CHAPTER VI
CONCLUSION

Insurance is a matter of facilitation. It is the most effective risk mitigation mechanism to reduce the vulnerability of the people to the impact of disease, disability, untimely death, and natural catastrophes. In a developing country like India the need for such a safety net is much greater, particularly at the low income levels where vulnerability to risk is much greater and social security programs are not effective due to poor governance.

The underdeveloped state of India’s insurance industry meant that nearly 90 per cent of its 400 million working population did not have access to any mechanism to finance quality health care for the family members, over 90 per cent of its 200 million households did not have any life insurance cover against untimely death of their earning members; over 95 per cent of its farmers did not have any protection against floods, droughts and such natural calamities; and most importantly almost the entire low-income and below the poverty line population did not have any protection against risks arising out of sudden shocks such as crop failure, hospitalization and untimely death in the family. Clearly, the potential of the insurance industry to contribute to India’s economic growth and mitigate risks faced by overwhelming sections of its population was not being fully harnessed.

The Indian Government realized this and decided to reform the insurance industry as a part of its financial sector reforms agenda. The enactment of the Insurance Regulatory and Development Authority (IRDA) Act by the Indian Parliament in 1999 opened the doors for participation of private insurance companies and a limited participation of foreign insurance companies through joint ventures with Indian companies.

In the globalised scenario, the LIC celebrated its 54th year of truthful services in India on 1st September 2010. After the privatization of insurance business in India since 2000, the LIC has been facing a lot of problems in the insurance market. So, the present study is being undertaken to know the actual performance of the LIC of marketing its products after privatization of insurance business in India.
Thanjavur Division on bifurcation from Madurai Division, was formed on 14.02.1962. It covers of 8 Districts namely Thanjavur, Tiruvarur, Trichirappalli, Nagapattinam, Karur, Perambalur, Ariyalur, Pudhukottai and the Karaikkal region of Pondichery state, spreading over a total area of 23,641 sq kms.

Thanjavur Division started functioning with 9 Branches and now operates 27 main Branches and 3 SO Branches. The total population of this area is 1,10,63,701 as per the 2001 Census. Nearly 70 per cent of the population are living in the rural area with agriculture, weaving and fisheries as their main sources of income.

Thanjavur Division achieved a new business on 5,36,122 lives and a first premium of Rs. 728.2985 crores during 2009-10. The Division has achieved its target for the 5th consecutive year. This performance makes the Division worthy of study.

Customer Service is very important in the insurance industry. In the emerging business scenario customer satisfaction is the prime factor since the LIC has to face competition from new entrants. There is a need to adopt market friendly postures. The LIC is already adopting itself to keep pace with market forces. After the entry of new players in the Indian insurance sector, the customers expect better service especially in areas like claim settlement and issuance of policies.

To compete with the new players, the LIC will have to remove all causes of dissatisfaction among customers. The first need is to compare current levels of service with customer expectations and attempt to reach the service standards set by rival companies. This will have to be followed up with futuristic planning.

Industry experts opine that insurers need to explore alternative channels of distribution both in the urban and rural areas. There is also the need to understand the importance of building credibility and trust in a sustained way especially in the rural market.
The customer in the rural sector does not expect anything more than prompt and efficient service. A satisfied customer is the greatest brand ambassador and any negative experience to customers may reflect adversely on the insurance company. It will ultimately result in an inability to retain the customer base.

The service of agents is important in the insurance industry, especially in the rural areas. The agent is the representative of the company and serves as a link between the customer and the insurance company throughout the service delivery. The efforts taken by the agents to increase policy sales in rural areas helps to tap the rural market. So it is essential to study the satisfaction level of rural customers.

Life insurance is greatly influenced by changes in the social structure, social thinking and values, that influence the needs of individuals. The LIC has been continuously taking innovative steps to live up to the ever-changing expectations of the insuring public. Nowadays insurance policies are increasingly perceived as multi-dimensional protection instruments.

Understanding customer needs better will enable insurance companies to design appropriate products, determine prices and increase profitability. The selection of the right type of distribution channels will bring out an effective Customer Relationship Management system, which would eventually create a sustainable competitive advantage and build up a long-lasting matrix of relationships.

The LIC of India, being a public sector organization is keen to show that it is no less efficient than the private players. The LIC should be aware that its supremacy could get eroded unless adequate attempts are made to retain customers.

This study aims to understand the features of various LIC products and to analyse the role of agents as facilitators in marketing such products by assessing the level of satisfaction of the policy holders.
The study is descriptive in nature. The Survey method was adopted to achieve the objectives of the study. Both primary and secondary data were used in the study.

Primary data were collected from insurance agents and policy holders in the study area using structured, pre tested interview schedules and adopting stratified sampling models. The LIC officials were interviewed personally to gather required data.

Secondary data were collected from a wide spectrum of sources such as related books, relevant magazines, published and unpublished sources and reports of the insurance companies in India. Web sites of various insurance organizations were also of great use in the collection of secondary data.

The population of the study is a definite one. It constitutes the total number of LIC policy holders in the Thanjavur Division and the total number of agents engaged in insurance business in the study area.

Thanjavur Division comprises nine districts including Karikkal. Of these, only five Districts have been taken up for the study such as Thanjavur, Tiruvarur, Trichirappalli, Nagapattinam and Karaikkal region of Pondicherry state. All these districts are in the Cauvery Delta. The remaining four districts, were left out to avoid demographic differences. A list of LIC branches and their addresses were obtained from the Divisional Office, Thanjavur which served as the chief source of information. Similarly a list of insurance agents functioning in the study area was also obtained.

From the list of Branches and SO offices, 10 situated in the five delta districts were selected at random. Registers of Policy holders of these branch offices were used for selecting the sample policy holders. Nearly two-thirds of the population of the study area is living in rural areas. So, in the total of 500, 300 were selected from the rural areas and the remaining 200 from urban areas on a random basis adopting the convenience sampling technique.
In Thanjavur Division, there are 14,055 LIC agents. Among them nearly 45 per cent are dormant. Of the remaining only 40 per cent has been able to achieve their targets. So, among the effective agents 250 were selected at random. There are two types of agents – specific agents and general agents - according to the products of the companies they deal with. The specific agents deal with the products and services of the LIC only whereas general agents deal with the products and services of the LIC and other insurance companies. A survey was conducted among them to ascertain their present position and to identify their problems. For the purposes of the survey, 250 agents functioning in the study area were selected on the basis of the proportionate random method adopting convenience sampling technique. Among the 250, due attention was paid to include atleast three-fifths from the specific category and two-fifths from the general category

Keeping in view the limitations of an individual researcher, the study has been confined to marketing of LIC products only. No comparison is made between LIC products and those of other insurance companies.

The report of the research is presented in six chapters. The first chapter focuses the “Introduction and Design of the Study”. “Review of the Literature “ is given in chapter second. Third Chapter deals with the theoretical aspects relating to “Marketing of LIC products”. Issues relating to agents in marketing LIC products in the study area are analyzed in the fourth chapter. In the fifth chapter “Problems and prospects of customers in the marketing of LIC products of Thanjavur Division” are analyzed and interpreted. The results of the study are presented and suitable suggestions are also offered to make the marketing of LIC products in the study are more effective and efficient in the final Chapter.
Findings of the Study

Insurance agents can be classified into two types. **Specific agents** deal with LIC products only. **General agents** deal with products of other Insurance Companies also. The mean age of specific agents is 46.07 years and that of general agents is 40.5 years. The newcomers to this agency business are mostly general agents.

It is found that the majority of the insurance agents in the study area are at least graduates and the number of graduates is larger in the case of general agents than among specific agents. It is proved with the help of a chi-square test that the general agents are better educated compared to specific agents.

It is inferred that the majority of the respondents have more than 10 years of experience in the field of insurance. It is proved with the help of a chi-square test that the specific agents are more experienced than the general agents.

78 per cent of specific agents and 56 per cent of the general agents are married. On the whole, 69 per cent are married and the remaining 31 per cent are unmarried. On hypothesis testing, it is proved that a greater percentage of specific agents are married compared to general agents.

The mean income earned by the specific agents in the sample is Rs.60,670; the standard deviation is Rs.20,450; and the coefficient of variation is 33.71 per cent. The mean income of the sample general agents is Rs.64,400; the standard deviation is Rs.21,830 and the coefficient of variation is 33.93 per cent. The overall mean income earned is Rs.62160; the standard deviation is Rs.21,090 and that of coefficient of variation is 33.93 per cent. It is inferred that the mean income, standard deviation and coefficient of variation are greater in the case of general agents than among the specific agents. The income level of the specific agents is more consistent compared to that of general agents. The general agents earn more compared to specific agents.
79 per cent of specific and 73 per cent of general agents concentrate on urban areas; only 21 per cent of specific and 27 per cent of general agents focus on rural areas. On the whole, 76.40 per cent concentrate on urban areas and 23.60 per cent concentrate in rural areas. It is to be noted that even though the study area is mainly rural, the agents focus only on urban areas. The rural parts are ignored both by the general and specific agents.

Among the factors that influence the customers in selecting specific policies, field trips and bill boards play a vital role. Nearly half of the agents (48 per cent) have succeeded in their attempts only because of the field trips they have undertaken. Another 36 per cent of the agents opine that bill boards have facilitated their task. By hypothesis testing it is proved that the specific and general agents differ significantly with regard to their perceptions on the prime factors that influence customers.

Among the agents 11.60 per cent approach their clients more than once; 19.20 per cent approach twice; 30.40 per cent approach thrice and 38.80 per cent approach more than thrice. It is inferred that the majority of the agent respondents approach the customers at least three times or even more than thrice for marketing insurance products. It is proved with the help of a chi square test that the frequency of approach to customers does not significantly differ among the specific and general agents in the sample.

Considering all the agents, 20.80 per cent follow “Position defence”; 37.20 per cent follow “Flanking Defense”; 15.20 per cent follow “Preemptive Defence” and 26.80 per cent follow “Mobile Defence” marketing strategies. It is inferred that the Flanking Defence strategy is mainly used by both the general and specific agents.

12.40 per cent of the agents say that motivation is the prime psychological variable influencing the selection of policies; 23.20 per cent say it is perception; 15.60 per cent say it is knowledge; 33.20 per cent identified attitude and 15.60 per cent say other factors are potent. The analysis reveals that 33.2 per cent of the agents opine that it is the attitude of the agents that influences the buyers in the selection of policies.
The analysis reveals that 61 per cent of the specific agents get maximum support from their friends and officials whereas 66 per cent of the general agents get it from officials only. The role of other supporting agencies is negligible. By hypothesis testing, it is proved that the supporting agencies of the specific and general agents, differ significantly.

It is inferred that company publications and development officers are the major sources of information to the general agents and specific agents respectively as 53.33 per cent of the specific agents and 50 per cent of the general agents get information mainly from them. It is proved with the help of chi square test that the opinions of the specific and general agents differ significantly with regard to the major source of information about new policies.

As regards the level of satisfaction of agents in relation to commission, incentives and processing time it is found that the level of satisfaction is higher in commission and incentives. It is negative regarding processing, approach and help in service delivery.

The mean age of the urban policy holders in the sample is 41.97 years; the standard deviation is 8.93 years and the coefficient of variation is 21.29 per cent. The mean age of rural policy holders in the sample is 43.20 years; the standard deviation is 9.94 years and the coefficient of variation is 23.00 per cent. The combined mean age of the policy holders is 42.46; the standard deviation is 9.37 years and the coefficient of variation is 22.06 per cent. It is inferred that the majority of the policy holders are in the age group of below 45 years in the urban areas whereas in rural parts those above 45 and below 55 dominate. This shows that insurance is preferred in the earlier age group in urban areas compared to rural centers.

Among the total sample policy holders, 11.20 per cent have studied up to SSLC; 18.60 per cent up to higher secondary; 54.60 per cent are graduates and 15.60 per cent are either postgraduates or have some other higher qualification. It is inferred that the majority of the policy holders are graduates in urban as well as in rural areas. This may be due to the fact that the selected area is the District headquarters and so the average level of education is higher compared to that in suburban areas.
Considering the total sample policyholders, 28.20 per cent are in government employment; 31.80 per cent are in private employment; 29.60 per cent are in business and 10.40 per cent are in other activities. It is inferred that the majority of sample respondents in the urban area are in some type of employment and the majority of the rural policy holders are business people.

It is found that among the urban policy holders, 69. per cent are married and the rest 30.67 per cent are unmarried. Among the Rural sample policy holders, 82 per cent are married. On the whole, 74.40 per cent are married and 25.60 per cent are unmarried. So, it can be inferred that the majority of the policy holders in both urban and rural areas are married. It is clear that marriage has created a need for Insurance among the sample policy holders.

The mean income of sample urban policyholders is Rs.67,470; the standard deviation is Rs.21,980 and the coefficient of variation is 32.57 per cent. The mean income of the sample rural respondents is Rs.65,400; the standard deviation is Rs.21,880 and the coefficient of variation is 33.46 per cent. On the whole, the combined mean income is 66,640.00; the standard deviation is Rs.21,960 and the co-efficient of variation is 32.96 per cent. The standard deviation is more in the case of urban policyholders and coefficient of variation is more in the case of rural policy holders. So, it can be inferred that rural policy holders are more in number at the lower end of the income bracket whereas urban policy holders are in the majority in higher income groups.

Among the policyholders, 34.80 per cent have up to 3 members in the family; 34.20 per cent have 4 to 5 members; 18.40 per cent have 6 to 7 members and 12.60 per cent have more than 7 members. It is inferred that the size of the family is comparatively small among the urban policy holders compared to that of rural policy holders.

48.20 per cent of the sample have one earning member; 30 per cent have two members; 14.80 per cent have three and 7 per cent have four earning members in the family. It is found that the majority of the families have only one earning member.
Among the urban sample, 47 per cent always seek and get information before taking up policies; 32 per cent get information ‘often’ and 21 per cent ‘rarely’ get it. Among the rural respondents 62 per cent always get information; 32 per cent get information often and 6 per cent get it rarely. Considering the whole sample, 53 per cent always get information; 32 per cent get information often and 15 per cent get information rarely. It is inferred that the majority of the respondents in the urban and rural areas always seek detailed information before taking up policies.

Agents play a vital role in providing information about policies to the prospective urban policy holders whereas it is advertisements that provide information to the majority of rural respondents. 49.67 per cent of the urban policy holders got information from agents only. 47.50 per cent of the rural policy holders got information through advertisements. The role of development officers in this area is very limited compared to those of friends and relatives. So it can be inferred that the prime sources of information about new policies are agents and advertisements.

As much as 45.40 per cent of the policy holders were influenced by the agents. Agents are the prime factor influencing both urban and rural policy holders policies. Advertisements were more influential in rural than urban areas. Nearly one third of the respondents were influenced by their friends and relatives. It is inferred that the prime factor influencing both the urban and rural people are agents and advertisements.

Among all the sample policy holders, 8.40 per cent say ‘motivation’ was the major factor influenced them in the selection of new policies; 16.80 per cent say it was perception; 16.80 per cent say it was knowledge; 35.40 per cent say it was attitude and 22.60 per cent say it was other variables. It is inferred that the prime variable is the attitude and then comes perception in the case of urban policy holders. There are also some other variables which have an impact on the selection of policies. On hypothesis testing it is proved that with regard to variables affecting policy selection, the urban and rural policy holders do not differ significantly.
Considering both the urban and rural samples only 14.20 per cent have taken out policies for savings and 45.00 per cent have indicated risk coverage reasons. 21.20 per cent have taken out policies for availing income tax benefits and only 19.60 per cent have done so for investment purposes. It is inferred that risk coverage seems to be the prime reason for insuring both in urban and rural areas. It is proved with the help of the chi square test that the reasons for taking out insurance policies differ significantly between urban and rural policy holders.

Among the sample policy holders, 40.40 per cent have whole life policies; 77.60 per cent have endowment policies; 44.80 per cent have money back policies and 79.40 per cent have other types of policies. It is inferred that endowment policy is invariably preferred by both rural and urban respondents. On hypothesis testing it is proved that the urban and rural policy holders differ significantly in the types of policies they hold.

The opinion of the policy holders about the details of insurance policy mix held by them reveals that 14.60 per cent have policy mix; 15.60 per cent have premium mix; 38.00 per cent have risk mix and 31.80 per cent do not have any specific mix. It is inferred that both rural and urban respondents are very much worried about risk. It is proved with the help of a Chi-square test that there are significant differences in the policy mix held by the rural and urban policy holders.

Considering all the policy holders in the sample, 25.60 per cent have been holding their policy holdings for a period of less than 5 years; 46.60 per cent between 5 and 10 years; 17.20 per cent have had been their policies for 10 to 15 years and 10.60 per cent have been doing so for more than 15 years. From the analysis it can be inferred that majority of the policy holders hailing from both urban and rural areas have been holdings policies for 5 to 10 years.
The opinion of the policy holders regarding the frequency of approaches made by the agents to market policies to a particular customer reveals 14.20 per cent have been approached once; 18.80 per cent have been approached twice; 48.20 per cent thrice and 18.80 per cent have been approached more than thrice. It is inferred that the majority of the urban sample respondents have been approached by the agents at least thrice and the rural policy holders at least twice.

Regular personal visits is the strategy adopted by the agents to sell policies among the urban policy holders whereas persuasion by moving close to the customers is the strategy adopted by agents to cover rural policy holders. Influencing through others like friends and relatives is also an effective strategy used to capture business.

It is inferred that regular personal visits and persuasion by moving close to the customers are the major strategies adopted by the agents in the study area to sell insurance products. It is proved that there are significant differences in the perceptions of rural and urban respondents about the strategies adopted by the agents.

The spouse is the nominee in the majority of the cases among both rural and urban policy holders. As much as 54 per cent in the rural and 43 per cent in the urban consumers have nominated the spouse. Among the children nominees, sons are on the privileged side compared to daughters as the overall percentage is 28.40 for sons and only 10.70 for daughters. Only 7.60 per cent of the respondents have nominated their parents 5.80 per cent have nominated none. So, it is seen that spouse gets priority in the nomination of policies in both urban and rural areas.
Nearly 40 per cent of the urban sample prefer annual premium whereas the majority of the rural policy holders prefer annual and quarterly premiums. Even salaried class of policy holders are not in favour of monthly premium as only 11.20 per cent favour it. So, it can be inferred that urban policy holders prefer annual premium payments whereas rural policy holders prefer both annual and quarterly premium payments. It is proved with the help of a chi-square that the urban and rural policy holders differ significantly in the type of premium payment chosen.

It is inferred that the average policy amount of the urban sample policy holders is Rs.1.74 lakhs whereas it is Rs.1.93 lakhs in the case of rural policy holders. The overall average is Rs. 1.825 lakhs. The majority of policy holders have taken policies for small value only. The size of the policy amount depends on the income and individual attitude of the policy holders. The rural policy holders have taken policies for higher values compared to urban policy holders. On hypothesis testing it is proved that urban and rural policy holders differ significantly with regard to their policy amount.

It is found that among urban policyholders, there is dissatisfaction with regard to two important aspects of pre-policy service namely in providing information about policies and with the assistance provided for selecting the policies.

It is inferred that among the rural policy holders, there is dissatisfaction with regard to policy information, selection of policy, document requirements and payment of first premium. Dissatisfaction level is highest with services relating to policy information and the selection of policies.

The opinion of the rural respondents about their satisfaction level over the services offered to them by the LIC during the processing stage reveals that the level of dissatisfaction is the highest for services relating to fulfilment of medical requirements and low about the amount of premium.
The level of satisfaction over Loans and Claims settlement services among the urban policy holders in the sample reveals that out of 300 respondents, 73 policy holders are satisfied and 182 respondents are dissatisfied with regard to the loan procedure adopted by the LIC. 134 policy holders are satisfied and 148 respondents are not satisfied with the time taken for processing claims/Loan applications. As far as the quantum of loan is concerned, 131 policy holders are either highly satisfied or satisfied and 146 respondents are not satisfied or not at all satisfied. As regards claim processing, 150 policy holders are either highly satisfied or satisfied and 125 respondents are not satisfied or not at all satisfied.

As many as 178 policy holders are either highly satisfied or satisfied and 104 respondents are not satisfied or not at all satisfied with the time taken for settlement of claims.

It is found that the rating score points are positive for claim processing and time taken for claim processing and settlement and are negative for other aspects. Dissatisfaction is the highest with regard to loan procedure and is least with quantum of loan among urban policy holders.

It is found that the opinion of the rural policy holders in the sample about the level of satisfaction regarding loans and claims is positive for processing time, loan amount and time taken for claim settlement and is negative for other aspects. Dissatisfaction among rural policy holders is the highest about loan procedure and least about claim processing.

It is found that the level of satisfaction of the urban policy holders over other services provided by the LIC or renewal information is positive and negative for all other services. The level of dissatisfaction is the highest on additional period coverage and it is least on additional risk coverage services.

It is found that the level of satisfaction of rural policy holders over other services provided by the LIC like flexible premium payment and renewal information are positive but negative in all other aspects. The level of dissatisfaction is the highest regarding bonus addition and it is least on additional risk coverages.
Analysis on the level of satisfaction of the urban respondents in the sample on various methods of grievance handling shows that the rating scale points are positive for hearing complaints and handling methods but negative on all other aspects. Dissatisfaction is the highest in accepting complaints and least on redressal aspects.

The Analysis over the level of satisfaction of the rural respondents on grievance handling by the LIC shows that the rating scale points are positive for hearing of complaints and handling methods but are negative on all other aspects. Dissatisfaction among rural policy holders is highest on accepting complaints and least for redressal aspects.

It is inferred that the level of satisfaction of the urban policy holders at introductory stage is positive for form filling, documentation and in policy information but negative about other aspects. The level of dissatisfaction is the highest about information on complete details and the least about the approach methods.

It is inferred that the level of satisfaction of the rural policy holders at the introductory stage is positive for form-filling-services, provision of actual information documentation but negative for other aspects. The level of dissatisfaction is the highest on provision of information and the least alone approach methods.

Agents render several other services to policy holders such as risk diversification, medical help, premium assistance, quickening of processing, premium acknowledgement etc., The level of satisfaction of the policy holders in the sample regarding these services reveals that it is negative for risk diversification assistance and is positive for all other aspects. Satisfaction is the highest about premium payments assistance.

It is found that the level of satisfaction of the rural policy holders is negative on risk diversification assistance and positive in all other aspects. Satisfaction is higher about premium payment assistance.
Agents provide continued assistance by providing renewal information, premium collection, loan information, receiving periodical benefits, providing complimentary gifts and other investment assistance. It is found that the level of satisfaction on these is negative among the urban policy holders about except other investment help. Dissatisfaction is the highest regarding premium collection and least on loan information.

The Level of Satisfaction of the rural policy holders in relation to the post policy services provided by the LIC agents is negative except about premium collection and complimentary gifts. Dissatisfaction is the highest on ‘other investment help’ and it is the least on ‘providing renewal information’.

The overall satisfaction level about the services rendered by the LIC and its agents reveals that among the urban policy holders, 43.67 per cent and among the rural respondents 51.50 per cent are satisfied and the rest are dissatisfied. On the whole, 46.80 per cent are satisfied and the rest 53.20 per cent are dissatisfied with the services rendered by the LIC, and its agents. Hence it is inferred that the majority of the policy holders of the LIC both in urban and rural areas are dissatisfied with the services offered by the LIC directly and through its agents. On hypothesis testing it is proved that there is no significant difference in the satisfaction levels of the urban and rural policy holders with regard to the services rendered by the LIC and its agents.

Regarding shift option, it is found that out of 169 urban policy holders, who wish to shift, 10.65 per cent prefer to switch over to private insurance companies; 45 (26.63 per cent) opt for private investments; 56 (33.14 per cent) may switch over to company investments; 23 (13.60 per cent) opt for bank investments and 27 persons (15.98) prefer post office investment.

Out of the 200 rural policy holders in the sample only 97 opt for a switch over. Out of them, 20 (20.61 per cent) respondents opt for private insurance; 18 (18.56 per cent) prefer private investments; 25 (25.77 per cent) opt for company investments; 18 (18.56 per cent) prefer bank investment and 16 (16.50 per cent) opt for post office or similar investments.
144 respondents from urban areas and 56 from rural areas prefer other company’s products for future purchases. It means 48 per cent of the policy holders in the urban and 28 per cent of the policy holders in the rural areas are ready to shift their buying option from LIC to other companies. Because of this, the switch over rate will be increased from 27 per cent to 48 per cent in the urban and from 13 per cent to 27 per cent in the rural area. Therefore it can be concluded that the LIC is losing its hold not only in the urban areas but also in the rural areas.
Suggestions

The study reveals that marketing of LIC products in the study area is carried out effectively but it does not recognize it is efficiently done. It is not very difficult to make it efficient also and to design a suitable mechanism for it, which will be “Customer Friendly”. The efficiency of such system would not only ameliorate the depressed lot of the general public but also save them from the necessity of incurring losses by wiping out the grim prospects on the insurance business.

Customer Awareness: The LIC of India periodically launches a variety of new products, but the study shows that the customers are not aware of them as advertisements given by the LIC are ineffective. The Corporation must take steps to devise an appropriate advertising strategy taking into account the features of the target market and the prevailing business environment.

Need for Insurance: Though life insurance is important for common people, not all of them have taken up insurance policies. Even among those who have taken insurance policies, they have done so mainly to avail income-tax benefits, and not for covering risk. As a result, they have taken all policies for low amounts sufficient for claiming tax exemptions. The LIC should undertake extensive campaign work, to make insurance a basic need.

Concession to existing policy holders: The LIC focuses on creating new markets for its old as well as new products. In this process, the old customers are not taken care of. The LIC would do well to communicate to their existing customers the features new products that are being introduced in the market. Some concessions may be offered to them to motivate them to purchase new products. Similarly, some concession may be given in the premium amount for first generation insurers to motivate them to get their lives insured.
**Attractive bonus:** Life insurance policies are taken not only to cover risk but also as investment. Investors expect higher returns for their investments in the form of bonus. Compared with those in other financial institutions and companies the bonus rates in LIC are low. So the LIC should come forward to make savings adequately attractive. The existing competition can be tackled with prudent product planning by reducing the rates of premium, increasing bonus rates and quality of service to policyholders.

There has been no increase in the bonus rate declared by LIC for the past 15 years irrespective of the increase its earnings over these years. The LIC must devise a policy to determine the bonus rate on the basis of its earnings.

**Improving the insurance coverage:** The LIC should take steps to spread life insurance widely especially the rural areas and among the socially and economically backward classes with a view to reaching in all insurable persons in the country and providing them adequate financial cover against death calamity at reasonable costs.

**Deployment of funds:** During Golden Jubilee Celebrations in the year 2005-06, the LIC declared, "People’s Money for People’s Welfare." So, The LIC should bear this in mind, in the investment of funds. It has a primary obligation to its policyholders, whose money it holds in trust. Without losing sight of the interest of the community as a whole; the funds are to be deployed to the best advantage of the investors as well as the community as a whole, keeping in view national priorities and obligations of attractive return.

In the present liberalized scenario the LIC should also take an utmost care to conduct its business with the utmost economy and with the realization that the funds belong to the policyholders and act as trustees of the insured public in their individual and collective capacities.
Innovative products: The LIC in its 53rd anniversary celebrations claimed, "No matter who you are, no matter what you do, we have a policy for you." But in the Liberalized and Globalized scenario, the products offered by the LIC are not so innovative. The LIC should come out with new insurance products to meet the various life insurance needs of the community that would arise in the changing social and economic environment.

Potential Rural Market: There is large untapped rural potential in the life insurance market. This is yet to be discovered and explored. Though most of the life insurance companies have penetrated the rural targets, the insurance penetration is still only around 25 per cent of the insurable population. The policies of life insurance companies are still not rural-centric catering to the specific needs of the people. With a view to popularizing life insurance, the LIC must study the rural market, analyze the specific needs of each segment and design innovative products suited to the requirements of specific target groups.

Need for special comprehensive products: The LIC can also think of group policies for each special segment or position a traditional individual policy for a specific need. It is also necessary to think of designing ‘family Policies’ covering all the family members.

Another variety of rural oriented low priced policy could be the combination of micro credit, micro savings and micro insurance. The insurer, in this case, provides logistic support to a micro cooperative society dominant in the rural area and the later could be a corporate agent of the insurer. Thus savings are encouraged and the interest on investments can be used as premium for a group policy which can be a term assurance policy. The term assurance policy protects the maturity value of the micro savings in case of the death of the customer. The credits to the customer can be arranged from the cooperative society for premiums of higher sum assured or for any other purpose and they are also covered by the micro insurance mechanism. The LIC needs to understand that what is needed in the rural areas is emotional security laced with economic security.
Micro Insurance Products: Micro insurance products lack innovation in collection mechanism with people having no access to formal banking systems. For the success of Micro Insurance, the marketing departments of the LIC need to reassess their strategies and start appointing micro insurance agents on a large scale. The help of Non Government Organizations and Self Help Groups needs to be utilized. There is also a need to design location specific and region specific need based small ticket products suiting the requirements of the rural people. Flexible premium collection mechanisms need to be developed for the benefit of rural customers. Family products, multi benefit policies, single policies with multiple riders and combination of life and general features need to be promoted and placed for the success of micro insurance.

Sales Promotion: In the insurance industry consumers are not given any incentives or allowances directly by the Company. Only channel members get commission and other allowances. The challenge is to create a new and appropriate sales promotion programs. Premium concessions and new sales promotion techniques are to be introduced especially in the rural market.

Creating a sense of Participation: The LIC should take effective steps to involve all people working with the Corporation in sales promotion. It will help the Corporation in furthering the interests of the insured public and to ensure efficient service with courtesy. It is high time for the LIC to take suitable steps to promote amongst all agents and employees of the Corporation a sense of participation, and pride.

Info Centers: With a view to help customers interact with the Corporation from places of convenience, LIC has set up info centers in 8 places- Delhi, Kolkata, Mumbai, Ahamadabad, Pune, Hyderabad, Bangalore and Chennai. This facility should be extended at least to all the District Head Quarters to enable quick access to the customers.
**Satellite Offices:** With the vision of providing easy access to its policyholders, the LIC has launched 159 satellite offices. These satellite offices, which are attached to the respective parent branches, are basically an extension of the large parent branches for services to policy holders. Processing of new proposals and collection of renewal premium are the main functions of these offices. In addition to the three offices already proposed, two more satellite offices are to be established in Thanjavur Division to minimize the delay in processing of new proposals and to eliminate the difficulties in the payment of premium.

**Banks as Service Providers:** As many as seven Banks – HDFC, ICICI, Centurion Bank of Punjab, AXIS Bank, Corporation Bank, Federal Bank and Citibank and Bill Collection Service Providers - Billjunction.com, and Billdesk.com are the LIC’s Service Providers. Any policyholder who has a bank account in India can use this facility as an alternative premium payment channel. All these banks are not nationalized banks and their services are not available in the study area. So, some nationalized banks may be designated as the LIC is service providers in the study area.

**Electronic Clearing Service:** ECS is currently available in selected cities only. It could be extended to other Centres where the RBI has opened this facility. A policyholder having an account in any Bank which is a member of the local Clearing House can opt for ECS debit to pay premiums. The advantage in this system is that once the option is exercised, the policyholders need not visit a Branch for paying the premium or collecting the receipts. On the day indicated by the policyholders, the premium amount will be directly debited to the bank account of the policyholder and the receipt will be issued by the designated Branch Office. So, ECS service should be introduced in the study area at the earliest.

**Service Centres:** LIC should open a number of service centres in the rural areas where it does not have branch offices. This would facilitate collection of premium, improved service facilities and thus spread life insurance coverage.
**Simplifying the Loan Procedures:** The study reveals that the procedure adopted for sanctioning loans on policies is somewhat complicated. There are too many documental procedures to be followed resulting in inordinate delays. To avoid such problems the Corporation should open a separate section to deal with loan affairs so that the hurdles in getting the loan may be removed.

**Simplifying the Medical Examination Procedures:** The procedures and rules relating to medical examination are rigid and involve considerable amount of delay. The doctors in the list of approved medical officers of the Corporation are less than the required strength. This in turn affect the speed with which services are rendered by the Corporation. Therefore, effective and appropriate measures should be undertaken for drafting requisite rules and procedures which will make the system less cumbersome.

**Job Security to Agents:** The agents of the Corporation reportedly do not have job security and so are a poorly motivated lot. So, the agents should be given preference in the LIC's marketing Personnel Appointments in the future. There must be some reservation for the agents in the recruitment as they are well experienced in insurance business and contribute towards the development of the LIC.

**Commission to the Agents:** The rate of commission payable to the agents has been reduced from 25 per cent fixed at the time of inception of LIC to 7 per cent. This has obstructed the efficiency of the agents. So the Corporation should take steps to enhance the rates of commission to agents.

**Guaranteed Earnings for Agents:** The agents are not assured of any fixed regular income. Because of the low rate of commission, many agents discontinued their agencies causing sudden stoppage of services to policy holders. Minimum guaranteed earnings could be ensured for agents instead of commission at a floating rate calculated on the basis of the amount of business achieved.
Relaxing the Membership Rules: The present eligibility criteria to become CLUB members should be relaxed. The period fixed for the recognition of an agent as a CLIA agent may be reduced from 25 years to at least 20 years to enable more agents to be categorized as CLIA agents.

Employment on Compassionate Basis: The wards of agents could be guaranteed employment in the Corporation at least on compassionate grounds.

Pension for Agents: The LIC agents can not function efficiently and effectively after sixty years of age. So, a suitable pension plan may be introduced for them.

Renewal of Discontinued Policies: There is a steady increase in the number of discontinued policies in India in general and in the study area in particular. In order to curb this menace a separate field-wing may be established for the renewal of discontinued policies. Special commission may be given to the field-wing to motivate them. Similarly fore-closure of policies due to non-payment of loan dues should be avoided to reduce the policy drop-out rate.

LIC as Public Sector Undertaking: From the opinion of the majority of customers it is inferred that the present status of the LIC as public sector undertaking should be allowed to continue and under no circumstances the Management should be shifted to the hands of the private sector.

Bifurcation: It is suggested that for convenient and easy management, the LIC Thanjavur Division may be bifurcated into two Viz., Thanjavur Division and Thruchirappalli Division.
Conclusion

Life insurance is a long-term business activity, which enables mobilization of funds that are used for infrastructure development in the country. A good insurance company, provides fair and prompt claims settlement and provides good service before and after a loss. The Corporation should try to invest a larger percentage of its investable funds in the national economy to benefit the policyholders and the public. The larger the portion of LIC assets invested in the economy, the higher would be the contribution to the economic development of the country.

The LIC was established with a view to spreading the gospel of life insurance to every part of India and encourage the habit of thrift among the public and also to enhance the resources at the disposal of the Government.

Quick, efficient service to policy holders should be the goal of the LIC. Insurance is not purely a commercial industry but a social institution too.

The following excerpts taken from the speech of the then Union Finance Minister, Mr. P. Chidambaram at the inaugural function of LIC’s Golden Jubilee Celebrations, at Lucknow, on September 1, 2005 are highly relevant to understand the role of LIC in Nation building activities.

“In the year 1956, 245 Indian and foreign companies were nationalized and today, the three letters ‘LIC’, stand as a synonym for insurance, for services, for excellence in strengthening the economic fibre of this country. I dare say that no other three letters taken together are more recognized to the length and breadth of India than LIC”.

“The performance figures of LIC give an indication why LIC is dear to us, why LIC is a Jewel in our crown and why we will continue to nurture LIC and grow it into a great organization rendering service to the people of India”.

250
"LIC’s footprints are now to be found in many other countries in the world. Wherever Indians go - and they go everywhere now, wherever Indians are welcome - and they are welcome in every part of the world, wherever Indians settle down-they have found many new homes, wherever Indians excel – and they excel in every walk of life, they want LIC – they want LIC to protect them, to look after their savings, and provide for protection as well as their retirement.”

The Life insurance industry in India, is a sunrise industry. It implies that the potential for growth is tremendous. In view of its long standing services LIC has built up a good image among customers and it has done remarkable ‘quantums’ of business for long years. The challenges before the LIC are the private operators and the changing customer perceptions in view of entry of private operators. However, the customer preference is still in favour of the LIC and not in favour of private insurance companies. Being a public sector organization and a monolith in life insurance business, the LIC can easily retain its dominance.

Scope for Future Research

The study focused only on marketing of LIC products. In future a comparative study between the products of LIC and that of other Insurance companies is possible.

The study covered the LIC of India Thanjavur Division only and for further studies the other Divisions of the LIC may be considered.

The present study concentrated only on marketing aspects of LIC. In future there are wide scope for doing research works on Finance, Administration, Human Resources and Investment aspects of LIC.

Bancassurance is the latest emerging area for future research.