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Customers Perception towards private Life Insurance Companies’ policies with reference to Prakasam(DT), AP.

ALLA VENKAIHAH, Research scholar, Department of Management Studies, S.V University, Tirupati-517502
Dr B. SUDHIR, Associate professor, Department of Management Studies, S.V University, Tirupati-517502

ABSTRACT:
The decade of 90s, saw the emergence of liberalization. Liberalization means lifting governmental restrictions and allowing competition to play free role in the economy. With respect to insurance business, liberalization means allowing private enterprises to operate in this particular sector. The main private insurance companies which are challenging the monopoly position of LIC are TATA-AIG, SBI Life, Reliance, ICICI Prudential, ING Vysya, Max New York life etc.

Prakasam district is well known for its cultivation and people are well educated. The survey attempted to secure the opinion of Insurance policy holders towards private Insurance companies in Ongole town. The data was collected from a sample of 200 policy holders with the help of a structured questionnaire. Convenience sampling technique was adopted.

The major findings of the study include that very few policies are better alternative for LIC policies, the private insurance companies should try to increase the age limit and to reduce the hidden cost, confidence on private Insurance companies because of the supervision of IRDA. Majority of respondents have awareness about medical policies.

The researcher feels responsible to suggest that the private Insurance companies should design better insurance policies, augment the age limit and reduce hidden cost to cope up the competition with LIC. Health insurance is one of the untapped areas of insurance, so the private insurance companies should focus on this area too.

Keywords: Life Insurance, Policy Holder, Perception, Satisfaction

INTRODUCTION:
Psychology plays an important role in understanding consumer behavior. Psychological factors such as motivation, personality and perception helps in interpreting buying process and directing the marketing efforts of companies. Perception is the process by which an individual selects, organizes and interprets information to create a meaningful picture of the world.

In 1956 most of the private insurance companies filed for bankruptcy then the government of India nationalized the insurance companies under the name of Life Insurance Corporation of India. LIC ruled the market for almost five decades. Because of its monopoly position, it never tried to provide any innovative policies and customer service was another area of concern.

1990 saw the emergence of liberalization. Liberalization means lifting government controls and allowing competition to play its free role in the economy. With reference to insurance sector, liberalization means allowing private companies like TATA-AIG, SBI Life, Reliance, ICICI Prudential, ING Vysya, Max New York life, HDFC etc to operate in this sector.

OBJECTIVES OF THE STUDY:
1 To know the customers' opinion whether private insurance policies are better than public insurance policies.
2 To identify whether private insurance policies are up to customers expectations.
3 To know about customers opinion on increase of age limit
4 To analyze the customer’s perception about hidden cost of private insurance policies
5 To provide suggestions to the private and public life insurance companies for successful business.
METHODOLOGY OF THE STUDY:
The study is restricted to private life insurance policy holders residing in Ongole town only. 200 respondents were selected on the basis of convenience sampling method. The data was collected through primary and secondary sources. Primary data was collected through structured questionnaire and secondary data has been collected through journals, reports and publications of government.

LIMITATIONS OF THE STUDY:
This particular study confines only to private Insurance companies policy holders and excludes the public insurance company’s policy holders and it is confined to Ongole town only. Hence, the result may not be widely applicable.

DATA ANALYSIS AND INTERPRETATIONS:
Table-1: Age – Wise classification of Respondents

<table>
<thead>
<tr>
<th>Age (in years)</th>
<th>No of Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below 30 Years</td>
<td>37</td>
<td>18.5</td>
</tr>
<tr>
<td>31 to 50</td>
<td>133</td>
<td>66.5</td>
</tr>
<tr>
<td>50 above</td>
<td>30</td>
<td>15</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>200</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

From the above table, it can be inferred that 66.5% of the respondents fall within the age group of 31 to 50 years, 18.5% of the respondents are below 30 years and remaining 15% of the respondents are above 50 years.

Table-2: Occupation - Wise categorization of Respondents

<table>
<thead>
<tr>
<th>Occupation</th>
<th>No of Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government Employee</td>
<td>37</td>
<td>18.5</td>
</tr>
<tr>
<td>Private Employee</td>
<td>63</td>
<td>31.5</td>
</tr>
<tr>
<td>Businessmen</td>
<td>54</td>
<td>27</td>
</tr>
<tr>
<td>Agriculture</td>
<td>46</td>
<td>23</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>200</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

From the above table, it can be inferred that 31.5% of the respondents are private employees, 27% belongs to business sector, 23% of the respondents belongs to agricultural profession and the rest 18.5% of the respondents are government employees.

Table-3: Private Insurance companies are better alternative for public Insurance company’s policies:

<table>
<thead>
<tr>
<th>Alternatives</th>
<th>No of Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very few polices</td>
<td>108</td>
<td>54%</td>
</tr>
<tr>
<td>All polices</td>
<td>59</td>
<td>29%</td>
</tr>
<tr>
<td>None</td>
<td>33</td>
<td>16.5%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>200</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

From the above table, it can be inferred that 54% of the respondents feel that very few policies are better alternatives for public insurance company, 29.5% of the respondents feel that all policies are best alternatives and the 16.5% of the respondents feel that none of the private companies policies are better alternative for public insurance company policies.
Table-4: Private Insurance companies policies are up to customers Expectations:

<table>
<thead>
<tr>
<th>Customer Expectations</th>
<th>No of Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>114</td>
<td>57%</td>
</tr>
<tr>
<td>No</td>
<td>86</td>
<td>43%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>200</td>
<td>100</td>
</tr>
</tbody>
</table>

From the above table, it can be inferred that 57% of the respondents feel that the policies offered by the private insurance companies are up to customers’ expectations and the remaining 43% feel that private insurance policies are not up to customers’ expectations.

Table-5: Customers opinion on Insurance claim

<table>
<thead>
<tr>
<th>Perception</th>
<th>No of Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>178</td>
<td>89%</td>
</tr>
<tr>
<td>No</td>
<td>22</td>
<td>11%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>200</td>
<td>100</td>
</tr>
</tbody>
</table>

From the above table, it can be inferred that 89% of the respondents feel that there is no risk about their money since all the private insurance companies are under the regulation of IRDA and the rest 11% feel that some amount of risk is involved with private insurance companies.

Table-6: Customers opinion on upper age limit

<table>
<thead>
<tr>
<th>Perception</th>
<th>No of Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>134</td>
<td>67%</td>
</tr>
<tr>
<td>No</td>
<td>66</td>
<td>33%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>200</td>
<td>100</td>
</tr>
</tbody>
</table>

From the above table, it can be inferred that 67% of the respondents feel that there is a need to increase the age limit and the rest 33% feel that increase in the age limit is not required.

Table-7: Customers perception on hidden cost

<table>
<thead>
<tr>
<th>Perception</th>
<th>No of Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Few policies</td>
<td>39</td>
<td>19.5%</td>
</tr>
<tr>
<td>All policies</td>
<td>125</td>
<td>62.5%</td>
</tr>
<tr>
<td>None</td>
<td>36</td>
<td>18%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>200</td>
<td>100</td>
</tr>
</tbody>
</table>

From the above table it can be inferred that 62.5% respondents feel that policies have hidden cost, 19.5% feel that only few policies have hidden cost and the rest 18% feel that there is no policies have hidden cost.

Table-8: Expected policies by customers

<table>
<thead>
<tr>
<th>Expected policies</th>
<th>No of Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax benefit</td>
<td>90</td>
<td>45%</td>
</tr>
<tr>
<td>Marketing benefit</td>
<td>65</td>
<td>32.5%</td>
</tr>
<tr>
<td>Value added benefit</td>
<td>45</td>
<td>22.5%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>200</td>
<td>100</td>
</tr>
</tbody>
</table>

From the above table it can be inferred that 45% of the respondents are expecting policies with tax benefits, 32.5% of the respondents are expecting maturity benefits and the 22.5% are expecting value added benefits.
Table-9: Awareness Level of Customers with Health Insurance Policies

<table>
<thead>
<tr>
<th>Awareness</th>
<th>No of Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>1137</td>
<td>68.5%</td>
</tr>
<tr>
<td>No</td>
<td>63</td>
<td>31.5%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>200</td>
<td>100%</td>
</tr>
</tbody>
</table>

From the above table, it can be inferred that 68.5% of the respondents have awareness about health insurance policies and the remaining 31.5% of the respondents are not aware of health insurance policies.

Table-10: Awareness with IRDA and its role

<table>
<thead>
<tr>
<th>Awareness</th>
<th>No of Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>139</td>
<td>69.5%</td>
</tr>
<tr>
<td>No</td>
<td>61</td>
<td>30.5%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>200</td>
<td>100%</td>
</tr>
</tbody>
</table>

From the above table, it can be inferred that 69.5% of the respondents are aware of IRDA and its role in insurance sector and 30.5% are not aware of IRDA.

Table-11: Customers preferred Investment Avenue when considered Rate of Interest on Fixed Deposits.

<table>
<thead>
<tr>
<th>Investment avenues</th>
<th>No of Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed deposit of banks</td>
<td>110</td>
<td>55%</td>
</tr>
<tr>
<td>Pension scheme</td>
<td>90</td>
<td>45%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>200</td>
<td>100%</td>
</tr>
</tbody>
</table>

From the above table, it can be inferred that 55% of respondents are interested to invest in fixed deposit and the remaining 45% are interested in investing into pension scheme.

FINDINGS
1. 31.5% of the respondents are private employees, 27% belong to business sector, 23% of the respondents belong to agricultural profession and the rest 18.5% of respondents are government employees.
2. Majority of the respondents fall within the age group of 31 to 50 years.
3. Majority of the respondents feel that very few private insurance policies are better alternatives than public insurance company policies.
4. Respondents feel that the policies offered by the private insurance are up to the customers' expectations.
5. Majority of the respondents feel that there is no risk with private insurance companies, because of regulations of IRDA.
6. Most of the respondents feel that there is a need to increase the age limit.
7. 62.5% of the respondents perceive that all policies have hidden cost.
8. Respondents are expecting policies with tax benefits followed by maturity benefits.
9. 68.5% of the respondents are aware of health insurance but the rest do not have idea about health insurance.
10. Customers are interested in investing into fixed deposit schemes when compared to pension scheme.

SUGGESTIONS
1. More than half of the respondents feel that private insurance companies are better alternative for public sector company's policies. So, private insurance companies have to take this as advantage for capturing the market and public insurance companies are required to come up with better policies.
2 Majority of the respondents perceive that private insurance company policies are up to customers’ expectations. But few respondents (43%) felt that private insurance company policies are not up to the expectations. Hence private insurance companies have to fill the expected gap through knowing what exactly customers want.

3 More than half of the customers’ perceive that all policies have cost. So private companies have to counsel the potential and existing customers’ to remove this perception.

4 Almost 70% of the respondents are aware of health insurance policies. Health insurance is one of the untapped areas of insurance policies.

5 Most of the respondents are aware of IRDA and its role in the insurance sector and they feel that private insurance companies have been investing premium amount according to the norms of IRDA, but still potential customers are interested to go with LIC when the decision making time comes since they are feeling that it is private company. Private companies may require extra effort to convince the potential customers. They can go with banks for marketing insurance policies.

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ABSTRACT

The decade of 90s, saw the emergence of liberalization. Liberalization means lifting governmental restrictions and allowing competition to play free role in the economy. With respect to insurance business, liberalization means allowing private enterprises to operate in this particular sector. The main private insurance companies which are challenging the monopoly position of LIC are TATA-AIG, SBI Life, Reliance, ICICI Prudential, ING Vysya, Max New York life etc.

Andhra Pradesh is well known for its cultivation and people are well educated. The survey attempted to secure the opinion of Insurance policy holders towards LIC of India and Private Insurance Companies in Andhra Pradesh. The data was collected from a sample of 400 policy holders with the help of a structured questionnaire. Convenience sampling technique was adopted.

The major findings of the study includes LIC of India is in better position regarding product and price mix variables. The private insurance companies are in better position in the aspects of place, promotion, people, process and physical evidence.

The researcher feels responsible to suggest that the Private Insurance Companies should design better insurance policies to cope up the competition with LIC. LIC of India should focus more on promotion and distributional activities and it should also concentrate on improving physical evidence aspects to retain its legendary position in the market.

Keywords: Life Insurance, Policy Holder, Perception, Satisfaction

INTRODUCTION

Marketing, as the term is commonly understood today, was developed initially in connection with the selling of consumer-packaged goods and later with the selling of industrial goods. The Committee on Definitions of the American Marketing Association (AMA) defined marketing as the performance of business activities that direct the flow of goods and services to the consumer. The characteristics of services are the justification for the claim that services marketing is different to marketing physical products. Many of the developments in services marketing are fairly recent. The factors affecting the developments within services marketing are organization size and structure, regulatory bodies, growth in service industries, characteristics of services, customer/employee interaction, and specific service sectors. Services marketing are the process of researching and promoting to a market with non-physical goods known as services.

Insurance marketing is basically just the marketing of insurance products. Insurance marketing emphasizes the importance of the customer preferences and priorities. Major objectives of life insurance marketing are increasing customer awareness, successful distribution of insurance products, developing corporate image, improving customer service, improving customer base and its spread, and etc. Factors impeding the application of insurance marketing are insufficient experience of insurers while expanding insurance business, non-existence of long-term development strategies of insurance companies and the fact that insurers orient mostly to short term needs; and while trying to apply more actively insurance marketing means it is necessary to change the whole organizational management
structure of an insurance company, the channels of insurance products sales, technologies of communication with clients, and etc.

Insurer has to analyze the nature of the customer’s needs and plan their products and services in such a way that they can give satisfaction to the customers and face the competitors. Planning needs analysis of the insurance market to take a decision, prediction, and forecasting as to future needs of customers. All these programs involve a number of functions (7Ps), which are to be planned carefully. The combination of these functions is known as insurance service marketing mix.

Marketing mix is the planned package of elements, which will support the organization in reaching its target markets and specific objectives.

**LIFE INSURANCE SERVICES MARKETING MIX**

**Product:**
A product is anything that can be offered to a market to satisfy a need or want. Life insurance companies offer different insurance products with different features to cater different needs of the customers. By means of buying a life insurance product, a customer buys the promise offered because he believes in the promise being made by the insurance company. Life insurance companies have several products such as term assurance, endowment assurance, money back policies, pension plans. There are also group insurance schemes than can be taken by employer for their employees. Nowadays, investment plans (ULIPs) are very popular in the market. These insurance products are always readily marketable.

**Price:**
Price is the mean of setting the exchange value between two parties. 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. The claims cost is based on the mortality rate realized on different age groups. The Actuary on considerations that depend on the experience of the insurer in the past and his assessment of the trends in the future decides the premium rates. Pricing in today’s insurance business environment requires actuaries to be knowledgeable in an ever-expanding group of issues because of the nature of diversified products. In case of life insurance, there is limited scope to use price as a strategic weapon.

**Place:**
In case of life insurance, it is a combination of decisions regarding channels of distribution. The emerging new opportunity for life insurance companies towards integration of the financial services industry is bancassurance. Bancassurance prospects in India are really bright because huge banking infrastructure across urban, semi-urban and rural India and life insurers are using this channel. New distributors like stockbrokers, financial planners, general agents, and financial institutions etc. involve lower distribution costs, variable as opposed to fixed expenses, lower front-end commission costs, and the opportunity of selling the products in conjunction with other investment-related products. Strategy of worksite marketing is more useful in case of marketing of pension and health plans. The widespread diffusion of the Internet has created an explosion in the growth of electronic channels. The traditional system of —agent is the dominating one in India and this will continue to be a major distribution channel for insurers, since this system has core roots in rural sector.

**Promotion:**
The ‘promotional mix’ is a term used to describe the set of tools that a business can use to communicate effectively the benefits of its products or services to its customers. In case of life insurance services, promotion is done through a mix of advertising, personal selling, and sales promotion. Promotion communicates with the potential market so as to persuade the prospective customers to try a new insurance product. Online advertising is one marketing tool that is worth the money. As the Internet takes on more power and influence all of the time, having a web presence will
put an insurance company on the cyber map and get it noticed. Block line advertising in trade journals, industry publications and periodicals is the way to go. Television ads and print ads are excellent forms of insurance marketing. All life insurance companies have started using PR tools to make better image about them in the minds of general public. Personal selling is extremely labor intensive but is the best form as far as insurance is concerned, dealing with one customer at a time.

People:

Recruiting the right staff and training them appropriately in the delivery of their service is essential, if the service provider wants to obtain a form of competitive advantage. Life insurance companies have to give more attention in training and development their employees and agents. Building strong relationship with their agents as well as the customers will help in meeting customers’ needs and serving them efficiently. Satisfaction depends on the nature of interaction between customers and the people representing insurance companies. Training the employees and agents to introduce new products and use of information technology for efficiency both at staff and agent level are the key areas to look into.

Process:

A process is the method and sequence of actions in the service performance. This process involved in life insurance industry should be customer friendly. The speed and accuracy of payment is of vital important. The process methodology of life insurers should be such that it provides total ease and convenience to the customers. Badly designed and poor processes lead to slow and inefficient delivery and make it difficult for insurance employees and agents to do their job well. Consequently it will result in low productivity and service failures.

Physical Evidence:

The physical evidence is defined as the environment in which the service is delivered and where the service provider and the customers interact, and any tangible commodities that facilitate performance or communicate the service. The appearance of building, landscaping, interior furnishing, equipments, printed materials, and other visible cues all provide tangible evidence of a firm’s service quality. In case of insurance business, apart from office environment, materials such as brochures, policy documents, and periodic statements are the tangibles, which will influence the customers. Insurance companies and intermediaries need to manage all these physical evidences carefully as they can have a profound impact on the impression of the customers. Although all insurance companies provide similar essential service, the differences that do exist are the physical evidence.

STATEMENT OF THE PROBLEM

Life insurance companies in India with their moderate branch network have been meeting the diverse insurance needs of the society, but also evolved innovative organization and methods of cost effective services delivery. In the wake of liberalization, privatization and globalization, new challenges before life insurance companies include competition, the fast growing technology, consumerism, changing economic conditions and marketing strategies. These changes have transformed the role, configuration and responsibilities of life insurance companies. To cope up with new situations, they need to acquire new skills, attitudes, mindset, methods and strategies. In this backdrop LIC of India and private insurance companies in India face the challenge of formulating suitable marketing strategies.

To withstand the severe competition in the life insurance sector, the life insurance companies have started creating customer awareness and satisfaction, offering a gamut of services. But these services by life insurance companies fall short of expected satisfaction of their clientele.

The major problem areas in life insurance industry are:

* Limited number of financial services (policies/products) offered by the life insurance companies.
• Low awareness levels among customers as to the financial services offered by the life insurance companies.
• Inadequate customers' access to life insurance services.
• Low quality financial services by life insurance companies.
• Barriers in customer relationship management (CRM) process
• Delay in sanction and disbursement of policy sum assured amounts.
• Dissatisfaction of customers with financial services by life insurance companies.

Thus in present study it is proposed to examine the effectiveness of marketing strategies adopted by LIC of India and Private life insurance companies in providing services to their customer groups.

NEED FOR THE STUDY

Insurance industry in India has changed substantially and has respected to a changing environment on the basis of Malhotra Committee (1993), recommendations by allowing private parties in insurance industry since 2000 onwards. The insurance industry has been growing at a rate of around 20%, where as the insurance companies have been growing at a very high rate of around 50% each year for the past few years. Private players through new to the market have captured a sizeable portion of the market share. In the liberalized insurance business both private players and government has invested crores of rupees. As more than three- fourths of the population is there in India with no coverage of insurance, the insurers may take different steps in promoting their products to the seeker of insurance using different strategies. As of now LIC has the patronage of the Government of India, soon it may not enjoy the same in level playing field. Therefore there is a need to study the effectiveness of different strategies adopted by the insurers and identify the reasons for the differences if any in the strategies applied by the public and private players.

Marketing is attracting fresh business while retaining existing customers. It includes deciding on what product or services to be marketed, how the product or services so selected shall be presented to the potential user and how it shall be priced. Any business is likely to be more successful when a strong marketing viewpoint of philosophy permeates the thinking and guide the decisions and actions of all the parties involved. A business is formed with one objective to serve the people and earn profit and marketing is one function that stands as a backbone of all business activity. One of the most important elements of marketing is the satisfaction of existing customer and earns a new customer. The tripod of customer satisfaction depends up on the values, cost and satisfaction of the good or services offered by firm. To achieve the objective of successful marketing is important to basically design the STP (Segmentation, targeting and positioning) strategies professionally to add value to the core business activity, the success stories of all successful insurance businesses around the world reveal that it is marketing which differentiates the winners from losers. There are various new trends in the STP approaches by the insurance players in Indian market vis-a-vis the emerging issues and challenges. In light of the changing dimensions both the LIC and the new entrants have all changed their marketing strategies to suit the customers' needs. Spearheaded by the LIC all companies are engaged in designing and crafting tailor made marketing policies and plan to retain the existing customers and gain new ones. Therefore a study on the Marketing of Life Insurance services has been undertaken.

OBJECTIVES OF THE STUDY

1. To study the policy holders perception about the 'product mix' of LIC and Private insurance companies.
2. To study the policy holders perception about the 'price mix' of LIC and Private insurance companies.
3. To study the policy holders perception about the 'place mix' of LIC and Private insurance companies.
4. To study the policy holders perception about the 'promotion mix' of LIC and Private insurance companies.
5. To study the policy holders perception about the 'people' of LIC and Private insurance companies.
6. To study the policy holders perception about the 'process' of LIC and Private insurance companies.
7. To study the policy holders perception about the ‘physical evidence’ of LIC and Private insurance companies.

HYPOTHESIS

1. There is no significant difference exists between the perception of LIC policy holders and Private insurance company policy holders regarding variables of product mix.
2. There is no significant difference exists between the perception of LIC policy holders and Private insurance company policy holders regarding variables of price mix.
3. There is no significant difference exists between the perception of LIC policy holders and Private insurance company policy holders regarding variables of place mix.
4. There is no significant difference exists between the perception of LIC policy holders and Private insurance company policy holders regarding variables of promotion mix.
5. There is no significant difference exists between the perception of LIC policy holders and Private insurance company policy holders regarding variables of people.
6. There is no significant difference exists between the perception of LIC policy holders and Private insurance company policy holders regarding variables of process.
7. There is no significant difference exists between the perception of LIC policy holders and Private insurance company policy holders regarding variables of physical evidence.

SCOPE OF THE STUDY

The Study mainly focused on marketing of life insurance services in Andhra Pradesh. It covered opinion of policy holders on marketing mix elements – product, price, place, promotion, people, process and physical evidence of both LIC of India and private life insurance companies

RESEARCH METHODOLOGY

Data sources:

The data sources required for the study include both primary and secondary. The primary data sources were the Life Insurance policy holders in Andhra Pradesh. The secondary data sources were: relevant websites, journals, business magazines, books, dissertations and data bases for theoretical support.

Research Design:

Descriptive research design is adopted where in the objectives are clearly established followed by design of questionnaire and analysis.

Research Instrument:

Structured Questionnaire was used to collect the information from respondents in Andhra Pradesh. Questionnaire used in this study was open ended and closed ended. Scale ranging from very bad to very good using likert point scale.

Sampling Frame:

Sampling frame comprised of policy holders of both LIC of India and other private insurance companies in Andhra Pradesh is the fastest growing state in India where the population is heterogeneous with diverse, cultural, religious and economic background. It has been a very good marketing centre for targeting various groups of customers.

Sampling Design:

Convenience sampling method.
Sample size=400 responds.
The responses were collected during 2011-2012

Data Analysis:

The research in this study is to explain the policy holders’ opinion as marketing mix and both LIC of India and Private Life Insurance Companies. The data is processed through an accepted statistical program SPSS 20.0. The respondent’s answers and data are after each scale. The data was analyzed using statistical techniques like chi-square test, ANOVA and correlation to find out the relationship between variables.
LIMITATIONS OF THE STUDY

- The primary data was collected only in few areas of Andhra Pradesh. So these results may not represent the entire state/nation.
- There is unwillingness and uneasiness in explaining the opinion as some of the respondents are not completely aware of the Marketing activities.

FINDINGS

- Majority people purchase the insurance policy due to the advantage of risk coverage to protection for the family.
- The policy holders of both LIC of India and private life insurance companies have good awareness about various insurance policies.
- The policy holders of both LIC of India and private life insurance companies have almost same good opinion about the policies.
- The policy holders of both LIC of India and private life insurance companies are preferring endowment policies money back policies and child life policies.
- There is no significance between perception of the policy holders of LIC of India and private life insurance companies about the products.
- Policy holders felt that premium rates of private life insurance companies are high compared to LIC of India.
- Policy holder felt that private life insurance companies are charging height fines during delay premium payments.
- The policy holders of both LIC of India and private life insurance companies opined that the branch office should be located at a convenient place and it should be connected with well transportation facilities to improve the business.
- Among various distribution channels policy holders of India have more awareness about agents and policy holders of private companies have more awareness about direct marketing.
- The policy holders felt that the advertisements of private life insurance companies are better compare to advertisements of LIC of India.
- The policy holders of both LIC of India and private life insurance companies opined that the best advertisement media are televisions and newspapers.
- The policy holders of both LIC of India and private life insurance companies satisfied with the explanation about various schemes given by the insurance agent and marketing executives.
- The private life insurance company personnel are reminding the policy holders for the payment of renewal premium. But this effort is very low from LIC of India.
- LIC of India’s policy holders have good opinion on company regarding payment of sum assured at the time of maturity compared to private life insurance companies’ policy holders.
- The policy holders opined that the physical appearance of private life insurance company branch offices is good compared to LIC of India branch offices.

SUGGESTIONS

- Since there is a large untapped area in life insurance business, both LIC of India and private life insurance companies should improve their policies to attract more number of customers.
- Since the policy holders felt that premium rates of private life insurance companies are more compared to LIC of India, the private life insurance companies should reduce the premium rates to attract more number of customers.
- Both LIC of India and private life insurance companies should take appropriate steps to establish their branch offices at a convenient location which is connected with well transportation facilities.
Both LIC of India and private life insurance companies should concentrate on the use of bancassurance as a distribution channel with which they can reach to many number of potential customers.

Since the policy holders felt that the advertisments of private life insurance companies are better compare to advertisments of LIC of India, LIC of India should concentrate on advertisments and other promotional programs to attract potential customers.

The work culture and polite attitude should be improved in the employees of LIC of India to provide best services to customers.

Since the physical appearance of private life insurance company branch offices is good compared to LIC of India branch offices, LIC of India should take appropriate steps to have beautiful physical appearance in their offices.

CONCLUSION

Even though present study reveals some useful issues, it leaves lot of scope and directions for future research. Since the environment is dynamic and the consumer tastes, preferences and requirements are continuously changing, the companies should redesign their marketing mix elements and strategies to win the customers. So there is a large scope for future research in this area.

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