CHAPTER-2

REVIEW OF LITERATURE AND METHODOLOGY

In this chapter, a review of literature is made relating to the identified research problem to know what has been found so far. Then the relevance and significance of the proposed study are outlined. The objectives of the study, the hypotheses chosen for testing and scope of the study are presented. Further, the methodology adopted for research is described and limitations are identified.

2.1 Literature Review

In the area of marketing of life insurance services several studies, research papers, articles, dissertations, thesis etc. are available. Some of them are briefly presented here.

Wyudham (1926) in his publication- "The Students Guide to Life Insurance in Theory and Practice" discussed the concepts of insurance and also explained different types of insurance plans and their features.

Underwood (1935) in his book- "The Students Book of Life Assurance" sets the basis of compound interest and tables of mortality, which play a significant role in the calculation of insurance premium.

Walter and Thomas (1940) in their publication- "Safeguarding Life Insurance proceeds" discussed the important aspects to be kept in mind by an insurance company to safeguard the money collected from insuring public. The authors adopted the policyholder's point of view while suggesting ways to safeguard the life insurance business.

Huebner (1944) in his book- "The Economics of Life Insurance" explained the economic value of human life. The economic importance of human life is comparable to the economic importance of property, business etc. He felt that life insurance is the most practical way of protecting the economic value of human life just as general insurance to protect the economic value of properties and business affairs.
Harris (1944) in his book- "Life Insurance Salesmanship" felt that insurance selling is an art, which is acquired by one through experience and exposure but not through teaching. According to him, planning is essential for an agent to succeed in the job of selling insurance.

Robert and Jerome (1956) in their book- "Insurance Principles and Practices" focuses on the general principles of insurance relevant to the chemistry of insurance concept.

Melir and Osler (1962) in their book- Modern Life Insurance" dealt with the principles of life insurance at length.

Rejda (1963) has studied the influence of the business cycle on life insurance industry. The purpose of this study was to analyze empirically the impact of cyclical fluctuations on new purchases of ordinary group, & industrial life insurance during the post-war recessions experienced in the economy between October 1945 and February 1961. The data indicated that new purchase of industrial insurance declined relatively during the downswings of cycle III and IV as unemployment during these two cycles was more severe than the earlier cycles. It is due to the fact that there was a structural shift away from industrial insurance which was still continuing during the contraction phases of cycles II and IV.

Anderson and Dow (1964) in their book - "Actuarial Statistics- Construction of Mortality and Other Tables" examined the factors to be considered for constructing a mortality table.

Churchill (1969) in his publication - "Compound Interest Simplified" discussed at length the concepts of present value and accumulated value. Compound Interest plays the role of a bridge between present value and accumulated value. He said that all insurance companies charge the customers an insurance premium, which is equal to present value of a future claim. It reveals that the period of investment (insurance term) and rate of interest will determine the present value of a future claim or future accumulated value of present payment.
Margot Naylor (1971) in his book - "The Trusts About Life Insurance" stated that death is inevitable and hence life insurance is a must for one and all. He discussed the various types of insurance plans and analyzed their respective benefits from investment as well as tax benefits point of view.

Fortune (1973) applied the expected utility hypothesis of choice under uncertainty, developed by Daniel Bernoulli and popularized by Friedman and Savage, to the explanation of the optimal amount of life insurance for a rational individual. The empirical implications of the expected utility hypothesis for the demand for life insurance are then tested by multiple regression analysis using data for the decade of the 1960s. The theoretical model development implies that three key cyclical variables should explain cyclical variations in the quantity of life insurance demanded: the rate of discount, the amount of non-property income (i.e. wages and salaries) expected to be received over the period of analysis and the amount of non-human wealth held at the time the decision to purchase insurance is made. The empirical results confirm the importance of these variables and are consistent with the behavior according to the expected utility hypothesis. The result suggested confirmation of the theory: the only unambiguous implication of the theory - a negative non-human wealth effect is supported, and the index of consumer sentiment is statistically significant with the same sign as the human wealth effect. Wage and salary income (or human wealth) has a positive impact on the quantity of net insurance demanded, the impact of the real rate of discount is also positive. The non-human wealth, human wealth and real interest rate elasticity's are all around 3.0 indicating a high degree of sensitivity of the demand for net insurance to changes in these variables.

Desai (1973) in his book - "Life Insurance in India - its history and dimensions of growth" explained and elaborated the historical background of life insurance industry in India and its growth since nationalization.

Anderson and Nevin (1975) in their study have looked at the life insurance purchasing behavior of newly married couples. The relationship between two dependent variables, amount of life insurance purchased and type of life insurance purchased, was tested against a number of explanatory variables. The purchase of term insurance was
found to be much more likely in households where 1.Net worth was greater 2. The wives purchased term insurance before marriage and 3. The insurance agent did not influence the decision. This suggested that the women and the insurance agent were playing an influential role in the type of insurance purchased by young married couples.

Rao (1976) conducted a research study on—“Functioning of LIC- An appraisal”—where in the critically appraised the operations of LIC in India over a period of two decades taking into consideration the objectives set forth and expectations aroused at the time the life business was nationalized in the country.

Dodds and Croom (1979) critically analyzed the investment behavior of insurance companies with an aim to provide guidelines to set the future investment pattern.

Dorfman (1982) in his book—“Introduction to Insurance”—explained the fundamentals of insurance and various arms of insurance such as Life, Fire and Marine. All basic aspects of Life insurance arm discussed in detail to give a very clear idea on Life insurance.

Goldsmith (1983) in the paper developed and investigated the relation between a wife’s human capital accumulation and household purchases of life insurances on the husband. The degree to which households substitute the wife’s human capital (education) for life insurance on the husband was empirically investigated using data on buyers and non-buyers of insurance in 1980. The tobit estimating technique was utilized to eliminate the problem of selectively bias. Households with a more educated wife, ceteris paribus, were found to have a lower likelihood of purchasing term insurance on the husband. Additionally factors that reduce uncertainty associated with the marketability of the wife’s human capital appear to enhance the substitution of her human capital for life insurance and reduce likelihood of a purchase. The results also provide support for the hypothesis that households substitute accumulated, marketable, non-human capital assets for life insurance. Current household income, existing coverage. Current non-term insurance purchases, household characteristics and the decision-making environment were all found to have significant influences on the decision to purchase term insurance on the husband. The stock of human capital embodied in the wife is opting to vary over
her life cycle. Health, education and on-the-job training enhance the stock, while depreciation and obsolescence reduce human capital. As a result, the level of life insurance coverage desired by the household is expected to vary over time. Unfortunately, the existing structure of the insurance relation prevents households from altering their insurance holding along a complete continuum. The level of coverage can be increased to the desired level by purchasing an additional policy. However, once a long-term contract is approved, the coverage level can only be reduced by terminating premium payments and hence, coverage. This institutional constraint, limited downward adjustment flexibility, may account for the lower likelihood to purchase term life insurance in the husband among households with better-educated wife.

Beliveau Barbara (1984) has conducted an empirical study to test the economic theory which stated that, ceteris paribus, the amount of coverage desired by an insured was positively correlated with the insured’s probability of incurring the insured loss. Data set collected by the life insurance marketing research association was put in to test and the results were having consistency.

Burnett J.John and Palmer, A.Bruce (1984) in their study have examined various demographic and psychographic characteristics in terms of how well they relate to differing levels of life insurance ownership. The findings of this study had several implications. The non-significance of the ‘life insurance salience’ variable suggested that the life insurance policy is not a matter of believing or not believing in life insurance. Rather, life insurance appears to be a product associated with specific needs and personality traits. The study results pertaining to the most significant predictor variables suggested that people who won greater than average amounts on life insurance are individuals who are self-sufficient and believe that they were in control of their own well-being.

Walden Michael’s (1985) has focused on how regulations can help life insurance policy consumers to make better choices. The study also covered the problems with price disclosure regulations in life insurance; factors indicating the value of the life insurance market; and revealed that certain regulations needed for the prospective consumers to make better choices in the life insurance market work.
Bickelhaupt and Ran (1986) in his article identify and summaries research on international risk and insurance. The research is classified according to purpose, methodology and perspective. In addition, international insurance studies are sub-divided into fifteen different types. As to purpose and methodology, five major combinations of these types are selected for further discussion: (1) descriptive-qualitative, (2) descriptive-quantitative, (3) normative, (4) economic risk theory constructions, and (5) quantitative models. As to perceptive, relevant references are classified as examples of one country, cross-country and global research. The current state of research is analyzed and suggestions for future studies are presented. A strong recommendation is made for international insurance research groups to provide more studies emphasizing theoretical, quantitative, cross-country and global approaches. Descriptive-qualitative research will continue, producing general studies most often journalistic in nature. However, new articles should now advance the development of theories of international risk and insurance. Sound theoretical and conceptual studies are necessary, which may provide guidelines for better international insurance practices. The availability of more empirical data should permit an increase in research which is primarily analytical and which is more cross-country and global in viewpoint. Finally, interdisciplinary research by international research groups is strongly recommended.

Watkins Trevor (1988) has emphasized the need for life assurance companies to reappraise their use of marketing methods in a highly competitively environment. They investigated and found the major industry marketing trends that occurred particularly in the areas of advertising, distribution and new product development and price, besides the role of IT with respect to personal financial service products.

Rao (1989) in his article titled "Life insurance Business in India: Analysis of performance" analyzed the growth of life insurance business in terms of new business and coverage area. Life Insurance business has shown a steady progress in relation to a range of macro-economic aggregates. The numerical values of various indicators point to a vast scope for improvement. Growth has been due to the organizational changes that have taken place with the decentralization of functioning of divisional offices and decentralization of policy servicing of branch offices. There is also increase in rural
business and group insurance business since mid-1970's. The analysis of zonal business reveals that business is greater in the more urbanized Zones. In spite of all this life business continues to be low in terms of coverage and contribution to national income and savings. There is large potential for future development of life insurance business in India. Considering the trend towards liberalization, LIC should aim for more autonomy and restructuring programmers. LIC can equip itself to compete in a global world with other private insurers.

Lewis Frank (1989) made a distinctive approach on Yuri’s model by viewing the demands for life insurance from the perspective of the beneficiaries and has found that life insurance was chosen to maximize the beneficiaries expected life time utility.

Simon (1989) stressed on the need for training of agents which was necessary for healthy growth of LIC and agents. He opined that training at STC’s and IFSERT along with induction training by development officers and refresher training at branch offices could help in professionalizing the agency force of LIC. However, he suggested for continuous performance appraisal of agents and linked training with rewards such as certificates of appreciation, news letter announcements, honouring in special functions, etc. to bring about a positive change increase productivity and excellence in organization.

Mishra (1990). “Productivity Management in LIC” found that there were enough market potentialities for insurance people in India. He highlighted the prevailing competition among agents. He viewed that many insurance policies in the past could not continue for tenure because of lack of services to the policy holders. He suggested opening of new branches, training of LIC agents at periodical intervals, arranging regular meetings of agents with pace setter agent, new classification of agents as leaders, challengers, followers and nichers to put the morale of agents at higher level.

Dayal Ishwar (1992) expressed his satisfaction on the implementation of the reorganization scheme by LI. He has suggested that changes in the behavioral patterns of LIC’s customers the attitudinal changes and the shift in customer expectations in the recent past would have to permeate the whole organization if it wanted to become
customer driven. He has suggested a review of the reorganization scheme for further improvements.

Banerjee (1992) in the article, "Branch image in 1990's inculcating the PR Culture" opined that the public Relations activities should not be confined to a few persons meant exclusively for the purpose but should be exercised by all right from sub-staff to branch manager and also by agents and development officers in a branch office. He stressed smiling, courteous and efficient service with the policy-holders to meet the rising consumer aspirations. He suggested the need for free flow of information from LIC's branches to divisions, zonal and central offices.

Shotick and Showers (1994) augment the empirical literature on insurance demand by examining the impact of selected economic and social factors on the purchase of insurance. To account for the fact that not every household purchases insurance, a tobit procedure is used to estimate marginal impacts on purchasers, as well as the changes in the probability of purchasing insurance. Demand effects are dominated by the marginal impacts from existing purchasers of insurance. Although income and number of earner are both positively related to the demand for insurance, the marginal effect from an increase in income is greater for single earner households than for multi-earner household. Also, as either family size or age increases, the marginal increase in insurance expenditure diminishes. As the composition of US households evolves, change in households' characteristics will affect the demand for insurance. Specific changes will, in many cases, impact various types of insurance differently. Although the total insurance demand model provides insight into the overall demand of households, is-aggregated demand models must also be examined in the future, as they have in the past. Understanding how insurance consumers decide upon the different types of insurance is important for policy – making in both the private and public sectors with the issue of socialized insurance, governments must be aware of different effects on the types of insurance from socio-economic factors. A better understanding of the factors that affect total insurance, as well as individuals' insurance demand, can provide valuable insights for both the public and private sectors concentrating future insurance needs and alternatives.
Gandolji and Miners (1996) in their article deals with husbands and wives separately and examines the differences that exist between them relative to life insurance coverage. In addition, the impact of household production function variables on life insurance is investigated and differences in their effect for husbands and wives are highlighted. No other study examines wives’ life insurance coverage, the effect of household production variables on wives and husbands and wives in the same families. The results indicate that there are meaningful differences between husbands and wives in their demand for life insurance functions. Many of the differences in amounts of coverage seem attributable to the wife’s labour force participation and the increase in the number of women in the labour force has accounted for much of the increase in wives’ life insurance over the last few decades. However, there is evidence that in addition to insuring money income, contributions to household production also influence the purchase of life insurance. Home ownership, which usually entails more households’ production, is strongly positive for both husbands and wives. The amount of the effect is three times as great for husbands and for wives, but the effort of the income variable was four times as great for husbands as for wives. In addition, the dependent years per child variables are significant in explaining individual life insurance of wives but not of husbands.

Satyanarayana (1998) in his thesis – “Marketing of Life Insurance – A Study on LIC of India with reference to Visakhapatnam Division” discussed the marketing practices of LIC of India in terms of product, price, promotion and people. However, the scope of the study is highly limited as it is confined to one of the divisions in North Coastal Andhra Pradesh.

Woodruffe (1998) in his book “Services Marketing” discussed the characteristics of financial services marketing and in particular selective aspects of insurance marketing and in particular selective aspects of insurance marketing. He also discussed the various challenges faced by insurance companies after the liberalization of the insurance sector.

Krishna Murthy (1999) in his article “Life Insurance corporation-Bracing for competition discussed the Malhotra committee recommendations and the resultant opening up of the insurance sector. He also explained and elaborated the various
measures taken by LIC in terms of technology up-gradation, products and market creation, training programs undertaken to meet the competition.

Bernstein (1999) in his paper discussed the total factor productivity growth in the Canadian Life Insurance industry for the period 1979-89. Since services are two-thirds of Canada's gross domestic product, careful undertaking of output and input measurement for services yield a clearer picture of Canada's productivity performance and thereby, its competitive position. The proposition of GDP contributed by the manufacturing sector during the last decades has been about 19.0 percent while the service sector has continued to grow, reaching 67.0 percent by 1992. Throughout this period, the insurance industry has kept pace with the service sector as a whole. Insurance accounts for about 0.70 percent of GDP. The GDP contribution of Life insurers from 1981 to 1992 increased from 0.30 to 0.42 percent.

Hua (2000) in his article takes into account the liquidation values and liquidity of estate assets and the ability of life insurance death benefits to bypass the probate process. To bit regressions based on the model are run using the US survey of Consumer Finances 1989 data set. The results showed that demographic and personal characteristics seem to be less important than financial and wealth variables in explaining the life insurance holding of a retired single. This is so because life insurance is a financial asset. Second, this article establishes a death-contingent claim model of an individual who allocates his or her resources into consumable and bequeathable wealth. The model attempts to capture the relation between the holdings of life insurance and other assets. The regression show that net liquid conventional asset holding in the opposite direction (keeping net worth and annuity wealth constant) has a negative effect on Life Insurance holding, i.e., it decreases Life Insurance holding. Third, an increase in annuity wealth (keeping net worth and net liquid conventional asset holding constant) increases life insurance holding, supporting Bernheim's (1991) conclusion that life insurance is used to counteract the forced savings in annuity wealth due to excessive social security taxes. Fourth, It is likely that an increase in net worth (due to an increase in non liquid conventional asset holding, other things the same) rises life insurance holding. The regression results are consistent with these implications. This article conjectures
Bernheim's conclusion that Life Insurance is an inferior good might be a result of the lack of an accurate estimate for the pure term component of Life Insurance policies and the omission of net liquid conventional asset holding in his regressions. Finally, charitable bequest motives proxied by past charitable donation have a positive effect on life insurance holding.

Lakhotia Subash (2000) in his article -- "Security for the Retirees" examined the pros and cons of annuity plans especially Jeevan Suraksha Annuity plan. He felt that the plan is highly beneficial to self-employed professionals, businessmen and employees of unorganized sector.

Sudhakar (2000) in his article -- "LIC and the Internet Revolution" examined the various types of information given in LIC's website. He also discussed the benefits of Internet from various dimensions with special emphasis on cost benefit analysis.

Tarapore (2000) in his article titled 'Malice of Indian Financial system' emphasized that financial crisis the world over have revealed that weak working in financial system and their poor supervision contributed to macro-instability. Along with the stronger supervision, discipline of the marked also needs to be reemphasized. With rapid technological changes, the leader in innovation would claim the best business. The financial system would need to be guided by three requirements, viz. transparency, rigorous norms and appropriate incentives.

Sinha (2000) in his paper titled 'Privatization of Insurance Market in India' concluded that one sure sign is emerging in the insurance business is the convergence of different parts of the financial sector. The IRDA has taken a slowly- slowly approach. It has been very cautious in granting licenses. Too many regulations kill the incentive for the newcomers while two related regulations may induce failure and fraud that led to nationalization in the first place.

Vaidyanathan (2001) in his article -- "Voluntary Pension Market: The Untapped Potential" explained the huge potential for pension market in India. He stated that there are three types of schemes namely social security schemes sponsored by the government, occupational schemes sponsored by employers and private voluntary schemes. He felt
that neither of the schemes covers substantial portion of the self-employed groups. He has suggested insurers to introduce innovative products to capture at least a part of the voluntary pension market.

Vaidyanathan (2001) in his article—"Pension products for the Self-employed in India" discussed the different pension products and their pros and cons for the self-employed. He felt that current pension and provident fund systems cover less than 11 percent of the working population and hence he emphasized the need for social security for the people.

Singh (2001) in the article titled ‘Caveat Emptor’ stressed on the role of the Tariff Regulatory committee. The insurance regulatory has received a wakeup call, at last, following the entry of foreign players into the country. The private insurance blames the Tariff Committee of being biased and favoring the public sector insurance companies. The regulatory have led to barring of few companies from participating in the insurance sector. It is to be seen whether the Tariff Advisory Committee will prove to be a boom or a bane for the Indian insurance industry.

Gupta Nikhil (2001) in his article—"We will be Amongst the Top Three" felt that need based, customized products marketed through personalized interactions by professional life insurance agents and advisers will make a significant impact in shaping the Indian life insurance market.

Anand (2001) in his article—"Insurance Sector — Threats and Opportunities" examined the various challenges faced by insurance companies especially by LIC in the market due to the liberalization of insurance sector. He stated that considerable insurance potential exists in India but the falling interest rates are a cause of concern to insurers especially to LIC.

Gupta and Chuganee (2001) in their article ‘LIC learns to Tango’ emphasized on the various steps to be taken by LIC in order to compete with the new players. As the insurance sector has opened up the monopoly of the giant has been challenged with this. LIC is to face world class competition at last. Several major steps are to be taken to rise to the occasion in the areas of products, services, information technology, etc. LIC is
gearing to attain new heights through involvement of its entire vast workforce. There is excess of manpower in the corporation but the management is not going to be any downsizing instead the surplus is going to be utilized in raising business volumes through skill upgradation.

Agarwalla (2001) in his article —“Presenting plans pictorially” emphasized the importance of training to agents. He stated that trained agents are successful in achieving the sales targets as they can present insurance plans systematically thereby they can convince the potential customers to buy the plans.

Kutty (2001) in his article —“Life Insurance Across the Frontier” felt that LIC was confined to formal sector middle class only as a result of which its business has not grown to the extent as desired by the Corporation. He felt that LIC would make significant amount of business, if it concentrates on the informal sector, which has immense market potential.

Rangachary (2001) in his article—“Insurance: Regulators Crucial Role” examined the major reasons for the liberalization of Insurance sector in India. He also discussed the role of Insurance Regulatory Development Authority (IRDA) in controlling the insurance industry for the benefit of insured public.

Michael Theil (2001) tried to analyze the demographic variables and the appraisal of insurance with a case analysis, pertaining to assistance products. The study revealed that variables used in the survey were different and there was weak relationship between consumer’s judgment and class of products. As demographic variables were not performing as expected, it had been better to focus on alternative factors.

Kumar (2002) emphasized on the investment management in the light of asset liability match, interest rate risk, and risk mitigation measures and derivatives instruments by the life insurers. Life insurance is a long term business and for determining the premium the expected interest rate over the term of the policy is one of the key inputs. Bonus rates are decided on the basis of surplus determined by actuarial valuations which is done every year. Investment income, which depends also upon the return on fixed interest investments, is a significant contributor for surplus. Decline in
rates of returns obtainable from time to time revision of rates offered by the insurers; a life insurer puts money in government bonds and government guaranteed bonds which carry almost no default risk and consequently have lower expected returns in comparison to riskier investments. This is done because security of the funds is among the life insurers' foremost concerns.

Sabharwal Manish (2002) in his article—"Pension Reform: The Future's Now" felt that a large pension industry exists in India and pension reforms offer an opportunity for insurance companies to develop their business. He further stated that effective pension reforms would revolutionize old age security, financial markets and corporate governance.

Khurma (2002) in his article—"Building relationship that last felt that agents play a pivotal role in the success of insurance organizations. He stressed the need for personalizing relations with existing customers and prospective customers so as to get more new business.

Rangachary, Chairman IRDA (2002) participated in the 4th Global Conference of Actuaries. During the course of discussion, several issues were raised and a need to bring in risk – based capital with emphasis on fair value accounting system for insurers was felt. The IRDA chairman also expressed the need to develop the health and the pension sectors which have not got their due share of importance as life insurance.

Phaneesh (2002) in his article—"Investment Regulations for Life Insurers" examined the regulations prescribed by IRDA for the investment to be made by insurance companies. He also examined the impact of investment regulations on the profitability of LIC.

Thirupurasundari (2002) in her study has attempted to know the attitude and level of satisfaction of policyholder towards the services of LIC branch at Mayiladuthurai town the study has revealed that the overall services of the branch were satisfactory and the policy holders felt that the medical examination insisted for talking policy is necessary.
Swarnaprabha (2002) in her article - "Public relations: Good Media Relationship" discussed the techniques and methods to be employed in public relations so as to retain existing customers and attract new customers. She also discussed specifically about the various public relation programmes undertaken by LIC.

Arunajatesan (2002) has focused to find the reason for poor penetration of insurance and influencing factors like awareness of LIC products, preferred mode of saving, insurable population, reasons for buying etc. The findings of the study revealed that 70% of the population was aware of insurance through TV, newspapers and agents and among them only 24% were found to be insured. Regarding the knowledge of schemes, less than 5% were recorded and reasons for buying insurances were tax planning and risk cover only.

Ojha (2002) in his article-"Insurance-A Tight Ropewalk" examined the impact of competition on LIC comprehensively. He also examined the place of new players in the market in terms of market leadership, contenders for leadership, strong performers and companies which are trying to establish their presence.

Mathur S.B (2002) In an article titled," LIC faces stiff challenges "published in the national newspaper "The Hindu" in 2002. S.B Mathur, Chairman of LIC, emphasized in the theory and stiff competition from new entrants in the life insurance sector. 12 news players had entered Indian Life insurance sector and posed a challenge to the growth of the world's biggest insurance corporation LIC of India. They all had sound back ground and high brand equity. According to Mathur, the new players might not be very ethical in all respects but they pose a big challenge to LIC. Competitors would concentrate on those areas which was not covered by us and development officers must work carefully to ensure that the people are not weaned away from LIC. LIC was setting apart Rs.55 crores to be utilized for giving Laptops to its 19000 DO's Countrywide.

Shikha Sharma (2002) has studied the changed face of life insurance in India. The author has revealed that private players in the underinsured countries had raised awareness levels by introducing innovative products and by increasing the penetration of
life insurance. The author has concluded that the face of life insurance had changed due to the challenges in the industries and only the credible players can survive.

Rao (2002) is of the opinion that a regulator is not a role that can bring popularity but a job for a trendsetter who can raise a hornet's nest. The Malhotra Committee in its report in 1994 on reforms in the insurance sector, stressed that 'professional regulation in areas relating to expenses, customer service, claims settlement, resolution of disputes, reasonableness of tariffs and prevention of restrictive trade practice' was urgently needed. It proposed that capital adequacy, solvency margins, quality of reinsurance and its performance, management expenses, adequate technical reserves, asset distribution, accounting and transparency of financial statements and disputes resolution forums should engage the attention of the regulator to be appointed with full functional autonomy and operational flexibility. He was expected to publish an annual report on the state of the industry for the public to make an assessment of how fair and efficient he has been. IRDA has now been functioning with statutory backing to regulate and bring about reforms in the market in the best interests of all players. It is universally recognized that a well functioning insurance market is a vital national asset that contributes significantly to its economic development. Regulation aims at keeping the market the market competitive, protecting consumers, raising revenues to support social objectives and ensuring its smooth and orderly functioning. Competition enhances product value and choice for the consumer, encourages corporate efficiency and continuous innovation and improvement. Even as the regulator has to keep his eyes and ears close the ground, he has to keep the regulated insurers at arm's length to demonstrate his impartiality and efficiency in his dealings with them. It is the extent of intervention by the regular to correct these market imperfections that can cause major differences among the players concerned.

Dhunna and kumar (2002) in their article titled 'Liberalization of Insurance Sector: social implications' emphasized that IRDA has to create an environment where insurers, consumers and other groups can co-exist and operate for the promotion of the insurance. The success of the insurance reforms depends on the transparency in the work
environment and an effective regulatory authority, so as to prevent liquidation, speculative trading and restrictive business practices.

Ramakrishna Reddy and Kanjula Spandana (2002) have stated that the overall insurance penetration of the public insurance sector was low even though they played a key role in range, quality and price. They discussed the reasons for opening up of insurance to private sectors and added that the above will bridge the gap between the customer's expectations and offers made by insurance companies. They have concluded that liberalization of insurance was a challenge and an opportunity.

Abhishek Agarwal (2002) has studied the changes in distribution channels in life insurance. He has found that the new type of distribution channels were wide and were expected to be more technology oriented. He further concluded that new customer-friendly methods would find way to the market, making customers win in all the metamorphosis by eliminating multi-faceted barriers that remained in the insurance sector, to free-trade.

Rinku Chaudri (2002) in his article has stated that the customer service delivered by the insurance companies as to the customer expectations implied significant gaps. The author found that the insurance companies had to compare the current level of services offered and the standard services set by the company in the light of customer expectations. He has concluded that eagerness and ability to understand the psychology of Indian and iterating time tested marketing practices would be a key to a successful strategy.

Jack Burke (2002) in his article has examined the required action that needed to be adopted by the life insurance companies on technological, marketing and communication grounds. He added that the world of insurance would be in the flux of change and those who survive will adopt and change with it. He concluded that the insures should be adaptable to changes in environment.

Ashok Thanpy and Sitaram (2002) have analyzed the size of the individual life insurance market that existed in India. They added that the culture, religion, age, population, economic stability and price were the factors influencing demand for life
insurance and that the consumption of insurance will increase due to increase in supply. He concluded that the insurers should be aware of the existing life insurance potential in India and should try to tap the potential.

Allison Wordsworth (2002) has analyzed the demand and supply of insurance to the population. The author said that they had been a large number of uncovered populations, still to be insured. The insurers should cope-up with the demanding population. He has concluded that the sale was not kept up to the needs and the insurers should cover all segments of the society.

Roy and Benarjee (2003) in their article—“Some Aspects of Insurance in the Context of Risk Management” examined the various risks involved from insurers point of view with special emphasis on product and investment risks. They stated that many products of LIC turned unattractive due to the falling of interest rates. They felt that LIC has no option except withdrawing products on which it has given high interest guarantee.

Santosh Dhar and Upinder Dhar (2003) have presented the study for the purpose of assessing the awareness and understanding of future managers about insurance. The study has revealed that 5 dimensions (Protect current and future needs, encourage savings, guarantees payment, insurers growth and security needs) were perceived as important by these future insurance managers.

Prabhu (2003) has analyzed the customer behavior for LIC Policies and their attitude towards LIC of India, Coimbatore city. He said that the customers viewed LIC as a trustworthy financial institution and LIC of India should maintain its image in the society. He has concluded that the customers had a very good attitude towards LIC of India, regarding savings and security.

Richards A Magro Jal Castin (2003) has stated that insurance was becoming a profitable business and those producers of insurance were starting to reap the benefits. The author added that producers of insurance should compete with each other and produce need-based products to the customers. He concluded that Bancassurance was becoming a new distribution channel for insurance by combining both the activities of insurance and banks.
Pramod Pathak and Saumya Singh (2003) tried to find out the competitiveness of LIC in view of entry of new players and carried out a SWOT analysis to suggest some strategies. The objectives of the study were to help the public sector insurance giant to increase the market share and to help LIC to retain existing customers and to attract new customers with quality services. The finding of the study was that majority of customers were graduates, who felt that main work of LIC was to insure human life. Majority of the respondents preferred only money back policies.

Raman and Gayathri (2003) have studied the investors' awareness about the insurance companies and the preference of respondents towards investments in insurance companies for future. They have found that the majority of the respondents belonging to the professional category and they were aware of new companies through friends. They have concluded that risk coverage was the major attraction for the respondents to select LIC Policies.

Bhaskar (2003) in his article - “Customer Relationship Management: Relevance to Agents” highlighted the need for good customer relations for improving the insurance business. He also stated that the success of agents depended upon maintain good customer relations for improving the insurance business. He also stated that the success of agents depended upon maintaining good customer relations especially in the highly competitive insurance market after the liberalization of insurance sector.

Parekh (2003) in the article deals with corporate governance in the Indian Insurance industry. The last two years have seen dramatic changes in the insurance industry. Events worldwide have had a substantial impact on the working of the industry and most of its players. Capital has become a scarce and most companies have lost values in the market in large quantum. Under these circumstances, it becomes even more important for companies to protect values. A high order of corporate governance and an organization wide appreciation of value and reporting are critical. This article lays down the financial and other performance measures that demonstrate value creation for the stakeholders and discusses in details the communication of this information. It then goes on to discuss the quality of communication both within the organization and to the market. It also examines the value and reporting in the industry in the context of the
Indian market and covers best practices and preparatory work to be done by companies. As the market evolves and the investor group gets broad based, effective corporate governance of an insurance company would entail examining the quality of reporting, both internal and to the markets, on the performance measures with adequate emphasis. The executives concerned should make regular efforts to strengthen the reporting and bridging the gaps. This calls for a continuous and pro-active effort on the part of the executives to survey the information needs of all the stakeholders and make the reporting as open, consistent and timely as required.

Kundu (2003) in an article titled ‘What’s Next in India’s insurance Market’ discussed the changes in various issues of insurance industry after the entry of new players. Despite its terming one billion population India still has a low insurance penetration of 1.95%, 51st in the world. Despite the fact that India boasts a saving rate of around 25% less than 5% is spent on insurance. With the entry of competition, the rules of the game are set to change. The market is already beginning to witness a wide array of products from players whose number is set to grow. The profile of the Indian consumer is also evolving. Today people are increasingly looking not just at products but at integrated financial solutions that can offer stability of returns along with total protection. In today’s highly competitive services environment, technology will play an increasing role in aiding design and administering of products as well in efforts to build lifelong customer relationships.

Jayakar (2003) says that new products innovation distribution and better use of technology are helping the new breed of private life insures take market share away from the monopolists of yesterday. Earlier it used to be nationalized companies, i.e. the government owned insurance companies that had an edge over any other company. With the privatization of insurance sector and with the entrance of many players, the world of insurance served to have a cut throat competition with the private sector gaining an ever increasing edge over the public sector.

Naryanan (2003) in his article – “Pension – The New Concerns” discussed the different pension plans marked by various life insurance companies with special emphasis on the pension plans of LIC.
Krishnamurthy (2003) believes that banks command enormous trust in the minds of the public and has a close knowledge of the customers' background. This helps banks in selling life insurance and hence insurance companies seek to enter into wide ranging banking partnerships. Bancassurance has achieved remarkable success in some European countries. Banks in Europe have also chosen to concentrate on bancassurance as a major fee earning activity to beat the stringent risk-based capital needs imposed by the Basle Rules. These factors are no less relevant for Indian banks. There are two main factors that would provide an impetus to the bancassurance model in India. First is the dismantling of regulatory barriers for banks to undertake bancassurance. In a far reaching move towards conveyance in the financial sector, RBI has allowed entry of banks in the insurance sector with practically no restriction as far as pure distribution arrangements are concerned. The Government had also amended the Banking Regulation Act bringing insurance distribution as a permitted activity for banks to engage in. The Ministry of Finance, Government of India, has constituted recently a Bancassurance Working Group to study the various operational aspects pertaining to distribution of insurance products by banks with a view to promoting the active involvement of this channel, especially to penetrate the rural markets through the bank networks. The second factor that would give a push to the bancassurance model in India is the existence of an impressive banking infrastructure. There were a total of 66,200 bank branches in India as at June 2002, with rural branches accounting for nearly half of them. Banks in India have saving bank deposit accounts with aggregate balances of Rs. 2,79,000 crores and a client base of close to 100 million. The extensive presence of bank branches and the large number of bank customers would mean that India in some ways as in the case of Japan is an ideal candidate to take bancassurance forward.

Sharma V.K. (2003) in his article- “Pensions: New Solution for an Old problem” discussed different pension plans such as Varishta Pension Bima Yojana (VPBY), Jeevan Dhara, Jeevan Akshay and Jeevan Suraksha of LIC and also the Standard Pension Plan of IRDA. He also examined the existing concerns in the pension sector and suggested possible remedial measures.
Shah (2003) in his article- "What Makes Bancassurance Happen" felt that bancassurance is inevitable to insurance companies to grow and develop in the highly competitive market. He also felt that bancassurance will be beneficial to banks, insurers and customers. He believes that simply selling insurance products through banking channels and vice versa does not symbolize a good bancassurance strategy and is bound to fail sooner or later. A bancassurance strategy can succeed only if it provides a cost effective way to build distribution capacity, especially for a new market entrants, it provides a shift from total dependence on tide agency for existing insurers, it helps to penetrate new market segment across channels abroad and it increases quality of business. By successfully mining their customer database, leveraging their reputation and distribution systems to make opportunities and utilizing sales techniques and products tailored to the middle market, banks can easily provide and convert a huge number of insurance leads into sales and achieve outstanding sales productivity for higher than traditional distribution channels alone – more than enough to make bancassurance a viewable alternative.

Bansal Neera (2003) in her article – “Life Insurance Awareness” explained the various measures taken by insurance companies to increase insurance awareness among the people. She also felt that due to the entry of private players, insurance awareness has increased as a result of which insurance is now bought as well as sold.

Kaliyamoorthy and Suresh (2003) have studied the changes in the key factor like demographic, social, economic, political factors and strategic choices that were responsible for the growth of the service sector. The study has stated that the entry of private companies, competition has brought in changes but LIC has started offering some of the services which even the private insurance companies have not yet begun. It was too early to conclude about the yield in private firms but it was necessary to keep a close watch on the trends of the industry to analyze its future development.

Jawaharlal (2003) has emphasized that the companies should be confident in delivering the best service after knowing the customer’s expectations. He said that the insurers should adopt a customer – centric approach rather than being product-centric., He has added that the level of awareness of insurance had to be raised by offering services
like need based products, investment linked polices and other flexible options. He has concluded that LIC would facilitate the consolidation process by increasing its shareholding in the merged entity, if felt that the merger was viable and added value.

Azhagaiah and Varadharajan (2003) have stated that there was a significant change in the purchase attitude of the insurance products. They emphasized that the customer profile changed due to lifestyle, social perception and brand loyalty. They have concluded that the entry of private players was a real threat to public sector and the insurance companies had to settle claims, reduce management and operating expenses and introduce novel products.

Chandrasekhar (2003) in his article- "A moral way of conducting Insurance Business" examined the various risks in life and the measures taken by people to protect themselves from these risks. He also explained how insurance minimizes the loss in the event of the happening of the risk. He also elaborated the insurance practices of various countries.

Rudra Saibaba (2003) has made a distinctive approach to analyze the perception and attitude of women respondents about LIC and awareness of new polices introduced and services rendered by LIC. In the analysis, a majority of the respondents were found to be satisfied with the services offered by the corporation although a few were not satisfied due to the lack of advertisement given about new polices and agents not concentrating on customer service.

Sundaresan (2003) has brought out challenges and opportunities before insurance companies. He said that the insurance companies were now trying to identify the gap between current level of customer service and customer expectations. He has concluded that the service lay not in doing things but only in the manner in which things were done.

Rao (2003) emphasizes in his article the role of life insurance industry in the context of the national investment. The life insurance corporation of India at the end of March 2003 dominates the investment scene with 99.2 percent of total life funds whereas the rest of the 12 life players in the private sector contributed 0.8 percent to the life funds representing the impact of liberalization of the insurance sector. The industry has raised

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its investments in government and other approved securities from about 53 percent in 2001-02 to about 64 percent in 2002-03. In the approved and other market securities it has dropped from about 34 percent to about 22 percent. This shift may have an impact on the investment returns for the year 2003-04. In the case of pension and annuity business, there is a significant drop in 2002-03 of the invested funds.

Sadak (2003) has stated that forming a creative environment was the most critical task before the Indian corporate sector. He said that product difference created distinctive value and brands were created. He concluded that insures should go for innovative products to attract customers and to survive competition.

Ajith kumar (2003) marketing manager, LIC, has said that in short, life insurance was an essential component of any sound financial plan or life plan that the insurer helped his clients to create. He has concluded that it is better to invest in life insurance for better risk coverage. He added that the real benefit of life insurance cover came in the form of a death claim, which would never be seen by a customer.

Rajagopal (2003) has brought out the crucial factors or points, which will guide to increase the sales. He said that the key to service quality require attention on three areas, customers, people management and processes. He concluded that prompt customer service, efficient human resources management & transport processes were the needs of today's investors.

S.V.Mathur (2003) has the opinion that joint efforts need to be made by all insurance operators for the market to extend the coverage to millions of insurable people who need and can afford life insurance. LIC, since nationalization, has performed exceedingly well and contributed immensely to the process of economic development through its multi-dimensional activities. As just one example, the share of life insurance funds in household financial savings has gone up from 8.7 percent in 1993-94 to 12.1 percent in 1999-2000. In terms of GDP, insurance funds were 1.5 percent in 1999-2000. LIC today services over 12 crore policies which is a record for any life insurance company in the world. It settled over 86.55 lakh claims including survival benefits payments and maturity claims during the year. There is no other life insurance company...
in the world that settles such a large number of claims. During 2000 the Indian insurance industry as a whole witnessed an inflation adjusted growth of 16.6 percent as against 6.6 percent of the global growth rate. Time relevant, customer need-based, products are to be developed in the background of cost and intrinsic return. At present, there are 58 products being sold by LIC. However, some of the products have been re-structured on the basis of competitive needs and emerging market demand. The growth rate of first premium income in respect of individual pension plans during the year 2001-02 was 355.15 percent and the growth rate in respect of policies was 120.09 percent. Yet, the pension market in India mostly remains untapped and this is probably the most potential segment of the life insurance market in India. For low income people, low premium risk cover will be desirable. For this segment group insurance policies like Jan Shree Bima Yozana have been launched by LIC which will be attractive and useful. There is also a need for promoting a different distribution channel for expanding the rural insurance market. We need to have very structured approach to capture various market segments in rural and urban areas.

Dhoot (2003) in his article-“Morbid Mission” presented the mortality rates and trends comprehensively. He also stated that insurers need mortality statistics for relevant parts of the population and not the entire populations as different groups of people have different mortality profiles.

Kumar (2003) in his article titled ‘Development of insurance in India’ had emphasized on the various issues relating to insurance business in India like Liberalization, Privatization, Regulator’s issues and future possibilities, etc.. A thriving insurance sector is a vital importance to every modern economy. It encourages the savings habit, provides safety to rural and urban enterprises and productive individuals. It generates long term investible funds for infrastructure building. This characteristic of their business makes insurance companies the biggest investors in long-gestation infrastructure development project in all developed and aspiring nations. This is the most compelling reason why private sector (and foreign) companies which will spread the insurance habit in the sovetal and consumer interest are urgently required in this vital sector of the economy. Potential private entrants therefore expect to score in the areas of
customer service, speed and flexibility. Their entry will mean better products and choice for the customer. As is witnessed in other countries where liberalization took place in recent years, nationalized players will continue to hold strong market share positions, but there will be enough business for new entrants to be profitable.

Rama Murthy 2003 in his article- "Life Insurance Corporation: Advantage of Strong Base" discussed the organizational structure and performance of LIC. He also examined the various customer orientation programs undertaken by the corporation. He felt that LIC is invincible due to its strong presence in the market as well as its corporate image.

Shanker(2003) in his book- "Services Marketing: The Indian Perspective" explained the characteristics of Insurance services. He also examined in detail about the marketing mix aspects of Insurance services with special emphasis on product, price and distribution. However, promotion of insurance services is not touched upon in his book.

Zietz Emily Norman (2003) has done a literature study relating to consumer attitude concerning the purchase of life insurance, aiming to have a better understanding of how and why life insurance policies are purchased. It is concluded that there is significance relationship between the insured and Life Insurance Company.

Beck and Webb(2003) in their article 'Determinants of life Insurance Consumption Across Countries' emphasized on the importance of life insurance companies as part of the financial sector to the individuals and the economy as a whole. Life insurance provides individuals and the economy as a whole with a number of important financial services. In the face of increasing urbanization, mobility of the population and formalization of economic relationships between individuals, families and communities. Life insurance has taken increasing importance as a way for individuals and families to manage income risk. Also life insurance products encourage a long-term savings and the reinvestment of substantial saving, they have become effective as instrument for encouraging substantial amounts of savings in many countries around the world. Leveraging their role as financial intermediaries, life insurance has become a key source of long term finance.
Samuel (2003) traces the evolution of the insurance market in India. The paper deals with the theoretical aspects, historical perspectives of insurance in India, the business and investments of life and non-life insurance and an assessment of insurance penetration in India in comparison with world standards. This article also discusses the role of insurance in financial savings of the households sector and regulation of insurance in India. Though the performance of the public sector insurance companies-LIC and GIC was quite satisfactory, the Indian insurance business, both life and non-life, left much to be desired as compared to International standards. There is low penetration and general lack of efficiency. The per capita premiums are very low when compared to the standards of both industrialized countries and other emerging markets. With the entry of private players into the insurance business, it expected that competition would increase and overall functioning of the insurance sector would improve. The liberalization process initiated in the insurance sector is expected to bring about better integration of the financial markets and promote financial development of the country.

Chenappa (2004) in his article-“Development of Insurance in India- A study” examined the history of life insurance industry in India and the various acts and legislations passed from time to time. He also examined the reasons for the liberalization of insurance sector and the consequent changes in the insurance sector. However his study is more general in nature.

Liu Dong Jiao (2004) in his article- “Insurance Intermediators” said that an insurance intermediary is the bridge that connects the selling party and the buying party. He felt that the behavior of insurance intermediary influences the two parties and at the same time is influenced by the two parties and hence the behavior of the intermediary is very important in getting new business.

Vidhya sagar (2004) in his article entitled “Insurance is the subject matter of Socialization”- has stated that the LIC’s motto is Yogakshemam Vahamyaham’(your welfare is my Responsibility) it has clearly suggested that the solicitation comes from the insurance company and not from the customer and insurance has now changed from a mere underwriting business to a social security measure, particularly when it is under the state control.
Raman and Gayathri (2004) have studied the investors' awareness about the new insurance companies and the preference for their investments in future. Samples of 250 customers were collected. The findings of the study were that 48% of the respondents became aware of new companies through their friends and majority chose a new company for a reasonable premium for their investments.

Denenberg (2004) in his article—"Insurance Overview for 2003"—examined the major problems faced by the U.S. insurance industry. He stated that government insurers can reduce risk by acquiring the largest number of insurable units. He has also suggested some measures like adopting new technology and innovations.

Sampa Bhasin (2004) in his stated that the standard of insurance awareness was found to be low than when compared to that of international companies. He has stated that insurance in India was still viewed as an investment tool. He has concluded that the liberalization had increased awareness and coverage, which the public and private sectors together with regulators, should strive to make the sector strong.

Sen (2004) analysed the Indian Life insurance industry after the privatization of the insurance market. The entries of privately owned firms forming joint ventures with foreign heavy weights in Life Insurance provisioning were expected to raise both price competition and service competition. As debates increase regarding the dominance of LIC to persist and that of struggle among privately owned firms to continue to gain market share, concentration indices are constructed on the basis of theoretical underpinnings to see whether or not there is any change in the competitive structure of the life insurance market. Using regression model, the relation between different concentration indices with premium and policy figures have been analyzed to obtain the most appropriate measure of concentration. The study concludes that there is a hint of movement towards a more competitive regime but there is a good level of competition among the private companies to capture the market share.

Balachandar (2004) in his article—"LIC southern Zone"—stated how the southern zone of the LIC emerged first in achieving the targeted premium income and also in
selling the highest number of pension plans. He also examined the factors that contributed to the success of the southern zone.

Muralitharan (2004) in his article—“Distribution Strategies” explained in detail about the emerging distribution channels in the insurance sector. He examined the different distribution modes such as brokers, bancassurance and internet and also their potential contribution for the growth and development of insurance industry in India.

Watson (2004) is of the opinion that India is under insured and there is a challenge for the industry and regulators to increase market penetration. Indian Life Insurance market displays many essential characteristics of an emerging vibrant and dynamic market- a relatively high level of awareness of life insurance, a growing pool of technical expertise and regulations that are not too onerous. Life reinsurers are playing an important role in the growth and dynamism of the Indian market. Reinsurers have been closely involved with all new companies in developing business plans, products and underwriting standards and providing reinsurance support. New individual protection products in markets such as the US and UK are heavily re-insured, where as reinsurance is relatively underutilized like Life insurers in Asian Markets. A study by Swiss Re suggests that reinsurance cessions in Japan, the second largest life insurance in the world, are just one percent. China and India have cession rates that are estimated to be less than half of that, and in Southeast Asia the rate is still a low of five percent. In India, the life insurance market has grown at over 20% annually in real terms in the last five years and the business of new entrants has grown at well over 50% in the last two years. Notwithstanding the rapid growth in Life Insurance premiums in the past few years, life reinsurance premium has been relatively small. Retention levels are high compared to the average size of policies and quota share treaties are rare.

Subhadra (2004) has revealed the changing advertisement and promotion norms in life insurance marketing. She has found that the brand awareness of private insurance in India has increased. She has added that the needs for marketing efforts never felt by LIC due to monopolistic nature. She has concluded that the private insurance failed to tap the rural markets due to their limited reach.
Shivaji Daun (2004) has stated the revolutionary change in the insurance sector. He has relived that the customers demand increased due to complex city of products & transactions he has concluded that the level of sophistication of customers increased due to increased in business volumes and greater complexity of products.

Abhijeet Chatterjee (2004) has stated that the essential objective behind liberalization was to improve the services and choice available to customers. Due to liberalization, the customers have benefited regards the claim settlement and the degree of clarity and transparency in the documentation of the insurance policies. He concluded that insurance should penetrate in semi-urban and rural areas.

Rao (2004) has published an article titled “Liberalized customers – a challenge for insures”. He has stated that the liberalization of the insurance sector has facilitated the entry of more players of diverse complexion included those from the private sector with a foreign pedigree for selling insurance products. The implementation of additional distributor channels has added to the flavor of more competition. Customers have a wider choice of selection of insurance providers giving them a voice and unique identity long denied to them. The customers of today, armed with cell phones, laptops, money in their pockets and a driving ambition to succeed in their respective professions, wanted quality insurance products of more value at lower cost and guarantee to perform.

Krishnamurthy (2004) in his article ‘Customer behavior in insurance buying’ has stated the key motivating factors for buying life insurance: security of the money invested, saving for one or more specified purposes and the availability of tax benefit. Customers were increasingly known to place less reliance on the tax benefit factor, and stressed more on the security aspect and the end-use objective. The challenge of the insurance companies was to address the motivating factors imaginatively & came up with genuine solutions like, the consumers’ objective of taking a policy to save money for higher education of a child. This had been a driving force in the sale of new insurance contracts in several other countries too, notably in Asia.
Shivaji Dam (2004) in his article titled “Create System ... and Go beyond it”, has stated that the key issue on customer service in the insurance industry were speedy documentation process at the time of issue of policies and easy & simple procedures for medical underwriting, quick response to any changes relating to the customer’s policy namely, change of name, contact details assignment of policy or term reduction prompt redressal of customer grievances, offer to upgrade the policy and to provide flexibility to the customers, provide updates on the company’s performance and informing the customer on a regular basis on the status of his account.

Antony Jacob (2004) in his article “Quality interaction” has stated that the Indian insurance industry had understood the customer satisfaction was the direct root to enhance business performance and sustaining growth. Across the industry, a concerted focus on customers illustrated that service delivery has been evolved as a core platform for achieving sustainable competitive advantage. Service plays a critical role and customer satisfaction was the ultimate differentiator in financial services business.


Shohit and Sanjay Shukla (2004) have analyzed the failure of private insurance players in rural areas. They have stated that in the rural areas, private players have still not achieved success. They have concluded that in urban areas, services being provided at doorstep and efficient customer service were the two major reasons which helped market penetration by private players.

Hina Gupta, Sudir Gupta and Naresh Aggarwal (2004) examined the contribution of life insurance sector in the economic development of the country which was growing with the market and getting matured with time. They have analyzed the risk cover and savings toward different types of plans and concluded that the regulations of insurance should promote competition and the development would lead to a healthy market in the economic and financial development of the country.
Khansili (2004) in his article has dealt with the innovation in product design and pricing by LIC. Innovation in the life insurance market was generally attributed to initiatives taken by private companies. Today a vibrant role is played by the Indian Life insurance. Private Life insurance Companies have Joint venture partners from the countries operating in US, UK, Germany, Canada, Australia, France and South Africa. Naturally, the practices of the life insurance market of those countries are reflected in the products being made available in our country only by the private life insurance companies. This reflected a change in the product pricing concepts of LIC and developed an interest in introducing something new in the face of competition.

Jagannathan (2004) in his article—"The Market is Ready for New products" explained and elaborated the various new products/plans introduced by different players in the market such as ICICI prudential, HDFC standard life and SBI life. He also made a comparative analysis of different plans offered by these insurance companies.

Ramakrishna Rao and Jawaharla(2004) in their article—"Training for Competence Building in Insurance" felt that the need for well-trained work force is enormous in the highly competitive insurance business and hence insurers need to focus on training their staff on a regular basis in some areas of business like information technology and claims management.

Fairs(2004) in his article—"Pensions: Work Till You Drop"? Felt that employees cannot rely on their employer for a full retirement pension due to the voluntary retirement schemes implemented in various organizations. He stated that employees have to make their own arrangements to make their retired future secure.

Barua (2004) in his article — "Bancassurance in India" explained in detail about the growth potential of bancassurance in India. He stated that bancassurance is a cost effective distribution channel for insurers and also a viable alternative for product diversification by banks.

Parihar Rachana (2004) in his article—"Bancassurance: Challenges and Opportunities in India" discussed the concept of bancassurance, its motives and advantages to various parties concerned. She also examined the bancassurance concept
from global point of view as well as Indian point of view. She felt that bancassurance is the major route for insurers to grow and develop in the market.

Srujan (2004) in his article—“Rural Insurance Market in India” explained and elaborated the insurance potential in rural markets. He felt that rural India contributes upto 55 percent of the national GDP and hence the success of insurance companies to a great extent depends upon tapping this rich rural market potential.

Naryanan (2004) in his article—“Step Down Plan, just Right Price” emphasized the importance of declining liability insurance plans. He felt that these plans protect the family from financial shocks particularly the responsibility of having to pay off loans in the event of policyholder’s death. He also made a comparative study of plans offered by Allianz Bajaj, AMP Sanmar, HDFC Standard Life, Met Life India and SBI life.

Vijaykumar (2004) has attempted to discuss the penetration of Insurance Industry, key issues and emerging areas of insurance. He has stated that the nationalization paved way for rapid industrialization and self-reliance. He has concluded that the penetration of insurance was very low in India and insurance companies must create Products needed by the market.

Arunachalam (2004) emphasis on the significance of data mining in the insurance sector when new products are introduced. In the fast changing and competitive market in insurance, executives require all sorts of information that were not predicted earlier. Such information is to be supplied in a kindly manner. In critical situations, it assumes greater importance. Functional managers require time-critical information. Often such demands are either impossible or difficult to meet and result in inadequate or incorrect information. Examples of MIS include percentage of claims processed in time, ‘in force’ comparative profitability as compared to its competitor’s products, analysis of customer feedback and cycle time for critical operations. The key drivers for modern organizations in a competitive environment will be business intelligence (BI) derived out of consolidated data available with insurance companies. BI is implemented through Online Analytical Processing (OLAP) and data mining. Analytical processing answers business questions and therefore helps in decision support. The price of insurance products is dependent
upon, inter alia, the insurance industry’s claims experience, which would be available from the database of premia and incurred claims. The highest level of precaution needs to be taken for pricing can help the insurer because complex formulae go into insurance rate making techniques and manual computations are error prone and subject to limitations and constraints. In manual or semi-manual systems the scope for errors is very high. New technologies are helping insurers analyze and control exposure to fraud. These are powerful analytical software that can detect patterns by collusion by individuals working together. If the right kinds of IT systems and database are in place, information production, whether for internal analysis or regulatory submission, should be a matter of a simple process.

Banerjee (2004) in his keynote address delivered at the 49th annual conference of insurance institute of Indian at Dharwad, held on 12th September, 2004, has indicated the key recommendation of the Malhotra committee report submitted in 1994. The committee report recommended for permitting private companies with a minimum paid up capital of Rs 100 crore to enter the industry, the prohibition of composite insurers and permitting foreign companies to enter the industry in the joint venture mode with the domestic companies.

Jagannathan.V (2004) in his article—“The Actuarial Tax Debate” examined the pros and cons of imposing service tax on insurance premium. He felt that life insurance works on the principle of pooling risks and from this perspective, providing life insurance can be considered to be a form of service and taxing this service may not be inappropriate.

Clark Ron (2004) in his article—“Golden Years Ahead for Industry” felt that life insurance and financial services industry has a bright future in India due to a large number of uninsured and underinsured populations.

Elliot Sue (2004) in his article—“Pricing for Guarantees” critically examined the cost implications of guarantee on income protection business. She felt that care is required in determining appropriate premium loadings and reserving requirements for long-term guarantees or else insurance companies are bound to collapse in the market.
Agarwal (2004) has discussed various channels of distribution and new avenues which are explored by new players in the insurance sector. He viewed that a customer may have expectations like value added services, development of new products, technology insurance, solvency, financial security, quality trained staff, etc. Though customer satisfaction may be provided by maintaining high professional standards, rationalized procedures etc yet it required a new paradigm. In short, customer care is an approach of non-stop caring where only those companies will survive, which can respond to the customers' needs faster and better than anyone.

Ahuja (2004) is of the opinion that the insurance regulator in India, the IRDA, is entrusted, not only with regulating the Indian insurance market but also developing it. The IRDA, imposed social obligations take the form of covering certain minimum number of individuals in certain well identified sections of the society by both life and non-life insurers in each year of their operations. The rural obligations are in terms of certain minimum percentage of total policies written by life insurance companies and the obligations are in terms of percentage of total gross premium collected. The impact of rural and social obligations on extending insurance to the intended people has been positive. However, certain aspects with respect to these obligations are already becoming quite clear. One is that social and rural obligations need to be supplemented by other provisions with the view to guide the development of rural and social business in the country. Sensing this, the IRDA has already come out with a concept paper on micro-insurance in which it has spelt out its thinking on what these supplementary provisions could be. For example, putting a floor on the minimum level of benefit that must be provided under micro-insurance, defining a role of micro insurance agent and so forth. Another important recommendation of the insurance reforms committee was on using organizations, such as, mahila mandals, panchayats, etc. in extending insurance especially in the rural areas. This is already being achieved by the IRDA's rural and social obligations and this trend will get a further boost once a set of regulations for micro insurance are in place. As for as rural and social obligations are concerned we are very much in the realm of experimentation where the scope for learning by doing is considerable.
Venkatesh (2004) has studied some of the key issues which are needed to be addressed by the insurance company. The changes in the insurance sector, like new private companies, product, innovation, introduction of riders, new channels of distribution have attracted the attention of consumers, policy makers, regulations and shareholders. The major issues noted are professionalism, scalability, market conduct and compliance.

Vaidyanathan (2004) in his article—"Mandatory Retirement Schemes: Challenges Ahead" felt that EPF schemes pertaining to coverage, exemption, contributions, returns and investment norms have not been adequately addressed and it is time for the government as well as to the experts to look into some of the issues in the context of changing demography, decline in joint family support and increased life aspirations.

Rao (2004) in his article—"Insurance: A Challenging Career" felt that insurance business depends wholly on the knowledge, expertise, skills, attitudes and the quality of human resources and hence every organization should develop its human resources in the areas of knowledge, skills and attitudes.

Devashish Pujari and Anand Sharma (2004) in their study have formulated certain objectives to elucidate the importance and application of marketing concepts in the services offered by insurance companies, to fill the gap in marketing efforts by the companies and have suggested measures to strengthen customer satisfaction. The study has been primarily based on observation and unstructured interviews with the executives at the regional office and branch office of insurance companies. Finally the study has found that the main source of information was through advertisement and information lying in the branch, divisional and regional office to win the market.

Jaya Prakash (2004) in his article—"Time to Tame Insurance Distribution Channels in India" dealt with horizontal conflicts among distribution channels. He also dealt with specific problems of bancassurance such as different philosophies and cultural differences while selling insurance products.

Wylie Stephen (2004) in his article—"Bancassurance- A Starting proposition" outlined the issues and strategies. The author stated that in an age of intense competition
in the financial services industry, bancassurance holds the key for commercial banks to broaden their income stream and raise their bottom line. The author also examined the different bancassurance models with a conclusion that customer relationship management is the key for the success of bancassurance.

Venkatesh (2004) in his article—“Risk Management Practices in the Insurance Sector” explained the various risks such as product risks, pricing risks, underwriting risks, legal and regulatory bindings, sales risks and investment risks involved in insurance business. He also explained the various strategies used by insurance companies to overcome the various risks.

Rajadhyaksha Nirjan (2004) in his article—“The Rise of Financial Conglomerates” explained the growth and development of HDFC, ICICI, SBI life and KOTAK MAHINDRA insurance companies. He also dealt with the various activities of these organizations and also the key success factors for their growth and development.

Jawaharlal (2004) in his article—“Indian Insurance- Market Scenario” examined the Indian insurance market before liberalization and after the liberalization. He felt that after the liberalization of the insurance sector, the market share of the public sector giant has shown a declining trend and it may decline further.

Subedhar (2004) in his article—“Legal Framework for Insurance” examined the legal framework in terms of the nature of insurance legislation, components of legislation and supervision, product and premium rates, expenses control, asset liability management, solvency requirements, allocation of surplus and investment parameters.

Sharma Shikha (2004) in her article—“Life Insurance: Benefits of Competition” felt that privatization of insurance sector helped in enhancing consumer awareness and increased penetration of insurance. She also felt that pension market has huge potential in India and the future prospect of insurance companies to a great extent depends upon tapping the pensions market.

Ravishankar (2004) in his article argues that in changing business environment where returns are critical, insurance companies should consider several options while
investing their funds. It is a fact that many insurance companies have diversified investment and hedging options, but their persistent demand for more opportunities continue to exist, such as for international investment and properties. There is need to focus on regulatory norms for investment in line with the business needs. For example, the life insurance companies need to focus on investment objectives based on the policy period and commitment ranging between five and 25 years whenever the investment objective is for a longer period, it is essential that one considers the asset allocation principle. The regulatory guidelines need to be fine-tuned to this reality rather than having artificial limits on different asset classes. Hence insurance companies must be allowed the flexibility to allocate funds across the asset classes based on the business needs. The role of the regulator has to be only caution the insurance companies by prescribing capital adequacy norms and refrain from specifying the limits for several asset classes. Besides, there is a need to introduce a number of quality initiatives in the investment process of insurance companies. The traditional approach of passive investment styles must be replaced with the dynamic approaches of measuring, monitoring and managing investments for optimizing the return and minimizing the risk.

Vanniarajan (2004) has studied the service quality offered by LIC in Madurai and specified the objectives of the study about respondents’ attitude towards the service offered by the life insurance company. He has concluded that the service offered by LIC was found to be better in all aspects especially product, service, human relation & promotional activities.

Dalal and Gupta (2004) have conducted a comparative study on the profitability of LIC & Tata-AIG. It was concluded that the profitability of the comparable schemes of LIC and Tata-AIG varied from case to case.

Sahoo (2004) has made a comparative analysis of LIC’s Jeeven Vs ICICI’s Smart kid and Tata –AIG’s Mahalife Junior. It was concluded that the benefits under LIC’s jeeven plans were more when compared to the ICICI’s smart Kid and Tata-AIG’s Mahalife Junior.
Forte (2005) conducted a study on rural insurance market. Accordingly to the findings of the study, the more educated have higher earnings capabilities and are potential insurance customers. The usual scenario seems to be where the chief wage earner insures himself, thus protecting his family and his wife in the beneficiary. Majority of the respondents were able to name the types of policy but could not recall the actual name of the policy. Most had purchased the money back policies and penetration of whole life policies was very low. Policies with a sum assured of less than Rs. 50,000 accounted for the most policies taken. A significant number also opted for a higher value policy of up to Rs.1lakh. There was a great deal of similarity between the policy actually purchased by the respondents and the policy recommended by the agent at the time of purchase, suggesting that a great influence is exercised by the agents in the selection of insurance products. Policy-holders were generally satisfied with the overall insurance process, the premium payment process and their dealings with the agent. This may also suggest that consumers’ expectations are not very high. It is found that insurance companies have to create awareness about security and savings involved in insurance and develop the felt need among these potential customers. Some people wrongly believe that life insurance offers better return on savings, as they may not be aware of correct rate of interest offered by banks and post office. In case of private institutions (private banks and the NBFCs), the perception of security is generally low.

Ravi Kumar Sharma (2005) in his article entitled “customer Relationship Management : The New Mantra” has said that customer service was getting more and more important as most of the time buying an insurance policy was a one-time purchase and customers were aware of the variations available in the market. In the insurance market sector, there was an agent-client relationship and a satisfied client can be the biggest brand ambassador for the company (word of mouth advertising). Thus, it was in the interest of the company to build a good relationship with the client.

Krishna Kumar and Kannan (2005) in their article, ”LIC-Countering threat from the private Players”, have stated that the LIC will have to take prudent steps to see that its customer segment continues to expand. The LIC market share compared to the private sector over the last 3 years was better especially in the rural sector.
Sundarasaana Reddy (2005) has analyzed the customers' opinion on polices between private insurance companies and public insurance companies and also identified customers' expectations on private insurance companies' polices. He stated that most of the respondents felt that the policies offered by the private insurance companies were up to customers' expectations.

Jawaharlal and Sarthak kumar (2005) have explained the customer centricity focus by the insurance companies. As the customers have a wider choice of insurance selection, the insurance companies need to leverage interaction with every customer to build a level of service quality leading to customer retention and increasing customer satisfaction and finally increased profits. The whole centre of attraction had shifted from a product centric enterprise to a customer's – centric enterprise with the products being positioned as per the requirements of the customer. For the insurance companies to achieve better service, improved operational efficiencies, reduced costs and driving more profitable customer relationship, strategic implementation of customer relationship strategic implementation of customer relationship management (CRM) is of prime importance.

Rajesh Janpala and Venkateswara Rao, (2005) discussed the success factors, namely product benefits, competitive premiums, competitive products and plan differentiation through promotion and claim settlement. LIC has laid great emphasis on expeditious settlement. LIC has laid great emphasis on expeditious settlement of maturity as well as death claims. LIC's ability to withdraw the competitive pressure in the market can be largely attributed to its positive and proactive claim settlement operations.

Mamilla Rajasekhar (2005) has discussed the customers' expectations of life insurance policies and services through some influencing strategies. In this article the author has made an attempt to identify the key factors responsible for the differences in customer expectations of life insurance products and some strategies to influence those factors in favour of the local brand. The author has emphasized on promotional strategies to meet the customers' expectations and requirements towards life insurance companies' polices and services.
Kumar and Vaidya (2005) have discussed the possible strategies that could be used by the insurance companies for differentiating their products and service offerings from their competitors. The study revealed that the effective use of customer relationship marketing tools would help in identifying cross-selling opportunities. E-service or customer service through internet would play a vital role in facilitating the process of servicing insurance products to their policyholders.

Agarwal (2005) in the article deals with the insurance status in India for the poor. Insurance is more concentrated in relatively financially stable urban areas, but the requirement for a cushion to absorb risks in greater among rural and urban poor. Even after the opening of insurance to private players in India, its penetration is very low compared to that in developed nations. Therefore for the development of the economy, insurance penetration in India should grow, but that growth will be possible only when suitable products become available. The poor and needy find insurance a risky proposition with their uncertain and irregular incomes and with their limited ability to read about its benefits. The male literacy rate in India in the year 2000 was 68.4 percent and the female literacy rate was only 45.4 percent. Thus, access is not sufficient in rural areas in India. Health insurance, whether social or private whether formal or informal, is extremely limited in India. Although a number of private insurance companies have entered the field, no significant change in health insurance has been observed either in the availability of new health insurance products or in the volume of business. Agriculture in India is the industry on which most poor in villages depend, and therefore provisions, products and reforms must be designed after considering this segment of the population seriously.

Banamathy and Subasini (2006) have examined and evaluated the attitude of LIC policyholders towards life insurance business in Virudhunagar District, to know the overall attitude of respondents and they have concluded that age and educational qualification of the respondents were the influencing factors in taking the LIC Policies.

Jawahrarlal and Pareek (2006) have looked in to the need for rendering an efficient customer service in the life insurance sector. It was found that at the time of claim settlement, agents and brokers didn’t concentrate on delivering quality customer
services. Lack of education and training of intermediaries were the major constraints in providing quality service. It was recommended that the companies should keep strong information technology infrastructure to support both customers and its intermediaries.

Geetanjali Mehlwal (2006) in his study entitled “the face of the insurance industry in India in 2006”, has stated that the insurance business in India was growing at the rate of 15-20 percent annually. When combined with banking services, it added about 7% of the country’s GDP. The author has also found that the insurance penetration (premium as percentage of GDP) has increased from 2.32 % in 2000 to 2.88% in 2003 likewise; insurance density (premium per capita) has increased from Rs.435.897 in the year 2000 to Rs.722.092 in 2003. Such changes have caused a rise in the country’s ranking from 23 in the world in terms of total premium volumes in the year 2000, to 19 in 2003. The study showed that India’s insurance share in the world market has increased from 0.41 % in the year 2000 to 0.59% during the year 2003.

Kishore (2006) has published a paper entitled “LIC Golden Jubilee- 50 years saga of security”. He has said that LIC was the largest insurer not only in Asia but also in the whole world. In a country with 25,030 crore of middle class families, this represented significant market penetration. He also stated that LIC had created trust and faith, extensive reach and substantial market clout even in the risk adverse traditional Indians. Competitions have taken advantage and worked on it further to reach new heights in exploration and greater insurance consciousness. This article has brought out the fact that one of the primary aims of the LIC was to garner maximum savings of the society and put them into productive investments.

Sadhak (2006) has published an article on, “Life Insurance and the Macro Economy – Indian Experience”. The author has stated that the life insurance business was significantly influenced by the state of the economy of a country and major factors that influence it were the rate of growth of the GDP, the levels of domestic savings, the household financial services and disposable income. The size of the life insurance market was also influenced by the rate of growth of the population, the social security and health care systems, changes in customers, social Practices, risks and the like. It had been
observed that societies in which the standard of living was steadily improving experience a higher insurance penetration.

Anabil Bhattacharya (2006) in his article entitled “Look after your Customer” has highlighted that the customer satisfaction with a purchase depended upon the product’s performance relative to a buyer’s expectations. If the performance exceeded the expectations, the customer was highly satisfied or delighted.

Ramesh (2006) in his article entitle, “Ensuring Fair Claims Management – Issues for Quick Disposal”, has stated that the life policies were considered as the estates of the life assured; it was the policy holders/life assured who had to manage it, by paying the premium regularly. And the life insurer on his part was expected to meet the liability of claims as and when they are due. For a fair and equitable administration of claims, both the insurer and the insured have a role to play. He also stated that if the personnel of the claims settlement section were not specially trained on the aspect of prudent claims settlement, there was a danger of the claimants losing faith in the system of life insurance and the retaining capacities of the life insurers would depend on the satisfactory services they render to their customers during the tenure of their policy life.

Rajeev Ahuja (2006) in his study entitled “Insurance: Over the Transition”, has showed that the insurance density and insurance penetration the two summary indicators of insurance have gone up significantly. The insurance density increased from Rs.371 during the period 1999-2000 to Rs 663 during 2002-2003 and insurance penetration from 1.9% to 2.86% over the same period. Also, there was a greater competition between insurance and other financial products for household savings. The share of life insurance in gross financial savings of the sector showed a steady increase from 10.6% during 1998-1999 to 13.9% during 2001-2002.

Dhanabhakyam Vijayasanthi,(2007) has conducted a preliminary research on “customer Awareness towards LIC Polices in Coimbatore City”, to find the attitude of the respondents’ awareness towards the LIC Polices. The study has concluded that all insurance policyholders have same buying patterns. Everybody preferred buying
insurance policies because they were useful and reduced the uncertainty and providing risk sharing.

Ifran Ahmad (2008) has studied the Indian insurance industry: Challenges and Prospects”. The objectives of the study were to highlight the challenges and prospects of the Indian insurance industry. The study concluded that the insurance plays a very important role in the financial sector of the country and that the insurance industry could go ahead with full of opportunities. The key challenges which all insures would face in the years to come were product innovation, distribution network, customer service, managing investments and effective cost control.

Rama Devi And Ramesh (2008) in their article entitled “Life insurance industry in India – a paradigm Shift” have illustrated that the insures were increasingly introducing innovative products to meet the specific needs of the prospective policyholders. The paper further stated that the innovations have not only come in the form of benefits attached to the products, but also in delivery mechanisms which have emanated from various marketing tie-ups both within the realm of financial services and outside. All these have taken life insurance closer to the customers as well as making it more relevant.

Dr. N. Panchanatham & S. Senthil Kumar (2008) has conducted a study on “Policy holders’ expectations and preferences towards the selected Private life insurance companies in Karur Dist., Tamilnadu”. The main objectives of the study are to know the policy holders’ preference and expectations of life insurance, to know the satisfactory level of policy holders’ about the products and to know about the factors influencing preferences and expectations of the policy holders. The major findings of the study include i) the majority policy holders are aware of the policies through the advertisers, agents, friends & relatives, ii) Majority of respondents felt that T.V and Radio are effective advertisement media, iii) Majority respondents satisfied with services of life insurance companies, iv) There is no significant difference between the occupation and customer expectation about Life Insurance Company and v) There is a relationship between the income and customer expectation about life insurance company.

Basavanthappa Rajanalkar Laxman (2009) has conducted a study about ‘policy holders ‘perception towards life insurance products”. To know the awareness level of the
customers towards life insurance products examine the preference of the policy holders. The study revealed that majority of the respondents were aware of life insurance; it was only basic minimum knowledge, knowledge about various life insurance products was lacking and most of the respondents have bought life insurance policies for tax savings.

Mujahid Mohiuddin Babu and Muhammad Ziaulaq Mamun (2009) have conducted a study on “Customer perception of success factors of insurance agents: An empirical study in Bangladesh”. Their study endeavors to identify the factors that significantly aid the insurance agent in attaining sales. Their study has identified fourteen factors which significantly aid the sales agents to convince and win the clients. The most important are empathetic persuasion, knowledge of the package and rationalized appeal of the agent. Other important factors are general selling capability, physical factor and adaptability. Down the line are long companionship, control over the situation, and sense of humor, success drive, personality, extrovert, disciplined attitude and educational background.

N. Kathirvel (2009) has studied on “Impact of media advertisement on life insurance with reference to Coimbatore city”. The objective of the study is to study about the awareness of life insurance advertisements in media. The study has found that most of the respondents are aware of life insurance advertisements through T.V., prefer advertisements of LIC and are satisfied with advertisements of Life insurance companies. This study also identified that the relationship between effect of insurance company’s advertisements and educational status of the respondents is significant.

Dr. Gillie Gabay, Dr. Howard Moskowitz and Hollis Ashman (2009) published a paper on “Relationship Marketing, Mind- set Segmentation optimized messaging for life insurance and typing customers into segments”. This study focuses on mind-set segmentation in the world of life insurance as a way to improve relationship selling. The findings of the study show that life insurance is an emotional experience. The study has identified 3 distinct mindsets with different preferences and demands. Stream life insurance policies using winning elements that will enhance acceptability and increase market share. To retain customers, insurers should use appropriate messaging for each segment, to generate the relationship, repeat sales and in turn, long term profitability.
P.K. Gupta (2009) published a research paper on "Exploring Rural Markets for Private Life Insurance Players in India". The objectives of the study are to examine the current status of rural insurance penetration and explore the reasons for the poor performance of the private players in this segment. The study found that the awareness of private companies among rural people is poor. The channel of distribution used by the private players is polarized towards the agents. Sales communication in cast of some private players is in English language which makes no impact on the potential rural customers. The marketing strategies are urban oriented and not rural oriented. The study suggested that the private insurers must change their business models. They should develop adequate distribution network. The agents must be trained. Partnership with general insurance players and other financial institutions should be established. Products redesign is essential. Awareness programmes should be organized in rural areas. Appropriate advertisements efforts are essential to educate the rural customers about life insurance.

Binod Kumar Singh (2010) published an article on "An empirical study of consumer in insurance sector". In this study, the researcher founded that majority of the policy holders have the policies of sum assured less than ten lakhs. Majority of the respondents prefer LIC's policies and few respondents prefer policies of private insurance companies. The respondents invested in life insurance mainly due to higher risk coverage, tax savings and easy way to invest.

M.C. Garg and Anju Verma (2010) has conducted a study about "An Empirical Analysis of Marketing Mix in the Life Insurance Industry in India". The prime objective of this study is to study the nature, pattern and process of marketing mix (MM) in life insurance companies' in India. In this study it was found that the majority of the respondents opine that the concept of MM is understood and implemented regularly, that the elasticity of various mix ingrediends are always studied by the marketing departments of life insurance companies, that the marketing departments of life insurance companies, that the marketing departments of life insurance companies always review the mix, that regular careful analysis is carried out to develop and optimal and most economic mix., and that other departments are always invited to take part in developing
the optimal mix. However, they are f the opinion that the marketing departments sometimes attempt at quantifying the level of expenditure, that life insurance companies sometimes attempt at analyzing their competitors mix, and that life insurance companies sometimes to briefing about the mix plan to outside contractors. Life insurance companies rarely adjust their MM in relation to specific segments.

Dr.A.Venkatachalam & M.Siva Kumar (2010) conducted a research on “A study on rural insurance policy holders’ satisfaction in Dindigul, Tamil Nadu”. The main objective of the study is to measure the level of satisfaction of policy holders with rural insurance schemes. In this study it was found that majority of the respondents are satisfied with rural insurance schemes. It was also found that age, marital status, occupation and awareness influenced the satisfaction and education, nature of policy, period and income may not influence the satisfaction.

Ashok Shanubhogue & Mayank V. Bhatt. (2010) has conducted a study on “Business Opportunities for the Insurance sector: An empirical study among teachers of S.P. University”. The objectives of the study are to find out the popular policies, trend of investment in LIC and private insurance organizations and market share of the insurance companies. In this study it was found that LIC occupied the first place in market share. Among private insurance companies ICICI occupied the first place in market share. Majority of the respondents opined that the service quality at private insurance companies is better than LIC. Advertisers, friends and tax benefits are most important influencing factors in purchasing the insurance.

Hebbar C.K. & Sandeep S. Shenoy (2010) conducted a study on “Bancassurance and The Psychology of Investors: An Indian Perspective”. The main objectives of the study includes: to know the investor preference towards ULIP as an investment plan, to find out the awareness and preference of ULIP offered by Standard Chartered Bank as a bancassurance product, and to make comparative study of ULIPs offered by leading insurance companies through bancassurance. In this study it was found that majority of investors are not aware of the ULIPs. Majority investors hesitate to invest in ULIPs due to risk. Returns and tax relief are the main benefit derived by the respondents from investing in ULIPs. Standard Chartered bank and Citi Bank are the most preferred banks.
for investing in ULIPs. Majority of the respondents prefer to invest in equity growth fund.

Bhanu Kiran (2010) in his thesis, “Life Insurance Marketing” discussed the marketing practices of different players in the industry in India. The study found that the LIC is far ahead of other players in the industry due to its strong marketing network.

S.J. Kulakarni and Dr.P.N.Sagar (2011) has conducted a study on “Recent trends in marketing strategies of LIC of India”. The main objective of the study is to know new marketing strategy adopted by LIC of India to increase business volume. In this study it was found that along with traditional insurance products, LIC is also offering diversified products in order to meet the varied needs and requirements of customers. It is widely using various distribution channels like Agents, Branch offices and Bancassurance to reach wide spread customers.

Barathi C., Balaji C.D & Dr.Ch.Ibohal Meitei (2011) has conducted a study on “Innovative strategies to Catalyse Growth of Indian Life Insurance Sector- An Analytical Review”. This paper explored the strategies that the insurance companies can adopt in order to ensure that they continue to maintain high levels of growth to counter the negative impact of the global economic recession. The researchers suggested the usage of multiple channels and creating varied customer touch points with focus on offering bouquet of products and enhanced levels of customer service would definitely ensure sustenance of the growth momentum in the insurance sector.

Ch. Suresh Chandra & G. Mahendar (2011) has conducted a study on “Impact of Recession on Life Insurance Sector Need for Competitive Strategies in the Post Crisis Era”. The main Objective of the study is to provide competitive marketing strategies followed by the life insurance companies in order to surmount with the impact of crisis. In this study the researchers found that creation of integrated risk management system (IRMS), better sophisticated pricing, better understanding of customer, strategic product development and effective claim settlement mechanism are the key marketing strategies to be adopted by the life insurance marketers and as well as the companies in order to achieve sustainable development in the post crisis era.
Reshmi Augustine & Dr K. Chandrasekhar (2011) has conducted a study on “An empirical study on marketing of life insurance companies in Kerala”. This study examines the holistic marketing companies in marketing their products in Kerala, India. A probability sampling method was used to select 200 respondents from selected life insurance companies in Kerala. The data was analysed using factor analysis. The study reveals the key fact that the marketing orientation of life insurance companies in (Kerala) India follows the international framework model of value exploration, value creation and value delivery through cognitive space and resource space; customer benefit, business domain and business partner management respectively.

Alireza Miremadi, Ramak Raee & Abbas Ramezani (2011) has conducted a study on “Exploring Innovative Promotional Strategies in Life Insurance Companies (Case study of Iran). The main objective of the study is to understand various promotional mix strategies undertaken by life insurance companies in Iran”. The researchers discovered that respondents have emphasized on public relations and publicity, sales promotion as promotional tools to induce customers in Iran. Researchers noticed the life insurance companies in Iran have emphasized more on telemarketing, advertising in electronic and print media and advertising campaign as additional promotional mix strategies.

Sanjay Kanti Das (2012) has conducted a research on “Performance of Life Insurance Industry in North Eastern Region of India: A comparative Assessment”. The objectives of this study are to study the major issues and challenges that is facing the life insurer in India in the globalised environment and to know new marketing strategy adopted by LIC of India to increase business volume. Through this study it is observed LIC is losing its market share in favour of new entrants or private insurance companies. Being the largest insurance company in India, it is obvious that LIC has the largest strength of insurance agents in insurance business. It is further seen that LIC is well ahead of private insurers in terms of premium collection. It is worth noticing that all private insurance companies suffered huge losses, but again only LIC earned profits. It can be said that, LIC is the only life insurer in India that is fairly settled but the market share of LIC is decreasing day by day. Private players play a rivalry role in the insurance market. Further, it is observed that there should be a large gap between new business
premium amount and renewal premium, but in case of India insurance business, this gap is too narrow. Moreover, the operating expenses of both private and public players are too high which needs to be minimized.

2.2 RESEARCH GAP

So far many researchers concentrated on only few aspects of marketing mix of life insurance companies. None of the studies considered all the 7Ps of marketing mix of life insurance companies. Hence the study was undertaken to consider all the 7Ps of marketing mix of life insurance companies.

2.3 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.

2.4 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.

2.5 OBJECTIVES OF THE STUDY

1. To study and analyse the customers' opinion on marketing mix variables of LIC of India and Private life insurance companies.

2. To compare the customers' opinion on marketing mix variables of LIC of India and Private life insurance companies.

3. To make suggestions if necessary with regard to marketing mix variables of LIC of India and Private life insurance companies.

2.6 HYPOTHESES

1. There is no significant difference between the perception of LIC of India's policy holders and Private life insurance companies' policy holders regarding variables of product mix.

2. There is no significant difference between the perception of LIC of India's policy holders and Private life insurance companies' policy holders regarding variables of price mix.
3. There is no significant difference between the perception of LIC of India’s policy holders and Private life insurance companies’ policy holders regarding variables of place mix.

4. There is no significant difference between the perception of LIC of India’s policy holders and Private life insurance companies’ policy holders regarding variables of promotion mix.

5. There is no significant difference between the perception of LIC of India’s policy holders and Private life insurance companies’ policy holders regarding variables of people.

6. There is no significant difference between the perception of LIC of India’s policy holders and Private life insurance companies’ policy holders regarding variables of process.

7. There is no significant difference between the perception of LIC of India’s policy holders and Private life insurance companies’ policy holders regarding variables of physical evidence.

2.7 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.

2.8 METHODOLOGY

2.8.1 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.
2.8.2 Research Design:

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

2.8.3 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. Likert five point scale is used.

2.8.4 Sampling Design:

Convenience sampling method is used to collect responses.

Sample size=400 respondents.

The responses were collected during 2011-2012

Sampling Frame:

Sampling frame comprised of policy holders of both LIC of India and other Private life insurance companies in three regions of Andhra Pradesh

<table>
<thead>
<tr>
<th>Area</th>
<th>LIC of India</th>
<th>Private Life Insurance Companies</th>
<th>Total no. of Responses collected</th>
</tr>
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<tbody>
<tr>
<td>Hyderabad</td>
<td>50</td>
<td>50</td>
<td>100</td>
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<tr>
<td>Tirupati</td>
<td>50</td>
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<td>Nellore</td>
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<td>Ongole</td>
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<tr>
<td>Total</td>
<td>200</td>
<td>200</td>
<td>400</td>
</tr>
</tbody>
</table>
2.8.5 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 and ANOVA to find the relationship between variables.

2.9 LIMITATIONS OF THE STUDY

- The primary data was collected only in few areas of Andhra Pradesh.
- There is unwillingness and uneasiness in explaining the opinion as some of the respondents are not completely aware of the Marketing activities.

2.10 DIRECTIONS TO FUTURE RESEARCH

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.

2.11 CHAPTERISATION

The present study has been divided into FIVE chapter sequences and the topics dealt with are follows.

Chapter 1: Introduction

This chapter deals with the basic structure of the insurance industry in India and its evolution and growth over a period of time to reach to this level. The marketing mix, product mix, channels of distribution and recent marketing practices of various Life insurance companies are presented in this chapter.
Chapter 2: Research Methodology

In this chapter review of literature, objectives of the study, need for the study, hypothesis, scope, methodology, and the limitations of the study are presented.

Chapter 3: Profile of Life Insurance Companies

In this chapter the origin and growth of the insurance companies, their foreign partners, objectives, major plans, business growth and their performance in brief are presented.

Chapter 4: Data Analysis and Interpretation

In this chapter the opinion of the policy holders on marketing mix of both LIC of India and private life insurance companies are presented.

Chapter 5: Findings, Conclusions and Suggestions

In this chapter research findings are presented, conclusions are drawn and suggestions are made.
REFERENCES:


