Chapter - II

Review of Literature
2.1 Introduction:

This second chapter presents the review of past studies related with the subject matter under study. This chapter gives an in-depth analytic sketch of the literature connected with the subject matter under study. This section is devoted to present a review of past studies related with the topic of study.

The chapter is divided into two sections:

1. Review of Books & Articles
2. Review of Government Reports

This is stated in the following pages.

2.2 Review of Books & Articles:

In this section the researcher has reviewed some major works on life insurance.

Mani P.A.S.¹ (1950), in his monumental work, ‘Life Assurance in India’ has elaborately discussed the concept of Assurance & Insurance and the development of life insurance concept in Indian and abroad. The book gives a
vivid picture of the historical development of Life Insurance Concept.

Basu G. C.² (1950), in his 'Problems of Indian Life Insurance' has discussed various problems of administration, marketing and other aspects of insurance of insurance business in India.

Khosla P. D.³ (1955) in his, 'Nationalization or Rationalization' has reviewed the pros and cons of government’s intention to rationalise LIC of India. It presents an overview of pre-nationalization debate on the issue of Nationalization of LIC of India.

Agarwal A.N.⁴ (1962), study is confined to the insurance contents of social security in India; in other words, it includes within its scope only life insurance and social insurance. It excludes social assistance and voluntary insurance of non-life categories including property and miscellaneous insurance. This study makes a historical study of the beginning and growth of life insurance and social insurance institutions in India in modern times. The examination, analysis and generalisation relative to the various aspects of these institutions are, however, confined mostly to the last decade, though the historical background of particular problems has not been ignored or neglected. The main analysis runs up to 1955.

Sharma S. P.⁵ (1967) in his 'Organisation of Indian Insurance' has reviewed the historical development of insurance business in India with special reference to organizational aspects of LIC of India and other general insurance
companies.

**Bhave S.R.** (1970), in his Saga of Security - LIC of India, has reviewed the historical development of Life Insurance in India during pre-independence and post independence period. It covers a span of century from 1870 to 1970.

**Rao B.S.R.** (1976), in his nineteen-years period of study, observed that the life insurance business of the corporation and saving in life insurance by the household sector registered a fairly rapid growth. But the progress is not adequate when compared to the growth of other types of financial savings like bank deposits and provident funds or life insurance growth in other countries of the world. This would suggest that there is a considerable untapped potential for growth of life insurance in the country.

**Gavin H. Mooney** (1977), has rightly said that in the public sector the technique of cost-benefit analysis is a useful aid to decision-making process. He stated that the loss and anxiety associated with avoidable death in our society can be decreased in this way without any increase in the resources involved and this is sufficient justification for wanting to determine the valuation of life or reduction in risk of death.

**Hansell D.S.** (1979), has discussed elements of various types of insurance like, life assurance, fire insurance etc. In the aspects of life assurance he has discussed various things like, history, development, early forms of insurance, life assurance companies Act, 1774, 1870, industrial life assurance
and the scope of life assurance.

Ray R. M. 10 (1982), has reviewed the social security aspects of Life Insurance in India and abroad. The book reviews administrative aspects of LIC of India and other insurance companies.

Mann T.S. 11 (1987), noted that the study was undertaken with the faith in the power of Legislation as an instrument of reform. Legislation can eradicate a cancer; correct some definitely established evil which defies the feebler, remedies. In view of the situation prevailing in the working of life insurance he realised that the law is needed to act more quickly than it does in recognising and giving effect to such business institutions. It is further recognised that though law is stable, yet it cannot be allowed to remain standstill and permit legal incrustations to inhabit effective economic functioning of any institution, such as financial institution like life insurance. It has become an urgent necessity to restate the law to give it new validity and make it more effective.

Dharmendra Kumar 12 (1991), Trust With Trust - The LIC Story is a monumental compendium prepared by LIC of India. It reviews the progress of LIC of India right from the beginning. It presents a detailed analysis of pre-independence and post independance changes in the working of LIC of India.

Sukhapure Mohini A 13 (1998) in her research study has attempted to apply the Balance Theory of Group Dynamics advocated by Kurt Lewin. This theory is based on the activities, interactions and sentiments shared by group
members. The group members chosen by the researcher were the LIC employees and non-employees. The development officers are employees of the corporation and agents non-employees. The researcher's conclusion is that the relationship of these two persons i.e. development officers and agents is not so good.

Dubey O.P.\textsuperscript{14} (1999), has discussed the potential of life insurance business in India. His opinion is that India has a vast insurance potential. The said potentiality will definitely increase in future. However, the future of life insurance market in India will largely depend on how the increasing potential is exploited by the future insurance operating system in the country depending on the marketing strategies adopted, improved information technology used and effective regulation of the insurance market by the authorities, keeping in view the insurance needs of the entire Indian population and security for the insuring masses.

Madhu T.\textsuperscript{15} (1999), after collecting the views from the various financial experts and parents or guardians of the children, who have insured their children lives has opined that before getting the children policy he must be sure about his objective of insurance of child whether wants an insurance cover for his child or more interested in building a corpus say for higher education or marriage. If insurance is one's objective, be forewarned: investment experts say children do not need to be insured at all. Of course, life insurance policies are meant to mitigate the financial loss. Survivors may suffer on the death of the
insured. But he opined that there is no financial suffering when a child dies. Therefore, he says that parents or guardians are spouse to have adequate insurance coverage; they shouldn’t have to look at pure life insurance policies.

Tripati Rao D. 16 (1999), has discussed the operating results of the life insurance corporation and their macro-economic importance. The main focus of the article is pattern and growth of life insurance business in India. Specifically, it deals with the analysis of growth of new business, business in force, inflow and outflow life fund, i.e. institutionalisation of savings, and of the agents is dependent on the nature (part-time and full-time) and not on the type (direct and supervised).

Abhijit Roy17 (2000), has discussed the things related to the privatisation of insurance industry in the light of Malhotra Committee Report. Based on the study he came to a conclusion that, considering the size of Indian economy and its population, there is considerable potential that can be exploited by new entrants. The insurance industry should be regulated in a proper manner. The Tariff Advisory Committee (TAC) has powers to regulate rates, terms and conditions that may be offered by general insurance companies according to section 64 U, 64 UA and 64 UC.

you with a series of well written articles that bring out the essence of the happenings in the industry. The study is divided into three sections, Introduction, Trends, Developments and Cases. The first section contains four articles, which give introduction of the life insurance in India. The second section comprises ten articles, which focuses the trends and developments of the life insurance in India. The last section contains five articles, which gives the details about the some life insurance companies like LIC, HDFC and SBI. And also an Annexure were given to add the more value of the book. This annexure deliberate the brief details of IRDA Regulations of Life Insurance and some of the major private life insurance players, such as Bharti AXA, ING Vysya, Kotak, Max New Yourk and Birla sun Life.

Dhandapani Alagiri and D Vellingiri (2001) has published a study entitled “Life Insurance in India: Emerging Scenario” is a curtain raiser article written by Life insurance has become one of the necessities of life today. The article gives an account of the developments and throws light on the present scenario in the field of Life insurance. It highlights the fact that with the 26% FDI in the sector and the changing role of insurance as a mode of investment there has been a significant increase in the number of people investing their savings in the sector for risk hedging and saving on tax. Consequently, there are seventeen major private life insurance companies offering life insurance products in the market and providing the best services as well. The article
discusses the solvency ratio issue of all life insurance companies besides the market share of LIC in comparison with the status of various popular private insurance companies.

G Gopalakrishna\textsuperscript{20} (2000) has reviewed insurance sector in his study entitled “Life Insurance Products: Their Innovation and Development” is authored by Term assurance and pure endowment cater to the primary elements of life insurance products namely, death cover and survival benefit. A number of products can be developed by adding, altering or changing their features. The changing needs of the customers must be kept in mind and many value added plans must be generated by the insurers. The article describes the various plans offered by the sector like Convertible plan, Variable insurance plan, and Joint life policies to name a few.

Fulbag Singh and Sonia Chawala\textsuperscript{21} (2000) in their article “Life Insurance Regulatory Framework in India: Developments, Issues and Concerns”. There have been major structural changes in Indian insurance industry with the privatization and liberalization of insurance business in 1999. The Government of India, has periodically, formulated various Acts, rules and regulations and appointed committees/commissions/groups both before and after privatization to suggest the future mode of operation for the overall development of the industry. The basic rationale has been to maintain confidence in the insurance industry and to provide an appropriate degree of consumer protection. This paper reviews
the major developments in Indian insurance industry, issues and concerns with regard to the regulatory framework in India. This paper also suggests certain steps to make the industry more vibrant and competitive for all the participants in the industry.

Rajeshree Vyas and Joseph Tamilmaran²² (2000) have in their study “Perception of Life Insurance Products: Tool for Long-term Financial Planning”. The process of financial planning enables an individual to achieve financial freedom and security. Financial freedom is a state where the person has planned the financial goals of his life in advance, and has taken the necessary steps to achieve it. Life insurance is the only instrument that ensures a person’s and his family’s financial security. The article is based on the primary research conducted through a market survey to find out the perception of life insurance products as a tool for long-term financial planning.

Sandeep Ray Chaudhuri and Joy Chakraborty²² (2001) have in their research entitled “Private Life Insurance Companies in India: Strategizing Ways to Overcome the Product-Selling Challenges”. Insurance is presently the booming sector in India, with more and more players constantly striving to gain a foothold. For this, LIC and the private life insurers in India have been relentlessly Strategizing ways and means to develop new and innovative products tailor-made for the customers. But going by the preexisting dominance of LIC and regulatory issues, the private life insurers are finding it hard to effectively
accomplish their goals. The article focuses on the pros and cons of the strategies adopted by the private life insurers to overcome the product-selling challenges in the Indian life insurance market.

Devasenathipathi T, Saleendram P T and Shanmugasundaram (2001) have in their article entitled “A Study on Consumer Preference and Comparative Analysis of all Life Insurance Companies”. The insurance industry in India has seen an array of changes in the major structural changes took place with the ending of the government monopoly and the establishment of the Insurance Regulatory and Development Authority (IRDA) Bill lifting all entry restrictions for private players and allowing foreign players with some entry restriction and limits on direct investment ownership. With the fast changing liberalization, globalization and privatization policies, the changing and growing needs and demands of people have made the insurance industry more competitive. Both public and private players now offer greater choice in terms of products and services. They also make valuable efforts to create awareness about the benefits and significance of insurance although there is still a mild reluctance among the people. This paper analyzes and rates of the life insurance companies by analyzing certain variables, the effect of privatization, and measuring the customer perception, purchase behaviour, and consumer awareness regarding the life insurance industry.
Shibashish Chakraborty (2002) has in his study entitled “Factors Affecting Consumer Choice of Life Insurance Products”. This article stresses the need for Life Insurance companies to market their products with the right mix of the needs and preferences of customers that will determine the success of the company as the Indian Insurance sector has become a buyer’s market. It also describes the pertinent factors that influence the customers’ choices. They must devise a marketing strategy that will appeal to all segments of customers.

Masilamani R. (2002) has in his study “How Far Your Investments are Safe in a Life Insurance Policy? From Inception of Life Insurance Contract to End of Insurance Contact”. The Government of India intends to bring in a comprehensive legislation relating to insurance matters. There is an upbeat mood among all the insurance companies over the growth in their premium income through life insurance polices. The article talks on the need to codify to the possible extent the laws, rules and regulations available in our country. This can provide a safety net for funds invested by the policyholders in a life insurance policy. This article also point outs the avenues of investment which are as safe as life insurance.

Paromita Goswami (2002) in her study entitled “Customer Satisfaction with Service Quality in the Life Insurance Industry in India”. The insurance industry in India was opened up to private sector participation in the year 2000.
Prior to this, Life Insurance Corporation (LIC) of India was the sole player in the life insurance industry in India. In six years since the entry of private players in the insurance industry in India, LIC has lost 29% market share to the private players, although both, market size and the insurance premium being collected, are on the rise. In 2005, life insurance accounted for 79% of the total insurance market in India. In view of the increasing competition, this paper attempts to understand the dimensions of service quality, which helps ensuring maximum customer satisfaction, and hence, helps life insurers to acquire a larger share of the market. The study was done on a systematic sampling design. SERVQUAL scale was used to discern the different dimensions of service quality and stepwise multiple regressions was run with the scores on tangibility, reliability, responsiveness, assurance and empathy as independent variables and customer satisfaction as the dependent variable. It was found that the responsiveness dimension of service quality provides maximum customer satisfaction in the life insurance industry in India.

Ram Pratap Sinha (2002) has in his study entitled “Risk-based Supervision of Life Insurance Companies: Some Important Issues. A risk based monitoring framework is being framed by the insurance regulators in the international scenario as the insurance companies are exposed to three types of risks. This article deliberates upon the key ingredients of the monitoring
framework. It also compares the global and Indian scenario in the context of insurance sector. International Association of Insurance Supervisors and International Actuarial Association had taken efforts to introduce risk based adequacy norms and investments regulations in the developed countries. India is yet to move in that direction.

V·N S Pillai (2002) has in his research article entitled “Life Insurance Policies in India: Unique Provisions Protect Families”. The Life Insurance polices are not indemnity policies. They are purchased with two objects—savings and providing some security to legal heirs of the insured in the event of misfortune. The insurable interest is one of the important factors that influence the life insurance contract; otherwise they become wagering contract and are void. The life insurance policy is considered as property. It is an actionable claim as defined under section 130 of Transfer of Property Act, 1882. It can be assigned or transferred. Insurance Act, 1938 provides for assignment and transfer of life policies and nomination. A number of disputes arise during the payment of claims of life insurance policies. They may relate to payment of claims of life insurance polices. They may relate to payment of premiums, age of the insured or misrepresentations by the person purchasing the policies. The IRDA Act, 1999 and its Regulation made there under and the Consumer Protection Act, 1986 also govern the life insurance claims.
R B Kishore\(^{30}\) (2002) in his study entitled “Life Insurance and Affluent Segments of Market”. Competition is a constant war of attention. While different strategies are adopted to have a competitive edge over others, it is essential that a sizeable cake of premium is garnished from affluent segments. This segment is soaked in prosperity and any sensible marketer would ensure prospecting such rich harvests well before competitor agent or advisor arrives. This article explores market data, sources, methodology, need for professionalism to systematically target these affluent segments by becoming crorepatis and MDRT achievers. The article also helps sharpen the style of salesmanship to be leaders and champions in the profession.

Bodla B S and Sushma Rani Verma\(^{31}\) (2002) have in their study entitled “Life Insurance Policies in Rural Area: Understanding Buyer Behavior”. The present paper is an endeavour to study buyer behaviour regarding life insurance policies in the rural area of Haryana, being one of the go-ahead states of our country, was chosen for the study. The results of the study are based on a field survey of 188 respondents selected from five villages of district Hissar by using convenience sampling technique. The study brings out several useful findings and the more important among them are- the respondents belonging to the age group 31 -40 years dominate the rural insurance market; agents are the most important source of information and motivation as the people take a policy that is suggested by the agent. Money-back policy is the most preferred policy in
the rural area, followed by Jeevan Anand and Endowment policy, and the rural people have less faith in private players.

A. Srujan\(^\text{32}\) (2002) has in his study entitled "Emerging Investment Avenues for Life Insurance Companies". As the title reveals it analyzes various avenues of investments available for life insurance sector and their implications for the Indian insurance companies. It also analyzes the emerging investment avenues for life insurance companies globally and their implications for the Indian life insurance companies. It strongly supports emerging instruments such as real estate (property), derivatives, special purpose vehicles, overseas investments (GDRs, ADRs etc.) which would bring more returns to their investments earnings.

Sandeep Varma\(^\text{33}\) (2002) in his case study entitled "LIC: Facing the Private Sector". The case is about the various changes that happened in the Indian life insurance sector after privatization. Till privatization, Life Insurance Corporation of India (LIC) was the only company providing life insurance services in India. LIC sold its policies as tax instruments and not as produces giving protection against risk. Most of the customers were underinsured with no flexibility or transparency in the services provided. Before the entry of private players, insurance penetration and awareness was very low especially in rural India. The insurance sector opened up for competition from private insurance companies with the enhancement of the Insurance Regulatory and Development Authority (IRDA) Act, 1999. As per the provisions of the Act, the IRDA was
established on 19 April 2000. This marked the beginning of liberalization of the Indian insurance sector. By 2006, there were 14 private insurers in India whose market share was increasing every year. Innovative products, smart marketing and aggressive distribution helped the private sector grow within a very short period. Slowly but steadily, awareness about insurance was also increasing in India. The increase in penetration and awareness could be attributed to the stiff competition generated among public and private players. As a result of competition posed by the private insurers, LIC launched many new products, improved their services and increased expenditure on advertising. The case facilitates discussion on the strategies to be adopted by LIC to stay ahead of competition. It could also be used to discuss the future of the Indian life insurance sector.

Subramanian R. 34 (2002) in his study entitled “Is Investment in Insurance Products A Worthwhile Option?: A Study Based on HDFC Standard Life Insurance Plans”. There is so much to do in the insurance industry and so few to be proud of. With only 3.2% of India’s population within the bracket of insurance(in most of the advance countries it is 100%), what are the so-called policy makers and the insurance pundits doing? Is it a mirage, or is it a herculean task? Or, is it the attitude of the government or the people? There are may if s and guesses, but much needs to be done. The paper elaborates on the insurance products, demand and supply issues. The study is based on the existing players and their insurance strategies, and certain recommendations are made for new players
entering the Indian market.

Dilip Dasgupta, Consulting Editor and Monika Agrawal, Research Associate of Global CEO has in their study “SBI Life Insurance” is an Interview. This interview is between S Krishnamurthy, Managing Director and CEO, SBI Life Insurance and Interviewed. This interview gives some brief about the SBI Life Insurance Companies. A joint venture between SBI and Cardif SA of France called the SBI Life Insurance with an authorized capital and paid up capital of Rs. 500 cr. Each is placed as a pioneer ushering in the Bancassurance into India. The SBI Group will be a platform to sell the insurance products besides other banking products with a field force of 25,000 insurance advisors, across 120 branches in 110 cities apart from the 8,000 branches of SBI Group.

Namasivayam N, Ganesan S and Rajendran S (2002) have in their article entitled “Socioeconomic Factors influencing the Decision in Taking Life Insurance Policies”. Socioeconomic factors such as age, education, income, occupation, sex and family size of the policy holders play a major role in deciding the purchase of life insurance policies of LIC. This article analyses the factors that play a role in the decision making that precedes the purchases of a policy and provides valuable suggestions to the life insurance companies to market their products. The study is conducted with reference to the policyholders in Madurai, Tamil Nadu.
Bijal Mehta and Shubhra Aanand37 (2003) in their study entitled “Study of the Need Analyzer Tools Used by Life Insurance Companies for the Indian Market”. Globalization of the Indian economy and the subsequent liberalization of the insurance sector lead to a need of differentiating strategies, innovative products and customer service. The main challenges in the industry are that each company has a similar class of products, similar pricing policies and as far as selling is concerned the same type of distribution channels are present in the market. Thus, the only differentiation a company can make is through the method of selling. This article is an attempt to study the differentiating selling strategies of different life insurance companies. The focus is on the use of Need Identification approach to recommend the appropriate amount and type of insurance.

T S Rama Krishna Rao38 (2004) has presented the challenges in the industry in his study entitled “Indian Insurance Industry: The New Thrust”. According to this article, the Indian insurance industry is poised for tremendous growth taking into cognizance the next round of reforms with effect from April 1, 2008, when the players will be permitted to set their own terms and conditions and be given total freedom in pricing the products.

Sumit Kundu39 (2004) has in his study entitled “The Insurance Sector in India: Its Potential Attractiveness to US Insurance Companies,” touches upon the present insurance market status in India by highlighting the potential
available to the foreign players and the challenges ahead.

K C Mishra and Smita Mishra (2004) in their review entitled “The Game is Changing: Insurance Reloaded” this is a review of the book, titled “The Game is Changing: Insurance Reloaded”, published by the Icfai University Press and reviewed by Jampala Phani Priya. According to the author, the book discusses possible strategies that can be used by insurance companies to differentiate their product and service offerings like product, customer service, distribution channels, promotion, brand building and hedging the insurers. Product differentiation can be achieved in terms of new products, identifying new target segments, tailored products and bundled products.

Martin Grossman, Richard V McCarthy and Jay E Aronson (2004) in his “E-Insurance Adoption: Technological Challenges Facing the Insurance Industry in the US and India” examined factors that influence the implementation of e-commerce in the insurance industry, and suggests some future technological trends that will accelerate the transition to this new era of e-insurance. The author opines that probable challenges like emergence of new financial products, skyrocketing costs and competition due to deregulation could be curbed by e-enabled insurance which reduces transaction costs, incorporates the speed and flexibility and gives an opportunity for new intermediaries.
U Jawaharlal and Sarthak Kumar Rath (2004) have in their study “Customer-Centricity in the Insurance Industry” is the fifth article which explains the significance of customer-centricity insurance companies to achieve better service, improve operational efficiencies, reduce costs and drive more profitable customer relationships. Potential buyers are attracted to buying a policy for one or more of the following reasons viz., security of the money invested, saving for one or more purposes, and most importantly for the tax benefit.

Tanmay Acharya, Harshita Mishra and S Venkata Seshaiah (2004) have in their study “Customer Preference in General Insurance Industry in India” analyzes the factors that influence the buying decision of the consumer regarding any general insurance policy. The research objective is to capture consumer behaviour in general insurance sector and determine factors that play an influential role. Survey through questionnaire is done on sample of 250 consumers, with 14 attributes, which any consumer looks for before taking policy and a factor analysis was done to identify important factors, which improve sales and brand image.

A V Narsimha Rao (2004) have in his article “Insurance Regulatory Regime and the Insurer” talks about insurance regulatory regime. After the enactment of the IRDA Act in 1999 and establishment of IRDA, private corporate players were permitted to undertake the life and general insurances. The
insurance business in India went through various sets of regulations in the pre- and post-independence period. The regulation of insurance business changed in accordance with the Government policy and approach to society.

T S Rama Krishna Rao (2004) has in his study “Unit-Linked Insurance Products: The Big Leap” is the first article in this section. According to this, the growing demand for ULIP'S is on account of the boom on the horses and the northward journey of the sensex. ULIPs are insurance policies in which the investment element, expenses and benefits are to the account of the policyholder.

B. Balaji Sathya Narayanan (2004) in his study “Travel Insurance: A Healthy Companion Abroad” emphasizes on Overseas Travel Insurance (OTI) which offers protection to the travellers against a wide range of perils with a single policy to overcome any unforeseen emergency situations in an alien country. The article examines various kinds of travel insurance available and benefits of each of them. But overseas mediclaim policies help absorb financial shocks and rising hospitalization cost with ease in case of any hospitalization during travel.

Jyotirmayee Kar (2004) in his research study “Insurance against Environmental Risk”. The 11th Finance Commission of India underlined the need to strengthen the crop insurance scheme as a supplementary measure for the provision of relief at the time of natural calamities. The insurance companies
suffer a huge loss in the aftermath of any disaster, both in ex-ante and ex-post financing.

N. Jeyaseelan⁴⁸ “Micro Health Insurance: A Way of Ensuring Financial Security to the Poor” is an Micro health Insurance (MHI) which can be considered as the best option to ensure them a social and economic security. It is the provision of health insurance cover to the low-income households. Risk perception by the poor is highly location-specific and consequently, the prioritization of risks differs widely according to the present household security livelihood option, degree of exposure of their residence to risk and their awareness about risk.

Debkumar Mukherjee⁴⁹ has in his study “Pricing of Life Insurance Products” is the twelfth article which talks about pricing. In the insurance industry, with the entry of private players, advancement of technology and speed in communications, reaching each and every corner is not a factor. Pricing plays a major role. Cost driver is the factor whose change causes incurring of costs, i.e. the number of times the cost has been incurred.

V G Chari⁶⁰ have in his study “Insurance - A Relook at the Distribution Strategy” speaks about the insurance industry’s marketing efforts being focused more on the urban middle class and affluent section. IRDA, the insurance regulator, has made it mandatory for the insurance companies to increase their
Sreedevi Lakshmikutty and Sridharan Baskar*1 in their article “Insurance Distribution in India: A Perspective” is the fourteenth article which discusses insurance distribution channels from the perspective of the socio-cultural ethos of the market and how these channels fit into it. With the present scenario of insurance industry, building faith about the company and credibility of intermediaries among clients becomes the prime challenge.

Ramakrishnan Chandrasekaran, 52 in his study “Insurance Agents and Brokers: An Overview” the author defines the terms ‘Agent’ and ‘Brokers’, and illustrates the extent of their authority with respect to insurance business. The agent is a person employed to do an act for or to represent ‘Principal’ the insurance company. The insurer becomes liable for the insurance cover done by the agents.

Dr. G Radha Krishna53 in his study “The Role of Advertising in Promoting Insurance Services: A Conceptual Approach” provides a platform for a discussion on promotional mix elements such as personal advertising, sales promotion and advertising aspects in service sector and its relative importance. The paper highlights role of advertising with an interrogative approach which can make the insurer-marketer to decide the agenda and develop strategy for advertising campaign.
S Jayaprakash in his article "Promoting and Cross-Selling through Portfolio Views" is the last article of this section. Cross-selling techniques not only help the insurer consolidate its position but also serve the purpose of its existence wherein customers get a 360 degree view of his personal risk management plans. Unlike the other sectors, insurance companies' data exhibits the aggregated customer profile attributes of various sectors.

J Rajesh C Jampala and Bh Venkateswara Rao in their study "Sales Promotion in the insurance Sector: A Study of LIC" talks about how sales promotions are being increasingly used to influence the purchase behaviour of consumers in a desired way. The major reasons for the phenomenal use of sales promotional measures can be attributed to increased competition, declining brand loyalty, consumer's sensitivity to promotional deals and increased advertising clutter.

Amitesh Chowdhury in his study "Bancassurance- The most Challenging Insurance Distribution Channel with Special Reference to SBI" throws light on aspects like defining Bancassurance, identifying the benefits to insurers, bankers and customers, SWOT analysis of it in India and present status of bancassurance in the world. Bancassurance is basically selling insurance products and services by leveraging the vast customer base of a bank and fulfilling their banking and insurance needs.
Kamatla Sheeba in his study “Bharti AXA Life Insurance Company” is the last article of the book. It focuses on Bharti AXA life insurance which was established in August 2006. The joint venture company has 74% stake from Bharti and 26% stake of AXAAsia-Pacific Holdings Ltd (APR).

2.3 Review of Government Reports:

In this section the researcher has reviewed some of the important reports with reference to Life Insurance Business.

Sir Cowasji Jahangir Committee (1945) In April 1945, a committee was appointed by the Government, under the chairmanship of Sir Cowasji Jahangir, to enquire into the undesirable developments in the management of insurance companies in India and to recommend measures that could be taken to check manipulation of funds, interlocking between banks and insurance companies by the financiers having acquired control of the companies, and proliferating short-term management policies. Some of the features brought to the notice of the Enquiry Committee were

1. Acquisition of interest in insurance companies by payment of exorbitant prices of shares.
2. Manipulation of life funds of insurance companies.
3. Payment of large emoluments to the financiers or to officers of the company appointed by them.
4. Payment of compensation to the existing management for relinquishing their right and
5. Inter-locking between banking and insurance companies.

The committee in their report recommended important amendments in the provisions of the Insurance Act containing, inter alia:

1. Restriction on transfer and acquisition of shares and certain provisions regarding capital structure of companies.
2. Restriction on investments of the remaining 45% of funds of life insurance companies.
3. Restriction on emoluments of financiers or officers of the companies.

Malhotra Committee Report 69 (1994), The Malhotra Committee submitted its report in 1994. Some of the major recommendations made by it related to the life insurance industry are:

- The establishment of an independent regulatory authority (akin to Securities and Exchange Board of India).
- Allowing private sector to enter the insurance field;
- Improvement in the commission structure for agents to make it an effective instrument for procuring business specially rural, personal and non-obligatory lines of business;
- Insurance plans for economically backward sections and appointment of institutional agents;
• Investment on the pattern laid down in Section 27 of the Act;
• Marketing of life insurance in relatively weaker sections of the society and pacified proportion of business in rural areas;
• Provisions for cooperative societies for transacting life insurance business in states;
• Introduction of unit-linked pension plans by the insurance companies, and
• Restructuring of insurance industry.

Mukherjee Committee Report (1997) Immediately after the publication of the Malhotra Committee Report, a new committee (called the Mukherjee Committee) was set up to make concrete plans for the requirements of the newly formed insurance companies. Recommendations of the Mukherjee Committee were never made public. But, from the information, it became clear the committee recommended the inclusion of certain rations in insurance company balance sheets to ensure transparency in accounting.

Monitor Group Report (1999) The Monitor Group (from Boston) has published a study at the end of 1999 (reported in Business Today, 2000) where it has estimated the division of insurance market between the incumbent Life Insurance Corporation and the newcomers. The report estimates that the LIC will have some 70-80% of the market whereas the new companies will share some 20-30%. The bright predictions for the LIC come from several key
observations: (1) The LIC has a vast distribution network in the rural and semi-urban areas. This would be hard to duplicate, (2) The LIC has had a real annual growth rate of 8% over the last decade. This is much larger than industrial growth. Therefore, the LIC has start; and (3) As life insurance benefits accrue overtime, it becomes more expensive to switch—because switching would mean a loss of accrued benefits.

Report of the Advisory Group on Insurance Regulation Part-I (2000), The Standing Committee of International Financial Standards and Codes (constituted by the Governor, Reserve Bank of India) constituted the Advisory Group on insurance regulation to chalk out a course of action to achieve the best practices in the field of insurance regulation in India. The Group deliberated on the Indian insurance legislation at present in the light of standards and codes prescribed by the International Association of Insurance Supervisors (IAIS) and the 20 insurance guidelines issued by the OECD for its members.

The group, from the point of view of regulation, has divided the insurance players into two parts, viz. a) Licensing new companies and b) Supervision of existing companies. The group came out with the suggestions on the following areas related to the licensing of new companies—legal form of the company, superannuation funds, foreign insurers, location of the head/corporate office, objectives of the company, specialization, minimum capital requirement, business plan, suitability of owners, product design and premium rates.
Report of the Advisory Group on Insurance Regulation Part - II\(^{63}\) (2001), The part-II of the report, which was submitted on Feb. 14, 2001, deliberated on solvency and actuarial issues. The major findings of the Group are -

In the matter of estimating the liability under life insurance policies, the Indian standard is on par with the international standard.

The report has suggested that, the supervisory authority attempts to protect the interests of both policy holders and shareholders. At best, this role should encompass the investment of assets pertaining to policyholders funds and assets of shareholders funds corresponding to the minimum solvency margin stipulated in the Insurance Act and Rules.

Thus in this chapter the researcher has reviewed major research works on life insurance including some of the important government reports.

References:


27. Paromita Goswami, "Customer Satisfaction with Service Quality in the Life Insurance Industry in India", ICFAI University press Hyderabad


56. Amitesh Chowdhury, "Bancassurance- The most Challenging Insurance Distribution Channel with Special Reference to SBI", ICFAI University press Hyderabad.


