CHAPTER-5

FINDINGS, CONCLUSIONS AND SUGGESTIONS
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In this chapter research findings are presented, conclusions are drawn and suggestions are made.

5.1 FINDINGS OF THE STUDY

5.1.1 Demographic Profile

Age of the Policy holders

Most of the respondents from the policy holders of the LIC of India and private life insurance companies are in the age group of 26-35 years.

Gender of the Policy holders

Majority of the respondents from the policy holders of LIC of India and private life insurance companies are male.

Education of the Policy holders

Most of the respondents from the policy holders of the LIC of India and private life insurance companies are post graduates and graduates respectively.

Annual Income of the Policy holders

Most of the respondents from the policy holders of the LIC of India and private life insurance companies have annual income of Rs.2-3 lakhs and Rs.1-2 lakhs respectively.

Occupation of the Policy holders

Most of the respondents from the policy holders of the LIC of India and private life insurance companies are private employees.
5.1.2 Product

Policy sum assured taken by the policy holders

The most of the policy holders either in case of LIC of India or private life insurance companies have taken the policy value of Rs. 1-2 lakhs.

There is a significant difference between the policy holders of LIC of India and private life insurance companies regarding the sum assured taken up.

Annual premium paying by the policy holders

The most of the policy holders either in case of LIC of India or private life insurance companies are paying annual premium amount of Rs. 5000-10000.

There is no significant difference between the policy holders of LIC of India and private life insurance companies regarding payment of annual premium amount.

Policy period selected by the policy holders

Most of the policy holders of LIC of India have selected policy term of above 20 years. Most of the policy holders of private life insurance companies selected the term period of 5-10 years.

There is a significant difference between the policy holders of LIC of India and private life insurance companies regarding selection of policy period.

Reason for taking the insurance policy

The most of the policy holders of either LIC of India or private life insurance companies have selected the policies mostly due to protection for family and risk coverage.

There is no significant difference between the policy holders of LIC of India and private life insurance companies regarding reason for selecting a policy.
Awareness level about various insurance policies

With respect to ‘term insurance policies’, ‘whole life insurance policies’ and ‘child life insurance policies’, the policy holders’ of both LIC of India and private life insurance companies have high awareness. With respect to ‘endowment insurance policies’ and ‘money back insurance policies’, the LIC of India’s policy holders’ awareness level is neither high nor low but the private life insurance companies’ policy holders’ have high awareness. With respect to ‘pension policies’ and ‘unit linked policies’, the policy holders’ of both LIC of India and private life insurance companies have neither low nor high awareness.

With respect to awareness of term insurance policies and money back insurance policies; there is a significant difference between the policy holders of LIC of India and private life insurance companies. With respect to awareness of whole life insurance policies, endowment insurance policies, child life insurance policies, pension policies and unit linked policies, there is no significant difference between the policy holders of LIC of India and private life insurance companies.

The LIC of India’s policy holders’ awareness level about various policies is neither low nor high and the private life insurance companies’ policy holders’ awareness level about various policies is high.

There is no significant difference between the policy holders of LIC of India and private life insurance companies with respect to awareness of various policies.

Policy holders’ opinion about various insurance policies

With respect to term insurance policies, whole Life insurance policies, endowment insurance policies, money back insurance policies, child life insurance policies and pension policies, the policy holders’ of both LIC of India and private life insurance companies have good opinion. With respect to unit linked policies, the policy holders of both LIC of India and private life insurance companies have neither good nor bad opinion.
With respect to whole life insurance policies, endowment insurance policies, money back insurance policies, pension policies and unit linked policies, there is no significant difference between the opinion of policy holders of LIC of India and private life insurance companies. With respect to term insurance policies and child life insurance policies; there is a significant difference between the policy holders of LIC of India and private life insurance companies.

The policy holders of both LIC of India and private life insurance companies have good opinion about various policies.

There is no significant difference between the opinion of policy holders of LIC of India and private life insurance companies about various policies.

Policy holders’ preference while selecting a new policy

In case of LIC of India, the policy holders preferred first money back policy, second endowment policy, third whole life policy, fourth term policy, fifth child life policy, sixth pension policy and seventh unit linked policy. In case of private life insurance companies the policy holders preferred first money back policy, second child life policy, third term policy, fourth whole life policy, fifth pension policy, sixth endowment policy and seventh unit linked policy.

With respect to term policy, whole life policy, money back policy, pension policy and unit linked policy, there is no significant difference between the preference of policy holders of LIC of India and private life insurance companies. With respect to endowment policy and child life policy, there is a significance difference between the preference of policy holders of LIC of India and private life insurance companies.

Policy holders’ opinion on range of various policies

Both the policy holders of LIC of India and private life insurance companies have good opinion on the range of various policies of the companies.

There is a significant difference between the policy holders of LIC of India and private life insurance companies regarding ‘range of policies of the companies’.
Opinion on increasing the number of policies

Majority of policy holders of both LIC of India and private life insurance companies suggested that the companies should increase the number of policies.

There is no significant difference between the policy holders of LIC of India and private life insurance companies regarding the increase in the number of policies by the life insurance company.

Preferred policy sum assured in case of a new policy

The majority of policy holders of both LIC of India and private life insurance companies preferred to buy a new policy of value between Rs. 1-2 lakhs.

There is no significant difference between the policy holders of LIC of India and private life insurance companies regarding the selection of policy sum assured.

Preferred annual premium in case of a new policy

The majority of policy holders of both LIC of India and private life insurance companies preferred to pay annual premium amount of Rs.5000-10000.

There is a significant difference between the policy holders of LIC of India and private life insurance companies regarding the preferred annual premium amount in case of a new policy.

Preferred policy tenure in case of a new policy

The majority of policy holders of both LIC of India and private life insurance companies preferred to take a new policy having maturity period of 5-10 years.

There is a significant difference between the policy holders of LIC of India and private life insurance companies regarding the preferred policy tenure.
Insurance company is providing loans against the policy document

The majority of policy holders of both LIC of India and private life insurance companies said that the companies are providing loans against insurance policy document.

There is a significant difference between the policy holders of LIC of India and private life insurance companies regarding loan facilities against the insurance policy document.

Policy holders' opinion on loan facilities

Both the policy holders of LIC of India and private life insurance companies have good opinion about loan facilities of the companies.

There is no significant difference between the opinion of the policy holders of LIC of India and private life insurance companies regarding 'loan facilities of the companies'.

5.1.3 Price

Policy holders' opinion on variables of price mix

With respect to premium rates, service charges and fines in case of delayed payments, the policy holders of both LIC of India and private life insurance companies said that neither low nor high. With respect to interest rates on loans, the policy holders of LIC of India said that neither low nor high, but the policy holders of private life insurance companies said that high.

With respect to 'premium rates', there is no significant difference between the opinion of policy holders of LIC of India and private life insurance companies. With respect to 'service charges', 'fines in case of delayed payments' and 'interest rates on loans', there is a significant difference between the opinion of policy holders of LIC of India and private life insurance companies.
Preferred mode of premium payment

The majority of policy holders of LIC of India and private life insurance companies preferred to pay insurance premium on annual basis.

There is no significant difference between the policy holders of LIC of India and private life insurance companies regarding preferred mode of premium payment.

5.1.4 Place

Opinion on location of branch office

In both cases i.e. LIC of India and private life insurance companies' majority of policy holders opined that the branch offices are located at a convenient location.

There is a significant difference between the opinion of the policy holders of LIC of India and private life insurance companies regarding 'the location of branch offices'.

Opinion on transportation connectivity to branch office

In both cases i.e. LIC of India and private life insurance companies' majority of policy holders said that the branch offices have well transportation connectivity.

There is a significant difference between the opinion of the policy holders of LIC of India and private life insurance companies regarding 'transportation connectivity'.

Opinion on convenient location of branch office to improve the business

In both cases i.e. LIC of India and private life insurance companies, majority of the policy holders said that the branch offices should be located at a convenient location to improve the business.

There is a significant difference between the opinion of the policy holders of LIC of India and private life insurance companies regarding 'the location of branch offices and improvement in business'.
Opinion on transportation connectivity of branch office to improve the business

In both cases i.e. LIC of India and private life insurance companies’ majority of policy holders said that the branch offices should have a well transportation connectivity to improve the business.

There is a significant difference between the opinion of the policy holders of LIC of India and private life insurance companies regarding ‘transportation connectivity and improvement in business’.

Awareness about various distribution channels

With respect to agents, the awareness level of LIC of India’s policy holders is very high and private life insurance companies’ policy holders are high. With respect to ‘brokers’ and ‘independent financial agents’, the awareness level of both the policy holders of LIC of India and private life insurance companies is high. With respect to direct marketing the awareness level of LIC of India’s policy holders is neither high nor low and awareness level of private life insurance companies’ is high. With respect to ‘worksite marketing’ and ‘bancassurance’, the awareness level of both the policy holders of LIC of India and private life insurance companies is neither high nor low.

With respect to ‘agents’, ‘worksite marketing’ and ‘bancassurance’, there is no significant difference between the policy holders of LIC of India and private life insurance companies. With respect to ‘brokers’, ‘independent financial agents’ and ‘direct marketing’, there is a significant difference between the policy holders of LIC of India and private life insurance companies.

The policy holders of both LIC of India and private life insurance companies have high awareness about various distribution channels.

There is a significant difference between the policy holders of LIC of India and private life insurance companies regarding the awareness of various distribution channels.
Opinion about various distribution channels

With respect to agents, brokers and independent financial agents, both the policy holders of LIC of India and private life insurance companies have good opinion. With respect to direct marketing, LIC of India's policy holders said that neither good nor bad but private life insurance companies' policy holders said that good. With respect to 'worksite marketing' and 'bancassurance', both the policy holders of LIC of India and private life insurance companies said that neither good nor bad.

With respect to 'agents', 'direct marketing', 'worksite marketing' and 'bancassurance', there is no significant difference between the opinion of the policy holders of LIC of India and private life insurance companies. With respect to 'brokers' and 'independent financial agents', there is a significant difference between the opinion of the policy holders of LIC of India and private life insurance companies.

The policy holders of both LIC of India and private life insurance companies have good opinion about various distribution channels.

There is a significant difference between the opinion of policy holders of LIC of India and private life insurance companies with respect to various distribution channels.

5.1.5 Promotion

The source of information about the life insurance company to the policy holders

The majority of policy holders of LIC of India and private life insurance companies came to know about life insurance companies through agents, televisions and news papers.

There is a significant difference between the policy holders of LIC of India and private life insurance companies regarding the source from which the policy holders came to know about life insurance company.
Policy holders' exposure to advertisements

In both cases of LIC of India and private insurance companies, majority of the policy holders exposed to advertisements.

There is no significant difference between the policy holders of LIC of India and private life insurance companies regarding 'exposure to advertisements'.

The message received from advertisements

In both cases of LIC of India and private life insurance companies, the majority of policy holders received the messages 'protection for family', 'risk coverage' and 'long term savings' from the advertisements of the companies.

There is no significant difference between the policy holders of LIC of India and private life insurance companies regarding the message received from the advertisements of the companies.

Influence of advertisements on taking insurance policy

The influence of advertisement of LIC of India on policy holders is neither low nor high and the influence of advertisements of private life insurance companies on policy holders is high.

There is a significant difference between the policy holders of LIC of India and private life insurance companies with respect to influence of advertisements on policy holders.

Opinion on advertisements of life insurance companies

Both the policy holders of LIC of India and private life insurance companies said that the advertisements of the companies in both T.V. media and print media are good.

There is no significant difference between the policy holders of LIC of India and private life insurance companies with respect to advertisements in both T.V. and print media.
Suitable advertisement media for a life insurance company

In both cases of LIC of India and private life insurance companies, the majority of policy holders said that television and news papers are suitable advertisement media to carry the advertisements of the life insurance companies.

There is a significant difference between the policy holders of LIC of India and private life insurance companies regarding the suitable advertisement media to carry out the advertisements of life insurance companies.

Opinion on necessity of brand ambassadors

In both cases i.e. LIC of India and private life insurance companies, the majority of policy holders said that brand ambassadors are not required.

There is no significant difference between the opinion of the policy holders of LIC of India and private life insurance companies regarding ‘necessity of brand ambassadors’.

Willingness to take a policy based on advertisement model

In both cases i.e. LIC of India and private life insurance companies, majority of the policy holders are not influenced by brand ambassadors while taking a policy.

There is no significant difference between the opinion of the policy holders of LIC of India and private life insurance companies regarding the influence of brand ambassadors while taking a policy.

Insurance Agent/Consultant/Manager educated the policy holders about the policies

In both cases i.e. LIC of India and private life insurance companies, majority of the policy holders are educated by the insurance agent/consultant/manager about various policies of the company through demonstration.

There is no significant difference between the opinion of the policy holders of LIC of India and private life insurance companies.
Insurance Agent / Consultant / Manager’s demonstration on policies

In both cases, i.e., LIC of India and private life insurance companies, the majority of the policy holders are educated by the insurance agent/consultant/manager about various policies through oral presentation.

There is no significant difference between the opinion of the policy holders of LIC of India and private life insurance companies regarding the presentation of various policies by the insurance agent/consultant/manager.

Opinion on insurance Agent/ Consultant/ Manager’s demonstration

The policy holders of both LIC of India and private life insurance companies have good opinion on insurance agent/consultant/manager’s demonstration.

There is no significant difference between the policy holders of LIC of India and private life insurance companies regarding insurance agent/consultant/manager’s demonstration.

Insurance company offered gifts and incentives for taking insurance policies

LIC of India not offered any gifts and incentives to the majority of policy holders but private life insurance companies offered gifts and incentives to the majority of policy holders.

There is a significant difference between the opinion of the policy holders of LIC of India and private life insurance companies regarding gifts and incentives of the companies.

Satisfaction of policy holders towards gifts and incentives

In both cases, i.e., LIC of India and private life insurance companies, the majority of policy holders were not satisfied with the gifts and incentives of the companies.
There is no significant difference between the opinion of the policy holders of LIC of India and private life insurance companies regarding satisfaction with the gifts and incentives of the companies.

**Opinion on promotional activities of life insurance companies**

With respect to ‘advertisements’, the policy holders of LIC of India said that good and the policy holders of private life insurance companies said that very good. With respect to ‘publicity & public relations’, ‘personal selling’ and ‘sales promotion’, the policy holders of both LIC of India and private life insurance companies said that good. With respect to ‘telemarketing’, both the policy holders of LIC of India and private life insurance companies said that neither good nor bad.

With respect to advertisements and publicity & public relations, there is a significant difference between the opinion of policy holders of LIC of India and private life insurance companies. With respect to personal selling, sales promotion and telemarketing, there is no significant difference between the policy holders of LIC of India and private life insurance companies.

The policy holders of both LIC of India and private life insurance companies have good opinion about various promotional activities.

There is a significant difference between the opinion of policy holders of LIC of India and private life insurance companies with respect to various promotional activities.

**Influence of promotional activities in taking a policy**

The influence of advertisements on LIC of India’s policy holders is good and on private life insurance companies’ policy holders is very good. The influence of publicity & public relations, personal selling and sales promotion on policy holders of both LIC of India and private insurance companies is good. The influence of telemarketing on policy holders of both LIC of India and private life insurance companies is neither good nor bad.

With respect to advertisements and publicity & public relations, there is a significant difference between the policy holders of LIC of India and private life
insurance companies. With respect to personal selling, sales promotion and telemarketing, there is no significant difference between the policy holders of LIC of India and private life insurance companies.

The influence of various promotional activities on policy holders of both LIC of India and private life insurance companies is high.

There is no significant difference between the policy holders of LIC of India and private life insurance companies regarding the influence of various promotional activities.

5.1.6 People

Marketing Executive/ Officer/ Manager approached the policy holders to explain the policies

The marketing executives/officers/managers of both LIC of India and private life insurance companies approached majority of the policy holders to explain about various policies.

There is no significant difference between the opinion of the policy holders of LIC of India and private life insurance companies with respect to 'marketing executives/officers/managers approached to explain the policies'.

Opinion on marketing executive/ officer/ manager

The policy holders of both LIC of India and private life insurance companies said that 'the explanation of various policies' and 'assistance while filling the application form' from the marketing executives/officers/managers was good.

There is a significant difference between the policy holders of LIC of India and private life insurance companies regarding 'explanation of various policies' and 'assistance while filling the application form' by the marketing executives/officers/managers.
Marketing Executive/ Officer/ Manager reminding the payment of renewal premium

Marketing executives/officers/managers of both LIC of India and private life insurance companies reminding the majority of policy holders for the payment of renewal premium amount.

There is no significant difference between the opinion of the policy holders of LIC of India and private life insurance companies regarding reminding of renewal premium by the marketing executives/officers/managers.

Marketing Executive/ Officer/ Manager required training

The majority of the policy holders of both LIC of India and private life insurance companies said that the marketing executives/officers/managers required some training to provide better services to the customers.

There is a significant difference between the policy holders of LIC of India and private life insurance companies regarding the need of training to the marketing executives/officers/managers.

Satisfaction on the services of Marketing Executive/ Officer/ Manager

The policy holders of both LIC of India and private life insurance companies satisfied with the services of the marketing executives/officers/managers.

There is no significant difference between the policy holders of LIC of India and private life insurance companies with respect to satisfaction from the services of the marketing executives/officers/managers.

Opinion on life insurance company office personnel

The policy holders of both LIC of India and private life insurance companies said that the services of office personnel with respect to ‘way of receiving’, ‘information assistance’ and ‘assistance while filling the application form’ are good.
There is a significant difference between the policy holders of LIC of India and private life insurance companies regarding the services of office personnel with respect to 'way of receiving', 'information assistance' and 'assistance while filling the application form'.

**The office personnel reminding the payment of renewal premium**

Office personnel of both LIC of India and private life insurance companies reminding the majority of policy holders for the payment of renewal premium amount.

There is a significant difference between the policy holders of LIC of India and private life insurance companies regarding reminding of renewal premium by the office personnel.

**The office personnel required training**

The majority of the policy holders of both LIC of India and private life insurance companies suggested that the company's office personnel required some training to provide better services to the customers.

There is a significant difference between the policy holders of LIC of India and private life insurance companies regarding the need of training to the company's office personnel.

**Satisfaction on the services of company office personnel**

The policy holders of both LIC of India and private life insurance companies satisfied with the services of the company office personnel.

There is a significant difference between the policy holders of LIC of India and private life insurance companies with respect to satisfaction from the services of the life insurance company's office personnel.
5.1.7 Process

Insurance company personnel clearly explained about various policies

The majority of the policy holders of both LIC of India and private life insurance companies said that the company’s personnel clearly explained about various insurance policies.

There is no significant difference between the policy holders of LIC of India and private life insurance companies regarding explanation of various policies by companies’ personnel.

Insurance company personnel clearly explained regarding fill in the application form

The majority of the policy holders of both LIC of India and private life insurance companies said that the company’s personnel clearly explained about how to fill the application form.

There is no significant difference between the policy holders of LIC of India and private life insurance companies regarding explanation of companies’ personnel to them about how to fill the application form.

Policy holders’ opinion on variables of process

The policy holders of both LIC of India and private life insurance companies have good opinion about various variables of process mix i.e. ‘explanation of various schemes by personnel’, ‘cooperation of personnel while filling the application form’, ‘cooperation of personnel while paying the premium amount’, ‘cooperation of the personnel at the time of applying for loan’ and ‘cooperation of personnel while paying the maturity amount’.

With respect to ‘explanation of various schemes by personnel’, ‘cooperation of personnel while filling the application form’, ‘cooperation of the personnel at the time of applying for loan’ and ‘cooperation of personnel while paying the maturity amount’,
there is no significant difference between the opinion of the policy holders of LIC of India and private life insurance companies.

With respect to 'cooperation of personnel while paying the premium amount', there is a significant difference between the opinion of policy holders of LIC of India and private life insurance companies.

**Opinion on time taken by the life insurance company while providing the services**

LIC of India is taking short time 'while paying the premium amount' and neither nor long time 'while issuing the bond certificate' and 'while granting the loan'. The private life insurance companies are taking short time in all these three aspects i.e. 'While paying the premium amount', 'while issuing the bond certificate', and 'while granting the loan'.

There is a significant difference between the opinion of the policy holders of LIC of India and policy holders of private life insurance companies with respect to time taken by the companies in all these three aspects i.e. 'while paying the premium amount', 'while issuing the bond certificate' and 'while granting the loan'.

**5.1.8 Physical Evidence**

**Policy holders' opinion on variables of physical evidence**

With respect to 'interior appearance', 'office furnishing', 'lighting & ventilation', 'dress code of employees', 'appearance of application forms', 'appearance of brochures & catalogs', 'various displays in office', 'sitting facilities' and 'drinking water facility', the policy holders of both LIC of India and private life insurance companies said that good. With respect to 'provision for coffee, tea...etc.', both the policy holders said that neither good nor bad.

With respect to 'lighting & ventilation', 'appearance of brochures & catalogs' and 'sitting facilities' there is no significant difference between the opinion of policy holders of LIC of India and private life insurance companies.
With respect to 'interior appearance', 'office furnishing', 'dress code of employees', 'appearance of application forms', 'various displays in office', 'drinking water facility' and 'provision for coffee, tea...etc.', there is a significant difference between the opinion of policy holders of LIC of India and private life insurance companies.

5.2 CONCLUSIONS

With respect to whole life insurance policies, endowment insurance policies, money back insurance policies, pension policies and unit linked policies, there is no significant difference between the opinion of the policy holders of LIC of India and private life insurance companies. With respect to term insurance policies and child life insurance policies; there is a significant difference between the policy holders of LIC of India and private life insurance companies.

With respect to 'premium rates', there is no significant difference between the opinion of policy holders of LIC of India and private life insurance companies. With respect to 'service charges', 'fines in case of delayed payments' and 'interest rates on loans', there is a significant difference between the opinion of the policy holders of LIC of India and private life insurance companies.

With respect to 'agents', 'direct marketing', 'worksite marketing' and 'bancassurance', there is no significant difference between the opinion of the policy holders of LIC of India and private life insurance companies. With respect to 'brokers' and 'independent financial agents', there is a significant difference between the opinion of the policy holders of LIC of India and private life insurance companies.

With respect to advertisements and publicity & public relations, there is a significant difference between the opinion of the policy holders of LIC of India and private life insurance companies. With respect to personal selling, sales promotion and telemarketing, there is no significant difference between the policy holders of LIC of India and private life insurance companies.
There is no significant difference between the policy holders of LIC of India and private life insurance companies with respect to satisfaction from the services of the marketing executives/officers/managers. There is a significant difference between the policy holders of LIC of India and private life insurance companies with respect to satisfaction from the services of the life insurance company’s office personnel. There is a significant difference between the policy holders of LIC of India and private life insurance companies regarding the need of training to the marketing executives/officers/managers and company’s office personnel.

With respect to ‘explanation of various schemes by personnel’, ‘cooperation of personnel while filling the application form’, ‘cooperation of the personnel at the time of applying for loan’ and ‘cooperation of personnel while paying the maturity amount’, there is no significant difference between the opinion of the policy holders of LIC of India and private life insurance companies. With respect to ‘cooperation of personnel while paying the premium amount’, there is a significant difference between the opinion of policy holders of LIC of India and private life insurance companies.

With respect to ‘lighting & ventilation’, ‘appearance of brochures & catalogs’ and ‘sitting facilities’ there is no significant difference between the opinion of policy holders of LIC of India and private life insurance companies. With respect to ‘interior appearance’, ‘office furnishing’, ‘dress code of employees’, ‘appearance of application forms’, ‘various displays in office’, ‘drinking water facility’ and ‘provision for coffee, tea...etc.’, there is a significant difference between the opinion of policy holders of LIC of India and private life insurance companies.
5.3 SUGGESTIONS

5.3.1 SUGGESTIONS TO LIC OF INDIA

1. Product

- LIC of India should improve unit linked policies and should offer a wide range of alternative unit linked policies to attract more number of potential customers. Varieties of policies need to be enhanced to cater to the growing needs of customers and thereby to create an overall strong hold in the business.

- **Target the right customers** - Most Indian insurers rely on a direct-agent sales force to win market share, paying steep commissions that drive up new-customer acquisition costs. Companies that focus on attracting customers that their organization is best able to serve get far more bang for their marketing outlays than their less discriminating competitors. Various studies in insurance industry around the world has shown that insurers who zero in on the right customers and use a closed-loop feedback process to track how well their organization meets or exceeds customer expectations on the critical touch-points reap higher revenue growth rates and market share.

- **Proactive strategies** should be introduced by LIC of India which are primarily aimed at educating consumers and encouraging greater usage of life insurance.

- **Needs-based Positioning** - This is the most commonly understood positioning and is based on the differing needs of different groups of consumers. This can be done successfully if a company has unique strengths to service a group of customer needs better than others. The insurance needs of customers vary significantly for different groups of customers. The insurance needs of young family with small children will be quite different from that of a family in which the income-earner is close to retirement. In the same way the needs of High Net-Worth Individuals (HNIs) would be quite different from those of general consumers and would require an entirely different marketing mix right from the type of products offered and the way they are distributed, to the promotion methods employed. Hence, LIC of India should introduce a wide variety of
products tailored for different customer needs and thereby it can improve its market share.

2. Price

- **Pricing** in life insurance is somewhat complex as compared to the pricing strategies of other financial products. The price (premium) for a life insurance product is determined by expected claim costs, investment income, administrative costs, and fair profit loading.
- Premium rates should be decreased to attract the price sensitive customers. It could be done by reducing the unnecessary administrative expenses such as stationary, electricity bill, roaming of officials etc.
- LIC of India should reduce the service charges and penalties in case of delayed payments. Then only it is possible to retain the existing customers and to attract the new customers.

3. Place

- Branch offices should be established at a convenient location, so that the customers can have easy access to services offered by the LIC of India and thereby to get more business done. Transportation facilities should also be born-in mind while establishing branch offices in various places.
- **Rethink the distribution network** - The recent regulatory changes and faster competitive are forcing insurers to take a fresh look at their distribution channels. The analysis shows that new business premiums correlate closely with the reach and concentration offices insurers have in their network. Currently, distribution is heavily skewed toward agency sales, which account for approximately 80 percent of total industry revenues. Efficient tie-ins with banks that use their multipurpose branch networks to sell insurance products will probably account for a higher proportion of new policy sales going forward.
- **Direct marketing, worksite marketing and bancassurance channels** should be employed widely to reach more number of customers. For this purpose more
number of field sales forces should be recruited as well as the liaising staff with banks.

4. Promotion

- There is a strong need for creating more awareness about endowment policies, money back policies, pension policies and unit linked policies for developing a strong customer base.

- **Customer education**: The existing level of awareness of the consumers for insurance products is considerably very low, because majority of the Indian population is illiterate. Even the educated customers are ignorant about the various products of insurance. Therefore it is necessary that LIC of India should undertake extensive plan for education of customers. The consumer organizations and media can play a very important role in the education of customers.

- **Public education**: The government can stimulate the growth of the life insurance sector by encouraging better understanding of personal saving and financial planning through education. This can be done by widening the teaching curricula in schools and universities. In India, increasing public awareness can be effectively carried with LIC of India sponsoring educational material, under guidelines set by the Ministry of Education. As a result LIC of India can attract more number of customers.

- LIC of India should widely use television and newspapers to carry its advertisements. Then only it is possible to create more awareness about its policies among the customers is possible.

- LIC of India should concentrate on sales promotion and telemarketing techniques to attract more number of customers.

5. People

- **Customer Service**: Not unexpectedly, this was one area that witnessed the most significant change with the entry of new players. There is an attempt to bring in international best practices in service and operational efficiency through use of latest technologies. **Advice and need based selling** is emerging through much
better trained sales force and advisors. This will enhance improvement in response and turnaround times in specific areas such as delivery of first policy receipt, policy document, premium notice, final maturity payment, settlement of claims etc.

- Appropriate training should be given to the office personnel to improve their soft skills. Then only they can provide better services to customers and handle their queries satisfactorily.

6. Process

- In addition to the oral presentation, the power point presentation could also be employed by the agents/consultants/managers of LIC of India to explain the policies to customers.

- Magic Board- A unique tablet-based application initiative. The application not only automates and simplifies the sales processes at the customer end, but in a single platform, it connects the customer with the distributor, employees and the insurance organization in a 360 degree integration where every stakeholder has a single page view in his hand held tablet PC for real-time information, intelligence and intervention. Gain a 360-degree view of the customer by consolidating all policy, claims and billing data in one place, regardless of format; cleansing the data; and then transforming it into a complete picture of the entire customer relationship.

- LIC of India personnel should extend positive cooperation to the policy holders while they are paying the premium and applying for loans.

- LIC of India should reduce the time delay while issuing the bond certificate and while granting the loan. Then only customer satisfaction will improve.

7. Physical Evidence

- Apart from office environment, materials such as brochures, policy documents, and periodic statements are the tangibles, which will influence the customers. LIC of India and intermediaries need to manage all these physical evidences carefully as they can have a profound impact on the impression of the customers.
• LIC of India should improve various displays in office for providing relevant information to the visitors.

5.3.2 SUGGESTIONS TO PRIVATE LIFE INSURANCE COMPANIES

1. Product

• Private life insurance companies should create more awareness about pension policies and unit linked policies to attract more number of customers.

• Private life insurance companies should offer a wide variety of unit linked policies to choose from, to the customer for better investment and thereby to create more business. Number of different policies should be increased by private life insurance companies to meet the growing needs of customers and thereby to generate more business.

• Mobile technology can help save money, mitigate risk, and increase productivity. It can also attract new customers and retain current policyholders. Ever-more powerful data networks, mobile devices, and application software solutions are being packaged into attractive products that promise fast, hard-dollar ROI. And top-tier mobility vendors ensure that today’s wireless solutions are more affordable, easier to use, and quicker to deploy. New capabilities are enabling faster, higher-quality communications among customers, field agents, and management.

• Access-based Positioning: Positioning of customers can also be done by the way they are accessible. That is different groups of customers may be accessible in different ways even though they may have similar needs. Access is typically a function of customer geography or customer scale. There is excellent opportunity in the insurance industry to employ access-based positioning by targeting the rural insurance sector. The rural market for life insurance is very different from the urban market in terms of needs, income levels and distribution (seasonality, for example), penetration of media and so on. So far except for LIC, no other player has paid any attention or focus on the rural sector. Rural market can be a highly profitable position if one is able to carefully plan and tailor an entire set of low-
cost activities of advertising, distribution, and product design etc. to successfully exploit the potential.

- Private life insurance companies should create confidence among customers about their long term survival in the business. Then only the customers can trust the company and show interest to buy the policies having long term maturity period.

2. Price

- **Technology** can dismantle the assumption about the private life insurance companies, that their premium rates are high. Technology can significantly cut down the largest component of price, which is the cost of distribution. As a result they can reduce the premium rates. Finally they can attract more number of customers and will generate more business.

- **E-business** opens up new ways to reduce costs while lowering market entry barriers and facilitating the break-up of the traditional insurance value chain. Insurance clients will benefit from greater transparency, lower prices and improved services – not just in the sales area, but also in claims management. New information and communication technologies are making it easier for insurers to break up the value chain and outsource individual functions to specialized providers.

- Private life insurance companies should impress the customers that the returns are good and certain with no more costs when compared to LIC of India. Then only they can attract more number of customers and generate good business.

3. Place

- **Management of insurance personnel** should be done in such a way that gap between the services promises and services offered are bridged over. In a majority of service generating organizations, such a gap is found existent which has been instrumental in making down the image problems. The insurance personnel if not managed properly would make all efforts insensitive. They are required to be given adequate incentives to show their excellence. They should be provided intensive trainings to focus mainly on behavioral management.
• **Location of insurance branches** - While locating branches, branch manager needs to consider the number of factors such as smooth accessibility, availability of infrastructural facilities and management of branch offices and premises. Thus place management of insurance premises needs a new vision, distinct approach & an innovative style. The branch managers need professional excellence to make place decisions productive.

• **Worksite marketing and Bancassurance channels** should be widely used to reach more number of customers and to influence them to buy the policies. For this purpose more number of field sales forces should be deployed including liaisoning staff with the Bancassurance partners.

• **New distribution avenues & alliances** are necessary to reach a profitable mass of customers. Initially insurance was looked upon as a complex product with a high advice & service component. Buyers prefer a face to face interaction & they place a high premium on brand names & reliability.

4. **Promotion**

• **Social media** is an extraordinary platform and can be extremely useful to companies to engage themselves with the customer. Twitter can be a powerful tool in the hands of agents. An initiative to listen to customers on social media and then connect it with its CRM.

• **Gather Feedback** - For insurance marketers, word of mouth is key. In addition to measuring the effectiveness of marketing efforts based on quantitative data, insurance marketers can seek input from their existing and new clients about their communication efforts. What worked well? What was unclear? How might they communicate more clearly in the future? In addition, clients can be excellent advocates and part of the marketing process. The private life insurance companies can take advantage of the opportunity to leverage their clients as word-of-mouth marketing advocates.
• Advertisements should be carried out by private life insurance companies by using both television and newspaper to spread awareness about different policies among customers.

• Private life insurance companies should widely use the techniques of sales promotion like occasional premium discounts and telemarketing to reach out a maximum number of customers.

5. People

• **Innovation:** Innovation in the delivery system refers to the internal organizational arrangements that have to be managed to allow service workers to perform their job properly, and to develop and offer innovative services. All the insurance companies have a structured internal organization team with customer service teams for the delivery of the service. Extensive training is given to the service contact personnel who are called the financial consultants or Agent advisers. Service development, service design and delivery are intricately intertwined. All parties involved in any aspect of the new service must work together at this stage to delineate the details of the new service.

• **Expert training** should be provided to the marketing executives/managers/office personnel of Private life insurance companies, so that they reach to the expectation level of customers by providing satisfactory information and solution to their queries.

6. Process

• **Ease of procedures:** The company should provide claims on time, cooperative and friendly agent, settlement of claims easy and timely, agent is well informed about policies. The mode of premium payment is an important factor when the agents take time to collect as at when due and can discuss the benefits of the policies very well. Prompt claims payment is also an important part of risk bearing that every insurance company should be mindful of.
- Ask-Apply-Get process that helps customers buy a life insurance cover in just 3 minutes without the hassles of a long waiting period, follow ups, heavy documentation and medical checkups. Once the customer fills in the form, the form is scanned or faxed. The details are then entering into the system, and post data entry, the details are sent to a call center agent who calls the customer for verification to ensure that the customer gets the right kind of policy or product, and he or she has been given complete and relevant information. Post verification, the policy is generated. Simultaneously, the customer receives an e-mail within 3 minutes with the required URL to download the form, as well as an audio clip of the verification call. This simple process has taken customer satisfaction levels to a different level, as customers no longer have to wait for policy for days and weeks; policy documents are delivered instantly, within 3 minutes of the call with call center. Additionally, customers can understand the policy terms and conditions before issuance of the policy document. In the long-term, this has improved credibility about the brand and decreased instances of miscommunication.

- Agents/consultants/managers of private life insurance companies should explain the policies not only through oral presentation but also through power point presentation.

7. Physical Evidence

- **Physical evidence** refers to the experience of using a product or service. Evidence is a key element of success for all insurance companies. Physical evidence can be provided to insurance customers in the form of brochures, pamphlets, policy certificate and premium payment receipts. The office building, the ambience, the service personnel etc. of the insurance company and their logo and brand name in advertisements also add to the physical evidence. The private life insurance companies should take proper care while designing all these elements.