Chapter 10

Summary, Conclusions, Problems and Suggestions
# Chapter 10 - Summary, Conclusions, Problems and Suggestions

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Chapter 10
Summary, Conclusions, Problems and Suggestions

10.1 Summary
The present research work has been divided broadly into ten chapters. Chapter one deals with introduction, research methodology and data base of present study. It includes Need of the Study, Study Area, and Objectives of the Study, Scope and Limitations of the Study, Hypothesis, Research Methodology, Data Collection-Primary and Secondary Data, Data Analysis and Interpretation and broad outline of the chapters. Chapter two is concerned with review of literature on Human Resources Management. Chapter three is History, Development, Recent Status and Scenario of Life Insurance Corporation of India (LIC). This chapter presents the Profile of Life Insurance Corporation (LIC) of India. Chapter four is related to Development and Recent Status of Life Insurance Company of Iran. This chapter deals with the Profile of Iran Insurance Company (Bimeh Iran). Chapter five is comparison of Indian and Iranian Life Insurance Corporations. The fifth chapter deals with comparison of Indian and Iranian Life Insurance Corporations. The sixth chapter, Human Resource Management in Indian and Iranian Life Insurance Corporations, deals with comparison of human resources in Indian and Iranian Life Insurance Corporations. Chapter seven discusses the various models of efficiency calculation. Chapter 8 highlights the various models of productivity measurement and design of an appropriate model. Chapter nine is related to analysis and interpretation of data. In this chapter researcher has analyzed and interpreted the data. Chapter ten is Summary, Conclusions, Problems and Suggestions. In this chapter researcher highlighted main findings and conclusions. The hypothesis was tested with the help of both primary and secondary data presented in the chapters 7, 8 & 9. The researcher has made some suggestions for the improvement of efficiency of human resources and productivity in insurance companies.

There are a lot of projects and researches on productivity especially in industrial section but the number of researches in service sector are less rather than industrial section. Also in service sector majority of researches are on total productivity measurement and the number of researches on human researches are rare. This is the first research on human resources productivity in life insurance sector.
Researcher has studied efficiency and productivity of human resources in Life Insurance Corporation of India and Bimeh Iran for the period of 1990 to 2010. This period has been divided into three periods of seven years, from 1990 to 1996, 1997 to 2003 and 2004 to 2010.

10.2 Conclusions
The following conclusions have emerged from the present study;

2. Productivity of human resources in LIC of India is much better than productivity of human resources in Bimeh Iran. (LIC of India 13.64 and Bimeh Iran 2.42)
3. Efficiency of human resources in Bimeh Iran is better than efficiency of human resources in LIC of India. (Bimeh Iran 5.46 and LIC of India 2.58)
4. In general, the status of LIC of India rather than Bimeh Iran is more stable and Bimeh Iran has to use the opportunities to improve.
5. All Indians think about different policies offered by Life Insurance of India and try to invest their income sources but in Iran just they have heard something about life insurance in general and just a few percent of people have a life insurance policy. It is essential to survey about the reasons behind.

10.3 The main Finding of the Research
Researcher has calculated efficiency and productivity of human resources in LIC of India and Bimeh Iran. The main findings of the research are as follows:

1. Researcher has suggested and used a model for calculation of cost efficiency of human resources, operational efficiency of human resources, revenue efficiency of human resources and productivity of human resources in LIC of India and Bimeh Iran in three periods of seven years from 1990 to 1996, 1997 to 2003 and 2004 to 2010.
2. There is a huge gap between penetrations of life insurance of two countries. India is going to reach world level but life insurance in Iran almost in zero level. All Indians think about different policies offered by Life Insurance of India and try to invest their income sources but in Iran just we have listened
something about life insurance and it is essential to survey about the reasons behind.

3. Iran has better situation in non- life insurance penetration because all the corporations have focused on non-life insurance sector. Iranians prefer to have marine, car, fire, liability, crop and burglary insurance and only minority of them go for life insurance. In Iran third party insurance for vehicles is compulsory and in case of accident, the amount of blood money for paying to the beneficiaries is 30 lakh Rupees. Therefore all drivers STRONGLY! prefer to have insurance on their vehicles.

4. Also in Iran, there are a lot of advertisements in Medias for insurance of liability, fire, vehicles, property and etc but there isn't any advertisement for life insurance.

5. There is a remarkable difference between life insurance densities of these two countries. Insurance density is measured as ratio (in percent) of premium (in US Dollars) to Total population. Even when we divide total premium to the population of India there is a figure almost 16 times more for India in compare to Iran.

6. In India, the indicator of non-life insurance density has remained constant at 5 over the time period from 2004 to 2006 but in Iran the indicator has continued its upward movement from 25.7 in 2004 to 37.4 in 2006. Iran has a better situation in non-life sector.

7. LIC of India had a considerable increase of 96.75 percent in new issued policies in 2003. It decreased noticeably to 9.87 and -11.09 percent in 2004 and 2005. In 2006 there was a peak of 31.75 percent and then it stepped down dramatically to 21.01 and -1.61 percent in 2007 and 2008 respectively. (Table 3.4)

8. First year life insurance premium in LIC soared markedly by 206.28 percent over the time period from 2002 to 2008. LIC experienced a huge increase of 101.93 percent of first year life insurance premium in 2002 then it reduced enormously by -18.44 percent in 2003. LIC commenced to soar significantly the first year life insurance premium over the time period from 2004 to 2007 but in 2008 LIC underwent a dramatic reduction of 6.71 percent. (Table 3.5)

9. Total life insurance premium had a growth of 200.65 percent over the time period from 2002 to 2008. Total life insurance premium experienced a dramatic rise of 42.79 percent in 2002. It nose dived to 9.65 percent in 2003
and it started a considerable increase to 40.79 percent in 2007 but again it declined steeply to 17.19 percent in 2008. (Table 3.6)

10. Net assets had a growth of 64.17 percent over the time period from 2001 to 2008. (Table 3.7)

11. Global market share of LIC in 1998 was 0.3 percent and it reached to 0.7 percent in 2004. It shows a noticeable rise of 133.33 percent over the time period from 1998 to 2004. (Table 3.8)

12. Policies of individual new business were 77.62 percent of total industry and premium of individual new business was 63.1 percent of total industry in 2010. (Table 3.9)

13. Schemes of group new business was 84.54 percent of total industry and the members were 48.73 percent of total industry in 2010. (Table 3.10)

14. Total number of individual death claims (policies) was 84.54 percent of total industry and amount of benefit was 70.32 percent of total industry in 2010. (Table 3.11)

15. Total number of group death claims was 57.59 percent of total industry and amount of benefit was 65.57 percent of total industry in 2010. (Table 3.12)

16. Settled in individual category was 87.35 percent of total industry and amount of benefit was 75.28 percent of total industry in 2010. (Table 3.13)

17. Total claims settled in group category was 58.80 percent of total industry and amount of benefit was 68.51 percent of total industry in 2010. (Table 3.14)

18. LIC had 47.02 percent of individual agents in total industry in 2010. (Table 3.15)

19. In a period of seven years from 2001 to 2008 the number of life insurance offices had an increase of 305.32 percent. There is a slight growth in the number of offices in LIC of India. (Table 3.3)

20. In Iran in 2010, the premium for Life, Health, Engineering and Aviation recorded an acceptable growth of 51.54%, 47.88%, 41.73% and 21.49%, respectively.

21. In case of life insurance there is a drastic gap between Iran and World level.

22. There is a growth of 51.54 percent in life insurance over the time period from 2009 to 2010 in Iran. (Table 4.9)

23. In Iran earned premium of life sector has decreased by 41.54 percent over the time period from 2008 to 2009. Incurred losses have soared by 33.56 percent and loss ratio in life sector has shot up by 199.83 percent. (Tables 4.11, 4.13)
24. In Life Corporation of India (LIC), efficiency of cost of human resources has had a growth of 2.32 percent over the time period 1990 to 1996. (Table 7.7)
25. In Life Insurance Corporation of India (LIC), efficiency of cost of human resources has had a reduction of 0.07 percent over the time period from 1997 to 2003. (Table 7.10)
26. Life Insurance Corporation of India (LIC) has experienced a growth of efficiency of cost of human resources of 6.97 percent over the time period from 2004 to 2010. (Table 7.13)
27. Total efficiency of cost of human resources has had a growth of 3.028 percent over the time period from 1990 to 2010 in Life Insurance Corporation of India (LIC).
28. In Life Insurance Corporation of India (LIC), over the time period from 1990 to 1996, efficiency of revenue of human resources has had a rise of 1.11 percent. (Table 7.16)
29. In Life Insurance Corporation of India (LIC), efficiency of revenue of human resources over the time period from 1997 to 2003 has had a growth of 1.6 percent. (Table 7.19)
30. In Life Insurance Corporation of India (LIC), efficiency of revenue of human resources has had an increase of 3.93 percent over the time period from 2004 to 2010. (Table 7.22)
31. In Life Insurance Corporation of India (LIC), efficiency of revenue of human resources has had a growth of 2.206 percent over the time period from 1990 to 2010.
32. In Life Insurance Corporation of India (LIC), over the time period from 1990 to 1996, efficiency of operational of human resources has had a growth of 1.71 percent. (Table 7.25)
33. In Life Insurance Corporation of India (LIC), efficiency of operational of human resources over the time period from 1997 to 2003 has had a growth of 9.66 percent. (Table 7.28)
34. Over the time period from 2004 to 2010 in Life Insurance Corporation of India (LIC), efficiency of operational of human resources has had a decline of 1.12 percent. (Table 7.31)
35. Over the time period from 1990 to 2010 in Life Insurance Corporation of India (LIC), efficiency of operational of human resources has had an increase of 3.365656 percent.
36. In Bimeh Iran, over the time period from 1990 to 1996, efficiency of cost of human resources has had a growth of 9.90 percent. (Table 7.34)
37. In Bimeh Iran, efficiency of cost of human resources over the time period from 1997 to 2003 has had a fall of 0.78 percent. (Table 7.37)
38. Over the time period from 2004 to 2010 in Bimeh Iran, efficiency of cost of human resources has had a growth of 11.19 percent. (Table 7.40)
39. Over the time period from 1990 to 2010 in Bimeh Iran, total efficiency of cost of human resources has had a rise of 6.62 percent.
40. In Bimeh Iran, over the time period from 1990 to 1996, efficiency of revenue of human resources has had a growth of 11.75 percent. (Table 7.43)
41. In Bimeh Iran, efficiency of revenue of human resources over the time period from 1997 to 2003 has had an increase of 0.51 percent. (Table 7.46)
42. Over the time period from 2004 to 2010 in Bimeh Iran, efficiency of revenue of human resources has had a growth of 1.60 percent. (Table 7.49)
43. Over the time period from 1990 to 2010 in Bimeh Iran, efficiency of revenue of human resources has had a rise of 4.50 percent.
44. In Bimeh Iran, over the time period from 1990 to 1996, efficiency of operational of human resources has had a slump of 3.67 percent. (Table 7.43)
45. In Bimeh Iran, efficiency of operational of human resources over the time period from 1997 to 2003 has had a drop of 1.25 percent. (Table 7.55)
46. Over the time period from 2004 to 2010 in Bimeh Iran, efficiency of operational of human resources has had a growth of 1.45 percent. (Table 7.58)
47. Over the time period from 1990 to 2010 in Bimeh Iran, efficiency of operational of human resources has had a reduction of 1.1222 percent.
48. The calculated amount of human resources productivity in LIC of India for the time period of 1990 to 1996 was 1.096753 (Table 8.3). It means that the growth of human resources productivity in 1990 to 1996 has been 9.67 percent.
49. The calculated amount of human resources productivity in LIC of India over the time period from 1997 to 2003 was 1.14576 (Table 8.4). It means that the
increase of human resources productivity in 1997 to 2003 has been 14.57 percent.

50. In LIC of India the calculated amount of human resources productivity over the time period from 2004 to 2010 was 1.168068 (Table 8.5). It means that the rise of human resources productivity in 2004 to 2010 has been 16.80 percent.

51. In LIC of India the calculated amount of human resources productivity over the time period from 1990 to 2010 was 1.136467. It means that the growth of human resources productivity over the time period from 1990 to 2010 has been 13.64 percent.

52. The calculated amount of human resources productivity in Bimeh Iran over the time period from 1990 to 1996 was 1.031042 (Table 8.6). It means that the growth of human resources productivity over the time period from 1990 to 1996 has been 3.10 percent.

53. In Bimeh Iran the calculated amount of human resources productivity over the time period from 1997 to 2003 was 1.021069 (Table 8.7). It means that the increase of human resources productivity over the time period from 1997 to 2003 has been 2.11 percent.

54. The calculated amount of human resources productivity in Bimeh Iran over the time period from 2004 to 2010 was 1.020574 (Table 8.8). It means that the rise of human resources productivity over the time period from 2004 to 2010 has been 2.06 percent.

55. In Bimeh Iran the calculated amount of human resources productivity over the time period from 1990 to 2010 was 1.024217. It means that the growth of human resources productivity over the time period from 1990 to 2010 has been 2.42 percent.

56. Productivity of human resources in LIC of India is much better than productivity of human resources in Bimeh Iran. (LIC of India 13.64 and Bimeh Iran 2.42)
To sum up;

1. Total efficiency of cost of human resources in Life Insurance Corporation of India (LIC) and Bimeh Iran has been 3.028 and 6.62 percent respectively.
2. Total efficiency of revenue of human resources in Life Insurance Corporation of India (LIC) and Bimeh Iran has been 2.206 and 4.50 percent respectively.
3. Total efficiency of operational of human resources in Life Insurance Corporation of India (LIC) and Bimeh Iran has been 3.365656 and -1.1222 percent respectively.
4. Productivity of human resources in LIC of India is much better than productivity of human resources in Bimeh Iran. (LIC of India 13.64 and Bimeh Iran 2.42)
5. In general, the status of LIC of India rather than Bimeh Iran is more stable and Bimeh Iran has to use the opportunities to improve.

10.4 Testing of Hypotheses
The hypotheses of the present study are;

1. The insurance sector in India as well as Iran speedily developing since 1991.

The hypothesis is positively proved. Developing of insurance sector depends on some important factors like number of branch offices, number of employees, number of active agents, number of policies, premium income, fund at the end of the year, total income and income for investments.

In case of India (Life Insurance Corporation - LIC), number of branch offices increased by 34.03 percent over the time period from 1990 to 2010. However, the number of branch office remained constant over the time period from 2000 to 2010. Number of employees went up by 31.41 percent over the time period from 1990 to 2010. Also there was a negligible increase of 1.2 percent in the number of employees of LIC over the time period from 2005 to 2010. Number of active agents soared noticeably by 284.71 percent over the time period from 1990 to 2010. There was a rise of 36.62 percent in the number of active agents over the time period from 2005 to 2010. Number of policies rose dramatically by 424.25 percent over the time period from 1990 to 2010. There was a rise of 62.34 percent over the time period from 2005
to 2010, an increase of 40.68 percent over the time period from 2000 to 2005 and a rise of 129.55 percent over the time period from 1990 to 2000 in the number of policies. Premium income soared substantially forty one fold over the time period from 1990 to 2010. There was a rise of 147.7 percent over the time period from 2005 to 2010, an increase of 173.41 percent over the time period from 2000 to 2005 and a rise of 511.7 percent over the time period from 1990 to 2000 in premium income of LIC of India. Fund at the end of the year increased considerably forty two fold over the time period from 1990 to 2010, furthermore, total income soared sharply thirty eight fold over the time period from 1990 to 2010 and income for investments rose markedly twenty nine fold over the time period from 1990 to 2010.

In general in Life Insurance Corporation of India (LIC), the data shows developing since 1991.

In case of Iran (Bimeh Iran), Number of employees went up by 41.35 percent over the time period from 1990 to 2010. The number of employees remained almost unchanged over the time period from 2000 to 2010. Premium income soared by 52.09 percent over the time period from 1990 to 2010. There was a slight rise of 2.19 percent over the time period from 2000 to 2010 and a rise of 48.43 percent over the time period from 1990 to 2000 in premium income of Bimeh Iran. Total income and income for investments soared sharply by 63.22 and 81.22 percent respectively over the time period from 1990 to 2010. Also, fund at the end of the year increased considerably by 33.74 percent over the time period from 1990 to 2010

In general in Bimeh Iran, the data illustrates developing since 1991.

2. Insurance companies in India and Iran lay great stress on increasing efficiency of human resources.

Researcher has calculated cost, revenue and operational efficiency of human resources in both corporations. The data from the survey supports the hypothesis and shows that both the corporations lay great stress on increasing efficiency.

In case of India (Life Insurance Corporation - LIC), according to the data from chapter 9, total efficiency of cost of human resources from 1990 to 2010 was 3.028 percent, total operational efficiency of human resources was 3.36 percent and total revenue efficiency of human resources was 2.21 percent and also productivity of human resources was 13.64.
In general in Life Insurance Corporation of India (LIC), the data shows increasing efficiency of human resources since 1991. Also in case of Iran (Bimeh Iran), according to the data from chapter 9, total efficiency of cost of human resources from 1990 to 2010 was 6.62 percent, total operational efficiency of human resources was -1.12 percent and total revenue efficiency of human resources was 4.5 percent and also productivity of human resources was 2.42. In general in Bimeh Iran, the data illustrates increasing efficiency of human resources since 1991.

In the case of overall efficiency Iran has been better than India but India has had a much better operational efficiency.

3. Insurance companies in India and Iran make use of productivity measurement models.

Life Insurance Corporation of India (LIC) and Bimeh Iran don't use productivity measurement models at present and the model should be introduced to them to use in future. It will extremely help them to calculate efficiency of human resources and productivity of human resources. The model has important benefits and is extremely useful for them to know about their cost efficiency of human resources, revenue efficiency of human resources, operational efficiency of human resources and productivity of human resources.

However, both the corporations have tried to use productivity measurement models but a systematic and comprehensive model should be introduced and used by them. Understanding of the suggested model is easy and calculation of the formulas is practically simple. The model is not complicated in comparison with other models. Hence the model is useful and understandable for both life insurance corporations in India and Iran.

Therefore, the hypothesis is negatively proved.
10.5 Suggestions
The following suggestions are made on the basis of the finding of the study for optimization of efficiency and productivity of human resources in life insurance sector. These suggestions may help both life insurance corporations.

10.5.1 Main Suggestions

1. Total efficiency of cost of human resources in Bimeh Iran is better than Life Insurance Corporation of India (LIC). Life Insurance Corporation of India has to focus more on cost efficiency of human resources. Cost efficiency of human resources will be improved through cost items which are related to human resources.

2. Total efficiency of operational of human resources in Life Insurance Corporation of India (LIC) is better than Bimeh Iran. Bimeh Iran has to focus more on operational efficiency of human resources. Operational efficiency of human resources will be improved through a reasonal relation between operating expenses and operating Income and also a proper relation between the number of employees and active agents.

3. Total efficiency of revenue of human resources in Bimeh Iran is better than Life Insurance Corporation of India (LIC). Life Insurance Corporation of India has to focus more on revenue efficiency of human resources. Revenue efficiency of human resources will be improved through revenue items which are related to human resources.

4. Productivity of human resources in LIC of India is much better than productivity of human resources in Bimeh Iran. (LIC of India 13.64 and Bimeh Iran 2.42)

5. Both corporations should prepare a data base to calculate efficiency and productivity.

6. The data base should be included essential items of the model like premium income, salary and other benefits to employees, commission to agents, income for investments, number of employees, number of active agents, operating expenses and operating income.

7. Strategic planning is an undeniable issue for both corporations to improve their efficiency and productivity. They should focus on a strategic plan for the purpose of improvement.
8. Both corporations should define productivity indices according to their outputs and inputs.
9. Inputs and outputs of the corporations should be listed and then shortlisted properly.
10. All the productivity indices has to be defined like a/b or as a ratio of an output to an input.
11. Productivity indices should be calculated annually.
12. A cycle of Measurement, Evaluation, Planning and Improvement (MEPI) should be applied by the corporations to improve productivity and efficiency of human resources.
13. After measurement of efficiency and productivity of human resources, the measured indexes should be evaluated and its changes should be under control.
14. Efficiency should be defined in three forms of cost, revenue and operational efficiency and it should be calculated through the mentioned model in the chapter seven.
15. Both corporations should calculate Total Factor Productivity (TFP) and Partial Productivity (Productivity of human resources and Productivity of capital).
16. Calculation of Total Factor Productivity (TFP), Productivity of human resources and Productivity of capital should be defined as the main functions of the related department of the corporation and the department should report the calculated indices on time.
17. Appropriate software should be prepared for the purpose of calculation of efficiency of human resources and productivity of human resources.
18. LIC should provide adequate training to the agents.
19. Bimeh Iran works on all fields of insurance like life, fire, marine, liability, health, third party and etc. A company should be registered only for life insurance.
20. To satisfy customers, LIC of India and Bimeh Iran should take regular feedback from customers measuring their level of satisfaction.
21. LIC should undertake marketing research for understanding requirements of customers.
22. Comprehensive induction programmes, refresher courses and workshops should be arranged in order to make employees more competitive. Quality of
training should be upgraded by paying greater attention to the process of understanding.

23. Employees should be trained to use computers, develop marketing attitudes and being computer-centric.

24. Proper orientation to most employees is required to behave warmly with the visiting customers and work more efficiently, politely, respect the customers and give them information and not to neglect or avoid them.

25. The training should aim at developing communicational skills among the employees.

26. LIC should appoint properly trained and qualified persons with good communication skills as relationship managers for successful implementation of customer relationship management. This will go a long way in developing customer's loyalty.

10.5.2 Suggestions for Further Studies

The suggestions for further studies can be discussed under the following heads:

1. Study of effectiveness of human resources in insurance sector.
2. Study of productivity improvement techniques in insurance sector.
3. Study of role of organizational culture on productivity.
4. Study of productivity indexes in life insurance sector.
5. Study of effectiveness of human resources in life insurance sector.
6. Study of developed countries with high insurance penetration index for benchmarking.
7. Study of efficiency of human resources in Life and Non-Life Insurance sector.
8. Study of efficiency of human resources and operational productivity measurement in life insurance between India/Iran and a developed country.
9. Study of Total Factor Productivity (TFP) in insurance corporations.
10. Study of indices and value-added approaches in human resources productivity measurement.
11. Study of quality control circles in insurance sector and its effect on productivity.
12. Study of productivity improvement circle in insurance sector.