CHAPTER - 2

DESIGN OF THE STUDY
I. Introduction

The insurance sector in India is nearly 150 years old. It is now in the third phase of its existence. The first phase was the long-growth phase before the two nationalizations in 1956 and 1971 of life and general insurance respectively. At that point of time, there were more than 200 life insurance companies and 108 general insurance companies. They were all private sector insurers with the exception of one state-owned general insurer. Several overseas insurers were operating in India through branches. In the second phase, the entire sector became a state monopoly. In the third phase, we now have several new private sector players competing with the large public sector insurers. Based on the current trends, it seems that, in ten years, the market will have about 35 to 40 players, equally distributed between life and general insurance sectors. Several large global insurers operate in India through joint ventures. In the short time since the market was opened up, a comprehensive set of legislative instruments has been introduced. Relatively high capital requirement combined with tight solvency norms and the long lead time for returns has kept the number of players relatively small. All the new players are promoted by corporates with financial strength and commitment supported by reputed global insurers with long standing. Stability of the market is, therefore, ensured and customers’ interests in terms of security are expected to be well taken care of. Ongoing measures to implement improvements will no doubt enhance the stature of the market.

Government being the proverbial facilitator, the government has a moral responsibility to ensure that the participants in its economy are provided all the help in insuring against all the risks they are likely to face. Being the guardian of its people and the promoter of the welfare of its citizens, the government is bound to help its people ensure their financial security by in turn ensuring that they are in a position to
access as many insurance solutions as possible, commensurate with their requirements. Since insurance is a capital-intensive activity and since it is not the government’s business to be in business, governments across the world have encouraged investment in the insurance sector through a slew of fiscal and financial measures. On their part, the governments have promptly assumed the responsibility of regulating the insurers tightly for obvious reasons: upon occurrence of an insured risk, the insurer has to settle huge claims.

II. Statement of the Problem

In the Indian context, the insurance sector has come a full circle. It was in private hands once only to be completely taken over by the government subsequently owing to obvious reasons – many insurers folded up, leaving those who insured their lives with them in dire straits. They did not know how to fend for themselves during their twilight years. But as the country opened up its economy and became a market economy owing to various reasons, the government had to throw open the insurance sector to private investors – domestic as well as foreign. Its own insurance companies were unable to cope with the demand being placed by a revitalised and resurgent Indian economy. The demand for insurance products and insurance services was far in excess of their availability. The infusion of additional capital necessary to underwrite more and more business was simply beyond the government. More and more of insurance expertise was needed to design and market newer insurance products to cover emerging risks. The various committees appointed by the government to examine the desirability of throwing open the insurance sector to private participation also favoured throwing open the insurance sector to domestic and foreign investors subject to certain terms and conditions being met, as explained in Chapter-1.
It is now more than a decade since the country threw open its insurance sector to private investors. It is time to take stock of the work done by the insurance companies. For instance, the challenges that the private insurers face and the opportunities they are presented with, need to be reviewed. It is also necessary to examine if the strategies implemented by the private insurers have yielded the desired results; or, are the private players as good or as bad as the public sector behemoth, the LIC of India, on all parameters – one being Tweedle-dum and the other being Tweedle-dee. It is also necessary to ascertain what the future holds for the private insurers – is the future going to be bright or bleak for the private players. This calls for an empirical study. Hence this study is undertaken.

III. Review of Related Literature

Review of literature is a critical summary of research on a topic of interest, often prepared to put a research problem in a context. A review included a research report, which include a brief literature reviews with their introduction. To provide readers with a quick overview of the being addressed document the need for the new study & demonstrate how it will contribute to existing evidence. Review of literature is conducted to generate a theoretical and scientific knowledge about particulars phenomenon and results in a synthesis of what is known and unknown about that phenomenon. The primary purpose of literature is to gain a broad background that available related to problems in conducting research, the literature review facilitates selecting a problem and purpose, developing a frame work and formulating a lesson plan. Literature review is a key step in research process. Review of relevant literature is an analysis and synthesis of research sources to generate a picture of what is known about a particular situation and knowledge gaps that exist in the situation. In order to
attempt the goal in the present study, an attempt has been made to review and discuss the literature.

Arthur Tarn (1926)\textsuperscript{16} discusses the concepts of life insurance and explains the types of life insurance plans and their feature.

Underwood R.E. (1935)\textsuperscript{17} sets the basis of compound interest and table of mortality that play significant role in calculating insurance premium.

George H. Harris (1944)\textsuperscript{18} Explains that selling life insurance is an art that is acquired by one through experience and exposure but not through teaching. However, the author discusses the requirements of infrastructure such as selling principles. According to him, planning is essential for an agent to succeed in the job of selling insurance.

Hubner S.S.(1944)\textsuperscript{19} in his book, explain the economic value of human life. The economic importance of human life is comparable to the economic importance of property, business etc. Life insurance is the most practical way protecting the economic value of human life just as the general insurance to protect the economic value of properties & business affairs.


\textsuperscript{17} Underwood R.E. “The students book of life insurance” Buckly Press Ltd St. Andrew street Landon 1935.

\textsuperscript{18} George H. Haris “Life Insurance Salesmanship”- Stone and Cox Ltd. Fleet Street London 1944.

\textsuperscript{19} Hubner S.S. “The Economic Life of Insurance application century Grofs Insurance” New York 1944.
Robert Riegel and Jerone S. Nillar (1956)\textsuperscript{20} discuss the General principles of Insurance relevant to the chemistry of insurance concept.

Robert Meliy and Robert W. Osler (1962)\textsuperscript{21} deal with the principles of life insurance in a detailed manner whereas Walter & Thome discuss the importance aspect to be kept in mind by an insurance company to safeguard the money collected from public. The authors adopt the policyholder’s point of view while suggesting ways to safeguard the life insurance estates.

Anderson J.L. and Dow J.B. (1964)\textsuperscript{22} deal with the basic for construction of mortality tables.

According to Mantis, George and Farmer, Richard, N (1968)\textsuperscript{23} the more accurate the demand predictions for any firm or industry, the easier it is to manage the firm or industry efficiently. Thus if an insurance company could predict its sales for the next year accurately, it would be in a position to control costs more precisely and manage its investment accounts more carefully.

Churchill E. Gug (1969)\textsuperscript{24} discusses at length the concepts of present value and accumulated value he opines that compound interest acts as a bridge between


present value and accumulated value. He says that insurance premium that is equal to
present value of future claim. It reveals that the period of investment (insurance term)
and rate of interest will determine the present value of a future claim or future
accumulated value of present payment.

Margrot Naylor (1971)\textsuperscript{25} says that death is inevitable and hence life insurance
is necessary for all. Different types of plans are discussed to analyze their respective
benefits from investment as well as tax benefits point of view.

Desai D.R. (1973)\textsuperscript{26} stresses the historical background of life insurance
industry in India and its growth since nationalization.

Dodds J.C. & Croom Helm (1979)\textsuperscript{27} critically analyze the investment behavior
of life insurance companies with an aim to provide guidelines to set the future
investment pattern.

Hubner S.S. & Kenneth Black Jr. (1982)\textsuperscript{28} have dealt with Life Insurance &
Health Insurance different types of life Insurance products and different forms of
health insurance are described. Mathematics of pricing of various products
organizational and marketing aspects of insurance companies is discussed at length.

\textsuperscript{25} Margrot Naylor, “The Trust about Life Assurance” George Dellen and Edwin

\textsuperscript{26} Desai D.R. “L.T India- is history and dimension of growth” McMillion India,

\textsuperscript{27} Doddas, J.C and Croom Helm “The Insurance Behavior of British Life

According to Grönroos C. (1982), the quality of a service perceived by customers will differ depending on what strategy the company chooses to deliver and promote the service. The service quality model by Grönroos holds that the quality of a service, as it is perceived by the customer, can be divided into technical quality and functional quality.

Gronroos C. (1984) discusses the technical (outcome) quality of service encounters, i.e. what is received by the customers’ and the functional quality of the process, in way the service is delivered together with the corporate image dimension of quality.

Rajkumar (1985) study on “The Role of Insurance Advertisement” explain the problem involved in insurance advertising and comes to suggest certain measure to improve the advertising effectiveness in LIC. He contends to use humour in advertising to capture the attention of prospective customers. He also emphasizes the need for carrying the message of life insurance to the people, without creating unpleasant feelings. He also advocates protecting of the copy before it’s advertised.

Parasuraman A., Zeithaml V.A. and Berry L.L. (1985) in his article service quality as a ‘function of the difference between expectation and performance along the quality dimensions’.

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Parasuraman A. (1988)\textsuperscript{33} showed that service quality could be measured as the discrepancy between perceived and expected service through five dimensions: Reliability—ability to perform the promised service dependably and accurately, Responsiveness—willingness to help customers and provide prompt service, Assurance—ability to inspire trust and confidence, Empathy—the caring, individualized attention provided to customers and Tangibles.

Sesh Ayyar V. (1986)\textsuperscript{34} in his article entitled “Product development discuss various issues in developing new polices such as the importance of developing new products and various problems involved in the development of product in LIC. He recommends the need for including ancillary benefits in the polices such as accident benefit, disablement benefits and hospitalization benefits.

Rajan Saxena (1986)\textsuperscript{35} in his article entitled “Marketing of Life Insurance Services” discusses various issues relating to the life insurance marketing. The author’s insistence on the importance of applicability of marketing concepts to the life insurance and the need for various strategies in the marketing of life insurance in quite interactive.

Venkatesh N.C. (1987)\textsuperscript{36} in his article entitled “On the trial of better services” discusses the importance of better and personal servicing to the customers and emphasizes the importance of satisfying the policy holders. In 1987, the planning


\textsuperscript{34}Sesh Ayyar V. “Product Development” Yogakshema July 1986, Page 16.

\textsuperscript{35}Rajan Sexena “Marketing of Life Insurance Services”, Yogakshema Dec 1986.

wing of the LIC of India divisional office, Warangal conducted a sample survey on customers’ satisfaction. The objective of study were to find the level of customers satisfaction regarding the service of LIC of India, particularly on the aspects such as timely dispatch of discharge forms, reminders the cooperation given by agent or development officer courtesy and sympathy of corporation officials, receipts of the policy amount.

Cox, Larry A et al (1991)\(^{37}\) point out that there is an appeal that disability income insurance should take priority over life insurance when forming an insurance portfolio. While disability losses occur more frequently than mortality losses, the relative severity of both types of losses also must be considered. When comparing income replacement objectives, for instance, the expected severity of disability losses may not exceed that of mortality losses because the disabled individual normally recovers or dies within a relatively short time.

The researcher is right in stating that the expected severity of disability losses may not exceed that of mortality losses when the income replacement objectives are compared. The disabled individual usually recovers. In extreme cases, the individual dies within a relatively short time. In the circumstances, the suggestion that disability income insurance should take priority over life insurance when forming an insurance portfolio sounds a bit hollow.

Puelz, Robert (1991)\textsuperscript{38} argues that in the market for life insurance, individuals face many product alternatives; however, little guidance is provided in product selection other than basic descriptions of plan benefits and costs. While objective criteria are important to the purchase decision, an individual's subjective valuation of all criteria, objective and subjective, play a pivotal role. The complexity of the decision requires a decision model which considers an individual's unique circumstances, objectives, and constraints. The Researcher is hitting the nail on the head with this argument. His argument is valid even today. The prospect is not provided the kind of guidance that is needed to make the buy decision. Whatever is provided by the insurer to the prospect by way of guidance could at best qualify as a superficial description of the product. The prospect has to take a decision after valuing all the relevant criteria objectively and subjectively. Insurers may explain away the ground reality by invoking clauses like \textit{caveat emptor} in extreme cases. But the ground reality is that in the present-day market-driven economy, \textit{caveat emptor} or `buyer beware’ is increasingly becoming irrelevant. What has acquired relevance is `seller beware’. If the seller is lackadaisical in the sales approach, the prospect is at perfect liberty to go to another seller of insurance products who is committed to provide all the relevant information. Insurers will do well to realise that eventually it is candour and transparency that will stand them in good stead and not hype. Many insurers, particularly private players, have earned the wrath of the public by mis-selling ULIPs. In the process, they killed the goose that used to lay the golden egg. Being in a sensitive field, insurers ought to display the kind of professionalism and

transparency that one would normally associate with self-regulatory organisations. It is time all insurers realised this truth.

John P. Murray, Jr. John L. Lastovicka and Surendra N. Singh (1992)\textsuperscript{39} examined the role of advertising likeability in predicting the performance of ad campaigns. The likeability level varied from high to low from one product to another. The findings of the study were based on an experimental design and are proving whether advertising likeability causes purchase, because individuals who like the ad could be different individuals from those who purchase the product. Four different ads were used in the study and for each ad the ad likeability in the copy test significantly predicted brand attitude but failed to predict campaign-induced brand attitude in the post test.

Cronin J.J. and Taylor S.A. (1994)\textsuperscript{40} viewed service quality as a form of attitude representing a long-run overall evaluation. Maintaining service quality at certain level and improving service quality must be life-time efforts to those companies who desire life-time prosperity in customers heart.

Bitner, Booms and Mohr (1994)\textsuperscript{41} defined service quality as ‘the consumer’s overall impression of the relative inferiority / superiority of the organization and its service’. Therefore, service quality is key of survival of all servicing companies.


Hofested G.(1995)\textsuperscript{42} stated the major function of life insurance is to protect against financial loss from loss of human life. Besides covering the risk of death, it covers the risks of disability, critical illness and superannuation. Life insurance is therefore developed as economic component of human life. Any event affecting an individual’s earning capacity has an impact on the individual’s human life value. This event may be premature death, incapacity, retirement or unemployment.

Pokorski, Robert, J (1997)\textsuperscript{43} states that most insurance products are designed to provide financial protection against unexpected loss. Policyholders pay a relatively small, affordable amount into a common fund (also known as the insurance "pool"), the monies are invested, and proceeds are distributed to those who submit valid claims. In this way, financial loss is mitigated even though the event itself cannot be prevented. But not all people are alike. Depending on the individual, the likelihood of a claim may exhibit great variation. Insurance companies evaluate factors that correlate with risk through a process known as "risk selection and classification." The more common term for this is "underwriting." By means of this process, the company determines the equitable contribution to the fund by an individual policyholder. Initial risk assessment is normally determined by age, with subsequent refinements in classification based on factors that increase or decrease the likelihood of claim relative to others of the same age.


What the researcher implies is true although nothing can be done about it unfortunately in the Indian milieu. The researcher implies that individuals who pose greater risk also pay the same premium those individuals who pose lesser risk pay, factors like age being constant. This works to the disadvantage of the individuals who pose less risk and to the advantage of individuals who pose more risk.

Gidhagen (1998)\textsuperscript{44} has made an attempt to develop a conceptual framework from a relationship perspective for the study of insurance service marketing. Deregulation and internationalization have created a new, increasingly competitive business climate. The focus of this research work is on the relationship between insurance companies and their corporate customers.

Cawley and Philipson (1999)\textsuperscript{45} in the life insurance market, provide evidence against the existence of adverse selection using multiple data sources. In particular, using the HRS dataset, they show that both the self-reported mortality and the estimated actual mortality are negatively or neutrally correlated with coverage, after controlling for age, gender, smoking status, marital status, income and wealth and bequest motives. In other words, their results imply that higher-risk individuals are less likely or at least not more likely to have life insurance coverage than the lower-risk individuals. They suggest that a potential explanation for their findings is that individual policyholders may not have better information about their mortality risk than the life insurers after underwriting.

\textsuperscript{44}Gidhagen, Mikael “Insurance marketing- Services and relationships” Uppsala University, Sweden, 1998.

Norberg, Ragnar (1999)\textsuperscript{46} while delving into the issue of bonus associated with insurance products explains that the issue of bonus presents itself in connection with every \textit{standard} life insurance contract. The characteristic of the said contract is its stipulation of nominal contingent payments that are binding on both parties. Life insurance policies are typically long term contracts, with time horizons wide enough to capture significant variations in interest, mortality, and other relevant economic-demographic conditions. The uncertain development of such conditions subjects every supplier of standard insurance products to a risk that is non-diversifiable and independent of the size of the portfolio; an adverse development cannot be countered by raising premiums or reducing benefits. The only way the insurer can safeguard against this kind of risk is to build into the premium a safety loading that facilitates an average coverage implying that the insurer is in a position to provide the promised coverage under any economic-demographic situation. Such a safety loading will typically create a systematic surplus, which by statute is the property of the insured and has to be repaid in the form of the so-called \textit{bonus} (‘good’ in Latin).

The Researcher has succinctly and lucidly explained the concept of bonus as applied to the insurance products in general and life insurance products in particular. The essence of the author’s argument is this: the insurer should err on the side of caution. This ensures that the insurer keeps his word (or honours the claims or pays the terminal value, as the case may be). By definition, this will give rise to a surplus and since this surplus is born out of the premium contributed by the insured, it is only natural that it is shared with those who contributed to it in the first place. That is what the insurers do to date but unfortunately the modus operandi of computation of this

surplus raises one’s hackles. Many unfair deductions are made from the surplus leaving behind a smaller surplus in net terms which the insurer shares with the insured obviously happily. It is time the regulator looked into this aspect.

Malliga R. (2000)\(^{47}\) in her study examines the association between socio-economic status, personality traits of the agents and the performance in Tirunelveli, Tuticorin and Kanyakumari districts. Further, the impact of marketing strategies and attitude of the agents towards the organization on the performance is studies with a sample of 100 respondents using stratified random sampling. The results of the data show that performance of the agents in terms of numbers of policies, the sum assured and the total commission received was found to be dependent on the socio-economic status. There is a significant correlation between marketing strategies of the agents and their performance.

Mishra K.C. and Simita Mishra (2000)\(^{48}\) brings the position of insurance compared with European countries, where life insurance accounts for 58% of global direct premium and non-life 42% during the year 1997. The study states that the need for insurance arises when economic activity increases, family becomes nuclear, kins gets geographically dispersed and individual become more dependent on employment. The author analyses the top ten largest insurance markets and how they are ranked by revenue in the year 1998.


Smith, K A et al (2000)\textsuperscript{49} state that the insurance industry is a source of a large number of business problems which fall under the concern of the operational researcher - risk assessment, classification of policy holders, portfolio optimisation, decision support, and planning and resource allocation, to name just a few. Each of these problems can be solved using traditional operational research techniques including regression, goal programming, linear programming, and more recent approaches such as neural networks, expert systems and data mining. Yet the documentation of these approaches to solving the problems that the insurance industry is facing is surprisingly scarce. The researchers concluded that price has a significant impact on a policy holder's decision to renew or terminate the policy and thus proved that data mining is very useful. Given the nature of activity it is into, the insurance industry is beset with problems of various kinds and various intensities at various points of time. These problems are naturally of concern to the operational researcher since they interfere with the business operations. These problems have to be examined on a constant basis by the operational researcher since solutions have to be found in keeping with the changing business dynamics. Towards this end, certain approaches have to be devised based on traditional techniques and modern techniques. It is a sad state of affairs that these approaches are seldom documented by the insurers. Insurers should voluntarily undertake the documentation exercise – they owe it to all the stakeholders, the policy holders included.

Nikhil Gupta (2001)\textsuperscript{50} in his article views that among the strategies that Indian insures adopt, best opportunity lies in the product’s core function that is in providing a


\textsuperscript{50}Nikhil Gupta “Responsible reassurance” A & M September 2001, pp 27-33.
safety net. Though insurance is pooling of resources to help a few in distress, it
certainly requires refining the notion of responsibility. The author brings out the
highlights in rising proportional aspects, penetration level and other projected macro-
factors along with global insurance market during the year 1999. Each private
player’s view points are to sell the product for customers at their own risk. Protection
is discussed separately with their capital base, centre owned, number of agents and
free look period.

Michael Theil (2001)\textsuperscript{51} analyses the demographic variables and the appraisal
of insurance with a case analysis, pertaining to assistance products. Additional
features to traditional products are referred to as assistance products. A consumer
survey was conducted to find the demographic characteristics and the related
assistance products. It also analyses the consumers’ judgment towards new class of
insurance products. The study reveals that variable used in the survey is different and
there is a weak relationship between consumer’s judgment and class of products as
demographic variables are not performing as expected, it seems advisable to focus on
alternate factors.

Agarwal R.F. (2001)\textsuperscript{52} has attempted to study the importance of information
technology in the insurance industry and brings out the efficient need of providing
improved services when there is completion due to private entry. In an insurance
company the service of it may be utilized in many areas like customer service, claim
management, human resources etc. it is assumed that to have an overall increase in the

\textsuperscript{51}Michael Theil “Demographic Variables and the Appraisal of insurance: The
case of Assistance products” Journal of Risk Management & insurance Vol.6
2001 PP16-25.

\textsuperscript{52}Agarwal R.F. “Role information technology in the insurance Industry” charted
size of the insurance market, information technology must be used on a much
vigorous basis for more extensive penetration.

Vasanthi Srinivasan, Prakash and Sithramu (2001)\textsuperscript{53} explore the changes
taking place in management of agents in liberalized economy. The objectives of the
study were to identify the competencies required and methodology adopted for
selecting the effective agents. A sample of 15 agents ranging between 28-47 years,
representative, and customers of agents was taken for qualitative solution. The
findings indicated that a professional competency is necessary for successful
insurance agents. The study also highlights the analysis of industry, how to manage
agents to develop competencies and domain experts in the selection of agents.

Swapan Bakshi (2001)\textsuperscript{54} tried to focus issues on the potential growth in
insurance business and the infrastructure for banks to adopt the strategies for success
in a competitive environment. While opportunities are immense and the challenges
are formidable, the prospects and problems for banks planning to foray into insurance
are well discussed. Entry of private players may erode the deposit base of banks, since
life insurance – linked saving more attractive, and also competitive advantages,
flexibility and gestation period. The potential threat to deposit may be the factors
considered for banks to go for both life and non-life sector.

\textsuperscript{53}Vasanthi Srinivasan, Prakash & Sithramu, “Selection of Life Agents: a
Challenge for the Indian insurance Industry” Journal of Risk Management &

\textsuperscript{54}Swapan Bakshi “Banks foray into insurance – Prospects and problems” the
Madhyastha, P.S, et al (2001)\(^{55}\) rightly point out that some insurance buyers turn the entire decision-making process over to an outside party such as an insurance agent or broker. In a sense they delegate the responsibility for making the policy decision and administrative decision to an outsider. While a competent agent or broker is a valuable source of advice, the decision should be taken by the person or persons most directly involved. After all, these decisions are likely to have a larger financial impact over the long run in terms of either premiums paid or losses sustained if hazards are not insured.

Well, what the researchers have failed to point out is that in either case, it is the insured or the customer that is affected and not the agent or broker who took the decision on behalf of the insured, ironically, at the behest of the insured! This is a given in the Indian scenario and it will quite some time for this situation to change. The change has to be brought about by the insurers themselves, their regulators and the government considering the kind of relief it can bring to the government eventually since it is not in a position to provide social security to its people.

Subramanian, V and Martis Clifford (2001)\(^{56}\) while pointing out that life is full of uncertainty, say that trials and tribulations abound in each and every aspect of life. No one can truly predict or even estimate what the future has in store for him / her. Life offers no guarantee by itself, except as to the incidence of death and taxation. This lack of security, present throughout one’s life, can be overcome partly through insurance. Insurance can never replace or repair a loss. But the monetary value offered by insurance helps in adjusting to the new circumstances. Despite offering


numerous options and immense scope, insurance can be classified into four main categories, as follows:

Insurance of person
Insurance of property
Insurance of guarantee
Insurance of liability

Insurance business is not just a commercial transaction. It has become a professional tool too, now. Knowledge of insurance is as much essential as trading business for the society. The prospects of insurance in the first decade of this millennium decide the direction of insurance management. Safety, security and investment have become a need of the present-day society. People now demand insurance as compared to the previous position of being sold insurance. They have become selective and practical. The insurance industry has to meet the expectation of the people. One cannot agree more with the Researchers. There has been an increasing realisation lately on the part of the people that insurance cover is vital in a world which is growing more uncertain by the day. The monetary compensation provided by the insurance cover at least helps the people to readjust themselves to the changed circumstances. Instead of deciding between seeking insurance and remaining uninsured, people would do well to insure themselves optimally. Underestimating the insurance needs leads to a loss and overestimating the insurance needs leads to a similar consequence. This is a telling revelation from the researchers and insurance companies will do well to keep the prospective insurers apprised of this fact.
Ajay K. Ranjan and Mukesh Dharma (2002)\textsuperscript{57} analyzed the social implications in opening up of insurance sector to private players to find reasons as to why there was private entry after nationalization, what are the social issues so far and how the reforms in Indian insurance industry. The reason for private players, based on competition is to enhance resource utilization, reduction in premium cost, funds to mobilize domestically, better pay packages and to attract inflow of foreign capital. The study also reveals that most of the private players concentrate on business only in urban.

Pradeep Gupta and Sanjay Bhayana (2002)\textsuperscript{58} discussed the challenges and strategies in the insurance industry in India. An attempt was made to know the market position of different insurance brands and business practice codes given by IRDA to maintain some minimum standard. As per study, after liberalization in Nov, 1999, awareness of LIC brand shows 100% as against ICICI prudential awareness 70%, followed by HDFC, with 52%.

Ramachandran, K and Chaubal, A S (2002)\textsuperscript{59} remark that the term risk may be defined as the possibility of adverse results flowing from any occurrence. Risk arises therefore out of uncertainty. It can also represent the possibility of an outcome being different from the expected. The notion of an indeterminate outcome is implicit in the definition of risk because the outcome must be in question. When risk is said to exist, there must always be at least two possible outcomes. If it is known for certain that a loss will occur, there is no risk. At least one of the possible outcomes is undesirable.


This may be a loss in the generally accepted sense in which something an individual possesses is lost, or it may be a gain smaller than the gain that was possible. The researchers are right when they point out that there is no risk even if there is going to be a loss provided it is known for certain that the said loss will occur. The notion of an indeterminate outcome is implicit in the definition of risk. Such additional dimensions of risk come in handy when one is required to decide whether there is risk in the first place which warrants hedging.

Ramachandran, K and Chaubal, A S (2002)\textsuperscript{60} states that the term risk may be defined as the possibility of adverse results flowing from any occurrence. Risk arises therefore out of uncertainty. It can also represent the possibility of an outcome being different from the expected. The notion of an indeterminate outcome is implicit in the definition of risk because the outcome must be in question. When risk is said to exist, there must always be at least two possible outcomes. If it is known for certain that a loss will occur, there is no risk. At least one of the possible outcomes is undesirable. This may be a loss in the generally accepted sense in which something an individual possesses is lost or it may be a gain smaller than the gain that was possible. Well, what the authors argue has implications for the concept of insurance although not the endowment insurance product in particular. Risk refers to the possibility (not certainty) of an adverse outcome. If there is a certainty that the outcome will be adverse, there is no risk because one knows what one is walking into and one who is of normal prudence and intelligence will not walk into such a situation. If one does, then one has to blame oneself and nothing else. It is much like the difference between a speculator and a gambler. The allusion of the authors to the characteristics of risk

can be viewed in the light of what endowment insurance products can generate for the policy holder. The risk of life obtains in the case of every human being. Life may be put to risk because of natural causes or otherwise. When the latter occurs in the life of an individual, the endowment product provides succour to the dependents. Investing in the endowment insurance product is as good as executing a contract of indemnity and not a contract of guarantee. However their study would have been complete had they applied their interpretation to life insurance products. The insured and the researchers alike would have benefited from it.

Nerurkar, U J and Apte, N V, Dr, (2003)\textsuperscript{61} reminds that the basic problem facing any insurance buyer is that of using the available finance to the best possible use. To obtain maximum benefit from the money spent, some sort of planning is needed. Otherwise, there is a tendency to view the purchase of insurance as a series of individual, isolated decisions, rather than as an answer to a single problem. The researchers are right in pointing out that no planning precedes insurance buying. Often the decision to buy an insurance product is taken impulsively without regard to the magnitude of the insurance cover needed, the type of insurance needed, etc. This is made worse by the fact that none knows how to deal with a crisis in a logical and consistent manner; nor can anyone guide the prospective customer in the matter.

Majumdar P I and Diwan M G (2003)\textsuperscript{62} argue that classification of insurance business evolved over the centuries as insurance grew, depending upon the nature and type of business. The various types of cover have been grouped into several classes. These classifications have come about by practice within insurance companies, and by

\textsuperscript{61}\textit{Nerurkar, U. J., Apte, N. V., Dr. (2003) Life Insurance Underwriting, Mumbai, Insurance Institute of India.}

\textsuperscript{62}\textit{Majumdar, P. I., Diwan, M. G. (2003) Principles of Insurance, Mumbai, Insurance Institute of India.}
the influence of legislation controlling the transacting of insurance business. Two broad divisions of insurance have developed, called long-term and general or non-life insurance business, which is mainly short term in nature (mostly for a year). The observations of the researchers are relevant. Insurance is a growing field in terms of the products being introduced and of course in terms of the business volumes being logged. When new businesses evolve as they do today, new risks emerge and when new risks emerge, the insurer will be required to insure such risks. The growth of business and the growth of insurance occur parallely since every emerging entity would like to transfer the risk associated with the new business to the insurer. By extension, new legislations have to be enacted to ensure that the emerging risk and the insurance cover in respect of the said emerging risk complement each other.

Majumdar, P I and Diwan, M G (2003)⁶３ remind that insurance is defined as a co-operative device to spread thin the loss caused by a particular risk over a number of persons who are exposed to it and who agree to insure themselves against that risk. Insurance is a contract. One party, namely, the insurer, contracts with another, the policy holder, to perform a particular service. Insurance is a risk transfer mechanism by which an organisation can exchange its uncertainty for a certainty. The uncertainty experienced is represented by questions like whether a loss would occur, when it would occur, how severe it would be and how many losses there might be in a year. This uncertainty makes it very difficult to budget and so the organisation seeks ways of controlling the financial consequences of the risk. Insurance offers the opportunity to exchange this uncertain loss for a certain loss, which is represented by the insurance premium. The organisation agrees to pay a fixed premium and, in return,

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the insurance company agrees to meet any losses which fall within the terms of the policy. This is a risk transfer mechanism which is of immense value not only to industries, but also to individuals. The researchers’ findings are insightful. Insurance is a risk transfer mechanism, pure and simple. It is unwise on the part of the parties concerned to let go of the opportunity to transfer risk, whether the party is an individual or a business.

Alok Tewary (2003)\textsuperscript{64} in his article states that skills and experience is necessary to tap the employment opportunities arising from the liberalization of insurance sector. He brings out the difference between pure risk and speculative risk, where pure risk can be overcome only through the techniques of risk management. Insurance business needs lot of capital, skill and talent to manage the marketing treasury operations, administration and vigilance. He discusses on the eligibility criteria for banks to enter into insurance business, the capital adequacy ratio of the bank should not be less that 10% and NDA levels of the bank should be reasonable etc.

Majumdar, P I and Diwan M G (2003)\textsuperscript{65} argue that insurance business evolved over centuries as insurance developed, depending upon the nature and type of business. The various types of cover have been grouped into several classes. These classifications emerged from the practices of insurance companies and from the influence of legislation concerning insurance business. Two broad divisions of insurance thus emerged, namely, long-term and general or non-life insurance business. The latter is mainly short term (mostly for a year) in nature. As the authors

\textsuperscript{64}AlokTiwary “Insurance - The latest Buzzword in the Indian Economy” Banking Finance Jan 2003 pp 10-12.

rightly point out, life insurance products are characterised by longer tenures while non-life insurance or general insurance products are characterised by tenures of a year or less. Under each class, several sub-classes emerged essentially reflective of the additional features that the present-day consumers demand, factoring in their requirements in terms of risk coverage and premium contributing capabilities. What is equally true is that the increasing popularity of new products notwithstanding, endowment products have managed to survive and will continue to survive in the days to come. The erosion in demand for this product may have already set in but the pace of erosion is mulish enough to ensure that it will remain on the scene for some time to come.

Pramod Pathak and Saumya Singh (2003) in their research try to find out the competitiveness of LIC in view of entry of new players and carried out as SWOT analysis to suggest some strategies. The objective of the study was to help the public sector insurance giant to increase the market share, to help LIC to retain old customers, and to attract new customers. The study also emphasizes on customer satisfaction and quality services. The methodology applied is through open-ended interview with the customer to find out perceptions and expectations. Hundred customers in Dhanabad and its surrounding areas were selected through convenience sampling to collect information on sum assured and annual premium paid etc. The finding of the study was that majority of customers were graduates, who felt that main work of LIC is to insure human life. Majority of the respondents preferred only money back polices and BiamaNivesh covering single premium.

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66PramodPathak and Saumyasingh “Increasing competitiveness through Marketing – A case study of Life insurance corporation of India” The alternative journal Vol.2 No.1 Oct 02 to March 03, pp 32-38.
Vijay Vora (2003)\textsuperscript{67} in his study training is continuous process need-based training is most advantages to customers and producers/providers. This will give added advantages and comforts to customers and profits/surplus to the producer. Insurance is very technical subject. It involves a knowledge of medical and health science, law, statistics, financial market and so on. At the IRDA the consumer is now the focus of training.

Hendel and Lizzeri (2003)\textsuperscript{68} study the properties of long-term contracts in the framework of a dynamic model with symmetric learning and one-sided commitment and find empirical support for the predictions of the model using data from the life insurance market. In particular, they show that all types of life insurance contracts in their sample involve front-loading (i.e, prepaying the premiums); that the more front-loaded contracts are associated with lower lapsation and lower present discounted value of premiums over the coverage period. They argue that asymmetric information, among others, is not a plausible alternative explanation for their findings.

Clemon, Hitt and Croson (2004)\textsuperscript{69} in his study there are three principal issues i.e. transparency, disintermediation and different pricing that will determine the transformation of retails financial services, including life insurance companies. The author has postulated that financial services industries are giving to be transformed by these three trends.

\textsuperscript{67}Vijay vor- IRDA Journal Volume I, No. 5, APRIL 2003.


Chiappori (2005)\textsuperscript{70} in his study revealed that a positive correlation between risk outcome and insurance coverage, conditional on the observables used in pricing.

R. Vaidyanathan (2007)\textsuperscript{71} discuss financial convergence and regulation in insurance, in his journal suggested there is no legislative framework for considering the complex nature of the working of financial conglomerates. So the new framework should be developed to monitor the activities in right kind of system.

Dr. SantoshDhar & Dr. UpinderDhar (2007)\textsuperscript{72} tries to focus in the context of global scenario, India cannot remain isolated. It is evident that the existing players need to be geared up to face the competition. The new players will have to focus on the new and emerging customer requirements. The existing players will also have to take care of customer specific issue and requirements. As a matter of fact, custom-based products will have to be designed so as to suit specific customer needs. New products have to be designed for large corporate groups. Insurance industry is going to witness a vast change in its marketing set up as well as its marketing strategies. The existing and new players will have to devise different strategies to retain and enhance their market share. This would be done by bringing in new practice, setting new services standards and creating new benchmarks.


\textsuperscript{71}R. Vaidyanathan, Professor of finance, IIM, Bangalore “Financial coverage and Regulation in Insurance” Insurance theory and practice Vol.3 August2007, PP.15.

\textsuperscript{72}Dr. SantoshDhar& Dr. UpinderDhar Professor and Director, Prestige institute of Management and Research centre, Indore. “Insurance Industry in India- An insight” Vol.3 August 2007, PP. 17- 25.
Prof. G. Prabharara (2007)\textsuperscript{73} says days of grace or grace period is the 'extra time' given to the policyholder for payment of installment premium after the due date, during which the policy remains in force. It is normally provided for a period of a fortnight to a month. Grace period is meant to be a convenience to the policyholders, some of whom may not be able to pay the premium on time due to certain preoccupations.

Prof. R.L. Carter (2007)\textsuperscript{74} writes "Reinsurance Treaties and Reinsurance Policies are not synonymous; reinsurance treaties are contracts 'for' insurance and reinsurance policies or sessions are contracts 'of' insurance".

According to Rao, Ramakrishna, T.S. (2007)\textsuperscript{75}, 1999-2000 was a landmark year in the history of Indian insurance industry. The year 2007 was another watershed for the industry. De-tariffication from January 1, 2007 totally changed the complexion of the non-life industry. Financial inclusion is being emphasized in various fora. The insurance industry will have to play a vital role by providing health insurance and other insurance products for the poor.

According to C S Rao (2007)\textsuperscript{76} insurance is a vital economic activity and there is an excellent scope for its growth in the emerging markets. The opening up of the insurance sector has raised high hopes among people both in India and abroad. The de-tariffication in the non-life domain has provided a great deal of operational freedom to the companies.

\textsuperscript{73}Prof G. Prabharara, Vol-V, No.IRDA Journal March 2007 Page no. 23.
Sabera (2007)\textsuperscript{77} points out that the government of India liberalized the insurance sector in March 2000. It withdrew entry restrictions for private insurance companies, allowing foreign companies to enter into the market and start their operations in India. The entry of private companies helps in enlarging the operations of the Indian insurance sector; it in turn results in restructuring and revitalizing the public sector companies.

V.N.S. Pillai (2007)\textsuperscript{78} his article entitled “Life Insurance Business” the business of effecting of contracts of insurance upon human life, including any contract whereby the payment money is assured on death (except death by accident only) or the happening of any contingency dependent on human life, and any contract which is subject to payment of premium for a team dependent on human life and shall be deemed to be.

B. Balaji Sathya Narayanan (2008)\textsuperscript{79} in his article attempts to decode the mystery of pension plans and assist people to zeroing down to an apt pension plan. Initially, it deals with the fundamentals of Unit linked pension plan (ULPP) and on how it works. It explains how it is different from traditional insurance plan and discusses the basis for selecting an appropriate ULPP will prove to be beneficial at the time of retirement.


\textsuperscript{79}B. Balaji Sathya Narayanan Lecturer Dept of Business administration, St Michael college of Engineering and technology, Kalaiyar Koil, Tamil Nadu. (Page No. 47) July 2008, Insurance –Chronicle.
Khurana, Sunayna (2008) explains that life insurance products are mainly assigned to provide for a survivor, family or business, in the event of the death of the insured. This product helps the customer to replace income, repay mortgages, debts and taxes, and also provide liquidity for other purposes. There are two basic types of life insurance policies: term insurance, which provides coverage for a specified period of time (term), and endowment insurance, which combines a death benefit with a cash value component. Endowment insurance offers life-time protection, while term insurance may be the most affordable option for buying life insurance, mainly for the financial protection it offers and when the need for life insurance is temporary. One would agree with the author’s observations. The fact of the matter is that term insurance is yet to become popular in India. This can be attributed to several factors. People still carry the pre-liberalisation baggage with them which prompts them to buy endowment products. This is exploited by the insurers – exploited because insurers can generate more revenue by selling endowment products than other products. And there are always ‘walk-in’ prospects for endowment products which save manpower costs for the insurer. Exploiting the ignorance of the prospects or exploiting the misplaced faith of the prospects in a particular product is grossly unfair and this is something the regulator should look into sooner rather than later.

Shrinivas, M (2008) states that after privatization, significant progress has taken place in the Indian insurance sector especially in life insurance business. However a lot of life insurance potential remains untapped. India’s life insurance

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penetration and density is low when compared to the Asian average or world average. In spite of rapid progress the sector is witnessing a high rate of lapsing of policies. Studies reveal that the major causes behind lapsing policies include awareness levels of the customer (about personal risks, insurance and insurance products), product mismatch (lack of need-based selling / forced selling / wrong selling), incompetent services (by agent and LIC), financial problems of customers (arising from insufficient income, inflation, lack of financial planning), competition (from other financial institutions and other investments with higher returns). These aspects are discussed individually in the following paragraphs: The Researcher has touched upon an important but often ignored aspect of the functioning of insurance companies – quality of service. The quality of service rendered by the insurer as well as the agents of the insurer can go a long way in reducing the number of policies that lapse and broadening the customer base. Service deficiency manifests itself in many forms - like mis-selling the product and failing to provide loans etc on the security of the policy, to name only a couple of them. The inadequate level of awareness on the part of the insured worsens the situation. Quality cannot be enforced by the regulator alone. Competition can improve service quality and it is already evident. But nothing can impact service quality favourably as customer awareness can. This awareness has to be created by the regulator, namely, IRDA and the managements of the insurance companies themselves.

Rajagopalan R (2008)\textsuperscript{82} notes that the simplest type of endowment policy is called, somewhat negatively, a ‘non-participating’ (non-par) policy. In reality, it is actually a ‘guaranteed’ policy under which the insurance company has to pay the sum

\textsuperscript{82}Rajagopalan, R “Comparing traditional life insurance products in the Indian market: A consumer perspective”, web accessed at \textit{www.corecentre.co.in}
assured of Rs 10 lakhs, irrespective of what happens to its investment incomes, the actual number of policyholders who die, etc. In other words, the insurance company bears all the risks. He rues that the insurance companies are not very keen on selling this simple policy. If they do, they have to cover their financial risks by charging a higher premium. He further rues that among the insurance companies only Met Life is offering a non-participating policy. All the other endowment policies are ‘participating’ policies. In a participating policy, the policyholder may get an additional sum of money called bonus based on the surplus available in the funds managed by the insurer on behalf of the policyholder. The Researcher is right in pointing out the reluctance of insurers to promote non-participating policies. Our insurers do not seem to have learnt all the lessons. It is this tendency of the insurers which prospects resent and the resentment eventually gives rise to distrust. In a country like India where life insurance is not appreciated by the masses this is good enough to spoil the future of the industry as a whole. Even this aspect of insurance companies should engage the attention of the regulator IRDA.

Chaudhuri Sandeep, Ray and Chakraborty, Joy(2008)\textsuperscript{83} rightly point out that selling insurance products is often considered the most challenging among all types of selling because of its intangible nature. Moreover lack of awareness among the masses has aggravated the problem in selling insurance products. The following are some of the challenges that an insurance agent faces in selling life insurance products: The increase in the number of insurance companies in India has failed to improve the consumers’ response to insurance products. Almost every insurance company has a

telemarketing department to market its products over the telephone or SMS. Although marketing activities have increased considerably lately, they have not completely captured the attention of the customers because the marketing officers call the customers at the wrong time of the day and try to hard sell their products.

People view insurance solely as a tax saving device and are often ignorant of the benefits associated with it. Most people in India have a preconceived notion about private organizations. Since some private organizations are periodically involved in scams and fraudulent activities, they have a bias against private insurance players. As a result, the only public sector player in life insurance, the LIC, has succeeded in retaining its number one position in the industry. With rivalry hotting up among private life insurance companies to reach the top, sales managers constantly push the agents to achieve impossible targets. As a result, agents vie for the numbers - without paying heed to the client’s requirements. The Researchers have done a wonderful job, examining the various aspects of the functioning of the insurers. Their observations on the service quality aspect are revealing.

Khurana, Sunayna (2008) argues that life insurance products are mainly assigned to provide to a survivor, family or business, in the event of the death of the insured. This product helps the customer to replace income, repay mortgages, debts and taxes, and also provide liquidity for other purposes. There are two basic types of life insurance policies: term insurance, which provides coverage for a specified period of time (term), and endowment insurance, which combines a death benefit with a cash value component. Endowment insurance offers lifetime protection, while term

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insurance may be the most affordable option for buying life insurance, mainly for the financial protection it offers, and when the need for life insurance is temporary. The author has tellingly brought out the difference between endowment policies and term policies. However, in India, term policies are yet to gain popularity. By default, insurance policies refer to endowment insurance policies and that need not raise eyebrows. In fact, insurance policies of the endowment kind are relevant in India given the absence of social security in the country and the savings feature incorporated in the endowment policy. The policy holder is forced to save for a rainy day.

Kirti Dutta (2009)\textsuperscript{85} in her study on consumer beliefs and attitudes towards advertising media concluded that the imperative for marketers is to create advertisements that are believable and contain relevant information about the product. The messages in the advertisements should focus on benefits and attributes with the required amount of creativity in it to get maximum results.

The Anil Dhirubhai Ambani (2010)\textsuperscript{86} group company Reliance Life Insurance has been awarded a high rating in customer satisfaction for the third year in a row, according to a survey. Nielsen’s pan-India customer satisfaction survey has awarded the high rating for the third consecutive year to Reliance Life Insurance. According to the survey, conducted between April and May of 2010, Reliance Life Insurance scored a good rating in customer satisfaction, which is close to excellent. The methodology used for the Nielsen eQ survey was quantitative in nature and has taken into account the views of 1,806 customers and 822 advisers for Reliance Life


Insurance. The study was done using face-to-face interviews with customers and advisers across the country. Nielsen eQ system assesses the impact of customer loyalty and provides insights into how an organization can creatively respond to market changes in order to attract and retain its most valuable customers. Reliance Life, which has completed three years of independent customer survey by Nielsen, has decided to increase the frequency of customer survey from yearly to quarterly basis for mapping the pulse of discerning customers.

Garg, M. C and Verma, Anju (2010)\textsuperscript{87} recall that the government of India made history on October 24, 2000 by bringing back insurance business to private companies. It had been abolished 34 years ago. The opening up of the insurance sector was facilitated through the Insurance Regulatory and Development Authority (IRDA). Today, organizations are competing in a complex business environment characterized by a continuous change in economic, social, politico-legal and regulatory factors. The insurance sector, along with other elements of marketing, as well as financial infrastructure, has been touched and influenced by the process of liberalization and globalization. The customer is the king in the market. Life insurance companies deal in intangible products. With the entry of private companies, the competition is becoming intense. In order to satisfy the customer, every company is trying to implement a Marketing Mix (MM) program.

**IV. Research Gap**

The foregoing studies examine certain aspects of life insurance products in general and endowment insurance products in particular. They do not adequately explain the challenges that the private insurers face and the opportunities they are

presented with. Nor have they reviewed the said problems and opportunities. The outcome of the strategies implemented by the private insurers has not been reviewed. Whether the private players as good or as bad as the public sector leviathan, the LIC of India, on all parameters has not been studied. Last but not the least, what the future holds for the private insurers – whether it is going to be bright or bleak has not been touched upon. It is the intention of the Researcher to bridge this gap by undertaking this study.

V. Scope of the Study

The study confines itself to life insurers in the private sector operating in and around Bangalore city.

VI. Objectives of the Study

The objectives of the study are to:

1. Study the existing structure of the insurance industry in India
2. Identify the challenges and opportunities for private life insurance players in India in the changed scenario
3. Identify the different customised and general product profiles of the sample private life insurance players operating in Bangalore
4. Identify and analyse the strategies evolved and implemented by the sample firms during the reference period, namely, 2004-11
5. Ascertain public perception of private life insurance firms vis-a-vis the LIC of India
6. Attempt an estimate of the future potential of the business of the private life insurance players and offer a suggestive framework model on the topic.
VII. Hypotheses of the Study

The following hypotheses have been tested during the study:

1. There is no significant relationship between financial soundness of private life insurance players and their product offers
2. There is no relationship between the intensity of competition in the life insurance industry and the offer of innovative life insurance products
3. The success of private life insurance players is not dependent on rural penetration and their replication of networking by the government player
4. The challenges and opportunities before the private life insurance players have nothing to do with making inroads into the huge untapped insurance market.

VIII. Methodology

The survey and analytical method is adopted for this study. Both secondary and primary data was collected. Secondary data was collected from reputed journals, magazines, the financial press and annual reports of the insurers and house journals of IRDA, FICCI and CII. Primary data was collected from the respondents, viz, Insurers, Financial Advisors, LIC Agents, Policy Holders, Non - Policy Holders and Others. Interview schedules specially designed for the purpose were used to collect the said data.

In addition, the Researcher has interacted extensively with the other stakeholders associated with the life insurance sector, notably the senior management of LIC, the sample private insurers, IRDA, the Insurance Institute of India (III) and trade bodies like CII and FICCI to elicit their views and comments on the topic under study.
Sampling

There are 23 private insurance companies and one public sector insurance company in India. The latter has been operating since 1956. As the study is confined to opportunities and challenges of private insurance companies in India, the universe constitutes all the private insurance companies. However, the age of the private insurance companies differs very widely. Insurance companies which have completed 10 years alone have been considered for the study which means eight insurance companies. All the eight insurance companies have been considered for the study.

In order to obtain information policyholders, agents / financial advisors and the officers working with different insurance companies were considered for the study. Though the population of these respondents are finite, a sample of 50 policyholders and 20 agents / financial advisors from each sample insurance company was considered for the study. The data was collected through structured schedules and personal interviews wherever necessary.

Tools for Data Collection

The following structured schedules were used for collection of primary data from the sample respondents:

- Schedule for Private Insurance Companies
- Schedule for Financial Advisors (with private insurance companies)
- Schedule for Policyholders (with private insurance companies)

In addition, to obtain the opinion of LIC agents, 20 of them were considered for the study. To obtain the opinion of prospects who eventually did not buy insurance products from the private insurance companies (non-policyholders) for whatever reason, 120 of them (15 from each private company) were considered for the study.
To obtain the opinion of a cross-section of society, 400 individuals from all walks of life were also considered for the study.

**Plan of Analysis**

The data collected from schedules has been transferred into the master datasheet from which necessary tables have been constructed depending upon the objectives of the study. The tabulated data was further subjected to statistical treatment with the application of tools like averages, ratios, dispersion (mainly standard deviation). Measures of testing significance like chi-squared test were used for analysing and interpreting the data.

**Field Experience**

The Researcher took up field work as the first task since as many six categories of respondents had to be covered and more than 800 respondents had to be interviewed. Since the respondents hailed from various linguistic backgrounds, various social backgrounds and various economic backgrounds, the Researcher had to utilise the services of a younger, mobile, multi-lingual and well-informed individuals to meet with the respondents and record their responses. The exercise turned out to be not only time-consuming but also expensive. In particular, eliciting information from some sections of policyholders proved to be daunting who either viewed the questions as an act of impertinence or as an exercise to wangle information on the part of the income tax department! The Researcher therefore suggests that the insurance companies, as a gesture of goodwill, help Researchers in finding enlightened respondents for the purpose of the research. This will go a long way in helping future Researchers to save time and thus elicit information as accurately as possible from policy holder respondents in particular. Towards this end, if the insurance companies can create a dedicated database, it will be of great help to the Researchers. Such a
database will not be a waste of resources for the insurance companies given that the
insurance companies themselves can tap into the database when they need informed
views on the products / services they propose to introduce.

Primary data has sometimes been deduced through constant topic-oriented
discussions with the respondents. It is possible that a certain degree of subjectivity,
even if negligible, has coloured their views. Nevertheless, the fact is that the
respondents, being human could err and hence the Researcher would candidly like to
admit that the findings of the thesis, which draw equally heavily from the discussions
the Researcher held with the said respondents, may have been affected, albeit to a
negligible extent. Hence it will have had no bearing on the accuracy of the findings of
the study.

IX. Chapter Scheme

The study is presented in five chapters, as follows:

Chapter-1: Insurance Industry in India – an Overview
Introductory in nature, this chapter traces the advent and evolution of the insurance
sector in the country. It also explains the current scenario, the reasons behind under-
insurance in the country and the legislation governing insurance.

Chapter-2: Design of the Study
This chapter, apart from extensively reviewing research literature on the topic, depicts
the objectives of the study. The methodology adopted, the sampling tools utilised and
the sampling techniques applied have also been furnished. Since every study of this
nature has to put up with some constraints, the limitations of the study have been
explained.
Chapter-3: Profile of Sample Insurance Companies

This chapter typically profiles the eight private life insurers and the public sector behemoth, the Life Insurance Corporation of India.

Chapter-4: Challenges and Opportunities for Private Insurance Companies- An Analysis

In this chapter, the primary data collected from the respondents, viz., Insurers, Financial Advisors, LIC Agents, Policy Holders, Non- Policy Holders and Others is tabulated, charted (wherever possible) and interpreted, in order to draw conclusions.

Chapter-5: Summary of Findings, Conclusions and Suggestions

This chapter summarises the findings arrived at by the Researcher consequent upon the analysis of primary data. It includes the conclusions and suggestions offered by the Researcher. Besides, it states the scope for further research.