CHAPTER VII

Summary of Findings, Suggestions and Conclusion
CHAPTER VII

SUMMARY OF FINDINGS, SUGGESTIONS
AND CONCLUSION

STUDY BACKGROUND

In this chapter, the Researcher presents the summary of the findings relating to the Performance Evaluation of LIC in Chennai city, and makes his pertinent suggestions for improving the performance of the LIC for the purpose of rendering better services to its policyholders. The various findings of the study as brought out by the analysis made in Chapters III to VI are summarized and certain conclusions drawn therefrom are presented.

The overall objectives of this study are to analyse the Business and Financial Performance of the LIC in Chennai city. The objectives of the study along with limitations, review of literature and research methodology are presented in the first chapter.

The specific objectives set for the study are:

1. To give an overview of the performance of the LIC in India and examine the nature and benefits of various life insurance plans;

2. To review the progress of LIC in Chennai city from the year 1988-89 to the year 1999-2000;

3. To review the claims-settlement operations by the LIC in Chennai city during the study period;
4. To study the trends in total premium income earned by the LIC during the period of study;

5. To evaluate the management expenses of the LIC during the study period;

6. To probe the problems faced by the policyholders; and

7. To suggest measures to overcome such problems

The period selected for the study is twelve years, namely, from the year 1988-89 to 1999-2000.

The study has the following limitations.

- The study is related to only the business and financial performance of the Divisional Offices I and II of LIC in Chennai city.

- The study is restricted for a time period of twelve years only.

- The study excludes from its purview the LIC Housing Finance Ltd., and the LIC Mutual Funds which are sister organizations of LIC of India.

SUMMARY OF FINDINGS

CHAPTER II  LIFE INSURANCE - CONCEPT AND SIGNIFICANCE

In the second chapter, concept, functions and historical background of life insurance have been analysed. Also various life insurance plans and its benefits have been exposed.
CHAPTER III PROFILE OF THE LIFE INSURANCE CORPORATION OF INDIA

In this chapter, the Growth of LIC in India has been thoroughly analysed. Profile of LIC reveals that there is a radical change in the business growth of LIC in India.

MARKETING NET WORK

Effective network of marketing of LIC in terms of number of Agents, Branches have increased to a considerable extent. At present total number of Divisional Officers and Zonal Offices have increased to 100 and 7 respectively. As compared to the bank - branches, the expansion in LIC offices has been almost negligible.

INDIVIDUAL INSURANCE SCHEME

(i) New Business

It is a very encouraging sign that new business in terms of number or policies and sum assured have been constantly increased from 74.00 lakhs and Rs.23,319.53 crores in 1989-90 to 169.77 lakhs and Rs.91,213.42 crores in 1999-2000 respectively.

(ii) Business In-Force

Number of policies and sum assured have also invariably enhanced over the study period. From a mere Rs.74,429.34 crores of total business in-force in 1989-90, the total business in-force showed a spectacular increase to Rs.4,57,435.00 cores in 1989-99. Number of in-force policies have also increased from 403.98 lakhs in 1989-
90 to 916.37 lakhs in 1998-99. This proves that business performance of LIC showed a remarkable growth.

**GROUP INSURANCE SCHEME**

(i) **New Business**

It is a very good sign that the sum assured under Group Insurance Scheme has increased from Rs.16,251.12 crores in 1988-89 to Rs.69,558.14 crores in 1998-99.

(ii) **Business In-Force**

Business in-force under Group Insurance Scheme reveals that there is a substantial increase during the study period. Number of schemes have increased from 46,624 in 1990-91 to 78,600 in 1997-98. The sum assured have also increased from Rs.30,501.57 crores in 1990-91 to Rs.74,798.75 crores in 1997-98.

**LIFE INSURANCE FUND**

The corporation's Life Insurance Fund has registered a handsome increase from Rs.23,471.84 crores in 1989-90 to Rs.154,043.73 crores in 1999-2000. Considering the financial strength of the LIC, accumulation of life insurance fund is commendable.

**TOTAL INCOME EARNED**

The total income of the corporation comprises Premium Income, Investment Income and Other Income. It is a very good sign that the total income earned by the corporation has increased steadily and substantially from Rs.5,370.41 crores in 1988-89 to Rs.45,174.15 crores in 1999-2000.
LIC'S INVESTMENT

The prime objective of the corporation has been investment of funds for national development. LIC's investments in different sectors have also shown an increasing trend. The total amount of investment of LIC has been constantly increasing yearly year. It increased from Rs.17,342.70 crores in 1988-89 to Rs.1,17,888.00 crores in 1999-2000. It is a very good sign because a larger portion of the amount is being utilised for earning income.

CLAIMS-SETTLEMENT OPERATIONS

The insurer is judged by the promptness, efficiency and human touch with which, claims are serviced and settled. LIC's service standard has improved as far as the settlement of claims are concerned. The percentage of outstanding claims to claims intimated has decreased from 6.99 in 1988-89 to 4.35 in 1999-2000. So, it reveals that claims-settlement operations by the LIC are satisfactory.

INFORMATION TECHNOLOGY IN LIC

LIC has been using Information Technology intensively and almost all activities concerning the policyholders have been computerised. Interactive Voice Response System, Premium Payment and Policy Status Over the Internet and info system are the latest developments in the area of information technology.

CHAPTER IV BUSINESS PERFORMANCE OF LIC IN CHENNAI CITY

In the Fourth Chapter Business Performance of LIC in Chennai city has been analysed before and after bifurcation.
NUMBER OF POLICIES ISSUED UNDER INDIVIDUAL INSURANCE SCHEME

Pre-Bifurcation Period

The number of policies issued has been steadily increased from 1,28,289 in 1988-89 to 2,26,071 in 1992-93.

Post-Bifurcation Period

The number of policies issued by the Division I has increased from 1,05,705 in 1993-94 to 1,59,414 in 1999-2000. However, there is a mild dent in performance in 1995-96.

The number of policies issued by the Division II has also increased from 1,20,703 in 1993-94 to 1,88,894 in 1999-2000.

SUM ASSURED UNDER INDIVIDUAL INSURANCE SCHEME

Pre-Bifurcation Period

The business performance of Madras Division is high in terms of the sum assured which has been increased from Rs.3,85.23 lakhs in 1988-89 to Rs.804.44 lakhs in 1992-93.

Post-Bifurcation Period

Sum assured by the Division I has increased from Rs.415.09 lakhs in 1993-94 to Rs.1067.94 lakhs in 1999-2000.
Sum assured by the Division II has also increased from Rs.464.40 lakhs in 1993-94 to Rs.1,154.76 lakhs in 1999-2000 except in the year 1995-96 which is due to poor performance of business.

SUM ASSURED UNDER MEDICAL SCHEME

Pre- Bifurcation Period

Sum assured by the Madras Division has increased from Rs.266.29 lakhs in 1988-89 to Rs.330.57 lakhs in 1990-91. But it is not satisfactory and there is a mild decrease in the years 1991-92 and 1992-93 due to strict formalities observed and the number of documental procedures followed.

Post- Bifurcation Period

Sum assured by the Division I has increased from Rs.170.35 lakhs in 1993-94 to Rs.696.07 lakhs in 1999-2000.

As for as the Division II is concerned, it has increased from Rs.163.61 lakhs in 1993-94 to Rs.549.22 lakhs in 1999-2000.

SUM ASSURED UNDER NON-MEDICAL SCHEME

Pre- Bifurcation Period

There is a continuous growth in the sum assured by the Madras Division which has increased from Rs.118.94 lakhs in 1988-89 to Rs.498.75 lakhs in 1992-93.
Post- Bifurcation Period

It is a very encouraging sign that Division I has secured good business in terms of sum assured under Non-Medical Scheme. It has increased from Rs.244.74 lakhs in 1993-94 to Rs.371.87 lakhs in 1999-2000.

The sum assured by the Division II is also high. It has increased from Rs.300.29 lakhs in 1993-94 to Rs.605.54 lakhs in 1999-2000.

Generally, Non-Medical Scheme is welcomed by the proposers as there are no hard and fast rules.

SUM ASSURED UNDER SALARY SAVINGS SCHEME

Pre- Bifurcation Period

It is a very good sign that sum assured by the Madras Division is high. It has increased from Rs.96.14 lakhs in 1988-89 to Rs.168.05 lakhs in 1992-93.

Post- Bifurcation Period

The Division I has secured good business in terms of the sum assured through SSS which has increased from Rs.72.64 lakhs in 1993-94 to Rs.136.12 lakhs in 1999-2000. However there was a mild decrease in 1998-99.

Except in 1995-96, the sum assured by the Division II has increased from Rs.100.79 lakhs in 1993-94 to Rs.243.53 lakhs in 1999-2000. This scheme (SSS) is highly suitable to the monthly income earners.
NUMBER OF DEVELOPMENT OFFICERS

Pre- Bifurcation Period

The number of Development Officers has increased from 277 in 1988-89 to 414 in 1992-93. So, it reveals that the business performance of the Madras Division is high.

Post- Bifurcation Period

The number of Development Officers have been increased from 206 in 1993-94 to 210 in 1997-98 and from 200 in 1993-94 to 218 in 1999-2000 in Divisions I & II respectively.

NUMBER OF IN-FORCE-Policies

Pre- Bifurcation Period

It is a very good sign that the number of in-force-policies has increased from 9.50 lakhs in 1988-89 to 14.19 lakhs in 1992-93.

Post- Bifurcation Period

The number of in-force-policies has increased from 7.49 lakhs in 1993-94 to 10.83 lakhs in 1999-2000. However, the years 1995-96 and 1996-97 have shown decreasing trend due to lapse of polices.

The number of in-force-policies by the Division II has increased from 7.50 lakhs in 1993-94 to 10.62 lakhs in 1999-2000. This proves that Business Performance of LIC in Chennai city is highly satisfactory before and after bifurcation.
CHAPTER V  FINANCIAL PERFORMANCE OF LIC IN CHENNAI CITY

LIFE INSURANCE FUND

Pre-Bifurcation Period

It is an encouraging sign to note that the life insurance fund accumulated by the Madras Division has increased from Rs.3,150.00 lakhs in 1988-89 to Rs.10,551.00 lakhs in 1991-92 by more than 3.35 times. But in the years 1989-90 and 1992-93 the trend showed decreasing level. The reason for the decrease in the life insurance fund in these years is the fact that there was an increase in management expenses and more settled claims.

Post-Bifurcation Period

Life insurance fund accumulated by the Division I has increased from Rs.7,020.00 lakhs in 1993-94 to Rs.23,838.00 lakhs in 1999-2000. The rate of growth varied from 31.25 percent to 239.57 percent. But in 1996-97, the volume of life insurance fund sustained a decline of 166.67 percent when compared with the figure of 1995-96 i.e., 203.00 percent. The main reason for this increasing level, is the management expenses and other obligations of the corporation.

With regard to the amount of life insurance fund accumulated by the Division II, it has been increasing year after year. While comparing the figures of 1999-2000 with those of 1993-94, the increase is more than 3.23 times.

In the years 1998-99 and 1999-2000, high growth rate has been achieved by both the divisions in accumulating life insurance fund.
OUTSTANDING POLICY LOANS AS AT THE END OF THE YEARS

Pre-Bifurcation Period

Loans granted by the Madras Division shows an increasing trend during the period of five years ranging from 1988-89 to 1992-93. While comparing the figures of 1992-93 with those of 1988-89, the increase is found to be more than 1.38 times. This reveals that policyholders have availed the loan facility to a large extend.

Post-Bifurcation period

The amount of loan sanctioned by the Division I has increased from Rs.3,234.10 lakhs in 1993-94 to Rs.8,591.46 lakhs in 1999-2000. The rate of growth varies from 13.84 percent to 165.65 percent.

The amount of loan sanctioned by the Division II also shows an increasing trend during the period of seven years i.e., 1993-94-1999-2000. While comparing the figures of 1999-2000 with those of 1993-94, the increase is found to be more than 2.49 times.

Thus, LIC's performance in both the Divisions, has been extremely good with regard to sanctioning and disbursing loans to its policyholders.

CLAIMS-SETTLEMENT OPERATIONS

(i) NUMBER OF MATURITY CLAIMS-SETTLED

Pre-Bifurcation Period

It is apparent to note, from the performance that the claims-settlement operations are satisfactory. The year 1991-92 accounts for the highest number of
claims settled (44,697) against a total number of claims (46,045) representing 97.07 percent. The percentage of outstanding claims to total claims intimated has decreased from 4.96 in 1988-89 to 4.24 in 1992-93. Thus, on an average, 96 percent of claims have been settled by the Madras Division.

Post-Bifurcation Period

The number of claims settled by the Division I has constantly been increasing year after year. The percentage of outstanding claims to total claims intimated has come down year after year from 2.19 in 1993-94 to 1.25 in 1999-2000. It is evident that the settlement of claims by the Division I is speedy and laudable and is an encouraging sign that on an average 99 percent of claims have been settled.

The percentage of claims settled by the Division II has increased from 95.01 in 1993-94 to 99.60 in 1999-2000. It has also been observed that the percentage of outstanding claims to total claims intimated has decreased from 4.99 in 1993-94 to 0.40 in 1999-2000. It is a tremendous achievement in the field of claims-settlement and on an average, 98 percent of claims have been settled by the Division II.

Thus, after bifurcation of LIC, its performance has been extremely good in the matter of settlement of number of maturity claims by both the Divisions.

(ii) AMOUNT OF MATURITY CLAIMS-SETTLED

Pre-Bifurcation Period

The amount of maturity claims settled by the Madras Division is satisfactory. The year 1991-92 witnessed a highest percentage of claims settled i.e., 97.25. The
percentage of claims outstanding has decreased from 4.50 in 1988-89 to 3.83 in 1992-93. This shows that on an average more than 95 percent of claims have been settled by the Madras Division.

**Post-Bifurcation Period**

The significant finding is that there is a continuous increase in the amount of maturity claims settled by the Division I. The highest percentage of amount settled is 99.30 and the least percentage of claims outstanding is 0.70 in 1996-97. It is very encouraging to note that, on an average, 99 percent of claims have been settled by the Division I.

It has been observed from the analysis that the amount of maturity claims settled by the Division II has been increasing year after year. It has been increased from Rs.95.96 in 1993-94 to Rs.99.38 in 1999-2000. It is thus clear that Division II has made effective steps in the settlement of claims and on an average 98 percent of claims have been settled by this Division.

Thus, both the Divisions have performed well with regard to the settlement of amount of maturity claims.

**(iii) NUMBER OF DEATH CLAIMS-SETTLED**

**Pre-Bifurcation Period**

A striking disclosure of the study is that there has been a continuous increase in the number of death claims settled by the Madras Division. However, it is discouraging to note that the percentage of outstanding claims to total claims
intimated has increased from 9.14 in 1988-89 to 10.12 in 1992-93. On an average, the Madras Division has settled 91 percent of claims.

Post-Bifurcation Period

The number of death claims settled by the Division I is not satisfactory. The percentage of claims settled has decreased from 90.94 in 1993-94 to 80.33 in 1999-2000. It is also a discouraging sign that the percentage of outstanding claims has increased from 9.06 in 1993-94 to 19.67 in 1999-2000. On an average, 89 percent of claims have been settled by the Division I. The main reasons for the poor performance with regard to this claims-settlement are as follows;

(a) Delayed official procedure
(b) Investigation
(c) Claimants not traceable etc.,

The study has brought to the forefront the number of death claims settled by the Division II is satisfactory. The percentage of claims settled has increased from 90.50 in 1993-94 to 90.88 in 1999-2000. The highest percentage of claims settled is 96.18 in 1996-97. However, it is very discouraging to note that, the percentage of outstanding claims has increased from 3.82 to 4.03 in the year 1997-98, 4.03 to 6.96 in the year 1998-99 and from 6.96 to 9.12 in the year 1999-2000. On an average, only 93 percent of claims were settled by the Division II.

When compared with the Division I, Division II has performed well with regard to settlement of number of death claims.
(iv) AMOUNT OF DEATH CLAIMS - SETTLED

Pre-Bifurcation Period

A significant finding is that the volume of amount of death claims settled by the Madras Division shows an increasing trend i.e., from Rs.415.30 lakhs in 1988-89 to Rs.957.04 lakhs in 1992-93. However, it is a discouraging sign that the percentage of outstanding claims has increased form 12.10 in 1988-89 to 14.58 in 1999-2000. On an average, the Madras Division has settled 87 percent of claims.

Post-Bifurcation Period

It is apparent from the analysis that the performance of LIC with regard to the amount of death claims settled by the Division I is not satisfactory. It is a discouraging sign that the percentage of death claims settled has decreased from 87.34 in 1993-94 to 76.13 in 1999-2000 and the percentage of outstanding claims has increased from 12.66 in 1993-94 to 23.87 in 1999-2000. On an average, 87 percent of claims have been settled by the Division I.

It has been observed from the analysis that the claims-settlement operations are satisfactory in the Division II. It is very encouraging sign that the percentage of claims settled has increased from 84.78 in 1993-94 to 88.06 in 1999-2000 and the percentage of outstanding claims has decreased from 15.22 in 1993-94 to 11.94 in 1999-2000. The year 1996-97 witnessed the highest percentage of claims settled i.e., 93.33. On an average, 89 percent of claims have been settled by the Division II.

When compared with the Division I, the Division II has performed well in settling the amount of death claims.
TOTAL PREMIUM INCOME AND MANAGEMENT EXPENSES

(i) TOTAL PREMIUM INCOME

Pre-Bifurcation Period

It has been observed from the analysis that the premium income earned by the Madras Division shows an increasing trend. It has increased from Rs. 9,946.55 lakhs in 1988-89 to Rs. 23,291.54 lakhs in 1992-93 by about 2.34 times.

Post-Bifurcation Period

It is interesting to note that the premium income earned by the Division I is commendable. Over the period of seven years, it has touched the level of Rs. 24,440.02 lakhs in 1998-99 and highest level of Rs. 29,213.46 lakhs in 1999-2000.

It is quite clear that there is a continuous increase in earning the premium income by the Division II. It has increased from Rs. 11,760.26 lakhs in 1993-94 to Rs. 27,008.48 in 1999-2000 by about 2.29 times.

Thus, LIC's performance has been extremely good with regard to earnings from premium before and after bifurcation of the corporation.

(ii) MANAGEMENT EXPENSES

Pre-Bifurcation period

It has been observed from the analysis that there has been a steady increase in the volume of total management expenses. It has increased from Rs. 1,816.36 lakhs in 1988-89 to Rs. 4,083.78 lakhs in 1992-93.
Post - Bifurcation period

It could be seen from the analysis that there is a continuous increase in the volume of total management expenses. While comparing the figures of 1999-2000 with those of 1993-94, the increase is found to be more than 2.26 times.

Management expenses of the Division II has also steadily increased. It has touched the highest level, particularly in the years 1998-99 and 1999-2000.

Thus, the management expenses have been increasing in proportion to the increase in the total premium income of the corporation before and after bifurcation in Chennai city.

PROPORTIONATE DISTRIBUTION OF MANAGEMENT EXPENSES

(i) COMMISSION

Payment to agents by way of giving commission has increased from 40.33 percent in 1988-89 to 53.85 percent in 1999-2000. It reveals that the business of insurance has been developed by the efforts of Agents over the period of twelve years.

(ii) SALARY

There has been a decrease in expenditure on the salary item i.e., from 42.84 percent in 1988-89 to 33.65 percent in 1999-2000. The main reason for the decrease in the percentage of salary is due to the non-appointment of new staff by the LIC in Chennai city.
(iii) OTHER EXPENSES

The other routine expenses of the corporation has also been reduced from 16.83 percent in 1988-89 to 12.50 percent in 1999-2000. This reveals that the corporation is giving more attention with regard to the control of other expenses.

PERCENTAGE OF MANAGEMENT EXPENSES TO TOTAL PREMIUM INCOME

Pre-Bifurcation period

On an average, 18 percent is found to be the percentage of management expenses to total premium income in the Madras Division.

Post-Bifurcation period

On an average, 20 percent is found to be the percentage of management expenses to total premium income in both the Divisions.

Thus, the management expenses of the corporation are under control during the pre-bifurcation and post-bifurcation periods.

LIQUIDITY ANALYSES OF LIC

(i) CHEQUES AND CASH ON HAND

Pre-Bifurcation Period

It is a discouraging sign that a large amount of funds has been locked up in the form of cheque and cash, which is not desirable because they have not given any returns.
Post-Bifurcation Period

A striking disclosure of the study is that the amount of cheque and cash on hand by the Division I has decreased from Rs.525.31 lakhs in 1993-94 to Rs.463.25 lakhs in 1999-2000. It is an encouraging sign that the Division I maintains the profitability of the business by keeping minimum amount of funds in hand.

(ii) REMITTANCE-IN TRANSIT

Pre-Bifurcation Period

It is very encouraging to note that the amount of remittance-in-transit has decreased from Rs.4.23 lakhs in 1988-89 to Rs.0.71 lakhs in 1992-93 by Madras Division. The year 1991-92 witnessed no balance on remittance-in-transit.

Post-Bifurcation Period

It is a discouraging sign that the remittance-in-transit of the Division I has increased from Rs.0.93 lakhs in 1993-94 to Rs.9.09 lakhs in 1999-2000.

It is apparent from the analysis that the remittance-in-transit amount has decreased from Rs.45.50 lakhs in 1993-94 to NIL amount in 1999-2000 by the Division II.

Thus, with regard to the remittance-in-transit, the Division II has performed well when compared with Division I.
CHAPTER VI ATTITUDE OF POLICYHOLDERS TOWARDS THE FUNCTIONING OF LIC

A sample survey of policyholders residing in Chennai city was conducted to collect primary data pertaining to the Personal Profile, Policy and Premium Profile and the Problems Faced by the Respondent Policyholders. Their views with regard to the above have been summarized as follows:

1. Persons taking the life insurance policies in LIC are in the age group of 25 to 35 and they form highest percentage (58) among the sample policyholders surveyed.

2. An overwhelming majority of the sample policyholders surveyed are males (89.50%).

3. The present study has revealed that 62 percent of the sample policyholders are married. The marital status of majority of policyholders comes under married.

4. 65 percent of the sample policyholders are found to be employees of the private sector whereas public sector and government employees constituted 24.50%.

5. The education wise analysis reveals that policyholders who are ‘Graduates’ constituted a maximum of 44.50 percent of sample policyholders and 27.00 percent are ‘Post-Graduates’.

6. The monthly income of 58 percent of the sample policyholders ranged from Rs.5,000 to Rs.15,999.
7. A striking disclosure of the study is that the policyholders derived the idea of taking insurance policy primarily from agents followed by employees of the corporation and subsequently through their friends and relatives. It is also observed that no one opted for insurance policy on their own initiative among the sample policyholders.

8. A high majority of 93 percent of the sample policyholders opined that “Preferring a policy in LIC amounts to participation in nation building activities”.

9. It is revealed that 56.00 percent of the sample policyholders have taken insurance policies for the purpose of savings for old age provision and 24 percent have taken insurance policies for tax planning.

10. A majority (53.50 percent) of the sample policyholders have taken only one policy.

11. A perceptible proportion of 60.50 percent of the sample policyholders has the policy amount (Sum Assured) ranged from Rs.1,00,001 and above followed by 23.25 percent of the policyholders from Rs.80,001 to Rs.1,00,000.

12. Sample policyholders forming 53.00 percent have their policy amount (Sum Assured) in the duration between 16 years and 20 years followed by 23.00 percent of policyholders who have the policy amount for the period above 20 years.
13. Agents are playing very dominant role in collecting the premium amount from the policyholders. It is revealed that 46.25 percent of the sample policyholders pay the premium amount to the corporation through their respective agents.

14. The survey has brought to sharp focus that 57.75 percent of the sample policyholders availed loan from the corporation against the security of the life insurance policies.

15. A significant finding is that a large majority of 61.47 percent of the sample policyholders have availed loan from the corporation for the purpose of constructing houses.

16. A significant finding is that a large majority (71.86 percent) of the sample policyholders in the city are not satisfied with the procedures adopted by the corporation for sanctioning of loans.

17. It is apparent from the analysis that a large majority (74.46 percent) of the sample policyholders feel that the interest rate charged by the LIC is nominal and it is reasonable.

18. 181 policyholders (41.25%) opined that “Remittance of premium takes a little time in the branches of the corporation” and they have strongly agreed with this statement. Apart from the above who have ‘strongly agreed’, there are 149 policyholders (37.25%) who have ‘agreed’ with this statement.

19. 172 and 106 respondents opined that “Despatch of policy bond is delayed by the corporation” and they have ‘strongly agreed’ and ‘agreed’ with the statement respectively.
20. 27.50 and 25.50 percent of the sample policyholders opined, "Transfer of policy bond from one branch to another is not easy" and they have 'strongly agreed' and 'agreed' with the statement respectively.

21. A striking disclosure of the survey is that 30.00 and 34.50 percent of the sample policyholders have viewed that "Rules of Medical examination of the proposer are rigid" and they have 'strongly agreed' and 'agreed' with the statement respectively.

22. A large majority (74.75 percent) of the sample policyholders have 'agreed' with the statement that, "Premium Rates are low".

23. 192 and 115 respondents are of the view that "Bonus Rates are low" and they have 'strongly agreed' and 'agreed' with the statement respectively.

24. Only 18.75 percent of the sample policyholders in the city have 'agreed' with the statement that, "Advertisement of the LIC influences persons to take up policies". Hence, it is very clear that advertisements are quite ineffective in life insurance marketing. This statement is substantiated by the responses of 46.25 percent of the 400 sample policyholders surveyed.

25. 165 and 118 respondents have not opined that, "Formalities for availing housing loan in the corporation are simple", and they have 'disagreed' and 'strongly disagreed' with the statement respectively.

26. 45.50 and 25.50 percent of the sample policyholders have not opined that, "The LIC settle the claims of policyholders promptly and quickly" and they have 'disagreed' and 'strongly disagreed' with the statement respectively.
27. 181 and 112 respondents have not opined that, “Quality of service rendered by the agents is satisfactory” and they have ‘disagreed’ and ‘strongly disagreed’ with the statement.

The results of the verification of the Null Hypotheses formulated in the present study are summarized in the Table presented below:

**TABLE 6.31**

**SUMMARY OF RESULTS OF VERIFICATION OF THE NULL HYPOTHESES**

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<th>SLNO. OF NULL HYPOTHESES</th>
<th>TEST APPLIED</th>
<th>LEVEL OF SIGNIFICANCE</th>
<th>RESULT/P-VALUE</th>
<th>SIGNIFICANT OR NOT</th>
<th>ACCEPTED OR REJECTED (A/R)</th>
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PROBLEMS FACED BY THE SAMPLE POLICYHOLDERS

The problems faced by the sample policy holders as revealed by the study are as follows:

1. Procedures to the followed by the policy holders to avail any loan from the corporation are cumbersome

2. Despatch of policy bond is delayed by the corporation

3. Transfer of policy bond from one branch to another is not easy

4. Rules of medical Examination of the proposer under medical scheme policy are rigid.

5. Advertisement is quite ineffective in marketing the various life insurance plans by the LIC. So, the public are not in a position to know the effective functions in this regard.

6. Formalities for availing housing loan from the corporation are rigid and tough.

7. LIC is not settling the claims promptly and quickly especially in death claims.

SUGGESTIONS

On the basis of the findings of the present study, the following suggestions are offered for improving the overall performance of the LIC in Chennai city.

1. In order to persuade people to take more number of policies, the corporation may introduce price schemes and give aggressive publicity to these schemes. In addition to this, the corporation can also send communications to the existing policyholders frequently informing them about the introduction of new policies. Such communications will highlight the salient and
distinguished features of the new schemes. This is bound to motivate them to invest more in life insurance policies.

2. At least once in a year, the corporation must send a statement of premia received, bonus up-to-date credited and the latest bonus rates declared to all policyholders. This would avoid lapsation to some extent.

3. The existing competition can be tackled with prudent planning by reducing the rates of premium, increasing bonus rates and quality of service to policyholders.

4. The study reveals that procedure to be followed for obtaining loan on policies is very complicated. There are too many documental procedures to be followed inordinate delays in getting the loans. To avoid such problems the corporation should open a separate section to deal with the loan affairs so that the hurdles in getting the loan may be removed.

5. It has been observed that there are inordinate delays to despatch policy bonds to policyholders after paying the first premium with the help of computer technology the corporation should take necessary steps to despatch the policy bond as early as possible. For this, a fixed time limit may be fixed.

6. Every branch manager in LIC should take care of transfer of policy bond from one branch to another. In this, two branch offices are involved. It is suggested that there should be proper co-ordination between these two branches for effective transfer of policy bond from one branch to another. Further, the methods and procedures practiced in the course of transfer of policy bond
from one branch to another are rigid and cumbersome. They must be
restructured taking into account the existing set of circumstances and
conditions. This in turn will make the transfer process easier.

7. The doctors in the list of approved medical officers of the corporation are far
too less in comparison to the required strength. This in turn is affecting the
service which is provided by the corporation. Therefore, steps must be taken
at the earliest to correct this short fall.

The procedures and rules relating to medical examination are rigid and involve
considerable amount of red-tapism. Therefore, effective and appropriate measures
should be undertaken for drafting requisite rules and procedures which will make the
system (policy under medical scheme) easier.

8. When compared with other financial institutions and companies the bonus
rates in LIC are low. In order to persuade people to take more number of
policies, the corporation should take appropriate steps to declare high rate of
bonus. This would motivate the public to invest more in life insurance
policies.

9. From the study conducted, it was inferred that the Advertisement given by the
LIC is ineffective. The corporation must take steps to devise an appropriate
advertising strategy taking into account the features of the target market and
the prevailing set of conditions and circumstances.
10. The LIC needs to take necessary steps for quick granting of housing loans to the policyholders. The rules and regulations, procedures to be followed should be simplified so as to grant the housing loans without much delay.

11. The study also shows that the claims of the policyholders are not being settled promptly and quickly for want of documents and certificates especially in death claims. The corporation must take requisite steps to remove the constraints, obstacles and hindrances that arise in quick disposal of claims.

12. Agents of the corporation reportedly do not have job security and thus are a poorly motivated lot. They are not assured of any fixed amount of income on a regular basis. Because of low commission paid to such agents, many agents discontinue their agencies causing sudden stoppage of their services to policyholders.

It is suggested that the corporation may fix at least a minimum amount as basic pay with a commission based on the volume of business done. This will create a sense of motivation in the minds of agents, and drop-outs may be reduced. When there is some kind of job security and minimum salary, agents will perform better. Finally, this will lead to the better utilisation of the services of the corporation by the public.

13. All the policies are unilateral contracts. The pattern of the policy is pre-determined and the investor is made to choose from among the pre-determined unilateral policies. The investor has no option. He is not in a position to insure his life in a way he desires. The contract should be made taking into consideration not the corporation alone but also the investors. LIC should try
to introduce short-term policies similar to deposit schemes of banks, UTI, NSC with a minimum maturity period of five years.

14. Besides prompt and efficient claims-settlement operations, the policyholders also expect a good return on their savings. A reasonably good return on savings through life insurance shall not only be an incentive for existing policyholders to keep up their policies in-force but also attract policyholders for new sales. The corporation should pay adequate attention in this regard.

15. LIC should open a number of service centres in the more important rural areas where it does not have branch offices. This would facilitate collection of premium, improved service facilities and spreading life insurance coverage.

16. Premium notice may be sent showing the amount of premium paid till date to facilitate the policyholders to avail policy loan. Policy loan and interest dues may also be incorporated in the premium notices. Loan facility may be extended to all the sections of the society instead of limiting its sanction to employees or IT assessees alone.

CONCLUSION

The present study has brought to sharp focus an overview of the performance of the LIC in India and the study has examined the nature and benefits of various life insurance plans. The study has reviewed the progress of LIC in Chennai city from the year 1988 - 89 to the year 1999 - 2000.

Life Insurance is a long-term business activity, which enables mobilization of funds that are used for infrastructure development in the country. A good insurance
company is one that is strong financially, provides fair and prompt claims settlement and provides good service before and after a loss. The corporation should try to invest a larger percentage of its investible funds in the national economy to benefit the policyholders and the public. The larger the portion of LIC assets invested in the economy, the higher would be the contribution to the economic development of the country and consequently the business and financial performance of LIC would also increase in the right direction. Before nationalization, the life insurance offices did not care for the national growth and have concentrated on their own development. But after nationalisation, the LIC has made a significant contribution in the economic development of the country.

The LIC was established with a view to spread the gospel of life insurance to every part of India in order to encourage the habit of thrift among the public and also to enhance the resources at the disposal of the Government for the economic development of the country.

Quick, efficient and delightful service to the policyholders and the public should be the goal of LIC. Insurance is not purely a commercial industry but a social institution too. Government should provide social security, safety and welfare to people of India which can be possible only through an institution of national character.

After a nationwide survey of the performance of top organisations in the country on the basis of their final accounts for the year 2000-2001, Dun and Bradstreet India, the Indian arm of the reputable international rating agency Dun and Bradstreet, have rated the Life Insurance Corporation of India as follows:
The organisation generating the highest amount of net profit (surplus) in India
The organisation with the highest net worth in India
The organisation with the second highest amount of income in India

From the analytical results and evaluation of LIC in Chennai city, the following conclusions are drawn:

The LIC's performance with regard to the number of policies issued and sum assured under Individual Insurance Scheme shows a positive upward trend. But, unfortunately in the year 1995-96, the performance registered a dismal and declining trend. This is due to the fact that the Pension and Group Scheme (P&GS) was totally separated from the Group of schemes and was made a separate department called P&GS Department.

From the study conducted, it could be inferred that the financial performance of the LIC in Chennai city is satisfactory. It is to be noted that claims -settlement operations are satisfactory and there is an upward trend in earning premium income. Policyholders are availing policy loans on a massive scale. This aspect provides immense benefit to the corporation in the form of increased policy holders as well as utilization of surplus funds for granting loans to the policy holders which in turn bring income to the corporation in the form of interest. Moreover, the policyholders are benefited by availing loans from the corporation.

A survey was conducted to assess the attitudes of policyholders towards the functioning of LIC in Chennai city. The following facts were ascertained from the survey conducted.

(i). A major proportion of policyholders come from the age group of 25-35 years. This reveals that LIC enjoys higher patronage among younger generation.
(ii) Among the sample policyholders, a major proportion constitutes people employed in private sector. As the liberalization process is going on in a fast pace, majority of employees are saving in the private sector. This trend presents a prosperous future for LIC despite the entry of MNC insurance companies into India on a massive scale. It has been found out after careful analysis, that a large segment of the policyholders insure their lives for ensuring a safe, peaceful and tension free life during the fag end of their old age, preferably after retirement.

(iii) The motive for taking policies by a major proportion of policyholders is for the purpose of provision for old age. This is a clear testimony of confidence and trust enjoyed by the LIC among the general public and in particular among senior citizens of the country. A cross section of the senior citizens opine that insuring their lives with LIC assures total protection for not only to the policyholders but also to the dependents as well.

(iv) The role of hard-working and highly dedicated agents for the growth and development of LIC is highly commendable as the vital link between the corporation and the general public and they are the exclusive factor for the phenomenal growth of LIC over a period of four decades. From the facts and figures presented above, it is concluded that the LIC right from its inception is doing yeomen's service to the community, economy and to our country as a whole. The LIC, of course, underwent periods of turmoil during its long journey in the past but has weathered all the storms and odds. Thanks to the visionary long-term policies and decisions of successive leadership in power, the LIC is marching ahead successfully.