CHAPTER III

REVIEW OF LITERATURE
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3.1 INTRODUCTION:

Insurance in India as discussed in earlier chapters has now been proved to be a major contributing factor to Indian economy and development of the country. Many authors, researchers, academicians, people actually working in insurance industry have different perceptions and expectations from insurance sector.

Reviewing the growth of insurance sector in India from the ancient period till today, by and large figures from various authentic studies, reports, and data reveal that insurance has been proved to be a responsible factor contributing major share to Indian Economy. Not only this, but it has also helped country on other development aspects such as creating employment, offering insurance cover to as much as possible people, offering loan to needy people for various purposes such as House Loan, Education Loan, Vehicle Loan, etc. Insurance has been consistently successful in settling various death claims in unfortunate events and providing vital needful help to disturbed families and offer great support very punctually in bad times. This is one of the very important reason, people have agreed, accepted, and have been developing desire to understand importance of insurance and purchasing insurance.

Looking into the growing interest of people towards insurance in India, Insurance sector, though bit late, but launched new concepts such as investment option, pension option, and saving option by launching new products like Unit linked products. Though in some cases due to different reasons, such as fluctuations in Indian economy, Global recession, competition from other financial institutions and their financial products, competition among Insurance companies, etc. but still there are proven good results also from the Unit linked products.

Some of the reasons such as penetration of insurance not proved to be strong in rural sector, awareness education, knowledge, and importance of insurance is not penetrated as expected looking at the size and population of the country, may be these are few reasons that insurance sector could not have achieved the desired expected target and falling short in attaining the required speed of progress as compared to growth of insurance across the globe in other countries.

In this chapter points such as introduction of insurance in India, history of insurance and development of insurance, consumer behaviour, customer perceptions,
customer expectations, viewing insurance as a service industry, the points mentioned by various eminent authors, and researchers have been studied and mentioned.

Some of the authors and researchers have used the exact statistical methodology to prove their findings and conclusions on the basis of the data collected, analyzed and processed by them.

The findings made by IRDA authorities in the article titled “Insurance awareness - Pre-launch Survey” have been an eye opener tool to understand the exact status of insurance in India today.

3.2 STUDIES RELATED TO INSURANCE AWARENESS AND DEVELOPMENT IN INDIA:

Harpreet Singh Bedi and Preeti Singh (2011), has analytically studied the scenario of insurance industry for the period of Pre- and Post economic reforms era. It is mentioned that the improvement in insurance industry was due to reforms in 1991 due to healthy competition from many national as well as international private insurance players.

It is also mentioned by the authors that there was tremendous improvement in insurance due to Government of India’s Policy of LPG and due to the emergence of private sector opening up for foreign players. LIC has registered an increasing pattern of investment in stock market from 60 % to 93 % from 1980 to 2009 due to the effective regulation of SEBI and increasing transparency of stock market.

Rajesh Verma & Aanchal Aggarwal (2012), have mentioned in their study the objectives of the this research article are as follows -

1. To find out the reasons of attrition in insurance business
2. To find out the factors that motivates employees to change their jobs
3. To know various techniques that can be utilized to manage attrition

Authors have mentioned their major findings as follows:

1. Majority of the respondents are dissatisfied with their income
2. Majority of the respondents are satisfied and aware about their future benefits contributed by the insurance companies.
3. Majority of the respondents are dissatisfied with the equity of compensation provided to them at the same level of employment.

4. Majority of the respondents agree that working environment is clean and transparent and proper infrastructure is provided by the organization.

5. Majority of the respondents agree that they have to work extra time to fulfill target causes stress.

6. Majority of the respondents agree that their job is enhancing their social prestige.

The authors have concluded there is no trust among full time working employees on pay roll of the Life Insurance Companies and part time workers working only on limited payment and incentive criteria and not on permanent pay roll.

The authors have suggested that Life Insurance companies must understand that the physical and mental efforts put in by both of them are same and equal, but still there is difference in their remuneration. This situation can be improved by recruiting more part time employee and reducing the target or distribute the target among them.

**Kunati Raji Reddy & Rotte Kiran Kumar**\(^3\) (2012), have expressed their views that, Life insurance in India still have lot of untapped potential. It is the only financial asset which provides return in addition to the life risk coverage. In addition the newly designed unit-linked products more benefits such as loan, partial withdrawal, money-market related growth for the investment made by the customers. It is mentioned by the author that the potential for growth and spread of life insurance in India is high due to large population and no pension system among the larger work groups which leads to no old age income.

In life insurance business, India ranked 9th among the 156 countries. During 2010-11, the estimated life insurance premium in India grew by 4.2 per cent (inflation adjusted). However, during the same period, the global life insurance premium expanded by 3.2 per cent. The share of Indian life insurance sector in global market was 2.69 per cent during 2010, as against 2.45 per cent in 2009.

**Editorial - Economic and Political Weekly**\(^4\) (2011) article is about joint meetings of chief persons of various life insurance organizations with the central finance minister of India. Some of the important points which have been discussed in the meeting are
mentioned in the article. It is mentioned that all the chief of life insurance companies have expressed the point that major obstacle in attaining high speed in life insurance reforms is present insurance regulatory framework, and the emphasis was given everybody on passing the pending bill in parliament regarding increase in foreign direct investment in life insurance sector from present 26 % to 49 %.

The brief review of penetration of life insurance in India compared to global level is also taken in the article. The difference of opinion among chiefs of various life insurance companies were also briefly reviewed in the article.

Dr. Anshuja Tiwari, Babita Yadav5 (2012), has mentioned that insurance industry has registered progress only after liberalization and foreign life insurance companies started operating insurance business in India. Life Insurance Corporation of India, one of the leading Government owned life insurance company of India, has been losing market share [from 99% to 64.34% till Apr -2012] after liberalization because of competition by private life insurance companies.

Some of the important advantages of liberalization policy in insurance sector have been mentioned by the authors are:

1. Availability of wide range of products
2. Insurance awareness
3. Insurance penetration
4. Increase contribution in GDP

Findings in the article -

1. The authors have suggested that, LIC needs to acquire more competitiveness in terms of product innovation, customer awareness, customer services and technology.

2. The disadvantages caused due to liberalization can be minimized by insurers by focusing more on customer benefits and not on their own profits. The completion should be fair and healthy.

3. New products should be launched in order to ensure win-win situation both for the customers and the insurers.
4. Authors have considered that Customer is the king of the market and private life insurance companies must train and upgrade their staff in order to sale insurance products with more efficiency, transparency, skillfully, so that private insurers can earn the trust of the customers.

5. Insurance companies should devise policies which provide effective risk coverage rather than focusing on the tax benefits and also encourages them for long term investment in insurance.

Mayur Shetty (2012) has explained the current scenario of life insurance and has studied India's position and explained by giving year wise relevant data and figures. It is also mentioned that India has enjoyed 9th ranking globally in 2009, when Unit-linked products have generated maximum premium. But due to objections raised by Securities Exchange Board of India, regulatory reforms brought in and which hampered adversely the growth of life insurance companies.

It is mentioned that countries like Brazil, Taiwan, and Spain have overtaken India in world ranking. India was ranking 20th position when Indian market was opened for foreign direct investment in life insurance sector in the year 2000 and was having only 0.5% of world premium.

By Source: http://www.sciencedirect.com (2012), basic difference between online and offline insurance have been mentioned in this article, which are listed as follows

1. Online insurance is quick process compared to offline, because it is time consuming as the seller and purchaser have to decide their one to one physical meeting sparing their from their respective busy schedule

2. Comparing different insurance policies on the net is simple and hassle free. Tools like online insurance quotes and premium calculators simplify the comparison.

3. Online insurance assists the buyers to save the operational costs by 20% to 25%. Buyers can save physical costs of personally visiting the insurance agents or company office and cost of documentation also.
4. Online insurance purchase proves more power and thinking ability to make firm and satisfactory decision on your own.

H. Sadhak (2006), has been observed that there is a significant relationship between the demand for life insurance and various macroeconomic variables. High growth of GDP induces an economic effect through higher per capita and disposable income and savings, which in turn create a favourable market demand for life insurance. On the other hand, life insurance also provides support to the capital market and savings data pertaining to Indian life insurance and macroeconomic variables broadly indicate a close relationship and interdependence between macroeconomic variables and life insurance demand.

Economic & Political Weekly Research Foundation (2011) it is mentioned that in life insurance sector in the post-deregulation period has seen a disproportionate growth of unit-linked insurance plans. However, ULIPs have little value in promoting long-term savings. Moreover, if the insurance and pension sectors are to support infrastructure investments and the development of the corporate bond market, then life funds, rather than short-term investment products, should be the preferred instruments. Given that insurance companies and mutual funds operate under different regulatory regimes with separate prudential norms, the Financial Stability and Development Council should constitute a joint forum between the Securities and Exchange Board of India and the Insurance Regulatory and Development Authority that will focus upon orderly development of MFs and ULIPs.

D. Tripati Rao (1999) has explained the post 2000 era of Life Insurance Sector, and macroeconomic implications of privatisation and foreign participation in the insurance sector, especially the life insurance sector, are far-reaching as the life insurance industry, coterminous with the Life Insurance Corporation (LIC) of India, is dominant in two aspects: pooling and redistributing risks across millions of policyholders and performing financial intermediation. The issue of privatisation and foreign participation must be approached cautiously with a 'step-by-step approach', and should be preceded by microeconomic institutional and legal reforms.

D. Tripati Rao (1999) has concluded in her article that, to develop a proper perspective of the ongoing debates on the privatisation and globalization of the insurance sector a systematic study of the structure and pattern of growth of the Indian insurance industry is essential. An analysis of pattern of growth of life insurance industry - a state
monolith - since its nationalization in 1956 has been carried out. This article goes into the operating results of the Life Insurance Corporation and their macro-economic importance. The main focus of the article is the pattern and growth of life insurance business in India. Specifically, it deals with the analysis of growth of new business, business in force, income and outgo (financial outflow) life fund, i.e., institutionalization of savings, and business by different zones of LIC. Finally, these indicators are compared with the related macro variables.

Ajit Ranade & Rajeev Ahuja (1999) presents an overview of Life Insurance operations in India, and has identified the emerging strategic issues in light of liberalization and the impending private sector entry into insurance. The need for private sector entry has been justified on the basis of enhancing the efficiency of operations, achieving a greater density and penetration of life insurance in the country, and for a greater mobilization of long-term savings for long gestation infrastructure projects. In the wake of such coming competition, the LIC, with its 40 years of experience and wide reach, is in an advantageous position. However, unless, it addresses strategic issues such as changing demography and demand for pensions, demand for a wider variety of products, and having greater freedom in its investments, LIC may find it difficult to adapt to liberalized scenario.

Editorial Economic and Political Weekly (2004) towards differentiation the opening up of the insurance sector in 2000 has brought about numerous changes in the industry. Although the market continues to be dominated by Life Insurance Corporation (LIC) in the life segment, and by the five state insurance companies in the non-life sector, private firms have garnered a decisive, and growing, share of the market. Competition from private players has, no doubt, forced state insurance companies to spruce up and improve their performance on many counts. At the beginning of this fiscal, LIC infused Rs 20,000 crore into its balance sheet as solvency margin, a matter of some concern last year. Training and redeployment of staff is being planned and the corporation has undertaken a massive dataware housing project to analyze consumer behaviour so it can compete more aggressively in the market. Non-life state insurance companies are setting into motion major cost-cutting measures, improving their marketing efforts, and trying to develop responsive customer services.
Dr. Dhiraj Jain\textsuperscript{14} (2012) has observed that one basic factor that puts a brake on growth is low propensity to consume: low propensity for life insurance, not necessarily because of considerations of affordability nor because of inadequate range of insurance products and services. The major determining factor is lack of awareness of life insurance per se. And this phenomenon is not confined to rural and semi rural segments of society: it pervades urban populace as well.

The author has concluded on the basis of data collected and statistical tools used for analyzing the data and results obtained, that insurance should be different for different people on the parameters of income, age group, residing area, profession, nature of risk they carry on day to day basis, There is no association between the selected demographic factors and the insurance taken by the people contacted for data collection.

The author has suggested conducting special study and running a special campaign by insurance regulating authorities and insurance companies to educate people for creating awareness and importance of Insurance.

K. Uma, S. Selvanayaki, and M. Sankar\textsuperscript{15} (2011) has mentioned in their exploratory research article that inclination towards various alternative investment avenues, awareness about the insurance brands, factors influencing choice of the insurance policy, important benefits expected from the policy, service expectations etc.

The findings of the author are that, majority of customers have opted life insurance for reasons like accident and sudden death, financial instability where as it was lowest option for reasons such as murder, natural calamities, major illness, financially measurable risks, and too large risks.

In the findings it is mentioned that the respondents preferred investment in the following sequence – Life Insurance (69%), Fixed Deposit (58%), Mutual funds (18%) Pension Scheme (16%), Share (10%).

Findings regarding product preference are as Protection plus Savings Plans (70%), Retirement Plans (35%), Only Protection Plans (19%).

Findings about life insurance companies states that respondents preferred LIC of India (99%), ICICI Prudential (70%), HDFC Life (54%) SBI Life (47%), MetLife (45%) and other life insurance companies were preferred for less than (40%).
Ashwin Parekh & Chandrajit Banerjee (2010) have mentioned that, together with other finance services, the insurance sector has contributed 7% of country’s GDP in the year 2009. Insurance sector has been proved as boon for the development of Indian economy as it provides long-term funds for infrastructure development and concurrently strengthens the risk taking ability of the country.

Authors have also considered insurance has generated notable employment also. The authors have considered that mutual dependence of insurance and capital markets plays an instrumental role in channeling funds and investment capabilities to augment the development potential of the Indian economy.

India’s growing consumer class, rising insurance awareness, increasing domestic savings and investments are among the most critical factors that have positively driven the market penetration of the insurance products among its consumer segments.

Authors have also mentioned few untapped areas such as Imparting financial literacy, incentivizing Indian households to transfer savings from physical assets to financial assets and taking the distribution network to rural areas to cover maximum people under insurance cover.

For fast growth of insurance sector authors have suggested insurance companies to focus on exploring multiple distribution channels for insurance products, bringing in more product innovation, consolidation in future and focusing on embedded value over profitability.

The authors have taken note of regulatory developments by IRDA, and have also mentioned the challenges against the existing distribution model. The authors have elaborated advantages of three different existing models of distribution. The authors have also mentioned in brief about contribution of insurance to infrastructure in India.

Dr. Sonika Chaudhary, Preeti Kiran (2011) have taken a brief note of Insurance sector existed before independence and after independence of India. Also mentioned the developments took place in insurance sector after India adopted the policy of liberalization, Privatization and Globalization.

1. The authors have provided statistical information on points such as 1. Growth in number of offices of Indian Life Insurers
2. Growth in number of individual agents working in Life Insurance Industry
3. Number of Life Insurance Products and Riders
4. Growth of Life Insurance New Business in India
5. Settlement of claims

Based on the data collected by the authors, have concluded that Private life insurers used new business channels of marketing to a great extent when compared with LIC of India. Investment pattern of LIC and Private insurers also showed some differences. Solvency ratio of private life insurers was much better than LIXC in spite of big losses suffered by them. Lapsation ratio of private insurers was higher than LIC and servicing of death claims was better in case of LIC as compared to private life insurers.

M. Mohanasundari & S. Balanagurunathan (2011) provides the information about study of Indian economy in light of global recession that started in U.S. India also has been facing the effects of recession. The study reveals that India is also going to face the downfall of economy and if not attended on war footing basis, may go back to the point of recession faced during 1080’s, the GDP rate may come down rapidly.

This paper has emphasized that insurance penetration measures to get the Indian economy back on the path of sustained rapid and inclusive growth.

In this article the author has taken brief of history of insurance in India, and regulatory developments also.

From the data analysis the author has mentioned that 80 percent of Indian population is still without any insurance cover, which indicates that there is huge potential to create awareness about importance and advantages of insurance and penetrate the insurance business.

Based on data collected and analyzed by the author, Indian insurance sector ranks the 5th position globally and growing at the rate of 32-34 percent per annum. The author has mentioned in conclusions the information based on the statement by MCKinsey that total life insurance market premiums in India are likely to be double and reach a Figure of $80-100 billion. Even though economy of India shows down in the upcoming year, Insurance premium will be doubled.
Dr. Arnika Srivastava, Dr. Sarika Tripathi, Dr. Amit Kumar (2012) mentioned that insurance industry in India has been playing a phenomenal role in development of economy of the country. In brief the note has been taken about history of Indian insurance industry. A detail tabular presentation has been made regarding years and number of new private life insurance companies launched from the year 2000. It is mentioned by the with the entry of private life insurance companies the penetration of insurance sector in India has gone up from 1.02% in 199-200 to 4% of GDP in the year 2007-08. Life insurance business in India grew up by 14.2% in the year 2007-08. Launch of private life insurance companies increased the competition and compelled insurance companies to carry out research and development of new products and shift their focus from old traditional products to new investment linked profit yielding "Unit-Linked" Products. The year wise and company wise products launched has also been presented in tabular form. Prominent point mentioning difference between traditional insurance products and unit-linked insurance products has been mentioned in tabular form. The sudden rise in insurance business due to preference by customers for unit-linked insurance products has been mentioned comparing insurance business contributed by traditional products for the same period [Year 2005 -2008].

Sunil Dhawan (2010) has expressed that Life Insurance companies operating in India have registered remarkable growth in the year 2009, by focused marketing of Unit-linked products. This was objected by many mutual fund companies and objection was raised and pleaded by Securities Exchange Board of India. The Government of India, IRDA, intervened in the matter and some new regulatory measures were taken to be implemented in future.

The details of those topic wise regulations have been precisely tabled by the author. Some of the important regulations made are as

1. From 1st January – 2010, the capped charges on ULIPs for the first time – the difference between gross and net yield could not exceed 3 percent for policies with a term less than 10 years and 2.25 per cent for the policies with a term exceeding term of 10 years.

2. IRDA launched a new set of guidelines from 1st SEP. – 2010, stating that the lock-in period was raised from three years to five years.
3. Discounting a policy during the initial five years would lead to maximum penalty. It did not stop at that point only.

4. The mandatory maximum life cover, which was five times the annual premium, has now been increased to ten times.

5. As per the new guidelines if the Policy is surrendered any time during the first five years (the lock-in period) the surrender value, i.e. fund value minus discontinuance charge, is transferred to fund called “discontinued policy fund”. The amount in this fund will be paid to the policyholder after the completion of five years (lock-in period) along with an interest rate at 3.5% per annum.

Preeti Kakar & Rajesh Shukla (2010) findings based on the data collected by the National Council for Applied and Economic Research (NCEAR). Some comparative figures (insurance density and penetration) for the countries such as Bahamas, Hong-Kong, South Africa, Switzerland, U.K., Japan, Australia, etc. have been mentioned in the article.

The finding of the survey conducted states that there is lack of adequate financial awareness among Indian households. Nearly 75 per cent of the Indian households are without life insurance or any social security cover.

The findings of the article are

1. Insurance Awareness is 95 % and ownership is 53 % was highest among households with regular salary and

2. Insurance awareness and ownership was proportionately found increasing with increasing education level of household respondents.

3. Income and expenditure levels of insured households are more than double that of non-insured

4. The percentage of insured households that saves (80%) is slightly higher than the percentage (81%) of non-insured households.

It is concluded by the author that both education and occupation are the motivating factors for buying life insurance.
3.3 STUDIES RELATED TO INSURANCE MARKETING:

Singh, Binod Kumar (2010) has studied the behavior of individual or a group of people. The study of consumer behavior provides marketers to understand and predict the future market behavior. In this paper, role of IRDA, role of Indian banks, role of private insurance companies, function of insurance company, various factors influencing consumer behavior, factors influencing buying decision and model of consumer decisions making process have been considered. Also, the types of insurance policy taken by consumer, the total sum assured of life insurance, the total sum assured of life insurance for the spouse, the share of public insurance in insurance sector, share of LIC in life insurance in insurance sector and the reasons for investment in life insurance have been studied.

Ms. Neetu Bala & Dr. H.S Sandhu (2010) has studied sample of 225 respondents taken from three cities of Punjab state of India. Factor analytic approach has been used for data analysis. The findings by the authors are that following factors are responsible in building agent’s perception

1. Staff co-ordination plays an important role to influence agent’s perception.
2. Customer Target
3. Competitive advantage predicates
4. Material hallmarks
5. Promising products process
6. Service enhancement
7. Exclusive attention

Agents have been considered as kingpin factor for success of insurance business. It is also mentioned as an conclusion by the authors after review of literature done by them from literature of other eminent authors, that major focus on developing agents on factors like, education, upgraded knowledge and updated information, trainings on sales and behavior, and after sales service, customer handling, sales techniques, motivation etc. has been good only in foreign countries. Unfortunately there is no much emphasis has not been given in India.
Dr. H. S. Sandhu & Ms. Neetu Bala (2011) in their exploratory research work which is based on the data has been collected from 337 cities of Punjab, a progressing state of India. Seven factors such as 1. Proficiency 2. Media and presentations 3. Physical and ethical excellence 4. Service delivery process and purpose 5. Security and dynamic operations 6. Credibility and 7. Functionality are majoritily responsible in forming perceptions of the insurance customers.

The data analysis of the study reveals that three factors Proficiency, Physical and ethical excellence, and Functionality have significant impact on the overall service of Life Insurance Corporation of India.

It is concluded that by improving the performance of agents and employees, Life Insurance Corporation of India can increase its customer’s satisfaction.

Dr. Masood H. Siddiqui (Corresponding Author), Tripti Ghosh Sharma (2010) has observed from the data collected and analyzed, that liberalization of the financial sector has started mounting pressure on the financial companies and insurance sector also due to entry of private life insurance companies and competition due to diversification of insurance products from the traditional products. The new validated instrument designed by authors for measuring service quality is comprised of sex dimensions, assurance, personalized financial planning, competence, corporate image, tangibles and technology. The gaps found suggest that there is ample scope for improvement in improving the service quality.

It is observed that the life insurance companies have been shifting from product-focused view to a customer-focused one has been developing recently as insurance products become increasingly hard to differentiate in fiercely competitive markets. Now it is must for insurance companies to develop customer centric approach for future, survival and growth.

Penetration of insurance is proportionately increasing awareness and importance of insurance among the new customers which is also one of the reason for increase in toughness of competition compelling insurance companies to upgrade and update knowledge, skills, information, product innovation, research and development, skill building, training, and improvement in distribution network and other necessary factors, mainly in offering the pre and post sales services to the existing and would be customers.
Review of literature of other eminent authors has been taken by authors of this paper. The abstracts of those literature reviewed also over all suggests that there is urgent need of improving service quality in insurance sector for better growth.

The authors have used Conclusive Cross-sectional Descriptive Research Design to study the service quality structure and its key dimensions in life insurance sector. The instrument used by authors for collecting the data was relevant questionnaire which was divided into two parts. First part was focused on collecting information related to different socioeconomic and demographic criteria like income, age, profession, educational qualification, etc. In the second part respondents were asked to evaluate parameters on service quality relevant to insurance industry (on 5 point scale anchored at “strongly agree” and “strongly disagree”)

As it is an exploratory research, many questions were focused on many subjects relevant to services offered in insurance sector. Many employees working in insurance industry from various insurance companies and customers of those insurance companies were personally interviewied for collecting the true and practical data.

The data analyzed by adopting various statistical tools, indicates that among various service quality dimensions in the life insurance industry, assurance is the most important determinant of service quality followed by personalized financial planning, competence, corporate image, tangibles and technology in that order.

Ms. Neetu Bala (Corresponding Author), Dr. H.S Sandhu, Dr. Naresh Nagpal26 (2011) have made an effort to test the reliability and examine the dimensionality of SERVQUAL instrument in the life insurance sector. Besides the study has identified deficiencies in the specific areas of service quality where concentrated efforts are required to be made. The findings after through data analysis indicates that the gap scores do not merge into five dimensions of service quality, rather, the perception scores merge into three dimensions. The SERVQUAL instrument cannot be applicable to the Indian life insurance sector.

Literature review is taken after studying literature of many other eminent authors. After using various computation methods for analyzing the data collected, the conclusion drawn are that, results of averages computed on gap scores indicate negative gaps in all items of service quality which revealed that expectations of customers were more than
their perceptions. The negative gaps indicate that the service quality level was unsatisfactory. The greatest negative scores have alerts LIC to take corrective action and focus on improvement of quality to increase its effectiveness and to compete successfully in the life insurance sector.

ShriNivas M. (2008) have highlighted the disadvantages of forced selling and unawareness of customers about their requirements are the two major reasons found out by the author after analyzing the data through direct one to one interviews and providing questionnaires to sales employees, and administration employees and customers of customers of LIC of India.

Untrained sales people trying to sell the product which they themselves do not know in depth is also a major reason for lapsation of insurance policies in LIC of India. Uncertain income of customers, failure to understand the needs and requirements of customers, mismatch of the product, poor post sales service, are also some of the reasons listed by the author.

Shameem & Dr. Sameer Gupta (2012) has explained fundamental requirements of an effective and efficient marketing for Life Insurance Companies. Authors have in detail explained about basic actors which contributes a big volume while designing effective marketing strategy.

The factors such as market segmentation, positioning, targeting, customer satisfaction, customer behavior, customer expectation etc. points have been discussed. Authors have mentioned some of the points studied by them from some other sources also.


Some new approaches to marketing strategies have been suggested, some of them are as follows -

1. **Innovation** – Making needful changes in organizational arrangements in order to allow service workers to perform their responsibilities properly and d to develop and offer innovative services.
2. **Product Service differentiation** – Rotation of innovative products on the basis of their past performance has been suggested by the authors for growth in sales.

3. **Advertising and Sales Promotion** – Considering the strength of impact of advertising in Life Insurance sector, authors have mentioned that both the direct and indirect strategies have to be balanced and mixed well to get the desired results.

4. **Technology** – Authors have suggested the use of technology will enable Life Insurance Companies to reduce costs while lowering market entry barriers and facilitating the break-up of traditional insurance value chain. Insurance clients will benefit have better transparency, lower prices, and quick servicing.

5. **Customer relationship management** – prompt action by Life Insurance companies on tangible services, prompt and accurate issue of document, prompt and fair settlement of claim, good listening mechanism, better problem solving approach, reliable manner of service and meet requirement of customers on time every time.

6. **Distribution channels** – Authors have mentioned that in Europe 25 per cent of insurance is sold through banks, and this strategy can be successful in India if preferred on larger level than existing bancassurance tie-ups made by Life Insurance companies.

   P. Sridevi\(^2^9\) (2012) has explained some basic concepts of Life Insurance and also about brief history of Life Insurance in India. The role of Life Insurance sales persons and customers expectations and customer awareness about Life Insurance. Customer behavior pattern have been studied by using survey method by randomly selecting customer sample. Customers were analyzed on the factors such as 1. Company Loyalty 2. Service Quality 3. Ease of Procedures 4. Satisfaction Level 5. Company Client Relationship The author has concluded that customer’s perception towards Life Insurance Policies is positive. Author has mentioned that there is lot of opportunity available for expansion and growth of Life Insurance in India.

   Vikas Gautam, and Mukund Kumar\(^3^0\) have carried out research work by using survey method to collect responses of life insurance customers by using structured questionnaire on five point scale.
Major emphasis during the research study was given on studying attitudes of customers towards insurance services. Authors have concluded that basic socio demographic and economic variables have significant impact on consumers' attitudes towards insurance services in India.

S. Sarvanakumar, U. Punitha, S. Gunasekaran, S Sankar (2012) have clearly defined what is meant by bancassurance insurance business. It is defined in simple words that insurance done by different banks for various insurance companies by forming a tie-up with each other. Through such tie-ups banks are earning huge commission and interest and insurance companies are able to reach maximum number of customers.

It is mentioned by the authors that the business of banking around the globe is changing due to integration of global financial markets, development of new technologies, universalization of banking operations and diversification in non-banking activities.

Bancassurance in India originated in the year 2000 when Government issued notification under Banking Regulation Act which allowed Indian Banks to do insurance distribution. It started growing fast when IRDA passed a notification in October 2002 on “Corporate Agency” regulations. Currently bancassurance accounts for a share of almost 25 to 30 % of the premium income amongst the private players in India.

Authors have taken detail review of growth of Life Insurance sector in India by mentioning detail data such as premium earned by many Life Insurance Companies for the period 2001 to 2009. Detail list of various Life Insurance Companies having tie-up with different banks of India has also been mentioned.

Authors have mentioned about various bancassurance models based on the basis of 1) Structural classification. The titles of these models are A) Referral Model B) Corporate Agency C) Fully integrated financial service 2) On the basis of Product based classification A) Stand-alone plans B) Blended with bank products

Authors have mentioned in detail about advantages of these bancassurance insurance business for the banks, insurance companies and customers. Some of the existing issues in bancassurance insurance business have also been discussed by the author.

Lavanya Vedagiri Rao (2008) has mentioned in the present article practical findings after conducting one to one interview of ten Zonal Managers of ten different
Private Life Insurance companies. It is reasoned out by the author that changing consumer needs, changing regulatory requirements and the service competition are compelling insurers to shift from traditional ways of doing business to new channels, business models, processes and technologies.

Author has collected information from various other eminent authors who have written about history and changes in Life Insurance Sector. It is mentioned by the author that all the ten Life Insurance Companies studied have specially formed NSD – New Service Development a special cell operating at Zonal Office of these Life Insurance Companies and are operating only for maintaining and innovating new services development for attracting more number of customers.

The need of involvement of customers in New Service Development process is really needed in order to bring out practical developments and help customer. Regional managers of Life Insurance Companies studied by the authors have expressed that, Customer’s true and practical feedback can be a vital source for NSD.

Mahesh R. Shukla & Rakesh L. Shrivastava (2012) have defined six sigma as a highly disciplined approach to measure the number of processes defects in any organization and their elimination to offer perfect product or service to the customer.

Authors have considered insurance as a product needed to “Push” rather than “Pull”. It is suggested by the authors that the Life Insurance Companies must re-organize and de-jargonize insurance products and design the benefits so as to ensure that the customer understands the product and its benefits, minimizing fears of being cheated.

Authors have highlighted thirteen questions customers awareness about Life Insurance, it’s benefits, knowledge about other competitive financial markets for customers, subject knowledge of employees, reviewing of services rendered and learning from past experience, etc.

Authors have also listed twenty questions mentioning difficulties faced by employees of Life Insurance Companies and complainants. Twelve questions have been listed by authors regarding difficulties faced by employers and complainants.

Authors have strongly recommended concentrated application seriously by employers and employees and making an honest effort to provide systematic and
transparent services to customers by applying six sigma technique by Life Insurance Companies for their survival.

Atul Parvatiyar & Jagdish N. Sheth (2001 – 2002) have defined Customer Relationship Management and its importance in competitive world and in Life Insurance Sector. Views of other eminent authors about CRM have also been mentioned by the authors.

Authors of this article have defined “Customer Relationship Management is a comprehensive strategy and process of acquiring retaining, and partnering with selective customers to create superior value for the company and the customers. It involves the integration of marketing, sales, customer service and supply chain functions of the organization to achieve greater effectiveness in delivering customer value.”

How the new innovations being applied and proving useful to various companies from various sectors has been briefly mentioned in the article. Focus and effort by companies on implementing Total Quality Management (TQM) is also one of the driving force for companies to implement new innovations in CRM.

Based on the study of various CRM models suggested by other experts, authors of this article have also suggested a model comprised of the four sub-processes 1) A customer relationship formation process 2) A relationship management and governance process 3) A relational performance evaluation process and 4) A CRM evolution or enhancement process.

Authors have also discussed about some of the practical issues in implementing effectively the CRM and also suggested some practical solutions.

3.4 CONCLUSION:

After reviewing research as many as possible articles, journals, papers, and books, magazines, daily news papers, as secondary data sources, it is observed that many of the authors and scholars have focused and mentioned about introduction, history and development of insurance sector in India. Very few and selective sources have mentioned vital information on current status of insurance in India, competition faced by insurance sector, obstacles in the growth of insurance sector, comparative study of Indian insurance with growth of insurance in other developed countries across the globe.
Apart from few exceptions, feasible suggestions and solutions to improve the current scenario of insurance sector in India have also not been found clicking and impressing. The purpose of research will be achieved only if the desired targets such as

1. Penetration of Insurance in rural India

2. Educating generations of India for Insurance by applying insurance as a compulsory subject right from schooling primary level and exploring it as a domain specialization in higher studies.

3. Educating and training the people (who are working for insurance sector) regarding Indian economy, financial market, and completion in finance and insurance sector, insurance in developing countries, etc.

4. Suggesting some concrete plans/programs/special campaigns and well designed time bound studies/syllabus for creating and developing awareness among maximum people in the country regarding importance and benefits of insurance.

5. Suggesting some feasible plans to Government of India in order to concentrate on Insurance sector by making special arrangements such as starting separate ministry for the insurance sector for educating, penetration, development, Government controlled special insurance schemes for the economically poor people,[people below poverty line] and also launching some Government controlled special schemes for economically upper class [People above poverty line] in order to encourage for securing and offering protection, finance, savings, investment, etc. to themselves and their families and also to help country for achieving healthy financial position to stay ahead in the global economic competition.
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