Chapter VI

Findings, Conclusions and Suggestions

With the advent of new players in the field of Life insurance sector, the degree of competition has increased multifold. The private insurance companies are launching new innovative insurance plans for their survival and growth. At the same time, Life Insurance Corporation of India has upgraded their quality of service to retain, maintain and attract new business.

An attempt has been made to study the impact of privatization on LIC. The Development Officers were contacted to know their observations about the impact of privatization on their life insurance business and their views as how their life insurance business has been influenced by the opening of the sector.

LIC has made a lot of changes in its operation and latest technology is being used to serve the customer. The customer grievances are properly attended and all maturity claims are settled to the entire satisfaction of the policyholders. The privatization of the sector has brought lot of opportunities for all the players. Under such situation, fittest of the fit will survive and the rest will vanish over a period of time.

In the year 2000, when the insurance sector was privatized, many companies entered into the insurance sector and as a result competition has increased multifold. Initially, most of the private life insurance companies spent huge amount of money on advertisement. The purpose of the advertisement was to inform the public about their existence and the importance of life insurance policies in human life. With the rise in the degree of competition among the life insurance companies in India, the companies realized the need of developing new life insurance policy plans which can satisfy the multi needs of policyholders and as a result, the concept of riders were introduced. New channels of distributions have been introduced which have been economical and effective in serving the public.

With the privatization of the insurance sector, efforts have been made by the government to regulate the business of insurance through Insurance Regulatory and
Development Authority (IRDA). IRDA has formulated various guidelines to bring transparency in the working and make the system customer friendly. As a result, most of the companies are practicing Customer Relationship strategies to keep their customers delighted. Keeping in view such changes in the insurance sector, a need is felt to find out as what is the change in the attitude of general public before and after the Privatization.

**CHANGES IN MARKETING OF LIC AFTER PRIVATIZATION**

Marketing plays a vital role within the insurance industry. It is used by major companies to increase sales and sustain market place positions and by smaller companies to build and grow their businesses. The use of marketing can be as far-reaching as a national television campaign to grow and sustain a major insurance company, and as localized as a business cards and fliers used by a local insurance agent. Regardless of size, marketing tactics and strategies are developed by all in the industry to target consumers and prospects to cover their insurance needs for home, health, life and commercial coverage. Until the Indian insurance industry was liberalized, LIC did not have any clear marketing strategies.

Since it enjoyed monopoly status, it could afford to have a very limited focus on marketing. For the average Indian, LIC became synonymous with life insurance, and over the years it built up an enviable brand image in both rural and urban areas. The company grew by leaps and bounds, with people buying its policies due to the tax concessions attached to it. On account of its position as a monopoly, LIC neither standardize its practices, nor did it focused on providing better customer service to the policyholders.

After privatization the LIC of India has been facing competitive pressure, so it has been reorganizing itself in order to perform better and to compete with private players. LIC has been formulating new strategies and plans from time to time. In wake of coping with the competition LIC has been taking following steps to increase its market competitiveness and retain its dominant position in the insurance market.
PRODUCT DEVELOPMENT:

Product development is the most basic and essential part of marketing of a company. Prior to Privatization almost 100% of the products sold to Indian customers were traditional ones with a quasi absence of individual pure protection products. More than 90% of the individual products sold were traditional savings cum protection products (endowment or money back). The product range were small and not innovative enough.

Most customers were underinsured with no flexibility or transparency in the products. LIC sold insurance as a tax planning instrument, not as a product giving protection. Group insurance business was only through formal Group Employer-Employee (Traditional products such as Term Assurance, Gratuity, Leave Encashment and Super Annuation). LIC also tried to include features like accidental death, disability benefit and premium waiver clauses in many of its policies.

However, all these benefits were not available in all type of policies. Further, addition of such benefits added complexities to the product. Moreover, many policies like unit linked policies and term insurance policies were not provided by LIC. After the entrance of private players many new and innovative products were introduced by the private players due to which the traditional products of LIC had to face tough competition. The customer had more to choose in terms of policy instruments as new players came up with innovative product line. Naturally, the policies issued by LIC needed to be seen in this light and suitable steps had to be taken to customize the products.

After entry of private players in life insurance industry, there has been a big change in the kind of products provided by insurers. Many products like unit linked plans, single premium plans and pension plans have become quite popular these days. Further, insurers have tried to keep the basic products of life insurance quite simple by providing multiple riders separately which a customer can choose as per his requirements on payment of extra premium, thus making possible for the customer to match the products with his requirements. Soon after privatization there were more than five private life insurers who launched more than 40 new products. It is worth noting that LIC also launched 42 new products. Thus, after the entry of private
insurers flow of new products was very high.

It is also worth noting that new products launched by private players carried innovative features for the benefit of the customers. For e.g. BSLI introduced the concept of free look period, benefit illustrations, first online term plan to an innovative category of products like ULIP’s and highest daily NAV guarantee plans.

In terms of product completeness BSLI broad based the portfolio by introducing several traditional products across various customer segments.

Bajaj Allianz also introduced wide range of customized products as per the requirements of the customers. To cater consumer’s needs about protection against risk factor, provision for future, old age provision, by launching whole life plans, Endowment plans, Term insurance plans and pensions plans over a period. Every year by taking market review it introduces new innovative plans and also withdraws those plans which have less market response.

In order to cope up with these efforts of the private companies, LIC of India has also changed its product features to meet the varied need of the customers. It has also introduced ULIP’s in market.

**HEALTH INSURANCE PLANS**

Prior to privatization LIC did not concentrate on health insurance segment and not much products were available for health insurance. The Life Insurance Corporation offered Ashadeep Plan II and Jeevan Asha Plan II. The year 1999 marked the beginning of a new era for health insurance in the Indian context. With the passing of the Insurance Regulatory Development Authority Bill (IRDA) the insurance sector was opened to private and foreign participation, thereby paving the way for the entry of private health insurance companies. Private sector insurers are more aggressive in this segment.

Favorable demographics, fast progression of medical technology as well as the increasing demand for better healthcare has facilitated growth in the health insurance sector. Life insurance companies are expected to target primarily the young population so that they can amortize the risk over the policy term. After the entrance of many private players such as ICICI, Max Bupa, Star Health in health segment the
scope of this segment enlarged and many new plans were launched. SBI launched health insurance plan ‘Hospital Cash’, Max Bupa is planning to introduce disease specific insurance products. First Life insurance launched ‘Money Back Health Plan’.

LIC has observed that there is a top potential for the health insurances business. So it had started one Health Insurance Department and as of now LIC has health protection plus and Jeevan Arogya Plan for catering the health needs of customers.

MICRO INSURANCE PLAN

Prior to privatization LIC marked its presence in urban areas but no customized plans were available to cater to the rural needs and also there were no micro insurance plans. After privatization the LIC of India not only concentrated on celebrity marketing and rich class segment but also launched insurance plan under a separate business vertical of rural marketing to extend security to the less privileged section of the society. Under such business vertical ‘Jeevan Madhur’ plan was launched in Sept. 2006 by the LIC.

LIC was the first player to offer specialized products with lower premium costs for the rural population. Other private players also started to focus on the rural market to strengthen their reach. ICICI Life Insurance Company launched its small ticket micro insurance policy, SURAKSHA. Tata AIG Life has launched 3 micro insurance plans, namely, Navakalyana Yojana – a five year micro insurance protection plan, Sampoorna Bima Yojana under which 15 year protection is available by paying 10 year premium and Ayushman Yojana – a single premium 10 years micro insurance protection plan.

Birla Sun Life Insurance has launched Bima Surakha Super and Bima Dhan Sanchay for rural masses. Bima Suraksha Super is a non participating non linked term assurance plan while Bima Dhan Sanchay is a non participating non linked term assurance plan with refund of insurance premium on maturity.

Majority of the life insurance companies have come out with micro insurance products but all are similar. The private companies started to claim a share in the rural market segment; LIC went a step ahead and came up with new marketing strategy. In
Findings, Conclusions & Suggestions

In this context LIC of India started declaring villages as MADHUR villages after the name of its micro insurance product, Jeevan Madhur.

**MARKETING ACTIVITIES:**

Prior to privatization there was lack of expertise in the investment marketing, distribution department, and distribution was only through tied agents. In marketing of insurance products effectively, field personnel played a pivotal role. The corporation developed alternative distribution channels along with channels to increase its business volume.

**DISTRIBUTION CHANNEL**

Traditionally agents have been the primary channel in the distribution of insurance in the Indian market. The Agency channel was the only channel catering to the needs of the market. It was generally felt that there was demand side as well as supply side gaps in the Agency channel. The Life Insurance Intermediary did not enjoy a professional image and was found inadequate and not keeping with the expectations. Finally, after privatization IRDA came out with new Regulations. The Regulations introduced Composite Agency enabling the Agents to do both Life and Non-Life Business.

Corporate Agency and Broker channels were opened up. The private companies foresighted this as an opportunity to get a wide reach into the market and hence started to make attempts for getting the maximum benefit from the available alternate channels, for distribution of its policies. Banks are the primary sales channel for a few insurers such as HDFC Standard Life and SBI Life, and they contribute about 40% of their new business. Through the Bancassurance partnerships, insurance companies are catering to the defined segments and are designing strategies to sell insurance to them. For example, ICICI Prudential has tied up with Lord Krishna Bank, ICICI Bank, Bank of India, Citibank, Allahabad Bank, Federal Bank, South Indian Bank, and Punjab and Maharashtra Cooperative Bank to cater to a mix of high-income urban and rural segments.

The alternative distribution channels, viz., brokers, direct field force, telesales, bancassurance, alliances, and the internet with the conventional network of branches
offer the customers a variety to choose from keeping in mind the maximum benefits they seek from them. Due to this wave of change, LIC, which was distributing its products only through agents also started to look for alternative channels. LIC also tied up with the banks in urban and with Regional Rural Banks (RRB) to spread its business.

LIC tied up with Corporation Bank, Central Bank of India, IOB, UCO Bank, Bank of Punjab, Oriental Bank of Commerce and fourteen cooperative Banks. LIC has attempted to enlarge the distribution channels to build a real marketing environment by involving cooperatives and panchayats in its market areas.

FOREIGN BRANCHES

Before privatization, LIC did not have any foreign branch. After privatization, as a part of change in marketing policy LIC thought of expanding outside boundaries of the country and to fulfill this thought, LIC opened its first international branch in Nepal in 2001. The Corporation directly operates through its branch offices in Mauritius (Port Louis), Fiji (Suva & Lautoka) and United Kingdom (Wembley).

ADVERTISEMENT

Marketing and sales promotion activities were very limited in LIC with small number of advertisements in print media and television. LIC was the only player, most advertising tended to be either merely informative or plain dull. With the insurance bill being passed in 2000, the Indian insurance sector saw a host of private players enter the market with multinationals as their partners. These new players resorted to aggressive marketing and advertisement strategies something the market had never seen earlier.

There was sudden spurt of advertisements and awareness programs visible on all the media channels. Print, electronic and outdoor advertisements of the new private insurers flooded could be seen everywhere. In response to this LIC launched various advertising campaigns to meet its corporate objectives. The new insurance companies used all channels of advertising from newspapers and the television to insurance agents and direct mailers.

A fierce battle seemed to have begun among Indian insurance companies to
make one’s own brand win over the other. The new companies focused their campaigns primarily on building an image of trustworthiness and reliability for themselves. Secondly, their advertisements focused on insurance as an investment option and not a mere tax saving tool. Most of these advertisements carried messages like the family’s happiness, human bonding, etc., with underlying emphasis on the security that insurance could provide. Also, instead of projecting the idea, that an insurance policy actually starts working only after the death of the insured, the new campaigns projected that insurance protects people throughout their lives. In one of its TV commercials, ICICI Prudential showed a series of scenes depicting the childhood, marriage and old age of an individual.

The purpose of using these visuals was to translate the company’s message ‘I will protect’ into real-life incidents.

In order to project its commitment towards consumers to ‘protect at every stage of life,’ the company brought in the concept of sindoor, which symbolizes protection. Sindoor was shown throughout the commercial as a mark of auspiciousness and protection, and at the end, it became the red line below the ICICI Prudential logo.

Max New York also resorted to depicting positive emotions such as trust and protection in its print advertisements. The company released two print advertisements. HDFC came up with advertisement which projected insurance a wealth creation tool. With private players paying much attention to advertising and promotional activities, LIC too, was forced to make efforts to increase its visibility and enhance its brand image. The company commenced intense, systematic and well-focused public relations and publicity activities both at the corporate and operational levels.

LIC came out with a corporate advertisement on TV with the punch line, ‘Zindagi Tumhari Roshan Rahe’ (May your life be glorious). In addition, LIC established abroad-based frame for external communication aimed at building a stronger brand image. Several sports events were co-sponsored by the company and special publicity activities with a social purpose were undertaken.

Traditionally, LIC used to target either middle-aged people or elderly ones.
But private insurers targeted individuals in all age groups, in their advertisement campaigns. Analysts pointed out that LIC was also biased against women; most of its policies were designed with men in mind, whereas private insurers’ products covered women’s needs too.

Thus, LIC was forced to modify its advertisement campaigns and communication in order to appeal to all groups. It made its advertisements carry universally applicable messages, focusing particularly on the young executive or the working woman, in order to tap the market comprised of people in the age group of 18-35 years.

As a provider over the years the various advertising and publicity campaigns of the LIC were conceived to meet the following objectives:

▲ Creating awareness in the mind of the public about the need for life insurance.
▲ Promoting and positioning various life insurance products.
▲ Corporate branding and societal marketing.
▲ Highlighting the various customer centric activities including consumer education.

FINDINGS
On the basis of the study undertaken on General Public and Development Officers, some important observations are appended below

Corporate Active Data Warehouse (CADW):

LIC's CADW is one of the largest life insurance customer databases in the world. The project has enabled LIC to launch Customer focused campaign like Customer Contact Program and Global Club Customer Campaigns launched in the various "A Class" cities during the year 2009-2010. The major achievement has been to send a single notice for the premium falling due in the same month for the various policies of an individual policyholder. All these initiatives launched have made the brand of LIC more visible in the eyes of the policyholders and public in general.

New channels for premium payment:

More channels have been added to facilitate the renewal premium payment by
the policyholders. Major addition is in the form of creating "PREMIUM POINTS" where policyholders can deposit the premium 24*7 and can get a final receipt from the office of the empowered LIC agents who are spread across the country. More than 5000 such empowered agents are authorized to provide this service to policyholders. Apart from this, 350 satellite offices have been opened in various cities to give the feel of physical presence of LIC.

**Enterprise Document Management System:**

LIC has implemented EDMS in its offices to digitize the customers Office records. EDMS has been done to get the advantage in terms of enabling the concept of anywhere-anytime service through electronic files and to make documents and files available to multiple users simultaneously and most importantly to eliminate the need to transfer paper records from one branch to another branch.

**Electronic Bill Presentation and Payment (EBPP):**

Premium can be paid through various banks like City Bank, HDFC Bank, ICICI Bank, Federal Bank, Corporation Bank, Axis Bank and other service providers-Bill Desk and Tech Process which cover almost all other banks throughout the country. Premium can be paid through credit card, ATM card and EBPP also. Premium can be deposited for the in force policies only and which are not with monthly or salary saving schemes.

**Customer Grievance Redressal Management:**

LIC has grievance redressal officers at Branch/Divisional/Zonal/Central office to redress the grievances of policyholders and for bringing transparency in the operations. IT enabled support system have been operationalised to reduce manual intervention and to minimize the grievances. For quick redressal of grievances, LIC has introduced a customer friendly "Complaint Management System" through customer portal where the policyholder can directly register any complaint/grievance/quarry and track its status anytime without going anywhere.

The present research study made an attempt of making a comparative study of all the life insurance players i.e. comparison of public sector life insurance player LIC and the private sector life insurance players and the following facts emerged under the
four broad heads – comparative analysis, impact, black sheep in private insurance business and survey analysis.

Traditional agents are still the most effective means to sell policies, especially in rural areas, although in urban area the use of bank branches is on the rise even then agents holds a key position in insurance business. There is however a great variation in rural distribution of insurance among life insurers. For Life Insurance Corporation of India in last decade, it has more number of agents in rural areas as compared to agents doing the business for it in urban areas.

A survey was conducted through a questionnaire containing eleven questions in the city of Lucknow and adjoining areas for finding the preference among life insurance companies. This survey was conducted in the month of December, 2014 and February, 2015 in which 425 respondents were covered including businessmen, service class and professionals. The survey analysis brought into light the following facts:

(i) The survey tried to find out from the respondents that on whose persuasion they have purchased the particular insurance policy held by them at that time. For this they were given two options. Option-I suggests that they have purchased the insurance policy on their own knowledge and Option-II relates to the information provided to them through relation basis including insurance agents, friends, relatives, etc.

Out of the two options it was found that 271 respondents *i.e.* 63.76% have purchased insurance policy with their own knowledge while 134 respondents *i.e.* 31.53% have gone for insurance policy through relation basis. However, 20 persons *i.e.* 4.71% did not show any response. Thus the survey brought into light the fact that most people are self driven and have good knowledge about insurance sector when it comes to purchase of insurance policy.

(ii) Of the two sectors *i.e.* Public sector, which includes the Life Insurance Corporation of India, and the Private Sector Life Insurance Companies, 77.18% respondents showed their liking for the LIC while 19.29% preferred the Private Sector Life Insurance Companies. The remaining 3.53%
respondents could not decide between the two sectors. The survey thus produces the result that still the majority of people favour the public sector life insurance company LIC, to the private sector life insurance companies.

(iii) **The research survey provided the fact that in the field of Public Sector Life Insurance Company, LIC "Trust" was the dominant factor responsible for its preference as of the 328 respondents who showed their preference for LIC, 64.33% responded for the "Trust" it enjoyed in the minds of general public.** On the other hand in case of private sector life insurance companies it was "large range of policies" which attracted the people towards it as it got 41.46% responses from the total respondents of 82 people who showed their preference for private sector life insurance companies.

(iv) Life insurance policies offer the facility of protection, investment or for both to the insured. It is in this sequence that the research study tried to find the preference among insured for opting the insurance cover for security reasons or investment purpose or for both.

(v) The research survey tried to find out from the respondent the areas of improvement for LIC. Majority of respondents were still of the opinion that LIC should improve its services (33.94%) besides increasing internet connectivity (22.59%), enhancing office efficiency (20.94%) and employing young people (19.53%) in order to retain its position and continue to be market leader in future times to come.

(vi) The research survey brings into light that the main area of improvement for private sector life insurance companies broadly lies in two parameters, firstly they need to work out the strategy that could win the confidence of people in them and secondly their agent force or marketing channel personnel should try to disclose all the information related to the policies and the company concerned to the proposed insured. As per the survey 56.48% of the respondent said that the private sector life insurance companies should promote confidence building measures and 33.88% respondents were of the
view that these companies do not disclose all the relevant information related to the policy to them. This is indeed a serious situation and needs to be looked up and act accordingly and timely.

(vii) The most important question to be answered is that whether the private sector life insurance companies will be able to settle the claims as and when they will arise in future time to come as the essence of efficiency in an insurance company is about whether the claims are paid or not. On this parameter, the picture is not much clear as 37.41% of the total 425 respondents are of the opinion that these companies will make the payment of claim while 32.71 percent are of the view that they will fail to settle the claims. The interesting thing is that 28 percent are still undecided on this issue and they prefer to wait and watch.

(viii) The research survey also tried to make an attempt to find out the awareness about the Public and Private sector life insurance companies. The survey revealed that since public sector company, LIC is in its 58th year of its existence henceforth people are more aware of this company as compared to private sector life insurance companies which are only 14 years old. The survey analysis signifies that of the total 425 respondents 73.65 percent are more aware of Public Sector Life Insurance Company while 21.18 percent are more aware of private sector life insurance companies. 3.05 percent respondents were indeterminate and 2.12 percent did not show any response.

(ix) The survey brought into light the information regarding the leader among the private sector life insurance companies. As per the response of the respondents, ICICI Prudential Life Insurance Company Limited emerged as the most preferred company in the Private sector with 22 percent respondents in its favour followed by Bajaj Allianz Life Insurance Company Limited with 21 percent responses in its favour. HDFC Standard Life Insurance Company stood at number 3 position with 20 percent respondents favouring it. Thus these three companies account for 63 percent of the market share held by the private players while the remaining 10 private insurance companies together account for 37 percent of the market share. The survey therefore highlights the
fact that there is tough competition between ICICI Prudential, Bajaj Allianz and HDFC Standard Life for the top position in the private segment.

With the opening for private participation in the year 2000, the insurance landscape changed completely and till date 23 new entrants in the field of life insurance selling a variety of insurance products have entered and the latest one being Edelweiss Tokio Life Insurance Company Limited.

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Private Life Insurance Players</th>
<th>Beginning of Operation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>HDFC Standard Life Insurance Co. Ltd.</td>
<td>12 December, 2000</td>
</tr>
<tr>
<td>2.</td>
<td>ICICI Prudential Life Insurance Co. Ltd.</td>
<td>19 December, 2000</td>
</tr>
<tr>
<td>5.</td>
<td>Tata AIG Life Insurance Co. Ltd.</td>
<td>2 April, 2001</td>
</tr>
<tr>
<td>7.</td>
<td>SBI Life Insurance Co. Ltd.</td>
<td>15 June, 2001</td>
</tr>
<tr>
<td>8.</td>
<td>ING Vysya Life Insurance Co. Ltd.</td>
<td>1 September, 2001</td>
</tr>
<tr>
<td>10.</td>
<td>Met Life India Insurance Co. Ltd.</td>
<td>4 January, 2002</td>
</tr>
<tr>
<td>12.</td>
<td>Aviva Life Insurance Co. Ltd.</td>
<td>6 June, 2002</td>
</tr>
<tr>
<td>13.</td>
<td>Sahara India Life Insurance Co. Ltd.</td>
<td>31 October, 2004</td>
</tr>
<tr>
<td>15.</td>
<td>Bharti AXA Life Insurance Co. Ltd.</td>
<td>N.A.</td>
</tr>
<tr>
<td>16.</td>
<td>Future Generali India Life Insurance Co. Ltd.</td>
<td>4 September, 2007</td>
</tr>
<tr>
<td>17.</td>
<td>IDBI Fortis Life Insurance Co. Ltd.</td>
<td>19 December, 2007</td>
</tr>
<tr>
<td>18.</td>
<td>Canara HSBC OBC Life Insurance Co. Ltd.</td>
<td>N.A.</td>
</tr>
<tr>
<td>19.</td>
<td>Aegon Religare Life Insurance Co. Ltd.</td>
<td>27 June, 2008</td>
</tr>
<tr>
<td>20.</td>
<td>DLF Pramrical Life Insurance Co. Ltd.</td>
<td>27 June, 2008</td>
</tr>
<tr>
<td>21.</td>
<td>Star Union Dai-Chi Life Insurance Co. Ltd.</td>
<td>N.A.</td>
</tr>
<tr>
<td>22.</td>
<td>India First Life Insurance Co. Ltd.</td>
<td>19 December, 2010</td>
</tr>
</tbody>
</table>

Source: IRDA Journals
*Name changed to Reliance Life Insurance Company Limited.

Several of the foreign insurance partners of Indian companies are in a serious
credibility crisis with the insuring public. The big insurance scam that the U.S. media is avidly following is the investigation opened by U.S. Securities and Exchange Commission officials and the New York Attorney General against the insurance giant, the American International Group (AIG), which holds 26% stake in TAT-AIG Life Insurance Company Limited. Investigations are under way against its former chairman, Maurice R. Greenway, for his role in dressing up the company's financial results through questionable insurance transactions.

In 2003, U.S. regulators conducted investigations into the business practices of Prudential Financial Services, the U.S. insurance company that tied up with ICICI. According to media reports, regulators uncovered a range of fraudulent sales practices, including the falsification of documents, forging of signatures, and the practice of asking clients to sign blank forms. In 1997, the company had to pay $2.6 billion in a class action lawsuit against fraudulent life insurance sales practices.

Similarly the California Insurance Commissioner had filed suit against Met Life which holds a 26% stake in Met Life India Insurance Company Limited.

According to media reports Standard Life which has an 18.6% stake in HDFC Standard Life Insurance Company Limited is also in deep financial difficulties.

The efficiency of any insurance company is judged by the payment of claims due on it. In this connection Mr. N.M. Sundaram, President, All India Insurance Employees Association (AIIEA) had said that the public sector performance is near 100%. The world's average is much lower – it stayed at 40% or so. On these grounds LIC is amongst the most efficient.¹

**SUGGESTIONS**

The overall performance evaluation of Life Insurance Corporation of India is consistent. The working groups have been worked hard for their functions but still some drawbacks are left behind, for that suggestions are as under:

i. LIC should try to increase their selling of plans to introduce new plans with

different kinds of facilities, so that it can increase its income amount, especially Premium amount.

ii. As private insurance companies capture the market now a day, therefore, LIC should strengthen their working & should launch plans with more facilities.

iii. The Corporation should strive to increase its business by issuing more and more policies in order to retain its market share in the competitive scenario.

iv. Operating cost as compared to premium underwritten should be controlled.

v. A comparative statement of performance between LIC and various insurance companies may help to increase the business.

vi. LIC should try to bank upon the status that it is the only insurance company which has been enjoying handsome profits year after year as compared to the private sector companies, most of which are still not in a good position.

vii. A comparative statement of performance of operating expenses of LIC and various insurance companies may help to narrow down the cost.

viii. LIC of India should continue making investments, but secured investments should be made.

ix. LIC should learn to be innovative and market facing in the development of new products and services. But, at a minimum, it should learn to become a fast follower, quickly copying the successful offerings of the new entrants lest it should be left in the dust.

x. LIC’s operations-related services are unsatisfactory. Premium/default notices are not sent in time and in some cases it takes a lot of time in claim settlement. LIC should improve its existing servicing to compete with new foreign and Indian players in life insurance business that believes in sophisticated services.

xi. LIC needs to find out which attribute of the operating expenses need to be controlled.

xii. LIC should try to overcome the image of being a Government office and should take care of the red-tapism and delaying tactics as adopted in most government departments.
CONCLUSION

It can be said that LIC did a commendable job by bringing about changes in its marketing strategy. LIC tried its level best to cope with the marketing initiatives of the private insurance companies. The market share which the private companies were taking away from LIC was an eye opener for LIC who was once enjoying monopoly position in the market.

The private companies were taking away the market share by bringing new and innovative products to suit the needs of customers, building a strong distribution network, strong advertisement and finding new markets for their products. LIC which was moving on traditional pattern revitalized itself to regain its market share and image and came up with new marketing and sales promotion techniques. These changes proved to be fruitful for LIC. The performance of LIC during the last five years indicates that there has been tremendous amount of potential in the insurance business.

It is hoped that the spark ignited by the leading insurance company shall be carried forward by all the players and they will generate phenomenal business and fulfills the social obligation to the society. With the privatization of the insurance sector, the degree of competition has increased and as a result, the service standard of insurance companies has improved beyond imagination. In the present set up of life insurance organisations, Development Officer is the most important functionary of the organisation. The major life insurance business is procured through agents who are supervised by their respective DO's.

An agent is the representative of the company who has the maximum interaction with the General public and persuades the prospects to purchase insurance policy. The agents should be well trained so that the general public can be made aware about the importance of the concept of life insurance. In the recent past, most of the agents of the life insurance companies are offered lucrative incentives so that the sales force can be always be set in high spirit. In India, insurance market is open, only fittest of the fit will survive.

LIC is an old trusted brand; it has to launch new policy plans which can satisfy the multi needs of the public. At the same time, LIC has to train and develop its
employees so that they can serve the customer with full commitment and dedication. In short, privatization has favorably affected the LIC organization which has resulted into the improvement in the overall operations of LIC. LIC is pioneer institute in Indian economy; so after IRDA and privatization of insurance sector, the way of achieving the effective result is not that smooth, but LIC has to work hard to achieve its goals.

“The woods are lovely dark and deep, but LIC has to keep promises and miles to go before it sleeps”.

--------;0;-------