CHAPTER VIII

OBSERVATIONS CONCLUSION & SUGGESTIONS

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CHAPTER - VIII

OBSERVATIONS CONCLUSION & SUGGESTIONS

The objective of this chapter is to present the summary, findings and suggestions of the study. The chapter consists of three sections. The first section gives the summary of all the chapters of the study. The summary includes a brief inference of the study. The second section gives the findings of the study. Of the secondary and primary data collected, analyzed and interpreted, some important findings are enlisted. The last section gives some suggestions to overcome problems that have been identified during the study.

On 1st of September 1956, The Life Insurance Corporation of India (LIC) embarked upon its momentous journey in true spirit of serving the people and nation as a whole. Since then it has spearheaded the financial and infrastructure development of the nation. The performance of LIC has been exemplary and it has been growing from strength to strength be it customer base, agency network, branch office network, and the like. LIC has played a significant role in spreading life insurance among the masses and mobilization of people’s money for people’s welfare. Even after the entry of private insurers for almost a decade now, LIC continues to be the front runner in the industry in terms of market share.

LIC today services its customers through 8 Zonal offices, 113 Divisional Offices, 2048 Branches, 1202 Satellite Offices, more than 1.19 lakh employees and 12.78 lakh agents. Besides life insurance, through its various subsidiaries, it is involved in providing various financial services viz. Pension (LIC Pension Fund Ltd.), Housing Finance (LIC HFL Ltd), Mutual Fund (LIC Nomura MF), Credit cards (LIC Card Services Ltd), Financial Products distribution (LIC HFL Financial Services Ltd) , LIC HFL Care Homes Ltd. and LIC HFL AMC Ltd. It
also provides insurance services in several countries abroad through branch offices, JVs and a wholly owned subsidiary.

The opening up of the markets has only pushed LIC of India to newer heights in terms of procurement and service to customers. As per the IRDA figures, it had a market share of 71.33% in First Premium Income as on 31st July, 2010 and 71.68% on Policies. The Corporation has already completed over one crore new policies in the current fiscal year by 14th August, 2010, with a First Premium Income of `15,917 crores registering an impressive growth rate of 96.17%. The Corporation is confident of continuing with its vigorous growth in the coming months as well.

LIC of India continues to reiterate its commitment towards social responsibility for which it set up the Golden Jubilee Foundation in 2007. The Corporation continues to support socially oriented sectors and has undertaken various Corporate Social Responsibility initiatives which strive for the overall development of the lesser privileged sections of society. The Foundation has, so far, sanctioned 120 projects worth `15.44 crore for various social initiatives.

The Corporation continues to script its success story of efficient customer service through its strong infrastructure of 2,048 branch offices, 1,042 satellite offices and a gigantic employee force of 1,15,000 employees and over 14 lakh agents. The Corporation has also spearheaded many customer oriented initiatives which have aimed to make life simple for its numerous policy holders. These include a very customer friendly Internet Portal at www.licindia.in and opening of 33 Customer Zones across India where customers can walk in and have their servicing needs addressed. LIC has also hosted campaigns such as ‘Relationship Renewal Programme’ and ‘Customer Contact Programme’ to strengthen its bond with the existing customers. There are 13 alternate channels of payment (apart from the standard branch & satellite
offices) available to the customers to enable them to make their premium payments anywhere, anytime.

### Table No. 8.1 SWOT ANALYSIS OF LIC

<table>
<thead>
<tr>
<th><strong>Strengths:</strong></th>
<th><strong>Weakness:</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Dedicated Employees.</td>
<td>a. Lack of good services.</td>
</tr>
<tr>
<td>b. Well Efficient Management.</td>
<td>b. Lack of awareness about insurance among people.</td>
</tr>
<tr>
<td>c. Technology.</td>
<td>c. Less coverage in Rural Areas.</td>
</tr>
<tr>
<td>d. Diversification of funds.</td>
<td></td>
</tr>
<tr>
<td>e. Strong and popular brand name.</td>
<td></td>
</tr>
<tr>
<td>f. Adaptability to changes &amp; challenges</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Opportunities:</strong></th>
<th><strong>Threats:</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>b. Increasing per –capita income in India.</td>
<td>b. Cut throat competition within the industry</td>
</tr>
<tr>
<td>c. Saving behavior.</td>
<td></td>
</tr>
<tr>
<td>d. High growth of ULIP industry.</td>
<td></td>
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</tbody>
</table>

On the basis of IRDA reports it was find that while LIC settled 96.54% claims in the year 2009-10, private players settled only 84.88% of the total claims. Also, LIC has still the biggest customer base. Total claims received by LIC was 6,77,374 as compared to the next player being Bajaj Allianz receiving only 23,040 for the year 2009-10 and ICICI prudential following it by a claims figure of 16,057. There is a massive difference between LIC and other players and indicates that LIC still has more than 50% of the customer base as far as life insurance industry is concerned.
8.1 Observations

8.1.1 The present scenario of insurance sector

- The insurance industry is always interested in loss minimization. It’s sharing of expertise & experience in understanding of various losses across the economy, may enable it in better loss control & preservation of national assets.

- In the present context of advanced economic reforms & restructuring of financial system, the danger of social aspects of development getting marginalized has increased considerably. While the progress of globalization & liberalization expands the scope of the opportunities for development, it has also implicit in it the threat of ignoring many of the concerns of social development.

- The current penetration of insurance in India is poor. The reforms in insurance sector will result in deeper & wider insurance coverage providing social security to all the segments of the population. It will also result in higher premium income as a percentage of GDP as the international experience with liberalization of insurance sector has shown. The privatisation of insurance sector in India coupled with IRDA bill has improved the service standards by opening the industry to enhanced competition & required regulations. The IRDA has specified certain obligations for all insurers to ensure they also undertake specified percentage of their activities in rural & social sector.

- Our society will be benefited from new products, efficient services, economic pricing, integrated risk management & safe & stable social security system.

- Future Prospects: Market Share. Models of market share have shown that in a fast growing market, the first few years are critical (see Guerrero and
Sinha, 2004). In life insurance, the Life Insurance Corporation has two important elements in its favor.

(1) The Life Insurance Corporation has a vast distribution network in the rural and semi-urban areas. This would be hard to duplicate. One potential way to duplicate it would be through bancassurance – selling insurance through banks. Some insurance companies have already embarked on this way, like LIC, SBI Life Insurance, Kotak Mahindra Life Insurance, Birla Sun Life Insurance Company etc.

(2) Since the Life Insurance Corporation started with 100% of the market share, it will lose market share simply because of expansion of the market itself and less because of loss of existing customers. The Life Insurance Corporation is the only financial institution in the top 50 trusted brand names in India by a survey of the Economic Times newspaper (http://economictimes.indiatimes.com/articleshow/362862.cms).

(3) As life insurance benefits accrue over time, it becomes more expensive to switch - because switching would mean a loss of accrued benefits. With the rapid expansion of life insurance, the market share of the Life Insurance Corporation could fall below the 50% mark in five years time.

### 8.1.2 Opportunities for LIC

- LIC has built a strong presence in the Indian life insurance market. New entrants are facing an incumbent competitor with a strong distribution & sales agent network, extensive research & substantial market clout.
- The difficulty of switching life insurance providers also works in the LIC’s favour. Since it is a saving instrument that accrues value overtime, customers have little incentive to switch providers as the benefits that have been accumulated with their existing provider will be lost. Due to this fact, LIC is still retaining a substantial portion of its base, & further more it will
be leverage it to sell additional products & services to its customer base. The various publicity campaigns being launched by private operators are also helping LIC indirectly because awareness of common people regarding requirements of life insurance is increasing.

- Another factor that is weighing heavily in the minds of the insuring consumer is the beating which investors took in the case of organizations like unit trust of India & with industrial development bank of India’s high-yielding bonds. LIC, in this regard, is perceived as clean & well managed.

8.1.3 Performance of LIC

- Performance of LIC in new business has increased rapidly the impact has been clearly observed in 2010-11 as Life Insurance funds grew to `2, 52,919 crore in 2010-11 compared to `2,24,487 crore in 2009-10. As percentage of Gross Financial Savings, the share grew from 22.6% in 2009-10 to 24.2% in 2010-11.

- Total First Year Premium of life insurers including Group Business grew by 15.1% in 2010-11 to `1, 25,826 crore from `1, 09,290 crore in 2009-10. From 59.3% in the first half of the year, the growth moderated sharply in the second half of the year.

- There was negative variation of 9.5% in the number of new insurance policies sold by life insurers in 2010-11 as compared to 2009-10. The number of new life insurance policies sold by life insurers in 2010-11 came down to ` 4,81,51,884 from ` 5,32,24,435 in 2009-10.

- The market share of Life Insurance Corporation of India improved to 68.7% in 2010-11 from 64.9% in 2009-10 in First Year Premium. On the basis of policies too, the market share improved to 76.9% in 2010-11 from 73% in 2009-10.
The total investment by LIC in Infrastructure during 2010-11 was decreased by 26.78% and total investment in infrastructure came down to `15,235.94 crore a compared to `20,808.74 crore in 2009-10. The investments by way of central, state and other government guaranteed marketable securities, loans, debentures & equity investments in infrastructure and social sector amounts to `7,49,150 crore.

The total investment by LIC in Loans, Securities, house Property & other Investment (in & outside India) has been raised by 15.58% from `10,95,841.34 Crore in 2009-10 to `12,66,539.04 Crore in 2010-11.

The Corporation has laid great emphasis on expeditious settlement of maturity as well as death claims. During the year 2010-11, the Corporation has settled 1.90 crore claims for `57,490.29 crore (Including Micro Insurance and Pension & Group Schemes) compared to 2.16 crore claims for `53,535.82 crore in 2010-11. The percentage of claims outstanding at the end of the year to the claims payable during the year is 0.40% by number and 1.18% by amount as on 31st March, 2011 compared to 0.26% by number and 0.94% by amount as on 31st March, 2010. During 2010-11, 96.21% of Maturity claims under Individual insurance were settled on or before the date of maturity.

Life Insurance Corporation remained well ahead of private rivals in living up to the purpose of insurance by settling 97.03% of claims in 2010-11, During the year 2010-11, the Corporation has settled 1.90 crore claims for `57,490.29 crore (Including Micro Insurance and Pension & Group Schemes) compared to 2.16 crore claims for `53,535.82 crore in the previous year. The percentage of claims outstanding at the end of the year to the claims payable during the year is 0.40% by number and 1.18% by amount as on 31st March, 2011 compared to 0.26% by number and 0.94% by amount as on 31st March, 2010. During 2010-11, 96.21% of Maturity claims under
Individual insurance were settled on or before the date of maturity.

- LIC is not operating in India but also in Foreign Overseas Operations the Corporation directly operates through its branch offices in Mauritius (Port Louis), Fiji (Suva & Lautoka) and United Kingdom (Wembley). During the year 2010-2011 these three foreign branches together issued 13,925 policies increase of 14.5% as compared to 2009-10 which was 12,162 policies and first premium income rose to `30.96 crore as compared to `30.41 crore in 2009-10.

- The performance of the Corporation has also been recognized through coveted awards it wins from time to time. In 2011-12 it won :
  1) CNBC Awaz Consumer Award ;
  2) ET Brand Equity Award for Top Brand in Insurance Category ;
  3) Outlook Money Award for Best Life Insurer:
  4) AIMA High Performance Award;
  5) Readers Digest Trusted Brand;
  6) Golden Peacock Award innovative product award 2011 for its health insurance product Jeevan Arogya policy Jeevan Arogya;
  7) Global Youth Marketing Award for Most preferred Life Insurance Company;
  8) Shoppers & Consumers Insight Award;
  9) MY FM Stars of Industry Award for Excellence in Life Insurance;
  10) World Brand Congress Award for Brand Excellence ;
  11) World HRD Congress Award for Innovative HR practices ;
  12) ABCI Award & INDY's Gold Award for House Magazine Yogakshema ;
  13) Asian Leadership Awards;
  14) World HRD Congress award for Innovative HR practices.
  15) Dainik Bhaskar Group; Bombay Chamber of Commerce; ABCI Star News - Customer Centric Brand Award & Power Brand Award ;
8.1.4 Overall Performance of LIC in financial year 2011-12:

8.1.4.1. New Business Performance

When the Corporation took over on the Appointed Day (1st Sept, 1956), it had assets worth ` 348.68 crores. This figure has now risen to a mammoth `11,52,057 crores. The Corporation has grown by leaps and bounds in the challenging and dynamic phase of the life insurance industry. The Total Premium Income for the fiscal 2009-10 was ` 1,85,986 crore and Gross Total Income of the Corporation was ` 2,98,721 crores. In 2009-10, the Corporation settled 2.11 crore claims amounting to ` 53954 crores during the last fiscal. In keeping with its image as a tech-savvy organization with firm social commitment, the Corporation was the first non-government agency to sign an MOU with the UID Authority of India and has also been allotted the highest percentage (35%) of the NPS fund for the current year by the PFRDA.

<table>
<thead>
<tr>
<th>Table No. 8.2 NEW BUSINESS DURING THE YEAR 2011-12 (Composite)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Policies (in lakh)</td>
</tr>
<tr>
<td>-------------------</td>
</tr>
<tr>
<td>COMPOSITE</td>
</tr>
<tr>
<td>MARKET SHARE</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Table No. 8.3 BUSINESS IN FORCE AS ON 31.3. 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Policies (in crore)</td>
</tr>
<tr>
<td>---------------------</td>
</tr>
<tr>
<td>Individual Assurances</td>
</tr>
<tr>
<td>Group Insurance(lives)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Table No 8.4 Other Parameters 1/04/2011 TO 31/03/2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>S.No</td>
</tr>
<tr>
<td>------</td>
</tr>
<tr>
<td>1.</td>
</tr>
<tr>
<td>2.</td>
</tr>
<tr>
<td>3.</td>
</tr>
<tr>
<td>4.</td>
</tr>
<tr>
<td>5.</td>
</tr>
</tbody>
</table>
8.1.4.2 Investment

National priorities and the obligation of reasonable returns to the policy holders are the main criteria of LICs investments. The investment of the Corporation's funds is governed by Section 27A of the Insurance Act, 1938, subsequent guidelines / instructions issued there under from time to time by the Government of India and the IRDA by way of Regulations.

The Corporation has deployed its funds to the best advantage of LIC policyholders as well as for the community as a whole. Overall the equity market remained subdued during the year for reasons as Sensex registered a decline of 10.50% as against the growth of 10.05% registered in the previous year. The Corporation took benefit of the fall in equity market by increasing its gross investment in equity by 25.60% to 49,960 crore during FY 2011-12 as against 43,224 crore in the previous year. As at 31st March, 2012 LIC total equity portfolio has recorded a significant appreciation on mark-to-market basis even after booking healthy profit during the year.

Under the ULIP segment, the Corporation had to face redemption pressure in line with the other companies in the market. As a result, total Assets Under Management in ULIP stood at 1,55,377 crore as at 31st March, 2012 registering a decline of 20% over last year. Even in the subdued equity market, ULIP Portfolio has booked a profit through the sale of equity, thereby registering a growth in the profit by nearly 10% over the previous year.

Due to various macro-economic and supply side factors, the interest rates in the economy remained elevated during the year. The Corporation garnered the benefit of high yield in debt market by increasing its investment in G-Sec, State Government Securities and Corporate Debt.
Table No. 8.5 Investment in Govt. & Social Sector (\` in crore)

<table>
<thead>
<tr>
<th>Type of Investment</th>
<th>As on</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>31.03.10</td>
</tr>
<tr>
<td>01 Central Government Securities</td>
<td>360319</td>
</tr>
<tr>
<td>02 State Government &amp; Other Govt. Guaranteed Marketable Securities</td>
<td>141292</td>
</tr>
<tr>
<td>Sub-Total (A)</td>
<td>501611</td>
</tr>
<tr>
<td>03 Housing &amp; Infrastructure Investment</td>
<td></td>
</tr>
<tr>
<td>(a) Housing</td>
<td>40232</td>
</tr>
<tr>
<td>(b) Power</td>
<td>77585</td>
</tr>
<tr>
<td>(c) Irrigation/ Water Supply &amp; Sewerage</td>
<td>5241</td>
</tr>
<tr>
<td>(d) Road, Port &amp; Bridges, Railways</td>
<td>8066</td>
</tr>
<tr>
<td>(e) Others (Incl. Telecom.)</td>
<td>17073</td>
</tr>
<tr>
<td>Sub-Total (B)</td>
<td>148197</td>
</tr>
<tr>
<td>Total A+B</td>
<td>649808</td>
</tr>
</tbody>
</table>

Table No. 8.6 LIC's Investments during Five Year Plan Periods

<table>
<thead>
<tr>
<th>Plan</th>
<th>Year</th>
<th>Gross Investments (` Cr.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>II</td>
<td>1956-1961</td>
<td>184</td>
</tr>
<tr>
<td>III</td>
<td>1961-1966</td>
<td>285</td>
</tr>
<tr>
<td>IV</td>
<td>1969-1974</td>
<td>1530</td>
</tr>
<tr>
<td>V</td>
<td>1974-1979</td>
<td>2942</td>
</tr>
<tr>
<td>VI</td>
<td>1980-1985</td>
<td>7140</td>
</tr>
<tr>
<td>VII</td>
<td>1985-1990</td>
<td>12969</td>
</tr>
<tr>
<td>VIII</td>
<td>1992-1997</td>
<td>56097</td>
</tr>
<tr>
<td>IX</td>
<td>1997-2002</td>
<td>170929</td>
</tr>
<tr>
<td>X</td>
<td>2002-2007</td>
<td>394779</td>
</tr>
<tr>
<td>XI</td>
<td>2007-2012</td>
<td>704151</td>
</tr>
</tbody>
</table>
8.1.4.3. International Operations

Life Insurance Corporation of India operates in 13 countries abroad through its various branches and Joint Venture Companies/ Wholly Owned Subsidiaries. LIC has Branch Offices in the U.K., Mauritius & Fiji and operate through Joint Venture Companies in Bahrain, Qatar, Kuwait, U.A.E., Oman, Kenya, Saudi Arabia, Nepal & Sri Lanka. In the 12 month period ending on or before 31.03.2012, the foreign units [comprising of Fiji, Mauritius & U.K. Branch Offices and J.V.Companies] together procured total premium of about `11.56 lakhs registering a growth of around 20% over the previous year. All the three Branch Offices – Fiji, Mauritius & UK have achieved their annual budget in First Premium Income. All the units have registered a positive growth in FPI in their respective Financial Years. Overall, the FPI from our overseas units has grown by 15.69%. And LIC Joint Venture in Bahrain LIC (International) BSC(C) was awarded the prestigious MEIF award.

In short,

- Foreign Units collectively procured a First Premium Income (FPI) of around `349 Crores in the 12 months’ period of each unit ended during 2011-12, thereby registering a growth of 15.69%.
- The Total Net Premium Income (TPI) of our units was around `1,247 Crores during the same period in 2011-12 registering a growth of 28.2%.
- LIC (International) B.S.C. (c), Bahrain and LIC Fiji are market leaders in their respective geographies.

8.1.4.4. Corporate Communication

In 2011-12, LIC focused on fortifying their iconic “Brand LIC and reinforcing brand connects with emerging market segments so as to make it the preferred choice. The major theme “Why go anywhere else?” strongly added to the value of the Brand and reinforced the marketing thrust.
LIC consistently make their presence in magazines and ran 16 campaigns covering 74 newspapers, Radio jingles on 134 radio stations and 104 Television channels, both national and regional, covering various genres from movies, GEC to news. Some of the major branding initiatives across the media were “Indian Of the Year Award” on NDTV Network, “Mirchi Music Awards” on Radio Mirchi, “Swastha Bharat Samman” on Zee New Network, James Bond movie festival on Star Movies and “Bhaskar Woman of the Year” with Dainik Bhaskar.

During the year, LIC won 27 awards in the insurance category, notable ones being the Reader Digest Trusted Brand Award, Business Super Brands, CNBC AAWAZ – Consumers trusted Choice Award, ET Brand Equity Award, Golden Peacock – Innovative Product, Outlook Money Award and CNBC TV18 Award.

8.1.4.5. LIC Housing Finance Ltd.

LIC Housing Finance Ltd recorded a healthy performance in all areas of operations in the FY 2012 despite challenging market conditions. Total loan disbursements including project loans were 20,027 crore against 18,668 crore in the previous year, a growth of 7%. About 95% of the loans were to individual borrowers. The outstanding loan portfolio of the Company stood at 63080 crore as on 31.3.2012 showing a growth of 23% with the Individual loan book being its mainstay. In terms of Asset quality, the Company continues to be the best in the Industry. The Gross NPAs dropped to 0.42% on 31.3.2012, and the Net NPAs were 0.14% as on 31.3.2012. The company has an enviable track record of making profits and declaring dividends. During the year, the Company was awarded as the “Best Housing Finance Company” by CNBC-TV18
Overall Performance of LIC in financial year 2012-13:

**Table No. 8.7 LIC Performance till 30th Sep 2012**

<table>
<thead>
<tr>
<th></th>
<th>(A) Budget (Cr.)</th>
<th>(B) Volume</th>
<th>Growth rate (%)</th>
<th>A 2 B %age</th>
</tr>
</thead>
<tbody>
<tr>
<td>NOP</td>
<td>4.3</td>
<td>13157447</td>
<td>-0.17</td>
<td>30.6</td>
</tr>
<tr>
<td>FPI (Cr)</td>
<td>45000</td>
<td>11420.35</td>
<td>2.89</td>
<td>25.38</td>
</tr>
</tbody>
</table>

**Table No. 8.8 LIC’s Market Share**

<table>
<thead>
<tr>
<th></th>
<th>Up to 30.06.2012</th>
<th>Up to 30.07.2012</th>
<th>Up to 30.08.2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>NOP %</td>
<td>80.56</td>
<td>80.83</td>
<td>81.25</td>
</tr>
<tr>
<td>FYP %</td>
<td>74.29</td>
<td>76.52</td>
<td>75.95</td>
</tr>
</tbody>
</table>

8.1.4.6. LIC’s New Products During 2011-12

LIC has 50 different products for individuals catering to the differing needs of all segments of the society. These are basic insurance plans (Whole life, endowment and money back), Term Assurance plans, Unit linked plans, Health plans, Variable Insurance Products etc. During 2011-12, three new individual products were introduced by LIC details of which are as below:

1. **LIC’s Jeevan Arogya (Plan 903)** - A non–linked, without profit health insurance plan which covers the policyholder and his/her entire family (including parents and parents-in-laws) under a single policy. Benefits available under this plan are:
   i) Hospital Cash Benefit (HCB)
   ii) Major Surgical Benefit (MSB)
   iii) Day Care Procedure Benefit (DCPB)
   iv) Other Surgical Benefit (OSB)
The optional Riders available under this plan are:

- Tern Assurance Rider
- Accident Benefit

2. **LIC’s Jeevan Ankur (Plan 807)** - A non–linked, with profit plan on the parent’s life having child up to the age of 17 years. On death of the parent, Sum Assured is payable immediately and an Income Benefit equal to 10% of Sum Assured is payable on each policy anniversary till the end of the policy term. Another Sum Assured is payable on the maturity date along with Loyalty Addition, if any.

The optional Riders available under this plan are:

- Accident Benefit Rider
- Critical Illness Benefit Rider (with or without PWB option)

3. **LIC’s Jeevan Vriddhi (Plan 808)**- A close-ended, non-linked, single premium plan wherein the death cover payable is 5 times of the single premium and on maturity Guaranteed Maturity Sum Assured (which varies with age at entry) along with Loyalty Addition, if any, is payable. This plan was available for sale up to 28.6.2012.

4. **Group Flexible Income Plan**: - It is a limited period annuity plan where the term of annuity can be decided by the annuitant. The product allows increase in the annuity amount to cope with inflation. It suits to disburse compensation against land acquisitions, VRS, Family benefit Schemes etc.

**8.1.4.7. Claim Settlement Performance (2011-12)**

Settlement of claims is the key factor that decides customer satisfaction and a company's profitability. The Performance of LIC in Claim Settlement during the year is as under:
A comparative study of LIC Branches Performance in Indore Division

- Total number of claims settled in 2011-12 is 185.70 lakhs claims amounting to `66022.82 crores as compared to 183 lakhs claims, amounting over `52160 crores in 2010-11.
- In 2011-12, 93.19% of Total Maturity Claims settled on or before the date of maturity as compared to 96.21% of Total Maturity Claims settled in 2010-11.

3. In 2011-12 94.34% of Non-early death claims settled within 15 days of intimation as compared to 95.78% of Non-early Death claims settled within 15 days of intimation in 2010-11.

- Outstanding Claims Ratio— (Maturity + Survival Benefit): In 2011-12 is 0.50% as compared to 0.37% in 2010-11.
- Outstanding Claims Ratio—(Death Claims): In 2011-12 is 1.22% as compared to 1.47% in 2010-11.
- LIC on (an) average settles 77,000 claims in a day.

8.1.4.8. Customer Centric Initiatives taken by LIC:

**Premium Payment Through Alternate Channels**—Premiums can be paid through Alternate Channels for inforce policies only which are not under Salary Savings Scheme (SSS). For the year 2011-12, 27% total renewal premium transactions was collected through Alternate Channels. The various alternate channels for collection of premium are as under:

**A. Offline payment channels where premium receipt is sent by post:**

(i). *Electronic Clearance System (ECS)*: This facility is presently available at all 89 centers enabled by RBI for ECS. Regional ECS is now available at all locations in 3 states -Tamil Nadu, Andhra Pradesh and Karnataka. Through ECS, RECS, premium can be collected for ULIP and Health Insurance (HI) policies also.
(ii). **Electronic Bill Presentation and Payment (EBPP):** Premium can be paid through various Banks like Citi Bank, HDFC, ICICI, Federal Bank, Corporation Bank, Axis Bank, LIC Credit Cards and through Service Providers – Bill Desk and Tech Process throughout the country. Premium can be also paid through Credit Card, availing this facility.

(iii). **ATM:** Premium can be paid through any ATM of these two banks - Corporation Bank and Axis Bank. Through EBPP & ATM, Premium can be collected for in force policies only which are NOT with Monthly /Salary Savings Scheme (SSS) mode or under ULIP or Health Insurance plan.

B. Online Payment channels, Valid Receipt issued instantly:

(iv). **Customers’ Portal Payment Gateway:** Online premium payment on LIC Website, [www.licindia.in](http://www.licindia.in) with the help of Net Banking Facility of 50 major Banks and 26 Debit Cards. Premium can be paid for ULIP policies (excluding Health Insurance plan) also.

(v). **Axis Bank:** Premium can be paid at any of the Branch or Extension Counter of Axis Bank and in cash or cheques drawn on Axis Bank. Corporation Bank: Premium can be paid at any of the Branch or Extension Counter of Corporation Bank in cash or cheques drawn on Corporation Bank.

(vi). **Premium collection through Franchisees:**

• Premium can be collected only in CASH.

• Receipts are issued by the collection center.

• No service charges are required to be paid to the collection center to avail this facility.

• Following are the approved Franchisees:

  a. **APOnline** : website [www.aponline.gov.in](http://www.aponline.gov.in)

  b. **MPOnline** : Website [www.mponline.gov.in](http://www.mponline.gov.in)

  c. **Suvidhaa Infoserve Pvt. Ltd.** : Toll Free helpline number : 9223225225

  d. **Easy Bill Limited** : [www.easybillindia.com](http://www.easybillindia.com) /Toll free No 1800-11-75-75
(vii). **Senior Business Associate:** Selected Development officers are authorized to collect the premium on line and issue receipt instantly. Premium can be collected for conventional and ULIP (other than Health Insurance) policies.

(viii). **Empowered Agents:** Keeping pace with increasing customer expectation for more conveniences in policy servicing, Corporation has empowered select Agents to collect renewal premium. At present, there are more than 23378 authorised Agents across the country, who can collect the premium (including ULIP but excluding HI Policies) in CASH or CHEQUE and issue a valid receipt instantly.

(ix). **Retired Employees Collection Payment:** Some Retired Employees are also authorized to collect the premium on line and issue receipt instantly. Premium can be collected for conventional and ULIP (other than Health Insurance) policies.

8.1.4.9. **Pension & Group Superannuation:**

Competing with self and setting high standards is the tradition of team P&GS. This year too, P&GS has achieved the budget in all five counts. This achievement assumes even more significance in view of adverse market conditions

The charge of the P&GS brigade witnessed many records falling by the wayside.

Some of the coveted feats of P&GS are:

- Commendable market share of 78.52% at the end of the financial year
- All the eight Zones of the country surpassed their NBPI and TPI budget
- Three zones (NZ, CZ and SCZ) surpassed their annual budget on all the five counts and three zones (EZ, ECZ, SZ) on four counts of conventional business
Despite acute competition, team P&GS acquired many blue chip customers. Team P&GS displayed their exceptional competitive edge by wresting away some prestigious schemes from competitors. P&GS has showed its excellence in social security front also by garnering 69.33 lakh of lives against a budget of 65 lakh lives.

**Table No. 8.9 PENSION & GROUP BUSINESS & SOCIAL SECURITY SCHEMES ACHIEVEMENT FROM 1.4.2011 TO 31.03.2012**

<table>
<thead>
<tr>
<th>Pension Group Schemes (lives)</th>
<th>Social Security Schemes</th>
</tr>
</thead>
<tbody>
<tr>
<td>New lives (` in Lacs)</td>
<td>284.12</td>
</tr>
<tr>
<td>Premium Income (` In Crore)</td>
<td>8955.06</td>
</tr>
</tbody>
</table>

**8.1.4.10. Direct Marketing**

Direct Marketing started its operation in August 2009 and in a very short period of 2½ years has not only established new systems and procedures, but also created new benchmarks in productivity. In its 3 years of operations, Direct Marketing has successfully established itself as a Value Pioneer. Through the years, it had striven to take a fresh view of the environment, capture changes, identify new business opportunities and orchestrate appropriate response. Direct Marketing has achieved reasonable success in creating a professional and disciplined work force comfortable with approaching and tapping emerging segments in the market: Youth and HNIs. The Channel is operating through 116 Units across the country and more Units are being opened in current financial year too. A robust Lead Management System (LMS) gives a comprehensive picture of the level of activity and quality of the intermediaries and enables the department to initiate timely corrective and preventive action. The channel, through the effective use of LMS has been able to ensure fast response to queries to successfully position the Corporation as a responsive organization.
sensitive to changing customers’ expectations. The Dept’s latest initiative of setting up a call centre at Vile Parle, Mumbai and the upcoming online sale of policies is also expected to take LIC to new levels, as an organization in tune with the times.

The channel has shown a healthy growth rate of 83% in the year 2011-12 shaping up as a highly productive channel as revealed by the higher productivity of DSEs and higher ticket size of policies.

In the current year, the channel is aspiring to achieve FPI of `650 crore.

Table No. 8.10 Direct Achievement from 01-04-2011 to 31-03-2012

<table>
<thead>
<tr>
<th>Year</th>
<th>Volume</th>
<th>Growth%</th>
<th>Percentage share to Total New Business</th>
</tr>
</thead>
<tbody>
<tr>
<td>Policies</td>
<td>87578</td>
<td>71.85</td>
<td>0.25</td>
</tr>
<tr>
<td>FPI (` Crore)</td>
<td>264.14</td>
<td>83.38</td>
<td>0.91</td>
</tr>
</tbody>
</table>

8.1.4.11. Satellite Offices

Satellite Offices were opened in 2006-07 with the prime objective of enhancing geographical penetration thro’ increased accessibility to Market, by positioning SOs in vacant pockets where LICs presence was not yet established. Satellite Offices were to also assist in Premium Collection. Satellite Offices were opened to serve as an “extended arm” of the existing Branch offices and were connected thro’ network with the parent Branch Offices.

Current functions

(i) *Cash* -- Acceptance of FP through Green Channel, Renewal Premium, Proposal Deposit

(ii) *New Business* -- Proposal Registration, New Business Completion, Issue of FPR

(iii) *PS* -- Change of address

There are Satellite Offices designated for Alternate Channel (CLIA and B&AC) currently only officers are posted in SOs.
8.1.4.12. Micro Insurance

The year 2011-12 has been another successful year for the Micro Insurance vertical of LIC. The vertical exceeded the budget of 32 lacs Policies by a hefty margin of more than 6 lacs policies with 119.59 % A2B. The total number of Policies stood at 38.27 lacs with a growth rate of 29.67%. As many as 7 Zones crossed their budget with good margin. Similarly 80 MI Units have achieved their budget. 7 MI Units have procured more than 1 lac policies during the year. During this financial year MI vertical crossed magical figure of 1crore policies and completed 1.12 crore policies as on 31.03.2012 since inception.

Table 8.11 Micro Insurance

<table>
<thead>
<tr>
<th>Achievement from 01-04-2011 to 31-03-2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Year</strong></td>
</tr>
<tr>
<td>Policies</td>
</tr>
<tr>
<td>FPI (Lakhs)</td>
</tr>
</tbody>
</table>

8.1.4.13. Marketing – Bancassurance & Alternate Channels

Under Bancassurance, at present LIC have tie-ups with 8 PSU Banks, 4 Private Banks and 33 UCBs / RRBs / CO-OP Banks under Corporate Agency agreement. These Banks procure New Business for LIC through their Branch Outlets. At present, LIC has approximately 19000 Outlets under these Banks and making efforts to make each one of them active and most of them very productive. Bancassurance and alternate channel’s percentage share in policies was 1.66% while that in First Premium rose to 4.17%, due to higher de growth in the tied channel.

All the Zones increased their percentage share of business through this channel. South Zone mobilized 10.35% of their total First Premium through this channel by achieving `314.60 crore being the only zone to cross 10% share of
this channel to total business while South Central Zone achieved 15.05% growth with ` 218.77 crore total First Premium which was 5.31% of the total FPI achieved by the zone.

The B&AC channel of 6 metro divisions could contribute over 7% share each led by Chennai-I with 19.74% share, and 13 non-metro divisions led by Coimbatore with 18.98% share could contribute over 5% each of their respective Division’s total First Premium. The work of Thanjavur, Vellore and Chennai II teams is commendable each for contributing over 10% to the TFPI of their Divisions. Vellore Division with 184.80% A2B led the 17 Divisions who achieved their B&AC TFPI targets and Kadapa with 121.33% A2B led the 6 Divisions who achieved their B&AC policies targets.

KMDO-I achieved 68,189 policies in B&AC channel which was 14.45% of its policies achievement and the highest achievement both in absolute as well as in growth. Indian Overseas Bank procured ` 252.02 Crore total premium and was number 1 amongst our Bank Partners followed by Central Bank of India with ` 180.13 Crore and Corporation Bank with ` 122.76 Crore. There was growth of 43.05% in Bima Banks, with 3,034 bank branches declared as Bima Banks.

In the current year 2012-13, a total First Premium contribution of 7% of the Corporation’s New Business shall be the milestone in making this channel a significant contributor to LIC’s vision 2020. The share of Banks in the total business of B&AC in the year 2011-12 was 91% in FPI and 77% in Policies while Corporate Agents contributed 8% & 22% respectively.

**Table No. 8.12 Mktg. - Bancassurance & Alternate Channels**
**Achievement from 01-04-2011 to 31-03-2012**

<table>
<thead>
<tr>
<th></th>
<th>Volume</th>
<th>Percentage share to Total New Business</th>
</tr>
</thead>
<tbody>
<tr>
<td>Policies</td>
<td>592978</td>
<td>1.7</td>
</tr>
<tr>
<td>First Premium Income (` in crore)</td>
<td>1207.5</td>
<td>4.2</td>
</tr>
</tbody>
</table>
8.1.4.14. Health Insurance

Our Health Insurance Division has started its operations at Hyderabad from Feb’ 08 with an objective of tapping the vast health Insurance market through suitable Health Insurance products and services. So far, we have covered 10,76,358 lives under our Health Insurance Policies upto 31.03.2012. During the year 2011-12, we have registered 245% growth in Policies and 41% growth in First Premium under our Health Insurance portfolio. We have sold 233,564 Health Insurance Policies with a First Premium Income of ` 81.7 crores during the year. The no. of Agents selling Health Insurance has improved by 164% to 89,612 during the year. The new fixed Benefit Health Insurance plan ‘Jeevan Arogya’ was launched on 01/06/2011 which has been quite successful. This product has won the ‘Golden Peacock Innovative Product/Service Award 2011’ for its innovative features and benefits.

The other Product ‘Health Protection Plus’ is a Unit Linked Health Insurance policy providing for Hospitalization Cover and Major Surgical Benefit for 49 specified surgeries. This plan also has a facility of withdrawal for domiciliary treatment, besides other benefits.

Table No. 8.13 Health Insurance
Achievement from 01-04-2011 to 31-03-2012

<table>
<thead>
<tr>
<th>Year</th>
<th>Volume</th>
<th>Growth%</th>
<th>Percentage share to Total New Business</th>
</tr>
</thead>
<tbody>
<tr>
<td>Policies</td>
<td>233564</td>
<td>245</td>
<td>0.65</td>
</tr>
<tr>
<td>First Premium Income (` in crore)</td>
<td>81.72</td>
<td>40.8</td>
<td>0.28</td>
</tr>
</tbody>
</table>

8.1.4.15. Personnel

The achievements of business targets can be possible only with the whole hearted involvement of people in the process. In a service organization,
employees are the units of production; not machines. It has always been LIC endeavor to extend benefits to employees who form an invaluable part of their Organization. Efforts have been made to enhance medical facilities to employees as well as retired employees of the organisation. A significant achievement has been to bring down the premium payable by the employees. To augment the human resources of the Organization, 52 Chartered Accountants and 3 Company Secretaries have been inducted in November, 2011 and 182 Direct Recruit AAOs i.e. the 25th batch have joined in March/April 2012. Furthermore after a long process, about 4800 temporary class IV employees have been absorbed in the cadre of Sub-staffs.

8.1.4.16. Human Resource Development: OD

HRD is now the hub of all training activities – both field and administrative personnel training. Over 9,600 Development Officers and nearly 1.70 lakhs Agents have undergone training in the year 2011-12 at STCs and ZTCs as well as various external training institutes. On the administrative side, 32,571 employees have been trained at ZTC and through external institutes. The OD-HRD initiative that has been taken up by the Corporation since the last few years has contributed a lot in aligning the organization towards a common goal. One of the major initiatives planned for the current year is the revival of Employee Training Centers (ETCs) and Manager (P&IR) of the Division will be responsible for ensuring that every employee in the Class III cadre is exposed to workshop/training at least once during the year. LIC is looking at greater reinforcement of the training activities at the training centers – to ensure optimal utilization of training centers and uniformity of content across all training centers.

“The essence of knowledge is, having it, to apply it”, Confucius is quoted as having said. I would expect that Sr. Divisional Manager’s should encourage
their employees directly wherever possible, and indirectly (through HODs) Branches In-charge to talk about and apply the new knowledge or insight acquired during training.

8.1.5 Status of Life Insurance penetration in India:

1) Insurance penetration in India is just 4.6% in life & 0.61% in general insurance (annual premium paid as % of country’s GDP).

2) In terms of insurance density, the numbers are even more alarming - in developed nations like the U.S, insurance density is 33 times that of India, in the UK it is 73 times and in Japan it is 65 times. Even in a country like Thailand, it is double that of India.

3) The fact that India rank lowly 12th in Asia is alarming, considering that we are one of the fastest growing economies today. So. Clearly there is large number of Indians with little or no insurance at all.

In a survey that was conducted, when people were asked if they had enough insurance to ensure that their family didn’t suffer after their death, most Indians responded by saying “NO”. Every research done for life insurance shows a huge percentage of people actively stating their intent to buy insurance in the immediate future. On being surveyed again after a year, these people showed no progress beyond the statement of intent. With such a sad state of affairs, the so called young India we celebrate & talk about will probably be a middle aged/old India, just 15 to 20 years down the line, with little or no insurance at all.

In other words Indians still believe that they don’t need Life Insurance
8.2 Suggestions for improvement in performance of LIC:

(i) Achieving of main objective of LIC

- LIC has to reach out to rural area of India in An unprecedented way. The effective distribution of products in the new environment will be a key determinant of LIC. Presently new operators cannot and do not expect to duplicate such a network. But as new operators are to take advantage of India’s large population and reach a profitable mass of customers, new distribution avenues and alliances will be imperative. This is also true for LIC also, which must find fresh avenues to reach existing and new customers.

(ii) Timely settlement of claims

- The speedy settlement of claims especially death claims is an important part of the insurance industry. LIC has to take care of it in a most professional manner. As the competition is building and improved customer service is required, the time taken for settlement of claim has to be reduced considerably in proactive manner. LIC should strive to settle all maturity claims well in time preferably on or before the due date, on receipt of all requirements from the policy holders & should strive to settle all death claims, which do not require investigation, within 30 days of submission of all requirements by the claimants. If there is any delay on their part beyond the stipulated days, it should pay interest for that.

- Satisfaction of policyholder

- Development of the present insurance industry is characterized by heavy stress on training of distributions, channel partners and managers. LIC have to take leads in this regard also.
➢ Now the competition has provided Indian consumers a variety of choice for consideration of purchasing insurance/pension’s product or service. Therefore LIC has to focus on new & innovative products, wider choice of prices, and quality service to the customers to hold & increase the existing share in the market.

➢ Provide them prompt, efficient & courteous service.

➢ Build & maintain enduring relationship with policyholders.

(iii) Products and policies

➢ Availability of wide choice of insurance product with economic pricing would assist different segments of business to operate with less volatility and risk of failure. LIC has to ensure wider and deeper distribution of its products in the unrepresented area. It would help in providing greater financial and social stability. It should educate the customers & the public about the various options available in the area of products & services. And should take steps to make available to the customers the literature & brochures relating to their products & services in the regional languages & in an “easy to understand” style.

➢ LIC need to orient their products profiles, marketing strategies and quality of service. The LIC must design its product to meet rapid changing market requirements.

(iv) Investment of fund

➢ As insurance money belongs to the policy holders & LIC is merely the trustee of their funds so they should invest them in the best of their advantage. For that LIC should carefully periodically analyze the capital
market policies. It would help LIC in booking good profit and opportunities for investment of funds in the area of social importance.

- LIC can also take advantage of a sudden increase in the interest rate due to shortage of liquidity in the market in the last quarter of the year by placing their money in long and short term FDs at attractive rates of interest.

(v) Managing the changes in environment

- An industry in transition presents opportunities as well as challenges of an unknown magnitude. Only the best will survive in the long. It is of direct relevance to the present Indian insurance industry. It is the LIC, who can spot the changing trends capitalize on these for the benefit of its customers and society.

- LIC should also explore distribution through non-financial organizations. Another potential channel that reduces the need for an owned distribution network is worksite marketing. LIC will be able to market pensions and health insurance covers through employers to their employees. These products may be purchased by the employer or simply marketed at the workplace with the employer’s co-operation.

(vi) Welfare & security of weaker section

- Insurance provide funds for disaster management and social security programme arranged and operated by Govt. & other public institutions. LIC can assists in efficient allocation of societal resources.

- Insurance companies generate savings from the insurance sector within the economy and make it available in well-directed areas of the economy deserving investments. Therefore LIC have to become flag bearer in the
Indian insurance industry in providing incentive to social and growing business to develop it all the more faster.

- LIC should try to cover agriculture and non-agricultural workers largely in the unorganized sector under their various group insurance schemes.

- LIC should conduct awareness camps in rural areas frequently and acquaint them with full particulars of insurance. LIC should educate them on what are the benefits and requirements of life insurance. They should explain the consumers of rural & unorganized sector that in addition of helping them in reducing their risk; it will also contribute in infrastructure and social system of our nation.

(vii) **Fairness in dealing with customers**

- LIC should deal with their customers in an open & transparent manner so that they don’t feel themselves as cheated. It should explain the rationale behind their decisions, consistent with requirements relating to business principles.

- Enlarge the access of the customers to reach out of the organisation through different channels like Help lines, Call Centers, Internet, etc & should enhance the content, frequency & quality of our communication with the customers, especially through the mass media like Press, Television, Radio etc.

- Enhance customer conveniences through adoption of higher technologies in the areas of information & communication, simplification of processes, review & revamp of the systems & methods & respond to all customer enquiries promptly.
(viii) **Redressal of customer grievances**

- Register all grievances received & strive to dispose of the same within seven days of their receipt. In case of delay beyond this period, they should explain the reasons for delay.

- Enable a claimant whose claim has been repudiated by the divisional office the opportunity of appealing for a review by the claims review committees functional at the zonal & central levels.

- Provide information to the aggrieved customer about the availability of the external grievance Redressal machinery in the form of ombudsman.

(ix) **Better workforce**

- As the progress of the organisation depends on the workforce So, LIC should promote a sense of participation & make them partners in their progress. They should provide with an environment & the opportunities for growth to enable them to realize their full potential.

- It should take steps to develop professional skills to enable them to handle their assignments more efficiently.

(x) **Improvement in performance of LIC in Indore**

- The economy of Indore state is based on range of industries from Automobile to Pharmaceutical and from Software to Retail and from Textile trading to Real estate. Indore is often referred as the commercial capital of Madhya Pradesh with a bulk of its trade coming from Small, Mid and Large scale manufacturing & service industries. While the Textile manufacturing and trading is the oldest business to contribute to economy, the Real Estate has emerged very fast in past few years. In the rural areas of the state very
limited employment opportunities are available for weaker section of the society. The females are the worst affected as men have to move out of the state for want of employment. Till now LIC was concentrating more on urban area but now it has to increase the awareness in the rural part of the region to expand its market share. LIC should also devise various methods for bringing more persons from the weaker section joining its social security and group insurance schemes.

➢ The performance of LIC In respect of group insurance for unorganized sector in the state is not up to the required level. Therefore it has to concentrate more on this aspect so that the weaker section is able to face the unwarranted problems in a more effective and stable manner LIC should introduce insurance policies having very low premium for the women in remote parts of the state.

Today, people buy life insurance only for tax saving & investment purposes, disregarding the larger benefits that insurance yields for them and their family members. It is the time to make public aware to stop looking at insurance as a mere tax saving tool and understand it instead of continuing to avoid it under the perception that it is complex. In other words one of the biggest hurdles that India faces in Insurance today is the general perception that life insurance, offers only complex products which are difficult to understand, leading to inertia. To tackle this problem LIC have to launch very simple and easy Insurance plans which provide both insurance protection as well as smart investment.

It is observed that although most things look positive for LIC, one fact is that their plans are not very cost competitive. The premiums are one of the highest in the case of LIC. Because of this very fact, many people prefer to go for private insurance covers rather than going for an LIC cover. Since late 2009
with online term plans coming into the market, people can now take insurance cover for a higher amount for very low premiums. Many who do not understand the importance of high death claim settlement ratio or are not aware of it go for these insurance covers. However, there are still a bigger number of customers who believe in investing in insurers who have better claim settlement statistics rather and are ready to pay a higher price for it as well. LIC is still much ahead

8.3 CONCLUSION

Life insurance is the basic insurance policy that we can have for social stability, and for a society in which risks can be taken freely & energetically because there will be some protection against the uncertainties of life. Presently only LIC, because of its reach, presence, network an objectives can implement life insurance in an effective manner. But LIC has to achieve the objective of providing better life insurance opportunities in future also. This can be done only by prudent investment of its funds and by availing the opportunities through its inherent strength being presented after opening of the insurance sector. To achieve the rapid expansion of life insurance and profitable investment of fund, LIC has to generate & develop various Insurance plans, Group schemes, Pension Plans, Social security schemes suitable for specific area and segments specially, for the people in the organized & unorganized rural sector. LIC can generate a substantial amount of funds for development of basic infrastructure (like Housing, Power Sector, Road & Transport & Industrial Growth) and social security schemes in India.

Comparison of premiums between LIC and private insurers: one thing that goes in favour of the private insurance companies is the pricing of their products. If we study the premiums charged by private insurance companies for term plans as compared to the premium charged by LIC for its
term plan Jeevan Amulya, in some cases the premiums of private life insurers are as less as 50% compared to the premium charged by LIC. So there is a huge disparity in the premiums charged by private insurers and LIC. While LIC still commands a major market share, private insurers are using the low premium bait to woo customers towards them. Even though there are 23 players operating in the market fighting for a share of the customer’s wallet, due to the huge under penetration of insurance in India and the huge untapped opportunity there is room for everyone to attract new customers rather than competing for each other’s customers. So, it is the time for LIC to charge premium competitive in terms of its competitors to achieve all round success.

LIC today services more than 280 million individual policies and 83 million group policyholders. It also provides coverage to millions of families under its Social security Schemes. LIC has inscribed a glittering chapter in life insurance companies after record tumbled by its unprecedented New Business Performance. During FY 2010-11, LIC sold more than 37 million policies, earning a First Year Premium Income of more than Rs 522 billion. LIC covered another 35.66 million lives under its various Group Schemes earning more than Rs 342 billion as Group First Year Premium Income. The Gross Total Income was almost Rs 3 trillion, total Premium Income was more than Rs 2 trillion and the Assets under Management of the Corporation are more than Rs 13 trillion. LIC has 53 different individual plans catering to the different segments of the Society. It also provides 13 pension and Group schemes. As at 31 March 2011, LIC had a market share of 76.92% in terms of new policies issued and 68.70% in terms of the total First Premium Income earned during the year. During FY 2010-11, LIC settled more than 18.3 million claims for an aggregate amount of over Rs 521 billion. Out of the total claims settled during FY11, around 96.21% of the maturity claims were settled on or before maturity and 95.78% of Non-
early Death Claims were settled within 15 days of intimation. The percentage of claims outstanding at the end of the year to the total claims payable during the year stood at around 0.37% for maturity claims and 1.47% for death claims.

Life insurance is the basic insurance policy that we can have for social stability, and for a society in which risks can be taken freely & energetically because there will be some protection against the uncertainties of life. Presently only LIC, because of its reach, presence, network an objectives can implement life insurance in an effective manner. But LIC has to achieve the objective of providing better life insurance opportunities in future also. This can be done only by prudent investment of its funds and by availing the opportunities through its inherent strength being presented after opening of the insurance sector. To achieve the rapid expansion of life insurance and profitable investment of fund, LIC has to generate & develop various Insurance plans, Group schemes, Pension Plans, Social security schemes suitable for specific area and segments specially, for the people in the organized & unorganized rural sector. LIC can generate a substantial amount of funds for development of basic infrastructure (like Housing, Power Sector, Road & Transport & Industrial Growth) and social security schemes in India.

Therefore in the emerging scenario, LIC must trust its business to Villages of India by paying attention to product Innovations, and by appropriate & economic pricing of its Plans to provide comprehensive benefits of Life Insurance ,Pensions, Old Age benefits & Disability benefits to each and every one for having no more socially and economically stable and safe society .

India is among the important emerging insurance markets in the world. Life insurance will grow very rapidly over the next decades in India. The major drivers include sound economic fundamentals, a rising middle-income class, an improving regulatory framework and rising risk awareness. The fundamental
regulatory changes in the insurance sector in 1999 will be critical for future growth. Despite the restriction of 26% on foreign ownership, large foreign insurers have entered the Indian market. State-owned insurance companies still have dominant market positions. But, this would probably change over the next decade. In the life sector, new private insurers are bringing in new products to the market. They also have used innovative distribution channels to reach a broader range of the population. There is huge in the largely undeveloped private pension market. The same is true for the health insurance business. The Indian general insurance segment is still heavily regulated. Three quarters of premiums are generated under the tariff system. Reinsurance in India is mainly provided by the General Insurance Corporation of India, which receives 20% compulsory cessions from other general insurers. Finally, the rural sector has potential for both life and general insurance. To realize this potential, designing suitable products is important. Insurers will need to pay special attention to the characteristics of the rural labour force, like the prevalence of irregular income streams and preference for simple products.