property and casualty insurance companies offer larger diversification gains to banks than life insurances companies\textsuperscript{14}.


In this section, the author contends that the impact of the GLB act on the insurance industry is unclear. It had been widely assumed that the banking industry would quickly expand into non-banking activities, as synergies could be expected from the large bank customer information base and frequent contacts with customers. However, this quick response has not taken place, partly because of perception of risk in the insurance business. The author also cites a research study by the federal reserve bank of Atlanta that suggests that bank holding companies will add insurance products to their lines of business for sound reasons such as: 1) small increment cost involved, 2) the presence of existing customer relationships, 3) revenue diversification, 4) absence of interest rate risk in insurance compared with loans and 5) banks web-based marketing capability\textsuperscript{15}.

11) Srivastava D.C. & Srivastava Shashank (2001)- examines various aspects of insurance industry such as marketing strategies, product designing and pricing, reinsurance, risk management and use of information technology. All these issues have been analyzed keeping in view the emerging competitive environment.\textsuperscript{16}

The Author states that, convergence, depends on its definition. She offers very useful definition for convergence: 1) Merger of banks and insurers, heretofore independent, into a financial supermarket with endless cross-selling potential, and 2) A combination of insurance and capital markets product moving into a union and uniformity, or separate markets performing the same function. This could also be labeled as securitization of insurance risk and or insurancization of financial risk.


The authors investigate how the passage of the Financial services Modernization Act of 1999 (FMA) affected stock prices of banks, thrifts, finance companies and insurance companies. The study looks at stock excess returns across sectors and company size. The idea is that the passage of the FMA opens doors for potential mergers and consolidation across banking, financial and insurance sectors, translating into abnormal positive returns for businesses that are the likely candidate for mergers and consolidation. The results of the study suggest that the largest returns to the FMA passage were realized by large investment banks and insurance companies. The stock prices of banks, both small and large, seemed to be unaffected by the new legislation while thrifts, finance companies and foreign banks lost value.

Insurance agents of New Jersey, Connecticut and Massachusetts founded an association as independent insurance agents and brokers and have applied for a charter for an association savings bank. The bank products are to be sold by the independent insurance agents that own their own agencies. The bank is to be named insurance bank\textsuperscript{19}.

15) Gorski, Lorraine (2002 [A])

The article describes how insurers can use the banks base to reach new customers. Banks have the trust of their customers and that would be a good distribution channel for life insurance, especially in the midlevel or mass market. Banks could represent 3-4 different insurers therefore the insurance product need to be competitive (for the customer and the representative) and specific for bank employees selling. Furthermore, stable relationships are necessary and the product needs to be branded and well advertised. Underwriting will stay with the insurers but selling may go both ways by insurance agents or bank employees\textsuperscript{20}.

16) Gorski, Lorraine (2002B)

Insurance have founded banks to offer banking products. One hundred and thirty five applications were made between Jan. 1, 1997 and May 31, 2001. Insurance banks have an uphill battle to convince their customers to establish a bank account because it is hard to determine when and why an insurance customer needs a bank account. On the other hand, it is easier for a bank that provides a loan to sense when insurance is necessary. Since most people already have a bank account, customer as well as agent have to be motivated to deal with another financial institution or to switch. In addition these new
institutions often have no brick and mortar establishment but rather rely on internet applications and internet interactions. Establishing banks enable insurers to get into the trust business and offer a sophisticated retirement package and to be able to cross-sell insurance products to their customers and to earn fee income. Although this can be done through partnership, some insurers want to do it alone and thus to avoid finding later on unpleasant surprises. They count on their name recognition and the availability of their agents (state farm, Allstate). Increasing brand awareness, direct mailing, providing up-to-date interest rates should help to lure customers. Most insurance firms have hired experienced bankers to create and manage these banks.

17) Weber, Irene (2002): Weber report that, since the GLB Act of 1999, a few banks have acquired insurance firms and then Citigroup split up again. She provides the following reasons for non-convergence:

- **Regulation:** financial and bank holding companies are federally regulated, insurance firms are state regulated. GLB requires US jurisdiction to adopt uniform or reciprocal agent and broker licensing laws by November 2002. Reciprocity has apparently been apparently been approved by most states. But new insurance product needs to have state approval before they are allowed to be marketed, which is a slow process. Will there be federal chartering of insurance firms in the future?
- **Technology:** banks are able to offer interactive online services, while insurance products apparently don’t lend themselves to it. Also otherwise insurance are slower to adopt new technology.
• Financial reasons: Return on equity for an insurer was for 2000 only 7.42 percent while banks made 12.2 percent. Probably citigroup spun off Travelers because it did not make double digit growth, a norm for Citibank.

18) Aquino, Norman P. and Junia C.: This article describes a recent example of convergence in the Philippines. The U.S. embassy is lobbying for New York life to sell its insurance through Philippines banks. European insurance firms are also interested in it. Philippines thrift is accusing the central bank of not including them. The Philippine central bank is interested that banks show that the insurance products are not guaranteed by the PDIC.

19) Bowman, Lisa. Financial Times, 3/20/02. : Banc assurance in the U.K. is not taking off as expected. Firms are not making use or the data available and the products are not streamlined for bank sales. Consumers apparently prefer professional advice from insurance agents, while banks have a bad reputation for poor service. The author recommends that banks should take on more rich clients. Instead they stay with second tier customers, thus should employ second tier agents which would provide off the shelf advice but that has not been created. This approach would also be more cost efficient. The new modal is that banc assurers acquire pure insurers. Examples given.

20. Gibson Henry. Financial Times. 5/31/02.: This journalist highly supported the Dresdner Allianz merger. The new institution is called Allianz Group. The logic behind this giant merger is that the German government is in favor of German citizens to pursue private and company
pensions which it will support with tax incentives and coercion. The pension industry is supposed to grow by 15 percent annually. The article suggests that the familiarity and easy branch access of Dresdner would better service this population.

21. Walker, Marcus (2002). This article on the state of the Commerzbank mentions that tightly focused banks with strong market shares, such as U.K. retail banks, have made money. Diversified universal banks with no dominant market share such as Commerzbank or Frankfurt rival Dresdner Bank AG have slipped to losses in some quarters, raising doubts about their long term viability.

22) Palande P. S., Shah R. S. & Lunawat M. L. (2003) in their book highlights that following the reforms in the banking sector and the stock markets in India, the end of 1999 also saw the opening up of the insurance industry in India. In this book, the authors trace the origin of the insurance industry, the factors that led to its nationalization and the formation and working of the general and life insurance corporations. The book then presents an account of the developments in past and recent years, analyzes the transformation that has taken place after reforms, thus providing a comprehensive overview of the industry. It also takes a look at the new players that have entered the market, and offers suggestions about the future of the industry in terms of its potential and possible growth; the products and services offered, the evolving market strategies in the context of the highly competitive environment.
23) Shriniwasan M.N. (2005) The author focused that the Law of Insurance has been a subject of considerable public importance since its beginning. Many new statutory enactments have been added to the existing statutory material on the subject. The prominent among them are the Public Liability Insurance Act, 1991 and the Insurance Regulatory and Development Authority Act, 1999 and various Rules and Regulations there under. Such degree of Legislative care further demonstrates the public importance of the subject. It is this vastness of the market which has attracted the foreign insurers and, in order to throw open the door to them, the exclusive monopoly of the LIC and the GIC has been diluted. Apart from structural changes, the law of insurance has also been registering changes in respect of its basic and working principles. These changes have rendered the subject to be more functional than merely theoretical. This edition provides covering full text of Insurance Act & Rules, Insurance Regulatory and Development Authority Act, Rules, Regulations, Life Insurance Corporation Act, Rules, General Insurance Business (Nationalization) Act, Rules and Guidance Notes as issued by ICAI, Marine Insurance Act, Personal Injuries (Compensation Insurance) Act, Public Liability Insurance Act, Rules, Relevant Extract form Motor Vehicle Act, English Life Assurance Act, English Gambling Act, and other Miscellaneous Acts and Rules covering or impinging upon the subject of law of insurance.

24) Shukla S.K. (2005) Life Insurance Corporation was set up on 1st September, 1956. The LIC took over the assets and liabilities of 245 insurers, who were operating at the time of nationalization. LIC had sole monopoly of transacting life insurance business in India until 1999. Life Insurance Industry has expanded considerably after nationalization. The Legislature enacted the Insurance Regulatory and Development Authority
Act, 1999 to provide for the establishment of an Authority to protect the interests of holders of insurance policies to regulate, promote and ensure orderly growth of insurance industry. This study has revealed that LIC has improved its efficiency in recent years due to competitive atmosphere.²⁹

25) Sumninder Kaur Bawa (2007) in his study entitled *Life Insurance Corporation of India: Impact of Privatization and Performance* presents an in-depth analysis of LIC’s performance in respect of various indicators since the policy of liberalization was introduced on the country. The productivity analysis of the corporation has been carried out using different parameters. The portfolio management of the corporation has been studied in detail in respect of loans and investments. The impact of privatization on the performance of LIC has been evaluated in terms of its market share in various parameters of insurance vis-a-vis the determinants of the performance of LIC and makes recommendations for improving it. The book will be of immense use to students, teachers, researchers and those involved in Policy-making for LIC.³⁰

26) Sinha Ram Pratap (2007) in his article concludes that subsequent to the passage of the Insurance Regulatory and Development Authority (IRDA) Act, 1999, the life insurance market in India underwent major structural changes in recent years. Between end-March 2000 and end-March 2005, the number of life insurance companies operating in India has increased from 1 to 15. As on March 31, 2005, the private sector life insurers enjoyed nearly 10% of the premium income and nearly 25% of the new business. In view of the changing scenario of competition in the life insurance sector, the paper
compares 13 life insurance companies for the financial years 2002-03, 2003-04 and 2004-05 in respect of technical efficiency and changes in total factor productivity. For the purpose of computation of technical efficiency and total factor productivity, the net premium income of the observed life insurance companies has been taken as the output, and equity capital and the number of agents of insurance industries have been taken as the inputs. The results suggest that all the life insurers exhibit positive total factor productivity growth during the period.31

27) *Life Insurance in India: Opportunities, Challenges and Strategic Perspective by Sadhak (2009)* are a pioneering work on Indian Life Insurance Industry with a new perspective. The book is a culmination result of research and practical experience for a number of years by an internationally acknowledged financial economist and practicing manager with proactive and visionary thoughts. The book has been written in the context of Globalization, Economic Reforms and Liberalization of Indian insurance and capital markets and overall financial sectors. The scope and dynamics of growth of Indian Life Insurance Industry has been discussed in the light of changes in macroeconomic environment, demographic transition, changing market structure, changing product-market relationship, emerging convergence in financial markets, etc. The author has also focused on certain critical issues like Strategic Planning and Market Research, Change in Management Systems dealing with distribution and customers’ expectation with futuristic perspectives which.32
28) Raman (2009) – The study starts by welcoming people to this profession and advising them on how to begin a successful career and what life insurance is and why it is an important part of planning for a family’s future is also provided. This leads to discussions on prospecting, introductions, cold canvassing and sales talks. The book addresses how to handle objections and how to face rebating. Servicing the policy is expected from an agent, but servicing the policyholder with sound advice will retail a client as a permanent source for new business. A list of qualities that make a top insurance agent and how to remain on the top by organizing and maintaining records is also explained. This book educates agents and tells them how to face issues without compromising their ideals.33

29) Rob Thoyts (2010) provides a comprehensive overview of the theory, functioning, management and legal background of the insurance industry. Written in accessible, non-technical style, Insurance Theory and Practice begins with an examination of the insurance concept, its guiding principles and legal rules before moving on to an analysis of the market, its players and their roles and relationships. The model is the UK insurance market which is globally recognized and forms the basis of the insurance system in a range of countries in the Middle East, Africa and the Caribbean as well as Australia and Canada. The book covers the underlying ideas behind insurance transactions, together with the legal and financial principles that permit these concepts to function in the real world. Key issues considered include - the role of the constituent parts of the insurance market, the operation of both life and general insurers with special reference to the operation of the Lloyd's market, the nature and function of reinsurers, brokers and loss adjusters, the influence of government, both in terms of market regulation and consumer
protection, alternatives to the established private sector insurers, such as government schemes, Islamic insurance and alternative risk financing.\textsuperscript{34}

\textbf{30) Tripathy Nalini Prava \& Pal Prabir (2010)} concludes that with the entry of many global players and tie-up of Indian finance companies with multinational insurance companies, the Indian insurance sector is making rapid struggles. This study provides an insight into the operational policies, practices and issues relating to the insurance business, with the latest trends in this sector. Divided into two parts and containing 21 chapters, the book has contributions from experts in their area of specialization. The first part contains an overview of insurance and its role in the services sector. It also examines the current status of development and future prospects of insurance industry in India, and proceeds to discuss factors affecting selection of life insurance products. The second part deals in details with rural, social and health insurance. It also covers the Gratuity system and Banc-assurance.\textsuperscript{35}

\textbf{31) The books published by R. Haridas (2011)} deals with life insurance business in India, focusing on recent reforms in this sector.- After a long period of a monopolistic environment, the insurance sector in India was opened to private participation with the enactment of the Insurance Regulatory and Development Authority Act, 1999. Since then, the number of participants operating in life, general and reinsurance, in both the public and private sectors, has increased. The opening up has augured well for the sector which has witnessed introduction of new products in recent years. In the field of life insurance, a wider choice is presently available to the customers, with products being tailor-made to the needs of the insured. Insurers are putting in much more research into development of products
both in the life and general segments. Reforms have created competition in the insurance sector and given the customers a wide choice not only in the matter of insurance companies, but also in terms of insurance products. However, the impact of increased competition is yet to be felt on insurance penetration. With banks having already been allowed to undertake insurance business, bancassurance market has also come up in a big way.36

32) Chawla Sonia (2011) in her study concludes that the protection of policyholders' interests and customer satisfaction are the most important issues which are to be taken care of after the privatization of the industry. In view of the above said issues an attempt has been made in the present research work to study the service quality perceptions and assess the attitude of life insurance policyholders. The study envisages assessing the attitude of the policyholders towards the phenomenon of privatization, the changes brought in the industry after privatization and the consequent satisfaction levels. The present study has been carried out to study the progress and trends in the life insurance industry in India after privatization; to conduct plans/policies comparison of different players; to probe into the availability of insurance services as to coverage and distribution reach; to seek opinion of customers regarding premium rate structure; to find out customer satisfaction towards plans/policies, distribution channels and promotional measures and to study customer satisfaction levels regarding claim settlement.37

Most of the studies in the review literature presented above have been done with a very limited purpose of probing in to some of the facets of
service quality and its perception by life insurance customer. On the basis of
the review of the studies, it can be deducted that service quality management
is playing a very significant role in the development of the economy in India.
But as we have seen that lot of research is done to improve the service
quality but research on service quality of financial service sector is very
scare and scattered with very few in depth studies on life insurance of a very
limited nature. There is a wide scope for research on the perception of
service quality of life insurance companies operating in India.

The present study is pioneering work, because this is the first time an
attempt is being made to study the service quality assessment of Life
Insurance Company operating in the Nanded Division of Maharashtra State.
The review of literature gives an overall view of the researches conducted at
international, National and State level to facilitate identification and
understanding the areas covered as far for the purpose of the research. It also
paves the way for future research. Empirical studies have not focused much
on the service quality perception by the life insurance customer in
developing countries. There is no available literature on service quality
perception of life insurance Company by customers in Nanded Division of
Maharashtra State.

It is in this study the Service Quality Perception and Customer
Satisfaction in Life Insurance Companies in India with special reference to
Nanded Division of Maharashtra State. The researcher has not come across
any study specifically dealing with service quality attributes of Life
Insurance Sector in India. There is gap in the field of investigation
specifically in the area of life insurance, what the researcher wants to study
and get inside into the quality aspect of life insurance service.
References:


34. Rob Thoyts - Insurance Theory and Practice - Routledge publishers - http://www.kbazaar.in
