Chapter II

Literature Review

This chapter attempts to present a review of some of the studies of different researchers and practitioners focussing on different aspects of life insurance service sector. The various studies have been categorized into three different sections. Section 2.1 describes the studies relating to customers where as section 2.2 deal with agents’ opinions towards life insurance companies. Studies on marketing strategies, growth, functioning, problems, and privatization of life insurance sector too have been discussed in section 2.3.

2.1 Studies Relating to Customers

Morril (1959) conducted a study on creative marketing of life insurance. It was found that annual life insurance was declining for every income group except the highest. The people who moved up to higher income groups tended to reduce the average amount spent for life insurance in the group they leave as well as in the group they enter. The study further highlighted that earlier, the family life policy was the most revolutionary marketing development in the life insurance industry. It was also observed that life insurance professionalism was economically feasible for the over $15000 income group, whose expenditure on life insurance was $1135. It was concluded that life insurance business had failed to adopt modern marketing concepts. It was suggested that policies, endorsement, and payment plans should be simplified. The package plan could also serve the common insurance needs of most of the families. The promotion of package selling would serve both of the objectives i.e. adequate protection and economical distribution. A need was felt for the re-evaluation of distribution method in the light of marketing principles.

National Council of Applied Economic Research (1979) undertook a survey of 5125 households spread over the rural and urban areas to examine their pattern of income, investment, wealth and saving. Additional information was also collected on the innovations of the various saving groups and their attitude towards life insurance. The
main objectives of the study were to (i) present a profile of the saving groups and their saving potential; (ii) study the profile of the policyholders in rural and urban areas and their motivations and attitudes towards life insurance; and (iii) examine the profile of non-insured earners and their reasons for not taking life insurance policies. The study covered a period of one year from July 1975 to June 1976. The study revealed that, out of 177 million earners in the country, only 12.4 million had life insurance cover and over 80 percent of the insured earners opted for insurance because of its risk covering nature. The proportion of earners aware of insurance was relatively more in urban areas than in rural areas. In urban areas, reduction in income was considered the main reason for discontinuance of policies.

Mohan (1982) examined and analyzed the functioning of LIC and revealed the existence of several shortcomings in the functioning of this organization. The study presented an in-depth analysis of the basic issues and brought illustrative recommendations for incorporation in the basic policy objectives. In order to explore the reasons for the highly skewed distribution of insurance between the urban and rural areas as well as low proportion of insured households and insured earners, the reference of the detailed study commissioned by National Council of Applied Economic Research was taken. The data was collected for the period of one-year i.e. from July 1976 to June 1977. A sample of 111.160 households was taken and appropriate weightage was assigned to the low-income groups in the classification of low, middle and high-income groups. The study found that 79 percent of earners were unaware of the facilities provided by LIC and only 6 percent were contacted by LIC agents. It also showed that out of 177 million earners in the country, 12.4 million had life insurance cover and number of policies were about 16 million with total sum assured (excluding bonus) of Rs. 11,000 crores. It was suggested that LIC should take initiative in the development of marketing activities and training programmes for its agents. Agents should get commission only when the claim gets settled satisfactorily.

Crosby and Stephens (1987) empirically studied the effect of relationship marketing on satisfaction, retention and prices in the life insurance industry. The study found that relationship marketing was essential because life insurance was a long term concept.
Due to the lack of incentives, agents were not providing economical services to the buyers. Moreover, buyers were frequently exposed to negative product information. Two models (Causal and Stimulus) were used to know the overall satisfaction of customers towards services of life insurance industry. A sample of 20,000 households were screened for ownership of whole life insurance, out of which only 46 percent owned one or more whole life policies, providing a basis of 5,398 qualified owners. It was concluded that the buyer-seller relationship was subjected to constant renewal and depended very much on perceived product competitiveness. Though relationship marketing added value to the service package, it was not a substitute for having a strong or up to date core service. It was suggested that the simplified interrelations of relationship effects should be abandoned in favour of better models of relationship development and value determination.

**Insurance Institute of India (1987)** conducted a study by interviewing 2510 policyholders in 26 cities to know their perception towards the services provided by insurer. It was observed that agents did not maintain regular contact with the policyholders and were not easily accessible whenever necessary. However, 50 percent of the policyholders said that they would go to the office directly rather than get in touch with the agent to solve their policy relating issues. The study further revealed that agents were perceived as knowledgeable, but concerned more with their own benefits than those of policyholders.

**Gunjikar et al. (1988)** conducted a survey of 1124 people of Chorao village of Goa to know how many people were covered under life insurance. Out of the total population of 6000, only 710 persons were identified as potential prospects for insurance, 414 people were uninsured while 296 were already insured and only 2 out of 296 were reported to have problems in getting prompt services from LIC. Thirty two percent of the village people had been approached by the LIC agents and 31 percent of them expressed their willingness for the life insurance coverage. Forty percent people wanted to know more about insurance while 44 percent people were aware about the benefits of insurance. The main objective of the survey team was to insure all of the 414 uninsured people. By using the information collected, the survey team chalked out various
strategies like agency force, training etc. and suggested that the door to door personal contact must be used to identify the people covered under life insurance cover.

**Reddy and Murthy (1996a)** empirically examined and evaluated the customer services provided by LIC at the branch level. For the purpose of study, Hanamknnda Branch (Andra Pradesh) was selected and a sample of 100 customers was selected on random basis from a group of professionals’, agricultural labor, regular income group and self-employed people. The sample policyholders were asked to rate the services on a five-point scale. In order to collect the opinion of the policyholders, a structured questionnaire was administered on the sample policyholders. It was observed that the majority of policyholders were satisfied with the services of LIC. On the basis of survey findings, it was suggested that LIC should use adequate publicity campaign and required documents should be collected from the policyholders at the time of registration of the policies. LIC should make arrangements to pay cash instead of crossed cheques to the policyholders. An inquiry and additional cash counters should be opened in the branch offices.

**Task Force (1997)** conducted a study to understand the formation of public attitude towards insurance fraud and to understand the factors that influenced them. Quantitative and qualitative research was used to (i) understand the public perception of unethical behavior and their attitude towards the insurance industry; and (ii) measuring their attitude towards curtailing and punishing insurance fraud. National Research Firm was commissioned to conduct a telephone survey of 602 households in United States to know the opinion about insurance fraud committed by insurance providers. The study found that insurance providers committed insurance fraud in order to get more money in the form of commission or otherwise. The respondents who had filed life and homeowners’ claims were more likely to have positive attitude towards insurers. Only 73 percent rated their company either very positive or fairly positive. It was recommended that the insurance industry should develop an intensive and ongoing public information campaign to educate the public about insurance fraud. It should explore the feasibility of a reward system to encourage the reporting of fraud committed by insurance providers.
Gidhagen (1998) examined the importance of customer relationship management in the insurance sector, particularly in terms of the relationship between insurance companies and corporate customers. The areas studied included how highly customers value: (i) the relationship in comparison to the price level of the services offered; (ii) the perceived quality of the exchange relationship; and (iii) the level of interdependency, mutual trust and commitments. A survey of insurance customers conducted by independent insurance agents of America showed that out of 1500 policyholders surveyed, 52 percent were more interested in forming a long-term relationship with their agents, compared with the “Automatic Pilot” buyers. Twenty six percent of the respondents wanted insurance matters to be handled without agent’s contact. It was concluded that the customers’ level of comprehension was dependent on the insurance managers’ experience in managing the complexity and intangibility of the service provided.

Gahelot (2000) highlighted the enormous scope and immense profit making potential of life insurance business in India and its suitability at the micro and state level. The comparison of total income and expenditure for the year 1997-98 showed that expenditure of LIC was hardly 12 percent of its total income. It was observed that about 85 percent of the policyholders approached the company for maturity claims after 25-30 years and only 15 percent of the policyholders’ family members approached with the claims due to the death of the policyholder.

The study further stressed that private firms were risky for the policyholders in the case of life insurance business, because of the various scams and the cases of misappropriation on the part of the men at the helm of affairs and the private firms themselves. However, it was recommended that opening up of life insurance business to the private sector would be beneficial for a developing economy, as it would help create a number of jobs and would bring in capital etc. but the innate mischief of private competitors and the interest of the customers needed to be kept under surveillance vigorously by the Government. As the scope for life insurance business in India was enormous, all types of firms and business houses would survive in the market and in the long run, the most competent one would survive.
Investment and Financial Services Association (2002) conducted a quantitative and qualitative research to (i) explore consumers’ understanding of life insurance companies’ use of different factors in assessing risk; (ii) understand consumers attitude towards different factors in assessing risk; (iii) examine the attitude of customers towards voluntary and involuntary disclosure; (iv) gain an understanding of why consumers hold particular attitude; (iv) collect information on consumers’ current ownership of life insurance products and demographic information; and (v) determine if the use of genetic test results by life insurance companies would deter consumers from having such tests. The survey was administered using computer-assisted telephone interviewing by NCS Pearson Specialist Fieldwork Company. The sample size was 784 and the average interview length was eight minutes. Four qualitative group discussions were conducted, two in Sydney and two in Parramatta with the persons having and currently not having life insurance.

It was found that a significant proportion of people had little knowledge about the details of their policies and they had negative perception for life insurance sales persons. The study further highlighted the need of education regarding the use of human genetic information. It was found that people’s concern about the privacy/confidentiality were the main reasons for their objection to the use of genetic test results by life insurance companies. It was concluded that the people having voluntary cover were not aware of the operations of life insurance companies and its insurance products.

Met Life (2002) commissioned a national study focusing on American consumers’ ownership of and attitudes towards life insurance. The proprietary survey was fielded by Roper ASW, using 1013 telephone interviews across a random representative sample of US households. It was found that 32 percent of households did not have life insurance coverage, 36 percent didn’t own any form of life insurance, 32 percent of the insured households owned less than $50000 in coverage, 64 percent of the ‘prime needs segment’ (working fulltime with dependent spouse and/or children) owned any life insurance, coverage levels remain low (58%) among the ‘prime needs segment’, 60 percent purchased life insurance at their workplace, while 76 percent whose coverage was less than their annual income believed that their coverage is adequate. Moreover,
the study showed that consumers believed they did not have decision making information and tools required to make informed choices about life insurance. The study suggested that while the American consumers are aware of the need for life insurance, they can benefit from the increased knowledge, information and decision-making tools to help them move from consideration to purchase.

Saibaba et al. (2002) conducted a study on LIC in Warangal Division of Andhra Pradesh to access the attitude of women towards life insurance as a product. The study was restricted to urban and rural areas of Warangal Division. Data was collected from 69 respondents through interview. It was observed that 70 percent of the respondents interviewed were satisfied with the services provided by LIC and 30 percent were dissatisfied because of the inconvenience regarding the payment of premium, lack of intensive advertisement and lack of knowledge about new policies. The study further revealed that insurance had become popular only because of certain factors like risk coverage, housing loans etc., but not as a source of getting higher return on investment. It was concluded that there was a need to improve the customer relation maintenance by LIC for increasing the satisfaction level of the policyholders. It was suggested that efficient services, trained agents, planned marketing strategies and low premium higher benefit policies must be introduced.

Customer Service Center (2003) discussed the strategic importance of the customer service center in building best performance for insurers. It was observed that between 1/5 and 1/3 Americans were unhappy with their insurance companies. The research within insurance industry indicated that customer loyalty was being challenged not by the product quality, but by the service quality. The insurance companies, which would use effectively the services of customer service representative, would gain an edge in the competitive market. It was suggested that the insurance companies must focus on building the best performance in the employees who hold primary responsibility for the customer experience.

Harris Interactive Inc. (2003) conducted a study to know the perception of respondents towards the life insurance policies and their satisfaction level. For this
purpose a telephone survey was conducted among a nationally representative sample of 1009 adults comprising 505 men and 504 women living in private households in the continental United States. The margin of error for the total sample was plus or minus 3.1%. The unrestricted random sampling procedure was used. Only one interview was conducted per household. Completed interviews were weighted by four variables i.e. age, sex, geographic region and race, to ensure reliable and accurate representation of the total population. The raw data was weighted by a custom-designed programme, which automatically developed a weighting factor for each respondent. Each respondent was assigned a single weight derived from the relationship between the actual proportions of the population with its specific combination of four variables. It was observed that only 67 percent of females and 57 percent of males had positive attitude towards business practices of insurance Corporation. Four percent of male and female didn’t have any idea about the business practices of the insurance Corporations.

Subramanyan (2004) conducted a study to delineate the complex phenomenon of lapsation of life insurance policies and to suggest possible ways of controlling the menace. The period of the study was 1997 to 2000. A survey was conducted over telephone over premium defaulters over a period of time to know the reasons for defaulting on payment of the policy premiums. The area covered for survey was mainly the twin cities of Hyderabad, Secunderabad and to same extent the state of Andhra Pradesh and a few cases outside of the state also. Data for the entire country was taken for the comparison at a State level. The findings of the study revealed that wrong selling, forced selling by agents, overselling, bogus selling, effect of completion and introduction of new plans, bad service, ignorance towards various benefits of the insurance cover, non-receipt of notices, no follow-up by agents, genuine problems, change of addresses, SSS policy problems, inadequate explanation of the product and malpractices by agents/field force were the major reasons of lapsation of the policy. It was concluded that the life insurance company took all possible steps to control lapsation right from the very beginning. The study suggested that insurance company should provide free look to policy holders, educate field force, improve service standards, ease revival norms, give incentives for revival to agents/development
officers, sell more yearly policies, the policies with more investment aspects, increase sale of limited premium policies, increase renewal commission of agents, improve communication and premium notices, promote alternate channel, establish call centers and collection boxes to avoid lapsation of the policies.

**Banumathy and Manickam (2004)** empirically examined the customer services provided by LIC at three stages i.e. before the issue of policy, when the policy is in operation and at the time of the settlement of claims. LIC branch at Tirchi was selected for the purpose of study. A sample of 150 policyholders was selected on random basis from various segments of policyholders. In order to know the opinion of policyholders towards LIC services, a well-structured questionnaire was prepared on the basis of the pilot survey. The study found that before the issue of policy, efficient customer services were provided through LIC agents. It was concluded that LIC agents play a vital role in influencing the decision of policyholders and providing services to them as per their needs. The study suggested that LIC should try to enhance bonus rates, introduce new policy schemes and provide status position once in a year. It should open inquiry counters to guide the illiterate and rural customers.

**Raman and Gayathri (2004)** conducted a study to identify the level of customers’ awareness towards new insurance companies and their preference towards investment in insurance companies. A sample of 25 respondents was taken to study the awareness level. It was observed that 100 percent respondents had policies other than that of LIC and 75 percent of the respondents had no interest in taking any policy in the future, because of low returns and unattractive schemes. The maximum numbers of respondents were aware of new companies through their friends and were interested in taking policies in the future. It was observed that risk coverage, services and familiarity were only the major attractions for 50 percent respondents in the selection of LIC policies. It was inferred from the study that because of attractive schemes, reasonable premium and high-risk coverage, the investors had a forced attraction to invest in the new companies. They suggested that the new companies as well as the existing companies should develop a suitable strategy to attract and retain their customers.
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Banumathy and Subasini (2004) examined and evaluated the attitude of LIC policyholders towards life insurance business in Virudhunagar District. A sample of 200 respondents was selected on random basis. A well-structured questionnaire was prepared after a pilot survey. Linkert’s scaling technique was used to study the level of agreement and disagreement of policyholders towards life insurance services. A total of 10 components, viz., premium rate, location of branch, loan procedure, revival of policy, surrender procedure, rate of bonus, services of agents, settlement of claims, advertisement and publicity, safety and social security was decided to know the overall attitude of respondents. A hypothesis was framed to find out whether age and educational qualification were the influencing factors in taking the LIC policies.

The study revealed that future safety was the main purpose for the respondents while taking LIC policy. Most of the policyholders get the information about various plans and schemes only through agents. It was concluded that the educational level rather than the age factor was an influencing factor in taking LIC policies. The study suggested that: (i) advertisements of LIC should be informative, efficient and effective; (ii) LIC should review, revise and propose new plans and schemes from time to time; (iii) extra-ordinary facilities must be provided to economically weaker and poor sections; and (iv) loan procedures must be simplified.

Jawaharlal and Pareek (2004) looked into the need for rendering an efficient customer services in the life insurance sector. It was observed that due to competition, life insurance players were adopting every possible strategy to enhance the service quality. Some of the areas where life insurance could really make a critical appraisal with regard to their customer service function were the need analysis, the lapse advice, the nominations and assignments, loan against the policy values and transfer of policies especially those serviced under the salary saving schemes. It was found that at the time of claim settlement, agents and brokers didn’t concentrate on delivering quality customer services. Lack of education and training of intermediaries were the major constraints in providing quality service. It was recommended that the companies should maintain strong information technology infrastructure to support both customers and its intermediaries.
Tsukatos et al. (2004) conducted a study by using data from the Greek and Kenyan insurance industries to construct diagnostics and measure service quality with a view to identifying quality determinants and existing quality gaps in the industries. GIQUAL, the SERVQUAL type instrument developed for the measurement of service quality for the Greek Insurance Industry, initially included 26 items, 22 from the revised SERVQUAL scale (Parasuraman et al., 1991) and 4 from extensive consultation with a group of 10 Area and Branch Managers of three leading Greek Insurers. GIQUAL was initially applied to a sample of 168 insurance consumers over 25 years old, having some contact with their insurance company in the last three months. For each consumer, the difference in scores i.e. gap score (P-E) for the 26 items were computed and after eliminating one item (Q7 - price), factor analysis was performed through principal axis factoring on 25 remaining items to examine the dimensionality of the scale. From the results, authors found four factor solutions instead of five factors to measure service quality in Greek insurance industry. Thereafter, through scree plot criterion, they suggested two dimensional structures which were again confirmed by employing principal axis factoring procedure. Hence, two dimensional solution i.e. non-tangibles (consists three factors i.e. reliability, responsiveness, empathy, assurance) and tangibles (consists tangible items) were investigated to be applicable in the Greek insurance industry. The remaining 25-item GIQUAL was then applied to three independent samples of 87, 87 and 81 customers of insurers A, B and C respectively, in three major Greek cities. The reliabilities across all three samples were consistently high for both tangibles and non-tangibles, the two-factor solution was found to be sound statistically. For all the three samples, each dimension’s average perceptions (P), expectations (E) and the resulting gaps (Q=P-E) scores were calculated. As expected, the Q scores were consistently negative, indicating that customers’ expectations were in excess of their perceptions. It was suggested that: a) Greek insurers should deal with empathy and reliability as a priority as these were the most deficient dimensions in all three independent samples; b) a sound quality improvement strategy for individual companies should focus on fixing quality flaws in the order: empathy, reliability, responsiveness, assurance and tangibles; c) as ‘tangible’ do not contribute to the assessment of overall
service quality, insurers should concentrate primarily on the non-tangibles dimensions,
d) as the causes and extent of quality flaws of each company depend on its structure and
market position, individual companies should deal with their own quality problems
taking into account their own distinctiveness.

In order to measure service quality, a 43-item questionnaire (19 items from
SERVQUAL, 24 additional) was used in data collection from Kenya’s insurance
industry. The sample comprised of two groups of respondents: 84 insurers (employees
of participating insurers) and 126 insured (customers of participating insurers) from
four insurance companies i.e. A, B, C, and D, two of which, A and D, had just merged.
The insurers’ questionnaires comprised of only the 43 expectations statements, while
the insured’s questionnaires included 86 statements in total (43 for expectations and the
other 43 for perceptions). In sum, 210 completed questionnaires (84 insurers) and (126
insured) were used. Samples were then further split into four subsets: insurers’
expectations’, insured’ expectations, combined expectations (combining insurers and
insured), and insured’ perceptions. Through gap analysis, a mismatch between
perceptions and expectations was confirmed. Customers’ perceptions (of insurance
service) were short of their expectations, which suggested that quality gaps existed
amongst the companies. Opportunities for quality improvement were noted in
dimensions with severe deficiencies, namely: company A (reliability and
responsiveness), B (responsiveness and reliability), C (responsiveness and empathy),
and D (reliability and responsiveness).

In furtherance, a comparative analysis of Greek and Kenya insurance industry was done
by authors and found that there were noticeable differences in both: (a) manner of
construction of metrics, and (b) number of items in the metrics. It was concluded from
both of the studies that (a) the SERVQUAL metric requires substantial modification
(customization) prior to its application; (b) quality gaps that obtained in the insurance
industries of Greek and Kenya were largely similar; (c) further research is necessary to
investigate the consistency and universality of the constituent attributes of the
SERVQUAL diagnostic (whether applied with or without any modifications) as applied
in various set-ups, and particularly, the impact such changes may have on its efficacy
and versatility; (d) despite these limitations, the SERVQUAL diagnostic is suitable and versatile enough in diagnosis and improvement of service quality in the insurance industry; (e) apparently the dimension tangibles least impacts service quality, yet insurers tend to associate it with quality.

**Annua (2004)** conducted a simple and exploratory survey using convenient sampling technique to elicit basic feedback from current and potential customers on either systems ability to satisfy their needs for takaful coverage. In other words, the survey sought to gauge each respondent’s basic perceptions with regard to his or her preferences of either purchasing the takaful plans through agents (TNSB) or directly from the company (STMB). The samples for the study are Malaysian Muslim lecturers and assistant lecturers from a number of different faculties (kulliyah) of the International Islamic University Malaysia (IIUM). Only 65 questionnaires out of 200 were collected and subsequently used for analysis purpose. Results of the survey revealed that only 30 (46 percent) respondents stated that they owned a takaful plan or coverage and purchased either single plan coverage or a combination of plans consisting of family, auto, health, and fire, respectively. One out of the 30 respondents who already own at least one coverage plan had purchased a policy from both STMB and TNSB. This result shows that a majority of takaful owners chose agents as their preferred channel in purchasing takaful plans, and also indicates the agents’ ability to help the company to improve its performance. Forty-eight respondents (74 percent) would like either to add new plans to the plan(s) they already owned and 17 indicated that they would not use agents to buy policy. Out of the 30 respondents who already owned at least one takaful plan, 27 would like to add other plans. Besides, 35 respondents stated that they did not own any takaful plans. Consequently, study suggested that STMB should reconsider its policy of not employing agents and should also rethink its current policy of opening up new branches and takaful desks, and instead use its current branches and desks to facilitate the agency system.

**Vel et al. (2005)** studied the role played by three factors viz., product related factors (expected returns of policy, range of coverage offered by the policy, fringe benefits offered by the company, brand name and country of origin); service related factors
(reliability, responsiveness, assurance, empathy and tangibles); and behavioral factors (motivation, perception, learning and memory, attitudes, reference groups, family, self-concept, personality, lifestyle, culture, social class/status), in the purchase of life insurance policies in the Klang Valley, which covers Kuala Lumpur and Selangor states of Malaysia. The study was based on a sample of 150 customers. Non-probability-convenience-sampling technique was used as a sampling method. It was found that in case of product related factors, majority of the respondents considered the range of coverage, brand image, and country of origin, respectively as extremely important factors while the fringe benefits were rated as moderately important. Subsequently, in case of service related factors; majority of the respondents were satisfied with the appearance of the agents, responsiveness of the agents/employees to their requests, and the individual attention given by the insurer. Under the category of behavioral factors; majority of the respondents purchased their life insurance policies through recommendation by friends or family members, and found that the purchase of life insurance policies were very beneficial as it ensured a continual stream of income to a family in the event of adversity. Only a few of respondents strongly disagreed that life insurance offered by foreign insurers were better and the purchase of life insurance policy was influenced by their personality. Moderate number of respondents agreed that their lifestyle and racial background influenced their purchase of life insurance. Only one percent of the respondents observed that the purchase of life insurance from a foreign insurer would improve their social class or status.

Gayathri et al. (2005) made an attempt to study the levels of the dimensions of service quality and its relation to the level of customer satisfaction. The main objectives were: (a) to compare the service quality and its dimensions for insurance service providers in India; and (b) to study the relationship of customer satisfaction with the scores on the service quality dimensions in Indian context. The study was conducted in the city of Mysore in Karnataka, India. Random sample of 168 individuals was considered from among those who had taken insurance policies. SERVQUAL instrument was used to elicit information from customers who opted for different types of insurance. There were eleven variables in the questionnaire related to five dimensions of service quality.
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The responses were measured on a seven point Likert scale. The insurance companies covered were: LIC, ING VYSYA, TATA, and HDFC. The average score for each dimension of service quality for each insurance company was calculated and statistical tests of significance were applied to test for significant differences between the scores of the different companies. The relationship of customer satisfaction with the scores of each dimension for each insurance company was studied using multiple regression analysis. Assurance, empathy, and reliability were the three important dimensions which affected the satisfaction levels of the four insurance companies considered. In addition, ‘tangibles’ seems to contribute to the satisfaction level in case of LIC whereas ‘responsiveness’ contributes to the satisfaction level in case of TATA and HDFC. Regression equations give estimates of the average affect of one unit change in the service dimension on the levels of satisfaction for each insurance company; e.g. the effect of one unit change in the level of ‘assurance’ is expected to increase the level of satisfaction by 0.390 in case of LIC, by 0.797 in case of ING VYSYA, by 0.245 in case of TATA, and by 0.553 in case of HDFC. One unit increase in the service dimension Empathy is expected to result in an increase of 0.323, 0.205, 1.030 and 0.259 in customer satisfaction level for LIC, ING VYSYA, TATA, and HDFC respectively (not required). At the end of study authors suggested that LIC should focus on assurance and empathy to further strengthen the level of satisfaction. It has to concentrate on retaining existing customers, which could offer huge business potential.

Noor and Muhamad (2005) examined the influence of three individual factors; namely, organizational commitment, self-monitoring and intrinsic motivation on salespeople- customer-orientation behaviour. For the purpose of analysis, three hypotheses (i.e. H1: organizational commitment was positively related to customer-orientation Behavior, H2: self-monitoring is positively related to customer-orientation behavior, and H3: intrinsic motivation is positively related to customer-orientation behavior) were formulated and tested. A pilot study was conducted using a convenience sample of 30 part-time and full-time insurance agents from non-participating companies. Thereafter, data gathered from 445 life insurance agents were used to test the hypothesised relationship. The stated hypotheses regarding the impact
of antecedent factors on customer-orientation behaviour were tested using multiple regression. The study revealed that a significant correlation existed between customer-orientation behaviour and organizational commitment (0.24; p<0.01) and between customer-orientation behaviour and intrinsic motivation (0.37; p<0.01), suggesting support for two of the hypothesized relationships. On the other hand, no significant correlation was found between customer-orientation behaviour and self-monitoring (0.47; p>0.01). The individual hypotheses were then tested using a multiple regression prediction model with customer-orientation behaviour as the dependent variable. Results obtained revealed that only two of the three constructs were found to be significant in the prediction model. The results provide support for hypotheses H1 and H3, that is the relationship between organizational commitment (β=0.14; p<0.01) and intrinsic motivation (β=0.25; p<0.01) with customer-orientation behaviour. H2 was rejected due to the insignificant relationship (β=-0.02; p>0.01) between self-monitoring and customer-orientation behavior. Moreover, results suggested that organizational commitment and intrinsic motivation positively influence salespeople to perform customer-orientation behaviour in their selling activities. Self-monitoring however, was found to be unrelated to the adoption of customer-orientation behaviour. The study concluded that firms that want their salespeople to engage in customer-oriented selling, must be certain that their salespeople are committed to the organization and must be intrinsically motivated. Furthermore, authors suggested that researchers to focus on the issues viz., competitiveness of the selling environment, environmental munificence (environmental capacity which permits organizational growth and stability) and market stability may moderate the relationship and contribute toward higher explanatory power, need to be considered in the future studies.

Chowdhury et al. (2007) highlighted the issues relating to non popularity of insurance companies in Bangladesh. To find marketing problems, Gap-model of service marketing was applied to the insurance industry of Bangladesh. The study was based on a sample of 416 respondents. Simple statistical techniques like frequency distribution along with percentages, descriptive statistics, cross tabulation, chi-square test, t-test and F-tests were performed to find out the crucial factors that influenced the preference for
an insurance company. The study revealed that 40.4 percent (168 out of 416) of the respondents preferred private but foreign insurance companies whereas 27.4 percent preferred private but local insurance companies. 32.2 percent respondents liked to be insured with the government owned insurance companies due to its trustworthiness and 49.5 percent chose their insurance company according to the reference of their family/friends and relatives. Further, it was observed that the insurance companies invested huge money for personal selling by their sales representatives even though it did not create any significant influence on clients (24.5%) in choosing an insurance company. The study suggested that a large number (26.9%) of respondents made the selection of insurance companies with an expectation of high interest earnings that showed people’s high preference towards interest gain. The demographic trends suggested that as private insurance companies (both local and multinational) have proliferated in Dhaka city, better educated and more affluent people have gravitated to these insurance companies for insurance services. These people/clients are likely to have better information about the quality of services provided by both public and private insurance companies and their inclination to select private insurance companies suggests, implicitly, that the quality of service is superior at these private firms even though their (private insurance companies) service cost is somewhat higher. Moreover, many branch operations of private insurance companies help the people to make evaluation themselves before making an insurance decision. The study further suggests that insurers have to perform some of the strategies to enhance a positive reputation, to select the right personnel and train them to interact with the customers, do lot of advertising about its services, decide the price factor on competitiveness, perform positive and societal marketing activities, conduct market surveys to gauge the needs and satisfaction of the customers, use heavy informative advertisement regarding the service utility, use technology to maximize the service quality. All these and much more needs to be done to attract customers establish trust in the market.

Goswami (2007) made an attempt to understand the dimension of service quality which could help to ensure maximum customer satisfaction and hence, help the life insurers to acquire a larger share of the market. Two databases of customers were prepared i.e. one
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from development officers of LIC and another from ICICI prudential. A sample of 250 customers was taken from Kolkata out of which only 232 responses were found to be valid for analysis. SERVQUAL scale was used to discern the different dimensions of service quality and stepwise multiple regressions was run with the scores on tangibility, assurance, empathy, responsiveness, reliability as independent variable and customer satisfaction as the dependent variable. The hypothesis ‘superior service quality performance in certain dimensions ensures maximum customer satisfaction in the life insurance industry’ was formulated and tested. From regression analysis results, ‘responsiveness’ coefficient was found to be 0.20 which was significant at 0.009 levels and resultanty, hypothesis was accepted. It was concluded that ‘responsiveness’ dimension (which is concerned with ‘promptness and timeliness in service as well as willingness to help the customer’) of service quality provides maximum customer satisfaction in the life insurance industry in India.

Gullulu et al. (2008) made an attempt to examine the relationships between the consumers based brand equity perceptions of the life insurance customers in Istanbul and brand trust by means of Structural Equation Modeling. The customers of life insurance companies that were placed on the first ten ranks in terms of business capacity in Turkey and served in Istanbul were included in the study. A sample of 458 was taken and responses were collected through questionnaire forms which were distributed in 2007. According to the findings of the study, brand awareness, brand association, brand loyalty and perceived quality in life insurance services were determined as the dimensions affecting brand equity. Moreover, brand trust is an effective determinant on brand equity and its dimensions. In addition it was investigated whether brand trust, brand equity and its dimensions had discriminating feature for the participants who were meanwhile customers of the two companies. It was found that all the factors had discriminating features that could differentiate the companies in a statistically meaningful way.

Clifford and Joseph (2008) conducted a study among total population of Trichy, Tamil Nadu. The objectives of the study were: (1) to study the saving pattern of the people under observation, to determine relationship between expectation of returns and
savings; (2) to determine the factors influencing the reason for saving; (3) to study the purpose of savings along with income distribution; (3) to study the contribution of insurance to savings; and (4) to study the factors influencing the choice of insurance companies and products. Data was collected from a sample of 1,655 through questionnaires, which was collected from individuals from the study area. A simple random sampling method was carried out to select the individuals. The secondary data was used to support the facts which have been taken to support the validity of the primary data. The sources of secondary data were fact sheets from RBI annual reports, IRDA, e-journals, magazines, newspapers, books on insurance and related web sites. Econometric analysis technique (like, chi square, z–test, regression, least squares, auto-regression, moving averages, logit, and probit, charts and graphs) was used for the purpose of data analysis. The results of the study revealed that (i) educational qualification play an important role in influencing the saving pattern. The amount of money saved was directly related to the reason like education, marriage etc; (ii) people preferred to invest in governmental schemes for the sake of safety of their investments and in private investment areas when the expectation of returns was high; (iii) the amount of money saved depends on the income level; and (iv) awareness about the various insurance companies and the products was very poor among the respondents. They invested in insurance only for the purpose of risk and tax not for saving avenue. It was concluded that the saving pattern of the people and external environment had a great impact on private savings of customers.

*Yusuf et al. (2009)* described Nigerians attitudes towards the insurance institution and also discussed such social-cultural factors that accounted for these attitudes and what role marketing strategies could play to change such negative tide. The authors had developed and tested nine hypotheses: (i) age does not have any effect on people’s attitude to insurance business/services, (ii) gender does not have any effect on people’s attitude to insurance business/services; (iii) marital status does not have any effect on people’s attitude to insurance business/services; (iv) educational status does not have any effect on people’s attitude to insurance business/services; (v) employment status does not have any effect on people’s attitude to insurance business/services; (vi)
professional inclination does not have any effect on people's attitude to insurance business/services; (vii) Household income does not have any effect on people's attitude to insurance business/services; (viii) Whether an individual owns a property mortgage or not, does not have any effect on people's attitude to insurance business/services; and (ix) Whether an individual currently have insurance policy or not, does not have any effect on people's attitude to insurance business/services. A survey was conducted through a simple random sampling technique among 392 members of the public (insuring and non-insuring) in Lagos (metropolitan city), Nigeria, to gauge their awareness level and general attitudes towards insurance companies and their operations. The research instrument contained 39 questions from which nine questions deals with socio demographic and economic variables and seven likert scale items addressing respondents’ attitudes to insurance, and 23 remaining deals with marketing strategies. Results of the study revealed that respondents owning insurance policies have a significant higher positive attitude towards insurance than those not owning any insurance policy. Demographical factors play considerable role of varying degrees on attitudes of Nigerian to insurance services. Except gender all (age, marital status, educational status, profession, household income) have significant impact of varying degrees on attitudes towards insurance. Further, it was found that specific marketing strategies are required to encourage the young generation below 46 year of age, the divorced/separated, and the less-educated to embrace and appreciate the role of insurance. It was recommended that significant marketing communication activities be targeted by the insurer that would further stimulate and boost patronage and perception of insurance services.

**Siddiqui et al. (2010)** strived to develop a valid and reliable instrument to measure customer perceived service quality in life-insurance sector. The objectives of the study were, first to investigate service quality structure for life insurance and then relative importance of these service quality dimensions from customers’ perspective, so as to ensure optimal deployment of resources among these dimensions, and thereby best value to the customers. Further, the study tried to measure as to how well services were being delivered i.e. up-to what level performances were meeting the expectations. A
SERVQUAL type instrument (consisting of 26 statements for both expectations and perception scores) was used. The respondents were asked to evaluate parameters on service quality on a five point Likert scale. A pilot study was conducted with a small sample size of 60 to clarify the overall structure of questionnaire. However, final 868 questionnaires (out of 1000) from various cities (like, Lucknow, Delhi, Mumbai, Bangalore and Kolkata) at a response rate of 86.8 percent were found complete in all respects. The quota (multi stage) and shopping mall intercept sampling schemes were employed to select the policyholders. After conducting content and reliability analysis of data, exploratory factor analysis was performed on expectations and perception scores. The result validated instrument comprised of six dimensions viz., assurance, personalized financial planning, competence, corporate image, tangibles and technology. Factors obtained from expectation and perception scores were very similar to each other. Thereafter, Analytic Hierarchy Process (AHP) technique was used to prioritize the dimensions of service quality. The results of analytical hierarchy process highlighted the priority areas of service instrument with assurance was the best predictor, followed by competence personalized financial planning, corporate image, tangibles and technology. Subsequently, dimension wise gap analysis (perception-expectations scores) was also performed. It was found that maximum gap existed in competence followed by personalized financial planning and corporate image. It was concluded that service quality needs to be measured using a six dimensional hierarchical structure consisting of assurance, competence, personalized financial planning, corporate image, tangibles and technology dimensions. As per the authors, study findings would help the service managers to efficiently allocate attention and resources among these dimensions on the differential basis, consistent with the customer priorities and could be transformed into effective strategies and actions for achieving competitive advantage through customer satisfaction and retention.

Garg and Verma (2010) studied the marketing mix elements of life insurance, in India. A sample of 95 executives at various positions in private as well as public life insurance company was drawn on the bases of convenient sampling from Chandigarh, states of Delhi and Haryana. For the purpose of analysis, five hypothesis: (i) there is no
significant difference between the respondents of various age groups regarding the variables of marketing mix; (ii) there is no significant difference between male and female respondents concerning the variables of marketing mix; (iii) there is no significant difference between the respondents of various qualifications about the variables of marketing mix; (iv) there is no significant difference between the respondents of various hierarchies as regards to the variables of marketing mix; and (v) there is no significant difference between the public company and private companies respondents regarding the variables of marketing mix, were formulated and tested. Respondents’ demographic variables (e.g. age, sex, qualification, hierarchy level, type of organization and marital status) were considered for analysis purpose. The data was collected using a well structured (3 point scale) questionnaire. Factor analysis through Principal Component method was carried out to investigate the linear relationship of nine dimensions. As a result, nine dimensions were converted into three factors namely, mix ingredient, mix development and mix adjustment. Then, one-way ANOVA (for age-wise, qualification-wise, and hierarchy-wise analysis) and t-test (for sex-wise and Organization-wise analysis) was applied to draw out the concrete results. The results of the study revealed that Mix Ingredient was found as the most important factor followed by Mix Development and Mix Adjustment. Further, age-wise, sex-wise and qualification-wise analysis revealed that the difference was found significant between the opinions of respondents regarding mix ingredient, mix development and mix adjustment, respectively, which indicate that five hypotheses were fully accepted. The study suggests the insurance firms to focus on the concept of marketing mix & its effective implementation, quantify the level of expenditure, and review its own and competitors marketing mix on regular basis. Besides, marketing department of insurance firms should call other functional department while developing marketing mix, and should provide the detail of their thinking on the subject supported by mix plan.
2.2 Studies Relating to Agents

These studies deal with the opinion of agents with respect to their training, the facilities, and the services provided by life insurance companies and also examine the satisfaction level among the agents.

Mishra and Prasain (1986) conducted a study to evaluate the main causes of dissatisfaction among the employees of LIC regarding promotion policy and procedures. Sixty officers were interviewed to know their opinion regarding promotion policy. It was revealed that 58 percent were satisfied and 38 percent were dissatisfied. The main reasons for this were the lack of objectivity in reporting and colorless confidential reports. The interview of 50 trade union leaders showed that only 10 percent of the leaders were fully satisfied with the promotion policy of the LIC. It was suggested that LIC should draft an ideal promotion policy for all classes of employees and officers.

Rao and Machiraju (1988) in their article entitled “Life Insurance and Emerging Trends in Financial Services Market” contended that the agents of life insurance should update their service level so as to match the level of financial counselors. It was stressed that the agents should have a good grasp of the continually changing economic environment in which they operate. According to the authors, a proper understanding of the environment, characteristics, strengths and weaknesses of the available financial instruments and the changing scenario would be of immense advantage for the proper and successful functioning of LIC marketing force. Re-conceptualization of the role of the life insurance industry and preparation on the part of the marketing forces could provide many opportunities in order to meet various new challenges.

Malliga (2000) studied the marketing of LIC policies in Tirunlveli Division of Tamilnadu. The objectives of the study were to (i) analyze the impact of marketing strategies of the agents on their performance; (ii) identify the association between socio-economic status of the agents and their performance; (iii) study the association between personality traits of the agents and their performance; (iv) assess the impact of agents’ attitude towards the organization on their performance; and (v) analyze the performance
of the agents in terms of number of policies and the sum assured. The required data was collected from the population of 2000 by selecting a sample of 100 at random, using stratified random sampling technique. Multivariable personality inventory was used for measuring the personality. It had nine dimensions from which five were used for the study.

The level of significance was fixed at 5%. The study showed that the performance of the agents was influenced by the marketing strategies. It was found that the performance of agents in term of number of policies sold, the sum assured and the total commission received was independent of the personality traits except the self confidence, but dependent on the socio-economic status and on the nature part time/full time but not on the type direct/supervised. It was concluded that the marketing of LIC policies was influenced by the agents’ performance status. It was suggested that the LIC should take into consideration the sociological, psychological and economic factors while recruiting agents. The LIC should adopt special marketing strategies and modern sales techniques for better performance of the agents.

**Mittal and Chandhok (2002)** analyzed the pre and post privatization scenario, which indicated that the awareness of public towards insurance had grown. Before privatization, most of the agents did the job on part time basis and only 10 percent of the agents procured 90 percent of the total life insurance business and the remaining 90 percent of the agents procured the remaining 10 percent of the total life insurance business. There was a lack of efficient services, competition, and innovative products and there were so many complaints from policyholders. But in the post privatization scenario, private sector companies and LIC had been offering efficient services for the benefits of the customers. The LIC branch offices were interconnected through computers and Internet. The publicity campaigns were launched to create awareness about the concept of life insurance and its products. It was also observed that majority of people preferred LIC products due to its creditability and efficient services. The study reflected that life insurance business was mainly procured from the male segment of the population while the female segment constituted only around 14-16% of the total life insurance business.
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_Lal and Dhanda (2003)_ explained the implications of opening up of life insurance sector on the performance of existing life insurance business. An opinion survey of 51 agents, 21 development officers and 55 employees was conducted in order to know their perception towards life insurance products, amount of premium, working conditions, training programmes, computerization and efficiency level etc. The average value of such preferences for different LIC products was calculated and the total score obtained was divided by number of respondents to compute the value of index. The study revealed that agents, development officers and employees had similar opinion with respect to various variables. It was also analyzed that the survey results would be helpful to improve the business performance of the LIC and the satisfaction level among policyholders.

The authors also considered various other aspects like impact of liberalization on the performance of LIC, marketing strategies of insurers and the challenges and threats ahead for the insurance sector in India. It was observed that LIC was ahead of competition in grabbing the piece of rural turf than its private counterparts.

**2.3 Studies Relating to Growth, Performance, Functioning, and Privatization etc. of Life Insurance Sector**

These studies deal with the various issues relating to life insurance marketing concepts, techniques of service sector, marketing operations and strategies. Besides, they also examine the opinion of customers and agents towards insurance services.

_Shukla and Srivastva (1969)_ evaluated the eleven years (viz., 1953-54 to 1967-68) working performance of LIC to find how far it had been successful in achieving the broad objectives for which it was established. The study was divided into two sub heads i.e. business transacted and business efficiency. It was observed that the position as regards to the settlement of claims by LIC was not satisfactory and premium rates were not attractive. About 30 percent of the rural population was covered under total business of LIC. Various ways of publicity were adopted by LIC to popularize Janta Policy Scheme in 1957, but these didn’t prove to be successful due to the negligence on the part of LIC and its agents. The authors suggested that LIC should reduce the premium
rates, lapse ratio and expenses of management. The new policies should be introduced in accordance with the needs of the villagers.

**Kumar (1983)** conducted a study to highlight the problems and solutions of life insurance business in rural areas. He observed that the growth of rural business of LIC was very low as compared to the growth of business in urban areas. The study revealed that the share of rural business of LIC with respect to sum assured had declined from 30.8 to 23.4 percent between 1961 to 1980 and from 36.5 to 29.6 percent in relation to number of policies due to existence of wide disparities in income and wealth in rural areas. It was found that the main reasons responsible for this decline were illiteracy, lack of awareness, lack of servicing facilities, lack of incentives to agents and falling popularity of life insurance as a medium of savings even in urban areas. It was suggested that for rural development programmes, LIC should establish direct link with the large number of individuals and should undertake a massive plan of opening its service units in rural areas. Sufficient attention should be paid to communication efforts between LIC and its customers and it should also utilize the services of panchayats for increasing the awareness of villagers towards life insurance.

**Sexena (1986)** in his article entitled “Marketing of Life Insurance Services” discussed the various issues relating to the life insurance marketing. It was observed that the success of LIC was dependent not only on the success of its agents but also on the efforts and orientation of the management. It was concluded that a checklist of customer analysis could help the LIC and its agents to get potential product ideas. The analysis of competitive situation could help in deciding the requirement of product differentiation and market segmentation. It was suggested that in order to serve the community in a much more meaningful manner, LIC should take into account the different factors like the size of market, the consumer sensitivity, the product life cycle, the nature of product and the typical strategies adopted by the competitors.

**Mishra (1987)** outlined the marketing strategies, marketing objectives, strength and weaknesses of LIC. The study showed that the New Individual Business had increased from Rs. 2073.32 crore in 1978-79 to Rs. 7059.47 crore in 1985-86. The average
business per active agent under Individual Life Insurance Business had increased in 1982. The author argued that the customers’ need of purchasing life insurance policies depended on the various factors like purchasing power, population pattern and purchasing propensity. It was also observed that the market potential of the LIC had increased because of the increase in working male population. It was recommended that the LIC should employ the market force for different occupation, areas and social set up, so as to convey the message of life insurance benefits to the entire population.

Rao et al. (1990) reviewed and assessed the extent of application of marketing concept and techniques in the service sector. The review was organized into three sections, viz., marketing management in the service sector, classification of services and approaches for improving productivity in the service organization. The authors suggested various strategies and approaches for increasing the productivity and the satisfaction level of the customers.

Arora (1992) conducted a study to examine and analyze the marketing of life insurance services of LIC in Jalandhar Division, which consisted of seven districts of Punjab. The study was three dimensional in nature. The marketing performance of LIC pertaining for the period 1980-81 to 1989-90 was also studied. The primary data was collected by interviewing 425 policyholders and 90 agents spread over the three districts and the additional information was collected through observations, interviews, and discussions with the marketing functionaries and officers at divisional as well as central office of LIC. The data was analyzed by using simple frequencies, percentages, averages and ranking/ratings etc. The study revealed that most of the agents preferred LIC agency because it was a good source of income and also because of the employment problem. The majority of agents were dissatisfied with the functioning of LIC, but were satisfied with the premium charged and bonus declared by LIC. It was also observed that the product mix and pricing system in LIC was very complex yet it ranked better than other private companies from the risk protection and the tax-benefits point of view.

Ramamurthi (1992) studied the contribution of Western Zone of the LIC to its total business and observed that its contribution as a whole was bigger than all the other
Zones. He discussed the total income and investment made by LIC and pointed out that the share of Western Zone in terms of number of policies in 1991-92 was 24.27 percent and total premium income was 24.35 percent. Over 67 percent of the policies sold in 1991-92 were in the form of first insurance and the rural business accounted for 27.71 percent of new policies. It was analyzed that the customer satisfaction, publicity and public relations, human resource development and the information technology were some of the important aspects in the success of LIC. The study suggested that serious efforts should be made to improve the performance, monitor activities and expansion of life insurance business.

Reddy and Murthy (1996b) found that LIC achieved good progress in respect of sum assured, number of policies and number of persons insured after nationalization. They analyzed the issue of its privatization. On the basis of various arguments, it was observed that privatization had become inevitable under the present circumstances. There were some weaknesses of LIC, which could be minimized through improvements and could be covered by privatization. It was suggested that while implementing the privatization of life insurance business, regulatory framework should be established by the government to monitor life insurance business. LIC should be reorganized to face the new challenges emerging from privatization. Private insurance companies should be encouraged to cover rural segment, as priority area and government interference in the management of LIC should be minimized.

Kalra and Garg (1999) viewed that marketing of life insurance policies were dependent on the successful communication mix and promotional strategies of insurance companies. It was found that illiteracy, low level of awareness, negative attitude towards saving and little purchasing power were the major constraints in the marketing of LIC policies in rural areas. It was suggested that LIC should design its promotional strategies in such a way so that these could help the customers in overcoming all their apprehensions. It should create the desire to purchase life insurance policy by providing policy wise details and showing the negative effects of not having a policy.
Cheris (2000) conducted a preliminary research of life insurance in Shanghai to understand the Chinese resistance to life insurance and to know how life insurers managed the resistance to create a life insurance market. The resistance to life insurance in Shanghai consisted of at least four components, viz., low sense of the need for life insurance, low degree of trust in insurance institutions and agents, a superstitious belief against life insurance, and a penchant for the products that would induce loss to insurers. He examined the economic behaviour of Chinese in the socio-cultural structure and the global-local dynamics. He conducted 41 face to face interviews with the life insurance agents, managerial staff, trainers, and actuaries. Through interviews, he learned that the demand for life insurance was far below the supply capacity of life insurers and the growth of the business volume of the foreign and foreign-local joint-venture insurers was slower than they expected. He conducted informal and casual discussions with the customers, prospective customers (i.e. who refused to buy insurance policy) and the community observers in order to assess the public image of life insurance.

The researcher had also conducted telephone-interviews with a few agents and customers in Guangzhou. The basic statistical information about the performance and the growth of life insurance industry was collected in China. More than half of the 11 prospective customers he interviewed regarded life insurance as equivalent to savings. Some of the prospective customers believed that the life insurance companies were simply money-grabbing institutions and not trustworthy. He suggested that in dealing with the Chinese resistance to life insurance, the foreign joint ventures and domestic life insurers should employ different marketing strategies.

Chan and Leung (2001) looked into the importance of life insurance training in Hong Kong. In order to achieve this objective three surveys were conducted to get information from life insurance companies, life insurance agents, and the public. Firstly, interview relating to a total of 14 questions was conducted from three insurance companies’ managers of training department to know the relevance of training in the life insurance sector. It was found that main objective of training is to help agents to develop their lifelong career in insurance, regular meetings are conducted between
agency managers and trainers to know agents needs, well trained agent has high ability to stay in a competitive market, training will be more comprehensive and complicated in the future because of greater diversification of the products; Recruitment criteria is different for different insurers because of distinct strategies in use, training provided by training department, agency manager and by professional organizations have different perspectives. The limitations of resources and educational background were the major problems for small scale insurers to provide training to their agents. In order to identify the need of training, four agents were interviewed to answer nine questions. It was found that four main elements (attitude, knowledge, skill and habit) have a great influence on agent to be successful, most of them actively attend the training programmes conducted by company/professional organizations; Training improves their knowledge & skill to deal with customers. The agents suggested that training programs should be more comprehensive as more and more complicated products would be launched by the insurer in the coming future. Training programs should concern more about the use of high technology and standardized exam should be conducted to get the quality agents to sell policies. A questionnaire consisting of nine questions relating to public expectation on life insurance agents and life insurance companies were distributed among 200 respondents, out of which, only 162 were valid responses. Majority of the respondents suggested increasing training programs, making more regulations, levying penalty to improve service quality of insurance agents and increasing entry requirement can improve the service quality of insurance agents. To sum up, the study concluded that training programs vary in different companies depending on manpower, strategies, philosophy, and resources available with different insurers. It was suggested that quality candidates should be recruited and comprehensive training should be provided to the agents.

Murlidhar (2001) conducted a study, which covered the analysis of marketing operations and marketing strategies of LIC. The study was confined to Bangalore Division-2 that covers three districts of the state of Karnataka with a network of twenty branches. The main objectives of the study were to (i) structure the profile of LIC in Bangalore Division; (ii) study the working of LIC; (iii) analyze the marketing strategies
of LIC; and (iv) make an opinion study of insurance agents and policyholders. Primary data was collected from policyholders and agents of LIC during the year 1997-98. Sample of 80 agents as respondents was collected at the rate of four progressive agents from each of twenty branches and a sample of 240 policyholders was selected at random from all the twenty branches. Pilot study was conducted to test the questionnaires on policyholders and agents. Judgment based quota sampling method was adopted to make an opinion study of the policyholders and agents. The study highlighted the recent trends in LIC in the changed environment and suggested effective implementation of marketing strategies, revision of premium rates, promotion of LIC activities in rural areas, measures to implement marketing approach throughout the organization and improvement in the quality of services.

**Sundar and Babu (2001)** in their article entitled “Marketing of Insurance Services” highlighted the various benefits of life insurance products in the form of social security-measure schemes or policies to encourage savings and to provide protection and safety to the policyholders. It was revealed that proper care should be taken to determine financial insecurity of the customers, to design new schemes/policies and to satisfy the customer’s needs. It was also stated that marketing of life insurance companies must include a well-defined marketing objective, segmentation of target customers and proper blending of marketing mix elements. The paper further highlighted the usage of electronic media as well as sponsoring of various entertaining events by the different companies in order to achieve deeper penetration into the market.

**Parasnis (2001)** discussed the distribution channels of life insurance industry alongwith the new avenues being explored by the new players. This would be beneficial for the customers, as they would enjoy service when they desire and wish to be serviced. It was stressed that with the opening up of the Indian insurance market, the private sector was in unenviable position. It needed to establish itself not only in the customer mindset but also in getting its distribution network in place. It was suggested that insurance companies should not only provide the product information, but should also facilitate contact with the customers through Internet.
**Gupta (2003)** evaluated the branding strategies of the Indian life insurance players in terms of awareness, expectations of customers and the major industry challenges in India. In the wake of competition, LIC required a considerable brand building exercise, at least in urban areas. A sample of 1000 people across various cities was taken to find out the brand awareness of public and private insurance companies. The results showed that LIC was at the top of the mind in the life segment followed by other private life insurance companies. The study further revealed that the settlement of claims was the most important factor in the customer’s mind, followed by quality services and security of investments.

**Patil (2003)** conducted a study to evaluate the LIC products and their performance in Gulbarg District. The objectives were to (i) study the history of LIC; (ii) make an attempt to measure and evaluate the performance of the LIC branches; (iii) critically evaluate the performance of existing products and evaluate the duties of agents; and (iv) know the transaction and precautionary motives of the people. The study covered a period of five years from 1994-95 to 1998-99. A pilot survey was conducted to ascertain the opinion of various groups of policyholders and agents. The sample included 1291 policyholders representing 20 percent of the total population and 407 agents representing 25 percent of the total agents in the district. An empirical survey was undertaken through a mailed questionnaire to evaluate the opinion of the respondents with regard to the products. A personal interview with a selected group of respondents was also conducted.

The study revealed that the performance of children related policies was very poor except the children money back policy, which too had not been contributing significantly. The insurance products with lower premium and covering more risk were the most preferred policies by the people. The share of urban business was very high as compared to the rural segment. The study further revealed that the demonstration of product features by the agents was not satisfactory. It was concluded that the rapport between the agents and development officers was not regular, which had an adverse effect on the business of agents in particular and on the Corporation in general.
Pathak and Singh (2003) empirically examined the impact of opening up of the insurance sector to the private players. An analysis was also done with respect to the marketing strategies adopted by LIC along with its strengths and weaknesses. The main objectives of the study were to (i) carry out SWOT analysis of LIC in order to help it in formulating new marketing strategies; and (ii) increase LIC market share by giving suggestions for increasing its competitiveness. A customer survey (100 policyholders of LIC) was conducted through an open-ended interview to find out customers’ perception and expectation towards LIC. Agents’ survey (20 from each group i.e. from top agents, development officers and senior executives) was conducted to prepare new and effective marketing strategies, to increase market share and to improve the customers’ satisfaction by providing quality services. The study showed that policyholders gave preference to money back policies and wanted to buy new products with lower premium.

It was concluded that the insurance companies were spending lot of money on publicity to attract the customers’ attention, but there was no budgetary allocation for research and development of the products. Agents didn’t take care of customers because they were interested in getting high commission and not in the quality business. It was suggested that agents’ pre-recruitment training was essential to provide efficient and effective customer services.

Dhanda (2004) analyzed the divisional performance of LIC business in northern zone of India. A sample of 130 service providers and 163 service users was taken. Data was analyzed with the help of average, percentage, standard deviation, co-efficient of variation, various ratios, rank analysis, growth rate, and average annual growth rate and total growth rate. The study period for divisional performance evaluation was taken from 1990 to 2000.

Divisional performance of LIC was calculated on the basis of segmentation of policyholders, mobilization of savings of people, operational efficiency and claim settlement by LIC. It was revealed that first insurance business to new business ratio was more than 60 percent in the northern zone. Introduction of computers would
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certainly affect the efficiency level and improve the quality of services as indicated by a majority of the respondents. Training programmes also affected the performance positively. Expected rate of return on insurance products ranged from zero to ten percent, as reported by majority of respondents. The highest percentage of policyholders of different segments preferred the money back policy. Only 30 percent of the respondents rated premium as high while 2/3 opined that the amount of premium was reasonable.

Kumar and Vaidya (2004) discussed the possible strategies that could be used by the insurance companies for differentiating their products and service offerings from their competitors. The authors not only emphasized at some of the new offerings by various players, but also discussed the possible innovations in the insurance sector in terms of products, customer service, distribution network, promotion and brand building. They suggested that the effective use of customer relationship marketing tools would help in identifying cross-selling opportunities. E-service or customer service through Internet would play a vital role in facilitating the process of servicing insurance products to their policyholders.

Dalal and Gupta (2004) conducted a comparative study of LIC and Tata-AIG. The objective of the study was to examine the comparative profitability of same type of schemes introduced by LIC and Tata-AIG. For the purpose of comparison, six sample schemes (common in nature) were taken from both the companies. Present value of return or benefits at maturity was calculated by using a present value factor @6%. It was found that the final additional bonus in case of LIC was lower as compared to the terminal bonus of Tata-AIG. LIC had paid the final additional bonus consistently till date while Tata-AIG’s tendency of payment of terminal bonus was yet to be seen. It was concluded that the profitability of the comparable schemes of LIC and Tata-AIG varied from case to case.

Sahoo (2004) made a comparative analysis of LIC’s Komal Jeevan vs. ICICI’s Smart Kid and Tata-AIG’s Mahalife Junior. The comparison showed that in the case of Tata-AIG’s Mahalife Junior, the sum assured was 4,00,000 and total benefits were 94,59,867 while in case of LIC’s Komal Jeevan, the sum assured was 2.50 laks and total benefits
were 98,75,260. The investment in LIC’s Komal Jeevan was Rs. 4,15,393, which was much more as compared to the Tata-AIG’s Mahalife Junior. The Net financial gain of LIC’s Komal Jeevan policy over ICICI’s Smart Kid was Rs. 33,24,265. It was concluded that the benefits under LIC’s Komal Jeevan plan were more as compared to the Mahalife Junior and ICICI’s Smart Kid. In case of falling interest, the life assured under LIC’s Komal Jeevan would be fully protected because of the contractual obligations as envisaged in the policy.

Kumar (2004) discussed the continent-wise world insurance business and its market share in life and non-life insurance business. It showed that the total world insurance business had increased from US $1210 to $20782 billion in 1999. In 1995, India ranked 25th and its world share in insurance market was 0.26 percent where as United states ranked 1st with 31.31 percent share. Life insurance penetration and life insurance density of India was 5.60 percent and $1.11, which was very low as compared to the developed countries. In 2002-03, because of the decline in the sale of single premium policy, the New Business of LIC declined by 24 percent. During that year New business premium of the LIC was Rs 11343 crores and that of private players was Rs. 982 crores. It revealed that LIC premium was much more compared to the private players. It also showed a sign of improvement in LIC business after the entrance of private players in the life insurance sector. A close watch of the LIC performance was recommended, so as to make it more competitive in the new scenario.

Bhasin (2004) highlighted the pre and post liberalization performance of life insurance sector. Though the private insurers were grabbing the market share, but in fact the market was growing and LIC coverage was also increasing. In 1999, India’s premium as percentage of GDP was a mere 1.39 percent as against 7 percent of US, 8.87 percent of Japan and 10.30 percent of UK, but in 2002 the premium had increased to 2.7 percent. The surveys of 300 million urban population showed that 50 million had the capacity to pay premium of US $ 300, 100 million had the capacity to pay US $ 200, and 150 million had the capacity to pay US $ 100. It was concluded that insurance awareness and insurance coverage could be increased through liberalization.
Chung et al. (2008) compared the efficiency of bancassurance model with the traditional insurance selling channels in Taiwan. The input-output data of traditional selling channels and bancassurance channels are taken from 21 insurance companies. The Data Envelopment Analysis (DEA) approach was employed to compute the efficiencies of bancassurance and traditional channels separately. There are nine (Global Life, ING Life, Life Insurance Dept. of CTC, China Life, Shin Kong Life, Global Life, Sinon Life, Singfor Life, and Allianz President Life) life insurance companies that are relatively efficient in traditional selling channels and two life insurance companies (Cathey Life, and Allianz President Life) were relatively efficient in bancassurance channels. Some life insurance companies such as Global Life, ING Life, and Sing for Life, may be relatively efficient in traditional selling channels but perform poorly in bancassurance channels. The only life insurance company that performs relatively efficiently in both traditional and bancassurance channels is Allianz President Life. The researchers employed the ‘mann-whitney u test’ and the ‘spearman rank correlation’ test to determine whether there was a significant difference between inefficiency score and rank between traditional and bancassurance channels. Result of which indicated that the efficiency of traditional selling channels was significantly higher than that of bancassurance channels. The efficiency score of a life insurance company’s own sales representatives is significantly higher than that of its bancassurance representatives, so it was suggested by the author that, companies such as ING Life, Global Life, and Singfor Life should try to improve their bancassurance efficiency by changing the banks they partnered with. The efficiency relationship between the bancassurance channel and the traditional selling channel is independent, therefore it was recommended that to perform better in bancassurance channels, insurer should choose appropriate partner banks. Further, a marketing efficiency evaluation of a life insurance company, when divided into different marketing channels for evaluation, is capable of providing meaningful results for marketing decision-makers.

Neelamegam and Karthihsaielvi (2010) compared the performance of LIC branch, Virudhunagar in terms of number of policies, maturity claim settlements, death claim settlements, first premium incomes and sum assured with such criteria of performance at all levels of Madurai division, South zone, Tamilnadu state and over India; and
thereby ascertaining the need for improving the marketing strategy of LIC branch of Virudhunagar. Five null hypotheses were formulated and tested. On the basis of study findings, authors suggested the insurer to implement some of the service marketing strategies viz., introduction of new schemes, restructuring of old plans, implementation of social security schemes, creation of awareness among rural people, reviewing the mode of premium and establishing customer relationship management (CRM) to improve LIC performance.

**Trigo-Gamarra and Growitsch (2010)** analyzed the performance of single and multi-channel distribution firms in the German life insurance industry in order to explain the development and the coexistence of the distribution systems. Non-parametric Data Envelopment Analysis (DEA) was used to estimate efficiencies for a sample of German life insurers for the years 1997-2005. Only those firms which accounted for approximately 90 percent of the total premium income of the industry were taken into consideration. The performance comparison was carried out by testing two sets of hypotheses: H1: direct insurers are more cost efficient than multi-channel insurers—H2.1: independent agency insurers are less cost efficient because of the higher costs of the independent agency system; and H2.2: The disadvantage in terms of cost efficiency is recouped by higher revenues resulting from high service quality, which leads to similar or higher levels of profit efficiency for independent agency insurers. However, results showed that both hypotheses had to be rejected, since specialized single-channel insurers do not outperform multi-channel insurers in terms of either cost or profit efficiency and, thus, did not represent a superior distribution system. This result explains why their market share remained small despite the increasing importance of direct distribution and the increasing use of independent-agent insurers in the German life insurance market. It was concluded that specialized single-channel distribution insurers were not superior to multi-channel insurers. Direct insurers were not able to realize their expected cost advantage over multi-channel insurers and also, independent-agency insurers were unable to take advantage of their hypothesized service superiority. Thus, the distribution of life insurance products via multiple channels was observed to be superior to specialized single-distribution channels, as none of the specialized insurers showed a comparative performance advantage.