CHAPTER 9
SUMMARY AND RECOMMENDATIONS

Today service Industry is a “Sun Rise Sector of the Economy” and thus future belongs to services. The Service Industry forms the backbone of the world economy. During the last decade, the significance of service industries to the prosperity of modern economies has been widely recognized. Service Industry had matured in the developed world long before its spread into the developing economies. Services play an important role in any society and are multi-dimensional in nature.

Services comprises of many different economic activities. Services are intangible though often part of tangible products, they are non-storable and they demand a simultaneous activity between the service provider and the consumer. To a great extent, cross border supply of services is taking place through foreign direct investment (FDI). Over the past one decade, the growth of services has reshaped FDI patterns in a remarkable way.

The service sector, in India, currently accounts for more than half of the country’s GDP and is expanding at an annual growth rate of percent. In fact, the growth in India’s GDP, despite of global melt-down, is attributed largely to the strong performance of the service sector. The service sector now accounts for more than half of India’s GDP.

The World Trade Organisation was established on January 1, 1995. The WTO is the embodiment of the Uruguay Round results and the successor to GATT. Seventy-six Governments became members of the WTO on its first day. As on 23 July 2008, there are 153 members of the WTO and 32 countries have an observer status.

General Agreement on Trade in Services (GATS), which entered into force on January 1, 1995, is a set of binding rules and disciplines to promote orderly and transparent trade and investment liberalization in services. The signing of GATS has been an innovative attempt at constructing a realistic framework for liberalization of trade in services.
Insurance, in law and economics, is a form of risk management primarily used to hedge against the risk of a contingent loss. Insurance is defined as the equitable transfer of the risk of a loss, from one entity to another, in exchange for a premium, and can be thought of as a guaranteed small loss to prevent a large, possibly devastating loss. An insurer is a company selling the insurance; an insured is the person or entity buying the insurance. The insurance rate is a factor used to determine the amount to be charged for a certain amount of insurance coverage, called the premium.

Life Insurance is different from other insurance in the sense that, here, the subject matter of insurance is life of human being. The insurer will pay the fixed amount of insurance at the time of death or at the expiry of certain period. At present, life insurance enjoys maximum scope because the life is the most important property of the society or an individual.

Insurance is an intangible product. It is nothing but a promise to pay in the event of loss caused by an insured peril. The basics of an insurance marketing are to increase the impact of an insurance company's business as much as possible. Life insurance markets life, pension, ULIP and annuity plans. Insurance marketing needs building and implementing reliable systems that generate maximum long term retention and maximum revenue per client.

There has been a tremendous change in the service industry, the worldwide over the last about one decade. India is no exception as it has also experienced many sea-changes in its service industry in general and its financial services sector in particular. Owing to our acceptance of membership of WTO agreement, the GATS clause has resulted into opening up of service sector for FDI. Out of the various service industries, life insurance sector has experienced the most changes. The erstwhile monopoly of public sector LIC in this sector has been broken and now the consumers have much wider choice of selecting a service provider for life insurance.

The term 'service' is general in concept and it includes a wide variety of occupations. These are the business and professional services such as banking, insurance, legal and medical services. Then there are services, which are consumed in order to get leisure convenience and to satisfy psychological and emotional needs.
Various studies have already been undertaken on the various issues relating to life insurance. No comprehensive study has been undertaken exclusively with regard to the ‘Impact of General Agreement on Trade in Services (GATS) on marketing strategies of selected life insurance companies in India’.

The Indian Economy has witnessed global developmental experience of expanding ‘services’ and ‘industry’ sectors and contracting agricultural sector over the last 15 years and the trend still continues. Although the financial sector is significant domestically, yet trade in financial services is not significant in India. Further more, like other emerging economies, India is also looking for ways of improving competitive conditions in its domestic financial sector to raise efficiency by attracting more foreign financial flows, particularly more long-term equity investments. Due to the above reasons the life insurance sector in India is very important.

The study has been undertaken with the following objectives.

1) To highlight the global life insurance scenario.
2) To have an overview of the life insurance sector of India.
3) To study the various provisions of General Agreement on Trade in Services (GATS).
4) To study the implication of GATS on the life insurance in India.
5) To study the post-GATS era marketing strategies of selected life insurance companies.

Various hypotheses in order to meet the above objectives were framed and tested with the help of appropriate statistical tools.

Three life insurance companies viz: LIC, ICICI Prudential life insurance and Bajaj Alliance Life insurance, having maximum market share in terms of total premium earned were selected for the purpose of the study.

For the present study in all 300 respondents from the cities of Ludhiana and Chandigarh were selected which comprised 100 respondents each from LIC, ICICI Prudential Life insurance and Bajaj Alliance Life insurance. The reason for selecting equal number of respondents from each company was to keep uniformity of sample size and data analysis. Structured and non-disguised interview schedule was self-administered for the study.
In 2007, world life insurance premiums increased by 5.4% to USD 2393bn, outpacing the long-term premium income growth rate in the industrialized economies, with the exception of Western Europe and Japan. In Western Europe, the strong performance in the UK, the largest market, was offset by negative developments in Germany, France and Italy. Similarly, strong acceleration in the newly industrialised Asian economies was partly offset by yet another disappointing performance in Japan. In the emerging markets, marked regional differences resulted in overall significant growth of 13.1%, slightly lower than the long-term rate of 13.5%. Central and Eastern Europe continued to grow above the long-term rate, thanks to a robust economic environment, strong demand for unit-linked products and the recovery of the Russian life market.

The world’s insurance density in 1999 was 234.4 which increased to 358.1 in 2007. The maximum insurance density is in North America from the period of 1999 to 2007. The life insurance density in Asia during 1999 was 133.3 which increased to 156.7 in 2007.

The world’s life insurance penetration was 4.57 in 1999, which decreased to 4.40 in 2007. In 1999 the maximum insurance penetration was found in Oceania while in 2007 the maximum insurance penetration was in Europe.

The life insurance industry, the world wide is taking to strides. The number of policy holders in many countries is increasing year by year. This may be because of availability of wider choice to the life insurance seeker on account of implementation of GATS in many countries of the world. From the above discussion, it appears that life insurance sector is emerging as sunrise sector the world over.

In India, insurance has a deep-rooted history. It finds mention in the writings of Manu (Manusmriti), Yagnavalkya (Dharmasastra) and Kautilya (Arthasastra). The writings talk in terms of pooling of resources that could be re-distributed in times of calamities such as fire, floods, epidemics and famine. This was probably a pre-cursor to modern day insurance. Ancient Indian history has preserved the earliest traces of insurance in the form of marine trade loans and carriers’ contracts. Insurance in India has evolved over time heavily drawing from other countries, England in particular.
1818 saw the advent of life insurance business in India with the establishment of the Oriental Life Insurance Company in Calcutta.

The IRDA opened up the market in August 2000 with the invitation for application for registrations. Foreign companies were allowed ownership of up to 26%. The Authority has the power to frame regulations under Section 114A of the Insurance Act, 1938 and has from 2000 onwards framed various regulations ranging from registration of companies for carrying on insurance business to protection of policyholders’ interests.

There is tremendous increase in insurance density and insurance penetration over the period of 1996 to 2007. This indicates after the opening of life insurance sector for the foreign players, this sector is showing positive results.

After implementation of GATS, the monopoly of the only life insurance provider (LIC) ceased to exist on account of GATS. This sector was thrown open to foreign Direct Investment also.

On account of implementation of GATS in India, within about one decade 16 foreign companies come into existence to give a tough fight to the public sector monopoly (LIC) and also to each other. Yet, some more foreign life insurance companies are also in the pipeline.

Most of these private insurance companies are joint ventures with recognized foreign players across the globe. Consumer awareness has improved. Competition has brought more products and improved the customer service. It has a positive impact on the economy in terms of income generation and employment opportunities in the sector.

Implementation of provisions of GATS and establishing a mechanism to regulate the insurance operations, the Government of India has established IRDA (Insurance Regulatory Development Authority) on December 29, 1999. Though this all gave an impetus for development and expansion of life insurance sector in India but the scene till date is not very rosy. Implementation of GATS only is not enough but many more measures need to be undertaken to make this sector more healthy and competitive.

General Agreement on Trade in Services (GATS) was introduced in 1995 under WTO to promote, liberalize and globalize the trade in services. Until the last years of the twentieth century, the exchange of services across national priorities did not figure
prominently in international trade relations. Services were not mentioned in the General Agreement on Trade and Tariff (GATT), negotiated in the years following the end of World War II.

As GATT was applied on a “provisional basis” even if, after more than four decades of its incorporation, many countries chose to treat it as a permanent commitment. It was felt by many nations that the world trade was not flourishing properly; therefore they had started looking for some more liberalized organization dealing with international trade. Many rounds of negotiations for making world trade easier to take place and advantageous for all the parties, many rounds of negotiations were held and finally the organization ‘World Trade Organisation’ (WTO) emerged. The WTO commitments are full and permanent.

GATS contains 29 Articles. They cover all service sectors. They contain the general obligations that all members have to apply. It is the first ever set of multilateral, legally binding rules covering international trade in services. Like the agreement on goods, GATS operate on the three levels: the main text containing general principles and obligations; annexes dealing with rules for specific sectors; and individual countries’ specific commitments to provide access to their markets. Unlike in goods, GATS has a special fourth element: List showing where countries are temporarily not applying the ‘most favoured nation’ principle of non-discrimination. These commitments like tariff schedule under GATT are an integral part of the agreement. So are the temporary withdrawals of most favoured nation treatment. The agreement includes a provision for periodic negotiations that will progressively liberalize trade in services.

The GATS consists of two main elements: general concepts, principles and rules that apply across the board to measures affecting trade in services and commitments on national treatment and market access. The core GATT principle of non-discrimination (MFN and national treatment) applies also in GATS, with one big difference. GATT has a ‘negative list approach’ whereas non-discrimination applies generally, except in instances where explicit allowance is made for violation. That is true only on MFN under GATS, and not for national treatment. GATS adopts a positive list approach to determine the coverage of national treatment rule: it applies only to services listed in a country’s schedule of commitments and then only in so far as measures that would
violate the principle are not exempted. GATS also introduces a commitment not found in GATT: a market access obligation. This also applies on a positive list basis to each member. Government services are excluded, further narrowing the GATS coverage.

As stated in Preamble, the GATS is intended to contribute to trade expansion “under conditions of transparency and progressive liberalization and as a means of promoting the economic growth of all trading partners and the development of developing countries”. Trade expansion is thus not seen as an end in itself, as some critical voices alleges, but as an instrument to promote growth and development.

The GATS’ contribution to world services trade rest on two main pillars: (a) ensuring increased transparency and predictability of relevant rules and regulations, and (b) promoting progressive liberalization through successive rounds of negotiations. Within the framework of the Agreement, the latter concept is tantamount to improve market access and extending national treatment to foreign services and service suppliers across an increasing range of sectors. It does not, however entails deregulation. Rather, the agreement explicitly recognizes the right of governments to regulate and to introduce new regulations in order to meet national policy objectives, and the particular need of developing countries to exercise this right.

The General Agreement on Trade in Services integrates the question of trade and investment into a single agreement treating the supply of the market by foreign affiliates, through a local commercial presence as a form of trade in services. The GATS deals, in the area of services, with questions of rights of establishment and the treatment of foreign investors once established.

The General Agreement on Trade in Services is an inter-governmental agreement. It is more complex than similar agreements because the global services sector is highly differentiated, covering both consumers and industrial and institutional customers. Implementation of GATS has resulted into free flow of many services, the world over. GATS has influenced the composition of insurance as product, has influences prices, new avenues of insurance promotion and also distribution etc. Keeping in mind the above observations, the life insurance executives were put straight questions about the impact of GATS on life insurance sector in India.
In order to test the hypotheses regarding the impact of GATS on life insurance sector in India, the opinion of the selected life insurers were obtained. The responses so obtained were subjected to mean, standard deviation and Scheffe’s ANOVA.

The executives of Bajaj Alliance life insurance are highly in agreement that there is parity between Indian and foreign insurers to carry out the life insurance business, followed by the executives of LIC and ICICI Prudential life insurance respectively.

The executives of ICICI Prudential life insurance are highly in agreement that rules and regulations governing life insurance business are reasonable, objective and impartial. On this aspect, the level of agreement of the executives of Bajaj Alliance life insurance and LIC is followed respectively.

The executives of ICICI Prudential life insurance are highly in agreement that there are publications of all relevant measures by IRDA, followed by the executives Bajaj Alliance life insurance and LIC respectively.

The executives of LIC are highly agreed in agreement that IRDA promptly reply to all queries made by foreign players, followed by the executives ICICI Prudential life insurance and Bajaj Alliance life insurance respectively.

The executives of LIC (the only public sector life insurance Company) are highly in agreement that its marketing strategy of LIC is highly affected by the provisions of GATS, followed by the executives of ICICI Prudential life insurance and Bajaj Alliance Life insurance respectively.

The executives of ICICI Prudential life insurance are highly in agreement the there is improvement in the existing and new discriminatory measures, followed by the executives of LIC and Bajaj Alliance Life insurance respectively.

The executives of ICICI Prudential life insurance are highly agreement that there is improvement in the efficiency and competitiveness of the life insurance industry, followed by the executives of Bajaj Alliance Life insurance and LIC respectively.

The executives of LIC are highly in agreement that there is improvement in the distribution channels and the information networks, followed by the executives of ICICI Prudential life insurance and Bajaj Alliance life insurance respectively.
GATS has influenced the composition of insurance as product, has influences prices, new avenues of insurance promotion and also distribution etc. Owing to GATS, there is no discrimination between the level of life protection amongst the Indian and foreign life insurance companies. It has also resulted in making the Indian Life Insurance Sector an organized one. The insurance seekers are now properly dealt with and are provided all the necessary information. The most important outcome of implementation of GATS is the enhancement of efficiency of the Life Insurance Corporation of India, which was otherwise considered to be an inefficient one.

In order to test the hypotheses regarding reasons for low insurance penetration in rural sector, the opinion of the selected life insurers were obtained. The responses so obtained were subjected to mean, standard deviation and Scheffe’s ANOVA.

The executives of LIC are highly in agreement agreed that low penetration in rural sector is due to lack of insurance awareness in India, followed by the executives of ICICI Prudential life insurance and Bajaj Alliance life insurance respectively.

The executives of ICICI Prudential Life insurance are highly in agreement that low penetration in rural sector is due to low persistency, followed by the executives of Bajaj Alliance life insurance and LIC respectively.

The executives of LIC are highly in agreement that low penetration in rural sector is due to lack of documentation system, followed by the executives of ICICI Prudential life insurance and Bajaj Alliance life insurance respectively.

The executives of LIC are highly in agreement that low penetration in rural sector is due to lack of customized life insurance products, followed by the executives of Bajaj Alliance life insurance and ICICI Prudential life insurance respectively.

The executives of Bajaj Alliance life insurance are highly in agreement that low penetration in rural sector is due to lack of premium collection outlets, followed by the executives of ICICI Prudential life insurance and LIC respectively.

The executives of ICICI Prudential life insurance are highly in agreement that for low penetration in rural sector is due to fluctuating income, followed by the executives of LIC and Bajaj Alliance life insurance respectively.
In order to find out the solutions regarding how to overcome the problem of low insurance penetration in rural India, the opinion of selected life insurers were obtained. The responses so obtained were subjected to mean, standard deviation and Scheffe’s ANOVA.

The executives of Bajaj Alliance life insurance are highly in agreement with the suggestion of innovative insurance products to overcome the problem of low insurance penetration in rural sector, followed by the executives of LIC and ICICI Prudential life insurance respectively.

The executives of Bajaj Alliance life insurance are highly in agreement with the suggestion of bancassurance tie-ups with public sector banks and specialize rural institutions (RRBs) and post offices to overcome the problem of low insurance penetration in rural sector, followed by the executives of LIC and ICICI Prudential life insurance respectively.

The executives of LIC are highly in agreement with the suggestion of flexibility in premium payment due to fluctuating income products to overcome the problem of low insurance penetration in rural sector, followed by the executives of Bajaj Alliance life insurance and ICICI Prudential life insurance respectively.

The executives of ICICI Prudential life are highly in agreement with the suggestion of innovative distribution approaches through with village level institutions and non-governmental organization products to overcome the problem of low insurance penetration in rural sector, followed by the executives of Bajaj Alliance life insurance and LIC respectively.

The executives of LIC are highly in agreement with the suggestion of enhancement of the awareness levels on various insurance products and how they work in principle to overcome the problem of low insurance penetration in rural sector, followed by the executives of ICICI Prudential life and Bajaj Alliance life insurance respectively.

In order to test the hypothesis regarding the positioning strategies adopted by life insurers in post-GATS era, the opinion of the selected life insurers were obtained. The responses so obtained were subjected to mean, standard deviation and Scheffe’s ANOVA.
The executives of LIC are highly in agreement for offering more services for the same price to create a desired image in the mind of an existing/potential customer, followed by the executives of ICICI Prudential life and Bajaj Alliance life insurance respectively.

The executives of LIC are highly in agreement for providing rider benefits and free gifts to create a desired image in the mind of an existing/potential customer, followed by the executives of ICICI Prudential life and Bajaj alliance life insurance respectively.

The executives of ICICI Prudential life insurance are highly in agreement for knowing your customer really well to create a desired image in the mind of an existing/potential customer, followed by the executives of Bajaj Alliance and LIC respectively.

The executives of LIC are highly in agreement for providing highly customized to create a desired image in the mind of an existing/potential customer, followed by the executives of ICICI Prudential life insurance and Bajaj Alliance life insurance respectively.

The executives of ICICI Prudential life insurance are highly in agreement for providing unique distribution channels to create a desired image in the mind of an existing/potential customer, followed by the executives of Bajaj Alliance life insurance and LIC respectively.

The executives of Bajaj Alliance life insurance are highly in agreement for providing wide variety of life insurance plans to create a desired image in the mind of an existing/potential customer, followed by the executives of ICICI Prudential life insurance and LIC respectively.

In order to test the hypothesis regarding the co-branding of Indian and foreign partners in the post-GATS era, the opinion of the selected life insurers were obtained. The responses so obtained were subjected to mean, standard deviation and Scheffe’s ANOVA.

The executives of LIC are highly in agreement with the synergies derived from the large customer base of the Indian partner, followed by the executives of ICICI Prudential life insurance and Bajaj Alliance life insurance respectively.
The executives of ICICI Prudential life insurance are highly in agreement with the synergies derived from the large customer base of the Indian partner, followed by the executives of LIC and Bajaj Alliance life insurance respectively.

The executives of ICICI Prudential life insurance are highly in agreement with the synergies derived from the brand strength of the Indian partner, followed by the executives of LIC and Bajaj Alliance life insurance respectively.

The executives of ICICI Prudential life insurance are highly in agreement with the synergies derived from the insurance expertise provided by the foreign partner, followed by the executives of Bajaj Alliance life insurance and LIC respectively.

The executives of ICICI Prudential life insurance are highly in agreement with the synergies derived from funds provided by the foreign players, followed by the executives of Bajaj Alliance life insurance and LIC respectively.

In order to test the hypothesis regarding the benefits derived from the riders in post-GATS era, the opinion of the selected life insurers were obtained. The responses so obtained were subjected to mean, standard deviation and Scheffe’s ANOVA.

The executives of ICICI Prudential life insurance are highly in agreement that life insurance riders help to enhance product configurability according to changing needs, followed by the executives of Bajaj Alliance life insurance and LIC respectively.

The executives of ICICI Prudential life insurance are highly in agreement that significant effect of product differentiation benefits derived from the life insurance riders, followed by the executives of Bajaj Alliance life insurance and LIC respectively.

The executives of LIC are highly in agreement that there is significant effect of flexibility to add or cease benefits according to usability, followed by the executives of ICICI Prudential life insurance and Bajaj Alliance life insurance respectively.

The executives of ICICI Prudential life insurance are highly in agreement with the significant effect of providing suitable and comprehensive protection for family, followed by the executives of Bajaj Alliance life insurance and LIC respectively.
In order to test the hypothesis regarding the benefits derived from unit linked plans in post-GATS era, the opinion of the selected life insurers were obtained. The responses so obtained were subjected to mean, standard deviation and Scheffe’s ANOVA.

The executives of ICICI Prudential life insurance are highly in agreement with the significant effect of insurance cover plus saving benefits of unit linked plans, followed by the executives of Bajaj Alliance life insurance and LIC respectively.

The executives of ICICI Prudential life insurance are highly in agreement with transparency of unit-linked plans, followed by the executives of Bajaj Alliance life insurance and LIC respectively.

The executives of ICICI Prudential life insurance are highly in agreement with the provision to choose fund options of unit linked plans, followed by the executives of Bajaj Alliance life insurance and LIC respectively.

The executives of LIC are highly in agreement with the significant effect of wide variety of Unit linked plans, followed by the executives of Bajaj Alliance life insurance and ICICI Prudential life insurance respectively.

The executives of LIC are highly in agreement with the significant effect of tax planning benefits of unit linked plan, followed by the executives of ICICI Prudential life insurance and Bajaj Alliance life insurance respectively.

Branch offices are the most important modes of collecting payment, followed by life insurance agents, drop boxes, credit cards and online payment system respectively.

Individual agents is emerged is the most important mode of distribution in India followed by bancassurance, brokers. Direct marketing is the least preferred mode of distribution in India.

In order to test the hypothesis regarding the reasons for decline in the popularity of the insurance agents in the post-GATS era, the opinion of the selected life insurers were obtained. The responses so obtained were subjected to mean, standard deviation and Scheffe’s ANOVA.

The executives of ICICI Prudential life insurance are highly in agreement that large turnover of the insurance agents is one of the reasons for decline in the popularity of
the insurance agents, followed by the executives of Bajaj Alliance life insurance and LIC respectively.

The executives of Bajaj Alliance life insurance are highly in agreement that lack of professionalism is one of the reasons for decline in the popularity of the insurance agents, followed by the executives of ICICI Prudential life insurance and LIC respectively.

The executives of Bajaj Alliance life insurance are highly in agreement that lack of customer relationship building with customers is one of reasons for decline in the popularity of the insurance agents in the post- GATS era, followed by the executives of ICICI Prudential life insurance and LIC respectively.

The executives of Bajaj Alliance life insurance are highly in agreement that high commission rates is one of reasons for decline in the popularity of the insurance agents in the post- GATS era, followed by the executives of ICICI Prudential life insurance and LIC respectively.

In order to test the hypothesis regarding the factors to improve the productivity of the insurance agents in the post-GATS era, the opinion of the selected life insurers were obtained. The responses so obtained were subjected to mean, standard deviation and Scheffe’s ANOVA.

The executives of Bajaj Alliance life insurance are highly in agreement to integrate alternative channels of life insurance sector in order to improve the productivity of the insurance, followed by the executives of LIC and ICICI Prudential life insurance respectively.

The executives of ICICI Prudential life insurance are highly in agreement that providing 24 X7 services of call centers will help to improve the productivity of the insurance agents in the post- GATS era, followed by the executives of LIC and Bajaj Alliance life insurance respectively.

The executives of ICICI Prudential life insurance are highly in agreement that providing non-monetary incentives and recognition to the insurance agents leads to improvement the productivity of the insurance agents in the post- GATS era, followed by the executives of LIC and Bajaj Alliance life insurance respectively.

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The executives of ICICI Prudential life insurance are highly in agreement that development of a web portal dedicated to the agents leads to improvement the productivity of the insurance agents in the post- GATS era, followed by the executives of Bajaj Alliance life insurance and LIC respectively.

In order to test the hypothesis regarding the reasons for emerging bancassurance is the one of the most popular distribution channel in the post-GATS era, the opinion of the selected life insurers were obtained. The responses so obtained were subjected to mean, standard deviation and Scheffe’s ANOVA.

The executives of LIC are highly in agreement that tapping huge and high net worth customer base of the banks leads to the emergence of bancassurance as the one of the most popular distribution channel, followed by the executives of ICICI Prudential life insurance and Bajaj Alliance life insurance respectively.

The executives of Bajaj Alliance life insurance are highly in agreement that achieving huge geographical network leads to the emergence of bancassurance as the one of the most popular distribution channel, followed by the executives of ICICI Prudential life insurance and LIC.

The executives of LIC are highly in agreement that sale of whole range of financial services to clients leads to the emergence of bancassurance as the one of the most popular distribution channel, followed by the executives of ICICI Prudential life insurance and Bajaj Alliance life insurance respectively.

The executives of ICICI Prudential life insurance are highly in agreement that sale of insurance products through branch network leads to the emergence of bancassurance as the one of the most popular distribution channel, followed by the executives of LIC and Bajaj Alliance life insurance respectively.

In order to test the hypothesis regarding the challenges faced by the banks in the post-GATS era, the opinion of the selected life insurers were obtained. The responses so obtained were subjected to mean, standard deviation and Scheffe’s ANOVA.

The executives of LIC are highly in agreement that R & D cell has significant effect to generate new ideas and products in the post-GATS era, followed by the executives of Bajaj Alliance life insurance and ICICI Prudential life insurance respectively.
The executives of LIC are highly in agreement that there is significant effect of conflicts with bank’s own products in the post-GATS era, followed by the executives of ICICI Prudential life insurance and Bajaj Alliance life insurance respectively.

The executives of LIC are highly in agreement that there is significant effect of lack of trained and professional bank staff to sell these “Push” Products in the post-GATS era, followed by the executives of ICICI Prudential life insurance and Bajaj Alliance life insurance respectively.

The executives of LIC are highly in agreement that there is significant effect of high capital investment in the infrastructure development particularly in IT and Telecommunication in the post-GATS era, followed by the executives of ICICI Prudential life insurance and Bajaj Alliance life insurance respectively.

TV advertisements is the important mode of promotion in India followed by hoardings, advertising in newspapers, radio, telephone calls and the least popular mode is the internet.

In order to test the hypothesis regarding the services provided to the consumers of life insurance in the post-GATS era, the opinion of the selected life insurers were obtained. The responses so obtained were subjected to mean, standard deviation and Scheffe’s ANOVA.

The executives of LIC are highly in agreement that insurers should recommend product by understanding the customer requirements while providing services to the life insurance policyholders in the post-GATS era, followed by the executives of ICICI Prudential life insurance and Bajaj Alliance life insurance respectively.

The executives of LIC are highly in agreement that insurers should provide updates on the company’s performance while providing services to the life insurance policyholders, followed by the executives of Bajaj Alliance life insurance and ICICI Prudential life insurance respectively.

The executives of LIC are highly in agreement that insurers should enable consumers to procure of data from the company websites, followed by the executives of ICICI Prudential life insurance and Bajaj Alliance life insurance respectively.
The executives of Bajaj Alliance life insurance are highly in agreement that insurers should quickly response to any changes related to the customer’s policy, followed by the executives of LIC and ICICI Prudential life insurance respectively.

In order to test the hypothesis regarding the reasons for the lapses of life insurance policies in the post-GATS era, the opinion of the selected life insurers were obtained. The responses so obtained were subjected to mean, standard deviation and Scheffe’s ANOVA.

The executives of Bajaj Alliance life insurance are highly in agreement that absence of proper need based analysis at the time of sale as one of the reasons of the lapses for life insurance policies in the post-GATS era, followed by the executives of ICICI Prudential life insurance and LIC respectively.

The executives of Bajaj Alliance life insurance are highly in agreement that adverse market conditions negatively impact the consumer’s perception of the unit linked policies as one of the reasons of the lapses for life insurance policies in the post-GATS era, followed by the executives of ICICI Prudential life insurance and LIC respectively.

The executives of LIC are highly in agreement that inadequate details provided by the customer or data capture errors as one of the reasons of the lapses for life insurance policies, followed by the executives of ICICI Prudential life insurance and Bajaj Alliance life insurance respectively.

The executives of LIC are highly in agreement that lack of awareness programs for agents and policy holders as one of the reasons of the lapses for life insurance policies in the post-GATS era, followed by the executives of ICICI Prudential life insurance and Bajaj Alliance life insurance respectively.

In order to test the hypothesis regarding how to overcome the problems of lapsing of policies in the post-GATS era, the opinion of the selected life insurers were obtained. The responses so obtained were subjected to mean, standard deviation and Scheffe's ANOVA.

The executives of LIC are highly in agreement that awareness programs for the agents and policy-holders of life insurance companies can be helpful to overcome the
problems of lapsing of policies in the post-GATS era, followed by the executives of ICICI Prudential life insurance and Bajaj Alliance life insurance respectively.

The executives of LIC are highly in agreement that offering appropriate life insurance products to the customer can be helpful to overcome the problems of lapsing of policies in the post-GATS era, followed by the executives of ICICI Prudential life insurance and Bajaj Alliance life insurance respectively.

The executives of ICICI Prudential life insurance are highly in agreement that insurers have to refrain from promising unrealistic returns so that public is not swayed can be helpful to overcome the problems of lapsing of policies in the post-GATS era, followed by the executives of Bajaj Alliance life insurance and LIC respectively.

The executives of Bajaj Alliance life insurance are highly in agreement that clarity and transparency in the documentation of the insurance policy can be helpful to overcome the problems of lapsing of policies in the post-GATS era, followed by the executives of LIC and ICICI Prudential life insurance respectively.

Managerial Recommendations

- The rural folks are essentially adopters and not innovators. Therefore, they need more persuasion as compared to the urban folks, who, because of higher education levels and greater exposure are convinced comparatively easily.

- There is some kind of attraction towards life insurance in urban areas because of certain tax advantages, which do not affect the rural folks. The marketers have to be innovative and have to tailor-made special products based on the hazards which the rural population is generally more exposed to in comparison to urban population.

- The insurers should seriously address the uncertainty of regular income because of their dependence on monsoon and therefore their inability to pay premiums on regular intervals. Insurers should bring out specially customized products for rural folks and revamp its existing agency organization by imparting intensive training not only about the product-mix but also the peculiar situations faced by the rural population.

- Private insurers have to send some foot soldiers to the rural areas, who should meet the important persons in the villages, like Gram Pradhan, Sarpanches,
Block Developments Officers etc., and talk to them in their language about the opening up of the insurance sector and arrival of the new companies. They should carry sufficient printed material and audio visual systems to educate these persons, who are opinion makers. They should hold exhibitions in select places where villagers from a cluster of villages visit and show them some corporate films and hold educational seminars to inform them about the new environment.

- Insurers can send their officers to meet opinion makers, as suggested above, in rural centers and use the services of banks and post offices to sell their simple products through these agencies. Commissions on this business can be paid to the village heads or banks and post office staff, who can use this for the benefit of the villagers at large such as construction panchyat ghars, school buildings, bus stops and so on.

- Insurers should embark upon selection of young and influential people in the rural areas, who are at least matriculates and provide them the mandatory pre-recruitment training in certain central locations closer to their villages by carrying Training Vans which are air-conditioned and fully equipped with training materials, preferably in their local language so that they get to know about Life Insurance as a subject and also learn selling skills. Support of experienced Faculty from reputed training institutions can be enlisted for this purpose.

- Customers are now looking at Insurance as complete financial solution offering stable returns coupled with total protection. Insurers will need to constantly innovate in terms of product development to meet ever changing consumer needs. Understanding the customer better will enable insurance companies to design appropriate products, determine price correctly and increase profitability.

- Insurers have been successful in product innovations, most of them are still grappling with right mix of Distribution Channels for capturing maximum market share to build brand equity; building strong and effective customer relationships, cost effective customer service.

- While the traditional channel tied up advisors or agents would be the chief distribution channel, insurer have innovate and find new methods of delivering
the products to customers like corporate agency, brokerage, bancassurance, e-insurance, cooperative societies, panchayats and post offices. Some more innovative methods like Mallassurance are needed to find out. With general public going to the different malls situated in metros and bigger towns in increasing numbers. Alongside their purchases in the malls, customers are to be made aware of life insurance products. This will enable to provide all life insurance products made available under single window and the policy certificates itself given to the prospective clients on the spot.

- Bancassurance is a super success in France and one of the startling revelations is that, most of the banks are in this business and vice versa. However, in India, though banks have entered the domain of insurance, all insurance companies are rendering only insurance services and not banking. As Indian insurance market is bigger one, more particularly population-wise, and as country’s GDP is also growing faster than most of the countries in liberalized environment, wisdom makes it imperative to predict the bright prospects of bancassurance with prudent expectation of public sector insurance companies’ diversification by way of inducting themselves in banking services in coming days.

- With the market being flooded with insurance companies, there are a vast number of agents representing different insurance companies. Hence, it is quintessential that an agent always keeps himself updated with developments in the country at large and the insurance sector in particular. The new age agent is expected to be a financial planner rather than a mere salesperson. It is essential that the agent studies the customer’s financial portfolio and then suggests the appropriate insurance plan that matches his risk appetite, investment goals and life coverage needs.

- New product offering, which give the customers a tremendous choice from a large variety of products from pure term insurance to unit-linked investment products. Customers are offered unbundled product with a variety of benefits as riders from which they can choose which perhaps is the extra icing on the cake. Customers are now buying products and services based on their true needs and not just traditional money-back policies.
• The greater part of most companies marketing activity is directed at seeking new customers. While a focus on gaining new customers is necessary for the development of all businesses, it is also essential to ensure that the ongoing marketing activities are also directed at existing customers. By placing too much focus on marketing activities directing at new customers, companies often experience the "leaning bucket effect", where customers are lost because insufficient marketing activity generally, and customer service specifically, is directed to them.

• Foreign/private insurers will always try to capture only the most profitable segments. Government efforts to discourage the selective marketing by providing the rural targets which are to be achieved over the periods for the balanced growth of life insurance industry in India.

• Customer retention requires 100% passionate commitment to the customers. Knowing customers is the first step in customer retention. Getting intimate and personal is the second step. Gathering and leveraging this information is the key to personalizing relationship with each customer. By analyzing data, offering new products and services helps to increase the value of every client. Customer insight solutions help profitability, revenue and customer satisfaction by enabling the organization to segment and analyze customer value, generate tailored cross-sell and up-sell opportunities, provide a level of service proportional to the customer life time value for effective retention.