CHAPTER VI
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FINDINGS.

On the basis of the analysis of data relating to the policy lapses and revivals at the Ranipet and Vellore branches and also on the field study conducted on the policyholders in the Vellore and Ranipet region, the researcher has come out with the following findings:

1. The policies lapsed more in the months of September, December and March both in Vellore and Ranipet branches. These heavy policy lapses are due to the competitions conducted by these branches during the month of September and March for the agents. Prizes are awarded to the agents, who show an increased business both in terms of number of policies and sum insured. Hence the greed for knocking out such a prize might have supplemented more of spurious business than the real business.

2. In the case of Vellore branch, the number of policies lapsed or the ratio of lapses within the period of three years of policy issue, is more when compared to policies lapsed after three years of its issue. This is because after three years, the policy acquires the paid up value
and some amount out of the premiums paid by the policyholder is payable to him at a latter date. In view of the benefit, the policyholder wishes to keep the policy in force, the intention of which is reflected in its low lapse ratio.

3. Policy lapses are found more under quarterly mode of payment in both branches. This is because the policies issued by these branches are nearly 60% under only quarterly mode of payment and hence policy lapses are bound to be more under this mode of payment. The lapses under the monthly mode is very low and in some months is very negligible. Most of the policyholders do not prefer to remit the premiums under this, in view of the fact that the branches charge 5% extra premium towards collection charges.

4. The plan wise lapses reveals that endowment policies have lapsed more in number when compared to money back policies. Since the latter plan of insurance offers the policyholders some returns at regular intervals and the policyholder is not inclined to lapse the policy.

5. Under sum assured value, policies with sum assured ranging between Rs. 10,000 and Rs. 25,000 show a higher lapse ratio
when compared to other sum assured values, in Vellore branch.

6. It is found that the lapses are more in the case of policies taken for a shorter period or term when compared to long term policies. The reason attributed to this is the policyholder having paid premiums for certain number of years, wishes to continue his policy, in view of the benefits going to be derived by him in future, most particularly in his old age.

7. Since branches charge a very nominal interest of 7½% on the unpaid premium, there is a tendency on the part of the policyholder to postpone such immediate payment, which ultimately results in policy lapse.

8. Lapse intimation notices and Default in premium notices were not sent to the policyholders during the period of study.

9. Though there are various schemes of revivals, there is no direct incentive for the policyholder who revives the policy, nor to the Agent who bring such Policies for revival.
10. The insurance policy which comes out in both languages like English and Tamil, does not contain any particulars concerned with various schemes of revivals.

11. Though the activity of revival of policies in both the branches were found to be more satisfactory, yet no education was made to the policyholders about the importance of revivals of policies, by the department.

12. The field study conducted on the policyholders, whose policies have lapsed, revealed some interesting findings. It is found about 30% of policy lapses are first year lapses, which means the policies have lapsed within a year of its commencement.

13. The policyholder's education is so poor that 40% of the policyholders were not even aware of the various particulars about their lapsed policy like plan, sum assured, mode of payment etc.

14. It is also found that 20% of the policyholders interviewed have no regular income and even among the regular income group, only few were able to save regularly.

15. Though majority of the policyholders expressed the
view that the agent explained about the plans of insurance policy before selling the same to them, have opined that the same agents did not care to remind them about the premium payments nor about the policy lapse.

16. More than 90% of policyholders were not aware of the various schemes of revivals nor these were brought to their notice by the agents.

17. It seems only 60% of the policyholders studied were regularly receiving the premium demand notices and none has received either the default premium or the lapse intimation notices from the branches.

**Conclusion:**

Policy lapses have become a general characteristic of Life Insurance Business. This is also reflected in the data analysed from the records of Vellore and Ranipet branches. Minimising the policy lapses is an important function of the policyholders service department. It is as important as the issue of a new policy in the branches. A satisfied policyholder is always the best medium of advertisement. Any bad publicity by him would travel faster
and wider than the good publicity.

Hence to minimise policy lapses and activate revivals, and to conserve the business procured, it is always better to service the policyholders either through the good personal relations or through better systems and procedures.

Considering the above aspects, the Researcher offers the following suggestions:

Suggestions:

Service:

a) Though the branches send the premium demand notices as a matter of courtesy, the policyholders wish that notices be sent regularly and promptly direct to them for quick payment.

b) Agents may be given all encouragements to have a personal touch with the policyholders, in the matter of payment of premiums, policy lapses and their revivals. This was also the view, expressed by majority of the policyholders covered under the field study.

c) The lapse intimation notices and default premium notices may be sent regularly by the branches so that genuine
policyholders who wish continuation of their policies, may be retained in future. The notices should contain about the various schemes of revivals.

(d) In the case of policyholders who are employed, and paying premiums directly, the facility of Salary Savings Scheme should be introduced to them compulsorily, by the branches. Thereby the branches can minimise the policy lapses. The same view was also expressed strongly by those policyholders.

Collection facility:

a) The method of collection of premiums may be suitably modified. The branches can appoint persons like pigmy agents in banks, who can collect such premiums from the policy holders on the due dates of premium payments.

b) The unemployed married women policyholders, on whose life the premium is paid by the husband, suggested that their premiums can be also paid along with the premiums paid by her husband, through the system of salary savings schemes, to avoid the policy lapses.

c) At present the collection of premium is made
over the counter in the branches, at times convenient to some of the policyholders only. It is suggested that an alternate method may be evolved by the branches to suit others conveniences also.

Revivals:

a) Much publicity should be made by the branches regarding the various schemes of revivals either through agents or through mass media, in a way most understood even by the illiterate policyholders.

b) To speed up more revivals of policies, a concessional revival week or month can be observed by the branches to lure more policyholders to revive their lapsed policies.

c) Encouragement in the form of incentives may be given to the agents who bring more lapsed policies for revivals.

Policyholders' Education:

a) The policyholders must be educated by specially
trained staff or agents regarding the savings aspects and the need for the insurance policy. A convinced policyholder will not lapse his policy voluntarily.

b) The branches can have a public relation officer to help the policyholders in the matter of payment of premiums, revival of policies and related aspects.