CHAPTER II

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It is necessary to show how the problem under investigation relates to previous research studies. Therefore an attempt has been made in this chapter to review some of the important empirical past studies appraising the performance of the Life Insurance Corporation in marketing its products. These studies in general, were carried out during different periods but during the pre-privatization era when there was no competition. So, the period of the study assumes greater importance as far as the present study is concerned. A few past related research works in this field have been reviewed in the following pages.

**Madawat** (1977) in his research work, "Two Decades of Life Insurance – A Study in Policy Holders" studied the changes that have taken place between two decades in life insurance with particular reference to policy holders weal and woes. The twin objectives of the LIC at the time of inception was to provide protection to all sections of society and to make investment available to the priority sectors. The study revealed no spectacular increase in business from rural areas but recorded all efforts were being made to exploit the vast and untapped potential on rural business. Life fund stood at 1283 per cent in the year 1975-76, the net lapse ratio was 17.7 per cent. This was due to the misguidance of agents and development officers but targets were fixed realistically to bring it down.

**Khan** (1978) in his study, "Prospects of a Career in Life Insurance Business in India" attempts to showcase the opportunities and prospects in the career of a life insurance agent. The study explains what a good career is and how a good career should be. There is no age barrier for selling of life insurance products. It needs no previous occupational experience to become an agent in insurance business but one needs to be attractive, professional and capable of creating opportunities by building up personality. The relationship of the life insurance agent with his clients is perennial and not temporary and the service rendered has no substitute.
Ramesh Jain\(^3\) (1980) conducted a case study on, “the Organization and Working of life Insurance Corporation of India” to survey the growth of life insurance business in a particular area and to analyze how its funds, mobilized through the sale of its products were channeled for nation building activities. The study brings out the growth of total new business and funds that 30 per cent of LIC’s individual assurance business was from the rural sector. The growth in the business has placed LIC in a privileged position to contribute more of its investments to many of the vital national projects and schemes under the 20 point programme. The study recommends the establishment of servicing centres to have continuous interaction with the policy holders. The study also suggests that the branches give greater thrust to rural marketing as it still has great potentialities for expansion.

Raj Kumar\(^4\) (1985) in his article, “The Role of Insurance Advertising” finds that advertising is aimed to influence a customer who has a limited spending power to buy products and that it operates through familiarizing, spreading news, overcoming inertia, image building, improving market share, educating, and gaining staff support. As far as the insurance industry is concerned, misconception is a common problem and the pre-testing revealed that only rich people are associated with insurance and so, the researcher opined that the treatment meted out to the poor rural public by the LIC looks unfair or purblind.

Mishra\(^5\) (1987) in his article, “Appraisal of Marketing Strategies of the Life Insurance Corporation of India” aims at studying the marketing strategies of the LIC and focuses on the objective of acting as a trustee of the insured public, meeting the needs arising in the social environment and promoting a sense of participation among the employees. The study reveals that the occupational pattern of the population has a significant influence on the insurance market where 35.2 per cent of the salaried class have insurance coverage as against 16.2 Per cent among the self-employed category.
Kirubasni\(^6\) (1991) in her study, “Life Insurance Policy Holdings – A Study of Influencing Factors” attempts to show the level of awareness among policy holders, their preferences and the factors influencing pertaining to policy holdings. The study revealed that the majority of the respondents knew a lot about endowment assurance policies and ranked them at it as number one. The study also revealed that there was a significant relationship between personal factors like income education, age etc. and policy holdings.

Appi Reddy and Narasimha Murthy\(^7\) (1992) in their research work, “Marketing of Life Insurance Services in Rural Areas” have attempted to examine the marketing practices followed by the LIC in rural areas and the problems involved in providing the services. The Organization has appointed Development Officers with responsibility for a specified territory (Tryst with Trust) and provided them special promotional facilities like field publicity vans, film shows, exhibitions etc to widen the services area. But despite consistent efforts only a population 4.55 Crore have been insured against the insurable population of 21 Crores.

Lajput Ray Chandhani\(^8\) (1992) in his article, “Key man Insurance” attempts to study the concepts of Key man insurance, its objectives, features, the monetary value of key man’s life, the maximum sum assured and other requirements. Though it was introduced in the year 1987 in India, it is yet to gain prominence in the field of life insurance. The researcher opined that key man insurance holds the key to mitigating the losses that might materially affect the Organization’s profit, by reduced sales, increased cost, restricted credit etc., The skill, knowledge and experience of key employees are more valuable to the organization and remains almost indispensable.

Gidwani\(^9\) (1996) in his study, “How Much Life Insurance does a Man Need” made an attempt to find out a probable answer to the questions as to why human life is valued after death in monetary terms and to what extent life insurance is needed for an individual. The researcher adopts three methods to study the situation (i) Ability to look into one’s pocket to decide how much one can save so that maximum term of life
insurance can be purchased; (ii) Individual average earnings from future personal efforts over the remaining years of one’s productive life and (iii) Total expenditure met during one’s life time representing the cost of acquisition of human asset which is productive in subsequent years.

Narasima Murthy\textsuperscript{10} (1996) in his study, “Customer Services in LIC – A Case Study” made an attempt to examine and evaluate the customer service provided by the LIC at the Hanamkonda branch in Andhra Pradesh. For this purpose, the opinions of the policy holders were classified into those of professional and managerial groups, and regular income groups, self-employed groups and agricultural groups. The data required for the study were collected from a sample of 100 customers selected, using a structured questionnaire. The findings of the study revealed that the majority of the policyholders were satisfied with the premium rates fixed by the LIC and the remaining felt that the rates should be reviewed in view of the declining mortality rate. The majority of the respondents expressed satisfaction with the services of agents at the time of purchasing the policy as well as at the time of maturity.

Ajit Ranade and Rajee Abuja\textsuperscript{11} (1999) in their article, “Life insurance in – India Emerging Issues” present an overview of the operations of the LIC in India and identify the strategic issues in liberalization after the entry of private players in insurance. The authors bring out the need for private players to enhance efficiency in operations, to achieve a greater density and penetration of life insurance and to mobilize long term savings for infrastructure projects in the country. Though the LIC is in an advantageous position compared to private entries, yet it has to bring in changes to meet the demand by expanding the range of its products and freedom in investment in order to adapt and survive in the liberalized scenario.

Raghu Gulati\textsuperscript{12} (1999) in his survey, “A Study of Life Insurance Market: Products and Customers” attempts to observe the functioning of the life insurance market in relation to its products and customers. He attempts to get a basic understanding of life insurance business, it product portfolio, the strategies the company adopts, a
demographic analysis, of the clientele the customer strategy that the organization repeatedly follows when launching insurance etc. are studied. The study also reveals that the LIC has a deeper penetration in urban areas, yet, the people are underinsured, and there exists a vast potential to increase the coverage of insurance. 50 per cent of LIC's business comes from the rural areas and agents seem to be the most effective channels regarding sales. In products strategy, if the customer is in need of basic insurance products, the Company should come forward to launch such products in such a way that the term profit is matched with the risk.

Mishra K.C and Simitha Mishra\textsuperscript{13} (2000) in their article, "Global Insurance Market Structure" bring out the position of insurance in India compared to that in European countries, where life insurance accounted for 58 per cent of the global direct premium and non-life 42 per cent during the year 1997. The study states that the need for insurance arises when economic activity increases, or families become nuclear, and kins get geographically dispersed and the individual become more dependent on employment. The author analyses the top ten largest insurance markets and how they are ranked by revenue in the year 1998.

Jaya Basu and Chandra Sekar\textsuperscript{14} in their research work, "Insuring the Profits" (2000) discuss the problems faced by the insurance players because of the ignorance of the majority of population on insurance. They find that only 15 per cent of the total population are insured and the penetration level of insurance policies in India is only 0.5 per cent as against 2.56 per cent in Israel and 2.43 per cent in Hong Kong. If this status is to be chased, there is the need to create customer awareness in the rural areas, introduce innovative low-price units with low premium and bring on right distribution techniques with rigorous training for agents, direct marketing, etc.,
Ramakrishna Reddy and Raghunatha Reddy\textsuperscript{15} in their research work, “Life Insurance Corporation of India- Need for New Lessons” (2000) attempt to study the issues and derive conclusions on certain matters like whether premium rates reflect the life expectancy or the policies are designed only for Government employees or semi-Government employees or those in reputed commercial firms etc., The desire and ability of the policy holders to know about the products, and the functioning and short comings of the LIC are also discussed. The study reveals that the rates of premium charged under Postal Life Insurance are less compared to the rates of premium in the LIC. As LIC now covers only a confined class, it is felt necessary to concentrate on uncovered areas like non-salaried class, and other potential market segments. The foremost change required from the LIC is to provide transparency of information to the community, so that they have the freedom to access any information about the working of the LIC.

Malliga\textsuperscript{16} (2000) in her study, “Marketing of LIC Policies – A Study on Agents of Thirunelveli Division” examines the association between socio-economic status, and personality traits of the agents and their performance in Tirunelveli, Tuticorin and Kanyakumari Districts. Further, the impact of marketing strategies and attitude of the agents towards the organization and its performance are studied with a sample of 300 respondents chosen using a stratified random sampling. The results of the data show that the performance of the agents in terms of number of policies, sum assured and the total commission received are found to be dependent on the socio-economic status of the agents and clientele. There is a significant correlation between the marketing strategies of the agents and their performance.

Jha\textsuperscript{17} (2000) being a former Executive Director of the LIC in his article, “Challenges before the Insurance Industry” discusses and presents the real picture of the LIC during the period in which the insurance industry was in the hands of the private sector (1818 -1955), then public sector (1956-1999) and once again under private sector (2000). The researcher ensures that the objective of liberalization is to provide better coverage and ensure the flow of financial resources for the growth of infrastructure. The study concludes that the challenges before the industry in a liberalized market are: facing
competition from the new insurers, retaining the existing insurers, fulfilling the expectations of customers and distribution channels and promoting consumer education and grievance redressal.

Achamma Samuel\(^\text{18}\) (2000) attempts to make an overview of the insurance system in India. As the insurance sector facilitates economic development, the author tries to evaluate the level of insurance penetration and makes a comparison with the world standards. The study reveals that India’s insurance penetration was only 2.3 per cent as against the world’s average of 7.8 per cent in the year 2000. The low insurance penetration reflects the vast potential for the development of insurance markets in India. The share of insurance as a percentage of real GDP during the period from 1981-82 to 2000-01 was below 1 per cent. The insurance sector has been only a marginal contributor to the country’s GDP. One of the reasons attributed to this is the lack of effective competition or the monopoly enjoyed by the public sector. The opening up of the insurance sector to private players may argue well for the growth in income from this sector.

Mahesh Chandra Garg\(^\text{19}\) (2000) in his research work, “New Paradigms in the Indian Insurance Industry” brings out the new paradigm in the insurance industry by examining the impact of the increase in the life expectancy of individuals and the disintegration of joint family system where each individual now arranges the cover for himself and for the family. The researcher feels that the rate of insured which was around 7 per cent of the population in 1999 is all set to grow very fast because private sector operators in collaboration with their overseas partners are likely to bring in a more professional and focused approach. Once competition grows, lower premia may also become a reality and the regulatory body has to ensure a balance in the enactment of its regulations on the overall development and maturity of the insurance industry.
Sankariah, Rudra Saibaba and Pervaram Sreenath\textsuperscript{20} in their research work, "Life Insurance in India – a Retrospection" (2001) attempt to articulate the objectives, the marketing strategies and the progress achieved by the LIC, the different facilities to meet risk coverage and highlight the new policies offered by the insurance companies in the context of privatization, liberalization and globalization. On comparing with private firms, it was found that some schemes offered by the LIC are not available with other insurance companies as they offer only endowment and money back policies. The progress of the LIC is highly remarkable. It recorded 148.43 lakhs new policies in the year 2000 compared to only 9.32 lakhs new policies in the year 1956. There is every possibility for further growth of insurance business, as 57.6 per cent of the insurable population is still uncovered. The LIC intends to shift (With the CRM model) from mass-marketing to target marketing to individuals and thus extend its reach to customers in the most cost effective way.

Agarwal\textsuperscript{21} (2001) in his article, "Role of Information Technology in the Insurance Industry" attempts to study the importance of information technology in the insurance industry and brings out the need for providing improved services when there is competition due to private entry. In an insurance company the service offered may be evaluated in many areas like customer service, claim management, human resource management etc., It is assumed that to have an overall increase in the size of the insurance market, information technology must be used on a more vigorous basis to ensure extensive penetration.

Swapan Bakshi\textsuperscript{22} in the article, "Banks Foray into Insurance – Prospects and Problems" (2001) tries to focus on the potential growth in insurance business and the infrastructure of the banks that enables them to adopt the strategies for success in a competitive environment. The opportunities are immense but the challenges are also formidable, the prospects and problems for banks in planning to enter into insurance is well discussed. Entry of private players may erode the deposit base of the banks, since life insurance – linked savings are more attractive, and also has great competitive
advantage, flexibility and gestation period. The potential threat to deposits may be the main factor influencing banks to go in for both life and non-life insurance.

Kutty\(^\text{23}(2001)\) in his study, "Life Insurance Across the Frontiers – A Model for expansion of Life Insurance in the Informal Sector" outlines a clear picture of the growth of the insurance industry in India. The growth is achieved not through mere penetration into one segment of the population i.e., the formal sector (middle class) but also the informal sector (lower Class) that helps in the spread of life Insurance. The author cites many Indian cases. One among them is the author’s own survey of 75 rural LIC policy holders conducted in Trichur district of Kerala in 1999. The key findings include the one that the majority of the respondents are concerned with specific saving needs and only a smaller number are concerned with general needs. A majority felt that insurance is for the dominant need of safety for their investment. The distinctive pattern of expectations in the informal market is fairly apparent in the study.

Vasanth Srinivasan, Prakash and Sitharamu\(^\text{24}(2001)\) in their study, "Selection of Life Agents : A Challenge For The Indian Insurance Industry" explore the challenges involved in the management of agents in a liberalized economy. The objectives of the study were to identify the competencies required and methodology adopted for selecting effective agents. A sample of 75 agents ranging between 28-47 years, was taken for qualitative solution. The findings indicated that professional competence is essential for successful insurance agents. The study also highlights methods to manage agents and develop competencies and domain expertise among them.

Thitivadee Chaiyawat\(^\text{25}(2001)\) in his research work, “Insurance Liberalization In the Emerging Market” states that the more developed and efficient country’s insurance market, the greater will be its contribution to its economic prosperity. The researcher studies a dozen countries which have liberalized their insurance market and achieved better resources and enhanced consumer choice as per their expectations. The study also highlights issues related to liberalized markets which allows competition by
creating stronger solvency, supervision, disclosure, consumer information and market monitoring. The adverse effects are the restrictions on the opportunities of the foreign insurer. If the government denies them, it may reduce consumer choice and hinder corresponding contributions to economic development.

Rama Krishna Reddy and Kunjula Spandana\textsuperscript{26} (2002) in their study, "Opening up of the Indian Insurance Sector: A Challenge And an Opportunity" study the challenges and opportunities present in opening up of Indian insurance sector to private hands. Though the emergence of competition is a healthy sign, yet there is a fear that multinational companies will squeeze the existing companies, thereby, affecting the national growth. The big question whether liberalization will have an unfavorable impact or help in the betterment of services. Of course, customers will benefit by having choice, better service and easy access to insurance schemes.

Thiripurasundari\textsuperscript{27} (2002) in her study, "Attitude of Policy Holders Towards LIC" attempts to know the attitude of policy holders towards the services offered by the LIC branch office at Mayiladuthurai Town in Tamil Nadu and the level of satisfaction of policy holders relating to the rate of bonus, rate of premium, medical examination etc. The study also reveals that the overall services of the branch office with regard to various aspects are satisfactory and 80 per cent of the respondents expressed their opinion that the rate of premium was normal bonus was moderate at the end of the maturity period. The majority of the policy holders felt that the medical examination insisted on for taking out policies is necessary.

Pushpa Kumari\textsuperscript{28} (2002) in her research work, "Life Insurance Corporation of India: A Catalyst to Development" attempts to find out how LIC provides security to the masses and contributes to the development of the economy. As per the Annual Report, the number of policies in individual assurance increased more than 13 times, i.e., from 85.77 lakh in 1961 to 1131.11 lakh by 2001. The rural share which was 36.5 per cent in 1962 increased to 55.5 per cent in 2000-01. The investment structure seems to
have undergone a shift from favoring government securities to those in the corporate sector comparatively. Investments in social and development activities registered a decreasing trend.

Rajat Shuvro Bakshi\(^29\) (2002) in his study, "Strategies for Indian Insurance Companies - Post Liberalization" attempts to examine theoretical concepts and survey the post liberalization scenario the role of the IRDA and the strategies for the future. Trust in customers is the major driving force for the private players and it is not easy to achieve it especially when insurers are preparing themselves for competition. Insurance premium in India accounts for mere a 2.3 per cent of the GDP and the percentage of savings is barely 5.95 per cent in India. The factors favoring survival in spite of private entry are strong distribution network, strategic selection of segments, reputation, creditability and financial stability. As per Financial Times May 14, 2002, LIC registered a record by selling 23 million policies compared to other private companies.

Arunajatesan\(^30\) (2002) in his study, "Insurance in India and its Future Prospects" attempts to find the reasons for the poor penetration of insurance and the influence of various factors on penetration like awareness of LIC products, preferred modes of saving, insurable population, reasons for buying etc., The findings of the study were that 70 per cent of the population was aware of insurance through TV, newspapers and agents but among them only 24 per cent were insured. Regarding the knowledge of schemes, less than 65 per cent of the respondents recorded positively and with regard to reasons for buying insurance in majority of the cases was tax planning and risk cover.

Sanjiv Marwah\(^31\) (2002) in his study, "Customer Churn" opines that insurance business is experiencing a major problem in customer churn after involving a huge cost in acquiring them. The gaps model of service quality developed by Valerie A Zeithaml, was applied to study the gaps in the service extended to customers in the insurance industry. The model identified seven types of gaps that occur between design and delivery of insurance service. Besides, different steps were also incorporated in
different ways to reduce the defection rate (the rate at which it loses customers) by measuring retention rate, distinguishing the causes of customer attrition, estimating how profit or loss and finally estimating the cost involved to reduce the defection rate. The study also revealed that fulfilling customers expectations, improving customer loyalty and listening to customer’s feedback are the solutions to retain and regain the customers, who are all always looking for better alternatives.

Pradeep Gupta and Sanjay Bhyana (2002) in their study, “Insurance Sector: Challenges and Strategies” discuss the challenges that exist and strategies that are open to the insurance industry in India. An attempt was made to know the market position of different insurance brands and business practice codes given by the IRDA to maintain some minimum standards. As per the study, after liberalization in November 1999, awareness of LIC brands shown 100 per cent increase as against that about ICICI Prudential which stood at 70 per cent followed by that of HDFC at 52 per cent.

Harold D. Skipper (2002) in his research work, “Liberalization of Insurance Market: Issues and Concerns” attempts to study the relevant issues in connection with the liberalization of the Indian insurance Market. Liberalization seems to be a foundation, emphasizing only on minimum interference. Further, it stresses the importance of foreign insurers in the contribution to national economies, and the principles followed by the government that enable the consumers to expose themselves to quality products from well established private insurers. The empirical evidence on insurance liberalization in emerging markets has been explored. The researcher has also examined the effects on life insurance of market openings and deregulation efforts undertaken in Korea, Philippines, Taiwan and Thailand. The study revealed that Korea and Philippines seemed to have improved in productivity with the modest deregulation during the study period. The findings ensured that welfare gains will be minimal in a restrictive regulatory environment where deregulation does not closely follow market opening.
Mittal and Anil Chandhok\textsuperscript{34} (2002) in their research work, "Privatization of Life Insurance Sector in India – Impact and Perspectives" made an attempt to study the impact and perspective of the insurance sector before and after privatization. In the pre privatization scenario 75 per cent of the business was generated in the months of January, February and March of every year for income Tax saving, while the remaining 25 percent of the business was procured in the remaining nine months. In the post privatization scenario private companies are targeting the village population which is almost untapped. A performance survey regarding the number of policies sold for the year 2001 is analyzed in the selected branches of LIC namely Ambala City, Kurushethra, and Karnal Branch 1 and 2 in the state of Hariyana. The findings of the study were that 85 per cent of the business in the life insurance sector is from the male segment of the Indian population and only 15 per cent was from the female segment.

Bajpai\textsuperscript{35} (2002) in his publication, “The Challenges Before the Insurance Industry in India” reveals that environmental changes like liberalization and globalization, increasing disasters, declining interest rates and, convergence have enlarged the customer expectations. These environmental changes place real challenges before the insurance industry. The industry has passes through different phases of evolution like life risk management, multi-channel distribution, network management, stake holder’s conflict management, corporate governance etc. To conclude, the emerging trends suggest the industry is moving from mere risk mitigation to net wealth management so as to have greater opportunities for growth and profit which will enable it to offer fresh services and transform the concepts and practices of customer relationship management.

Ajay K.Rajan and Mukesh Dhunna\textsuperscript{36} (2002) in their study, “Liberalization of Insurance Sector: Social Implications” analyze the social implications of the opening up of insurance sector to private players and try to find reasons as to why there was private entry after nationalization, what are the social issues realized so far and how the reforms proceeded as per the norms of the IRDA in cementing the reforms in the Indian insurance industry. The objectives for private entry based on competition are to enhance
resource utilization, to effect reduction in premium cost, to mobilize funds domestically, to ensure better pay packages and to attract inflow of foreign capital. The study also reveals that most of the private players are concentrating their business only in urban areas leaving the vast rural untouched.

Santhosh Dhar and Upinder Dhar (2003) in their research work, “Dimensions of Insurance: A Perceptual Study for future Managers” present their views assessing the awareness and understanding of future managers about insurance. The study reveals that five dimensions namely protection of current and future needs, encouraging savings, guaranteeing payment, ensuring growth and assuring security were perceived as important by these future insurance managers. As expectations of the people about services tend to be strongly influenced by their prior experience of outcomes with a particular service provider, future managers must learn to know the specific requirements of the customer to provide individual attention and to make him as a regular customer.

Alok Tewary (2003) in his article, “Insurance – The Latest Buzzword in the Indian Economy” states that skills and experience are necessary to tap the employment opportunities arising from the liberalization in the insurance sector. The researcher brings out the difference between pure risk and speculative risk since unlike speculative risk, pure risk can be overcome only through the techniques of risk management. Insurance business needs lots of capital, skill and talent to manage the marketing and treasury operations, administration and vigilance. The researcher also discusses on the eligibility criteria for banks to enter into insurance business. The capital adequacy ratio of the bank should not be less than 10 per cent and the NDA levels of the bank should be reasonable etc.

Pramod Pathak and Saumya Singh (2003) in their research work, “Increasing Competitiveness Through Marketing – A Case study of the Life Insurance Corporation of India” try to find out the competitiveness of the LIC in view of the entry of new players. They have carried out a SWOT analysis and suggested
some strategies. The objectives of the study were to help the public sector insurance giant to increase its market share, to help to retain its old customers, and to attract new customers. The study also emphasizes customers satisfaction and quality of insurance services. The methodology adopted in the study is open-ended interview with the customers to find out their perceptions and expectations. One hundred customers in Dhanbad and surrounding areas were selected through convenience sampling to collect information on sum assured and annual premium paid quality of service etc. The findings of the study were that majority of the customers were graduates and they preferred only money back policies and Bima Nivesh covering single premium.

Bajbai (2003) discusses the Preservation and Progression of the Insurance Industry that has a direct and proportionate relationship with the growth and sustainability of the economy. The researcher emphasizes the building up insights about the challenges before the Indian insurance industry. He discusses broad issues like higher customer expectation, increasing disasters, declining interest rates, globalization etc., connected to make out the challenges before the industry. Though the challenges bear a dynamic description, the industry has to pass through phases of evolution like risk management, multi-channel distribution network management, customer relationship management etc, which appear to be enormous in the horizon of the insurance industry.

Azhagaiah and Varadharajan (2003) in their study, “Paradigm Shift in Insurance Business” recorded that out of one billion people in India only 35 million are covered by insurance. 312 million middle class consumers in India have enough financial resources, but only 2.5 percent of the population has insurance coverage. India is the sixth largest market in the world. With the entry of private insurance players, people have a host of schemes to choose with distinguished features giving importance to the return on investment. LIC has been withdrawing many of its assured return plans, due to the factors like changing customer behavior, deregulation and government intervention, competition etc. Regarding the progress of 12 private insurance players, the total business gained by all the private companies is only around 5 per cent of the total
insurance business in the country. Of which ICICI Prudential tops the rank with 40 per cent followed by Max New York with 13 per cent.

Patil Kallinath in his research work, "Life Insurance Corporation of India its Products and their Performance Evaluation- With Special Reference to Gulbarga District" (2003) made an attempt to evaluate the duties of agents and to assess whether the existing products are satisfying the needs of the policyholders in LIC branches of Gulbarga district a backward area of Karnataka during the year 1999. The sample size is 1921 which includes policy holders and agents representing 20 per cent of the total insured population. The findings of the study revealed that insurance products with lower premiums and covering more risks are preferred by policy holders. The explanation and demonstration of product features by agents is not satisfactory. It is found that in the branches, a proper rapport between the agents and the developments officers is lacking and the majority of the respondents are dissatisfied with the services rendered by the officials.

Kaliyamoorthy and Suresh (2003) in their research work, "Emerging Paradigms in the Insurance Sector" study the changes in key factors like demographic, social, economic, political factors and strategic choices that are responsible for the growth of the service sector. A Comparison of insurance contributions in the developed and developing countries clearly indicates the terms of savings mobilization. The study states that with the entry of private companies, competition has brought in changes and the LIC has started offering some services which even the private insurance companies have not yet begun. It is too early to conclude about the yield in private firms but it is necessary to keep a close watch on the trends in the industry to analyze its future development.

Syed Ibrahim (2003) in his study, "Life Insurance Corporation – An Overview" discusses in brief the evolution of the LIC over a period of 100 years and its present status as a notable survivor against private competition. The author brings out the attractive features of savings in the LIC. The progress of LIC in the year 2000 is
highlighted along with those of twelve private companies with regard to policies issued, market share etc. Though the LIC has grown to become number one life insurer in terms of policies issued and claims settled, yet its penetration is only 0.5 per cent which is low compared with those of international insurance business. As the insurance sector is being liberalized, stiff competition emerges in this sector and so to overcome this, the LIC should become flexible to changes and aim to be more dynamic.

Rudra Saibaba (2003) in his study, “Perception and Attitude of Women Towards Life Insurance Policies” attempts to analyze the perception and attitudes of women respondents about LIC and their awareness about new policies introduced. He also aims to know the satisfaction of customers with the services rendered by the LIC. Out of the 69 respondents, from both the urban and rural areas of Warangal division of Andra Pradesh, 75 per cent of the respondents viewed insurance as a source of investment for higher returns. Respondents' awareness of new policies reveals that 58.75 per cent knew about children’s money back policy and only 7.55 per cent of the respondents were aware of Jeevan Sanchay. Majority of the respondents are satisfied with the services offered by the Corporation and only a few are not satisfied. Lack of advertisements about new policies and negligence of agents in concentrating on customer services are the important reasons for dissatisfaction.

Atmanand (2003), “Insurance and Disaster Management: The Indian Context” observes that the Key elements of disaster management are prevention, mitigation, preparedness, response, relief and rehabilitation. The various stakeholders in the process of disaster mitigation are policy makers, decision makers, administration, professionals, professional institutions, R&D institutions, financial institutions, insurance sector, community, NGOs and the common man. Insurance has played a very important role. The advanced countries have developed the insurance system and made it effective and mandatory. As a result the loss of lives and property is comparatively less disastrous. In India, most of the losses suffered in natural disasters are not insured, for reasons such as lack of purchasing power, lack of interest in insurance, theory of Karma attitude and ignorance about availability of such covers. Quite a large number of
agencies provide insurance cover and foreign insurance companies have already ventured into such areas. This implies that the commercial and private sector can also play an essential role in disaster mitigation. The study attempts to fill the gap in studies on the role of the insurance sector in disaster management.

Ranjan Das Raveendra\(^4\) (2004) in his study, "Strategic Choices in Life Insurance Business" opines that the economic reforms which were ushered in India in the early nineties enabled the Government to set up the Malhotra Committee in April 1993. The Committee suggested wide-ranging reforms to improve the penetration of insurance as seen in premia as percentage of GDP remained low at 77 per cent during the year 2000, compared to that in some developing countries in Asia. The entry of new players has challenged the erstwhile monopoly of the LIC. The changes brought about by privatization are market expansion, new product offerings, better customer service, more channels of distribution and strategic alternatives including variety based positioning, need based positioning, access based positioning etc. The authors comment that when the life insurance players choose a particular positioning, it involves trade-offs to attain a sustainable competitive advantage.

Shobhit and Sanjay Shukla\(^4\) (2004) in their study, "An Empirical Study and Analysis of Failure of Private Insurance Players in Rural Areas" conducted a survey in Lucknow city and in the adjoining rural areas to expose the reasons for the failure of private insurance players. The sample size was 200 of which the rural areas accounted for 80 and the urban areas for 120 respondents. The findings revealed that the majority of the rural population showed a high bias towards low premium risk coverage. The study also revealed that in urban areas, mass advertisement and efficient customer services provided at the doorsteps are the two major reasons for the deep market penetration by the private players.

Agarwal\(^4\) (2004) In his article, "The Insured's expectations in a Liberalized Insurance Market" briefly discusses the various channels of distribution and new avenues being explored by the new players in the insurance sector. The researcher opines
that a customer may have expectations like value added services, development of new products, technology insurance, solvency, financial security, trained staff etc. Though customer satisfaction may be provided by maintaining high professional standards and rationalized procedure etc., yet it requires a new paradigm. In short, customer care is an approach to non-stop caring. Only those companies, which can respond to the customers needs faster and better than others can survive well in the future.

Ravi Shanker (2004) in his study, “Marketing of Insurance Services” made an attempt to study the impact of the reforms adopted by the LIC after nationalization, in the light of, influencing factors in competition and marketing strategies adopted by the insurance companies. The reforms, restrict the direct insurers to have a minimum paid up capital of Rs. 1 billion, invest policy holders funds only in India and restrict international companies to a minority equity holding of 26 per cent in any new company. Influencing factors in competition are saving plans, easy settlement and protection against creditors. The two possible limitations are (i) the rate of premium as part of GDP which is indeed comparatively low in India and (ii) new players find it easier to capture existing customers by offering better services and other advantages.
Present study:

The previous studies relating to the LIC were oriented towards functioning, profitability, policy details and settlement areas. But this study differs from the previous studies on the following grounds.

1. The area selected for the study is Thanjavur Division. It covers all the civic dimensions namely urban, semi urban and rural areas, where agriculture is the predominant occupation of the people.
2. The role of agents in marketing LIC products and services are studied in detail.
3. The functioning of agents are also analyzed after giving due consideration to various socio-economic and cultural factors;
4. The perception of customers about marketing of LIC products is studied in detail;
5. The level of satisfaction of policy holders about the style of functioning of agents in marketing LIC products is also studied and
6. Discriminant function and factor analysis are done to identify the marketing efficiency from the angle of agents and customers.

An overview of the existing literature shows that no attempt has so far been made to conduct an in-depth and analytical study of the marketing of LIC products in any particular Zone or Division. Hence, the researcher has taken up this study. The present study of the marketing of LIC products in Thanjavur Division makes an attempt to examine the business and financial performance of the Corporation during the study period.

Thus, the present study is different in nature and is highly relevant one in the present competitive environment.
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