(10) Eranakulam

(11) Kozhikodu and

(12) Kottayam.

CHAPTER II

REVIEW OF LITERATURE

Many researchers have done their studies on various insurance schemes such as cattle insurance, fire insurance, personal accident insurance, agricultural insurance etc. The objectives, methodology, analytical tools and suggestions of a few researchers made are summarised in this chapter:

Gidhagen (1998) made an attempt to develop a conceptual framework from a relationship perspective for the study of insurance services marketing. Deregulation and internationalization have created a new, increasingly competitive business climate. The focus of this research work is on the relationship between insurance companies and their corporate customers, interesting analyses include how highly the customers value the relationship in comparison with the price level
of the services offered, the perceived quality of the exchange relationship, the level of interdependency, mutual trust and commitment.\textsuperscript{13}

Cummins et al., (1998) have examined the relationship among mergers and acquisitions, efficiency and scale economies in the US life insurance industry. Authors have estimated cost and revenue efficiency over the period 1988-95 using data envelopment analysis (DEA). According to the findings, acquired firms achieve greater efficiency gains than firms that have not been involved in merger of acquisition. Firms operating with non-decreasing returns to scale and financially vulnerable firms are more likely to be acquisition targets. Overall, mergers and acquisitions in the life insurance industry have had a beneficial effect on efficiency.\textsuperscript{14}

Purcal (1999) examined the question of lifetime personal financial planning and how should individual investors determine their optimal consumption, portfolio selection and life insurance needs. Human Life Value model as a preliminary step to develop a relevant model for financial planning has been analysed. The life insurance purchasing behaviour implied by the model was also examined, showing that, optimal life insurance purchase is related to consumption

\textsuperscript{13}Gidhagen, Mikael, Insurance Marketing Services and relationships, Uppsala University, Sweden, 1998
levels. This finding calls into question the usefulness of the HLV concept of financial planning, which focuses on future income streams. In addition, the model provides details about optimal annuity purchase around retirement suggesting a hump shaped pattern of annuity receipts.\textsuperscript{15}

Clemons and Croson (2000) highlighted three principal issues i.e., transparency, disintermediation and differential pricing that determine the transformation of retail financial services, including life insurance companies. Each of these will affect the roles to be played by financial service providers, the sources of profits available to them and the strategies they may choose to pursue in order to earn those profits. The authors have postulated that financial services industries are going to be transformed by these three trends\textsuperscript{16}.

The investigation by Adams and Hardwick (2001) were aimed at finding an answer to the question of whether small life insurers in United Kingdom grow as fast as (or faster than) large life insurers as this is an issue of some importance to policy makers, industry associations and others. For example, insights into the relation between self generated corporate growth and firm size could help policy makers to frame rules that achieve desired objectives in policy areas, such as the

\textsuperscript{15} Purcal, T Sachi, Optimal Consumption, Portfolio Selection and Life Insurance for Financial Planning, School of Actuarial Studies, University of New South Wales, 1999

licensing of new entrants to the market. During the boom years of 1987-90, the results suggest that smaller firms were growing faster than larger firms, but there was still no significant influence on growth from any of the four firm specific variables. However, during the recession years of 1990-93, larger life insurance firms grew faster than smaller ones and the evidence further suggests that firms with higher input costs grew more slowly. Interestingly authors also found that, during the years of recession, life insurers located outside London tended to grow faster than London based life insurers. In the years of recovery 1993-96 larger companies continued to grow faster than smaller ones, but the only firm specific variable that exerted any significant influence on asset growth during this period was the lagged input cost variable. i.e. higher input costs in 1990-93 led to faster growth during 1993-96. The results suggested that while short term fluctuations in business cycle can influence the relation between firm size and growth rate patterns over the long term the linkage becomes indeterminate.\(^\text{17}\)

Peterson (2001) has made suggestions supported by several work samples to help an evaluator during assessment to determine the skill and aptitude of individuals expressing an interest in sales related fields. Besides assessing the prospect in the area of sales, the evaluator will also be able to find out other

\(^{17}\) Adams Mike and Hardwick, Philip, Firm size and growth in the United Kindgom life insurance Industry, European Business Management School, 2007
valuable information like communication skill, body language, ability to read chart, following instruction and retaining information\textsuperscript{18}.

William and James (2002), in their market study have observed that agent’s commission structure has been cited as a prime source of ethical conflicts in insurance sales. Researchers analysed whether different forms of compensation influence agent’s recommendations of products. Findings indicated that neither the amount of life cover nor type of coverage recommended by agents was associated with his compensation. One interesting observation during the study was that the amount of coverage recommended was higher when the insured was male than when the insured was female\textsuperscript{19}.

According to Martina (2002) insurance markets are characterized by market imperfections. From an analysis of transaction cost economics and agency theory, a hypothesis is derived that insurance brokers may provide high quality information and advisory services which are better suited for the needs of consumers than insurance agents. Upon analysis of quality indicators of insurance agents and brokers, it has been observed that the advisory services are influenced

\textsuperscript{18} Peterson, Carl E. Life Insurance Sales Representative, University of Wisconsin-Stout, 2001
to some degree by firm size and employment structure as well as the degree in specialization on private customers\textsuperscript{20}.

In their research, Hong and Jose (2004) have analysed the data of life insurance holdings by age, sex and marital status to infer how individuals value consumption in different demographic stages. One of the key features displayed in the figures, used by the authors, is that the face value of life insurance is greater for males than females for all ages and marital status. The ratio of face values for males relative to face values of females is 2.7. Married men and women are more likely to own life insurance than single men and women. Authors used these profiles to learn about how preferences depend on family structure. The findings also indicate that individuals are caring for their dependents.\textsuperscript{21}

Goodenow and Eggers of LIMRA (2007) electronically surveyed more than 1000 members of a national consumer panel in the US market in order to gauge consumers’ financial literacy and their own assessments of their financial preparedness for the future. All participants were at least 25 years of age with a minimum household income of $75000. Research revealed that households with income at this level or more are far more likely to rely on a financial advisor than


\textsuperscript{21}\textsuperscript{21}Hong Jay H and Rios-Rull, Jose Victor. Life Insurance and Household Consumption, University of Pennsylvania, 2004.
those whose household incomes are less than $75000 per year. They were also more likely to be presented with a myriad of solutions by financial services organization. Data was weighted by gender, age, household, income, level of education and marital status. Other key findings were that people of all age groups regardless of their marital status were most worried about their ability to pay for hospital and medical coverage, their ability to maintain current lifestyle in retirement and being debt-free22.

A study was made by Sundarasubramaniam (1997) on Medi-Claim Insurance Policy with particular reference to National Insurance Company Limited, Tiruchirapalli in Bharathidasan University 199723.

The objectives of the study were to describe the features of General Insurance and Mediclaim policies. It also included the profile and working of National Insurance Company, Tiruchirapalli.

The study was a survey method of research. Data was collected using primary and secondary sources of information. Interview and questionnaire were

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23 S. Sundarasubramaniam on Mediclaim policy with particular reference to National Insurance Company Limited, Tiruchirapalli, BharathidasanUniversity, Tiruchirapalli, 1997
techniques of data collection. For collection of primary data, a structured questionnaire was designed to gather first hand information from the sample mediclaim policy holders. It consisted of two parts. First part elicited information on the socio-economic background of the respondents. The second part extracted responses from the policyholders on the working of mediclaim policies. Scaling technique was used in rating the responses that included from least to most important.

The suggestions given on the basis of the study were that there is a need to create more awareness about this policy. The policyholders should be motivated to take mediclaim policy. The formalities at the time of taking insurance and at the time of preferring claims should be simplified. MAY I HELP YOU COUNTER may be opened in every operating office manned by a courteous employee. Seminar and meetings are to be conducted with the help of the nonprofit service organisations to educate the general public about this scheme.

A study on Fire Insurance Business an appraisal with reference to Tiruchirapalli town, 1989 was done by Kandappan, Annamalai University. The study dealt with various aspects of fire insurance and the classification of the insurance on the basis of period of insurance. It can be classified as short period
insurance for a period of less than 12 months and more than 12 months. If the sum insured is increased during the currency of the policy short period scale of rate shall apply to the increased amounts. A new policy for the full increased sum insured may be issued cancelling the old insurance and allowing a pro-data refund.

To meet out the demands of varying needs of the insured, special types of policies have been designed with certain modifications on the basis of indemnity provided under a fire policy. The statistical tools used in this thesis are regression analysis and Chi-square tests.

Based on the study certain suggestions were made for the avoidance of fire. The precautionary measures should be adopted by the general public. The storage parking of vehicles, construction of buildings with effective electrical fittings should properly dealt with by the public. Measures should be taken to save the remaining goods from destruction by fire. Awareness should be created among the public about the destructive nature of fire.

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24 A. Kandappan, A Study on Fire Insured Business with reference to Trichy Town, Annamalai University 1989
The statistical tools used in this study are Least Square Techniques, ANOVA techniques, Ordinary Regression Techniques and Chi-square technique.

The suggestions given on the basis of the study were that the traffic regulations should be made aware to the public so as to avoid road accidents. The speed of vehicles can be regulated within the city limits. The procedure for issuing license should be made rigorous by the government.

Premanadhan (2006) in his research work entitled, “A study on the public acceptability of Life Insurance Policy with special reference to AVIVA Life Insurance in Trichy,” presented the performance of the insurance companies are very much familiar after the privatisation and helps the public in many ways.25

Raja (2006) in his research work, “A Study on health plans with special reference to ICICI Prudential Life Insurance in Chennai City,” explained the impact of health plans and the survival of the company in the marketing of health plans in an improved manner. He also determined the working of the company in a systematic manner26.

26 A.Raja, A Study on health plans with special reference to ICICI Prudential Life Insurance in Chennai City, submitted to Bharathidasan University Trichy for MBA degree, 2006, p.71
Ramesh Babu (2002) in his research analysis has stated that the satisfaction level and consumer behaviour of the policy holders are to be given significance. This work contained the different factors involved in awareness and satisfaction on personal accident insurance and recommendations to improve them based on the perception of policy holders. The company should consider the essential factors in this report and try to implement the recommendations to increase the sale of more personal accident policies.27

Insurance sector in India has come full circle, starting from privatisation to nationalisation and back to liberalisation. Like most other liberalised sector driven market forces and the industry have two challenges.

- To reduce considerably the high cost of management and distribution with the sole aim of reducing the prices and to facilitate the growth of industry in the exponential sense.
- To make the industry world class in terms of professionalism and expertise.
- The reforms in the realm of insurance industry over aimed at clearing a more efficient and competitive financial system suitable for the requirements of

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27 K. Ramesh Babu, A Study on Awareness and Satisfaction on personal accident policy of United India Insurance Company Limited in Salem Town, MBA Degree, Vinayaka Mission, Salem, 2002
the economy. Keeping in mind the structural changes currently underway and recognizing that insurance is an important part of the overall financial spheres. Insurance is a contingent service, whose purchase is not an end in itself but rather complementary to the production of goods and other services. In recent years it is more realised than even before that insurance of primary importance both in regard to national economy and international trade.

The Indian insurance industry in the light of nationalization, privatisation and globalization has become the core subject matter of many researchers. There has been sustained engagement of research on the various topics. The research papers along this line are steadily growing.

Bhattacharya (2001) discussed in detail the survival strategies for the existing insurers. This article recommended that the strategic planning was vital for all branches for management. By strategic planning this article specified a system approval whereby specific marketing objectives are perused in accordance with a specific plan. This article highlighted the personal selling market strategy. It emphasised that personal selling stands out singularly as it was not only cost effective but perhaps the most effective one, since relationship was the hallmark

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28 Anabil Bhattacharya, Survival Strategies for the existing insurers, The insurance Times, pp.15-17, Jan.2001
of insurance business. The article speculates further that as the process of economic reforms getting momentum its speed should be in consistence with the growth both in business volume and profit maximization.

Verma\textsuperscript{29} (2001) discussed the new dimensions of financial reporting and accounting disclosures in general insurance. The article furnished in detail the accounting standards and directives which would trends a standing authoritative guidance on the measurement, recognition and disclosure of insurance transactions and events. It suggested that improvement in reporting by revised norms may improve in the perceptions of users and may create the general sense of confidence on comprehensive structural framework of financial statements.

Rengachary\textsuperscript{30} (2002) mentioned the role of regulatory authority in the modern era of insurance. This article necessitated the importance of overhauling the framework of financial regulation. The author discussed in detail the complexities of regulation or any form of official intervention where market imperfection is prevalent. This article prescribed a stable financial system which alone can provide a favourable environment for efficient resource allocation and further economic growth.


\textsuperscript{30} N. Rengachary, Strategic Positioning in a Liberalising Market, Asia insurance review, May 2002
Kumar\textsuperscript{31} (2002) discussed the survival issues of public sector General Insurance Companies. He has elaborated the vital components such as claim ratio, claim settlement and excessive manpower. The paper offers valid suggestions to downsize the manpower in order to reduce the excessive management expenses with regard to product development; the author reported that the public sector companies have neglected the customer needs and expectations. The article highly exposed the shortcoming of the public sector companies that they have not developed their own data bank on its various operations such as claim statistics in minute details the risk issued and the premium rates.

Mishra\textsuperscript{32} (2002) narrated in detail the changes and consequent results and the future needs of the insurance industry in the light of liberalisation, privatisation and globalisation of economics. The article exposed after thorough examination of the generic forces that have prompted the emergence. They are customer power, information power, global investor’s power, power of market place, power of simplicity, power of the organisation and the power of reciprocity or interdependence. The author prescribed the change in the form of the organisation

\textsuperscript{31} C. Kumar, Will the Public Sector General Insurance Companies Survive anymore. The insurance Times, pp.17-21, October 2002.

from rigid hierarchical structure to flexible term based structure. He recommended
the change of strategy from a technology focus to integrated business focus,
management style from a functional control bias to leadership based on teamwork
and performance assessment from weak internal job orientation to result oriented
business.

Rao\textsuperscript{33} (2002) observed the recent, major blows that the global insurance
industry has and its impact on insurance business. It dealt elaborately the global
spread of insurance. This article explained the consequence of much frequency of
losses arising out of a peril but the sheer impredictability of the severity of losses.
This article discussed in detail the Indian Insurance trends in market shaping, weak
regulation, poor public insurance awareness, ignorance of global trends and future
trends. The author recommended the dismantling of the present tariff structure,
professionalizing the distribution channels which allow only qualified and
experienced intermediaries more self regulation by insurers and less regulation
from the IDRA.

Ferguson and Ferguson\textsuperscript{34} (2002) furnished a lucid picture of the insurance industry scenario in Asia. This article the world now shares a single platform with no geographical barriers. It discussed in detail the tie-ups in the insurance industry and its consequences at the global level. This article examined the growth process of insurance business among the Asian countries. The author unfolds that the underpinning secret in the realm of insurance market reform in India seems to revolve around a few understandable key issues such as industry protection, fear of substantial outflow of capital and potential domestic job loss. This article prescribed the following components viz., efficient customers education, building, public trust maintaining investor confidence, attracting and retaining well analysed produces, products that best meet out unique customer needs, increased information credibility applying new technologies, controlling costs, penetrating rural areas and innovative market. It further recommended Re-regulation as the same may create new opportunities for both domestic and foreign insurers.

Kwon\textsuperscript{35} (2002) mentioned the overall scenario, investment opportunities in India and the government role in improving the industry. This article reiterated the need of a quantitative restriction approach with regard to the number of insurance

\textsuperscript{34}Tamela d. Ferguson and William L. Ferguson, Reform and Opportunity in Asian / Pacific Ram insurance market, Insurance Chronicle pp.28-32, December 2002.

firms. This article necessitated a strategy that insurers shall be permitted to invest their assets in a wide array of investment areas that commensurate with their liability exposures is equally important. The author highlighted the fact that insurance industry is a vital source of capital for economic development and it makes indirect but significant contribution to the economy.

Ayyar\textsuperscript{36} (2002) provided an introspection of life insurance industry since 1956. This article captured several changes, challenges and pitfalls of life insurance industry. The author emphasised on the scientific investigation that, proper standard of medical examinations, quality moral halyards report of development staff and judicial underwriting of risks were needed to ensure that the actual mortality experience is well within the mortality rates underlying the premiums. This article emphasized upon an important component viz., use of resources. It suggested that all items of expenditure should be periodically reutilized to optimise the use of resources; the failure of this kind of scrutiny would result in cost increase to policyholders.

\textsuperscript{36}V. SeshAyyar, Life Insurance in India – Opportunities, Challenges and Pitfalls, Insurance Chronicle pp.61-65, December 2002.
Anand\textsuperscript{37} (2002) provided an insight into the future of insurance industry and prescribed a few avenues for building insurance companies in the Indian Markets. This article reiterated the need of customer education and customer centered service. On actuarial basis this article informed that competition will result in the market to grow beyond current rates and offer new products, services and price options. This article also placed on record a forecast that the present classification of life and non-life insurance may change.

Denenberg\textsuperscript{38} (2002) focused on the job of regulators in Insurance business, as the same is mandatory for the successful growth of the industry. This article narrated the significance of an insurance regulator and the perils of regulator malfunctioning or negligence. This article identified a host of reason for continuing regulatory failures. This article alarmed the situation that when regulators are not on the beat everyone in the market – consumer and business alike – suffers.


\textsuperscript{38} Herb Denenberg, Insurance in the 21\textsuperscript{st}Century : A wake up call for regulators, Insurance Chronicle, pp. 68-70, December 2002.
Arunajatesan\textsuperscript{39} (2002) highlighted the future prospects of insurance in India. This article examined the definite penetration of the market compared with other countries. The article suggested drawing a strategic plan to create and tap the market. Through reorientation of policies, change of focus is other issues of contemplation of this article. The author highlighted the need of designing of products with more benefits at less cost. This article throws light on the fact that the household savings in India is about 25\% of G.D.P. but mostly invested in physical properties and suggested that insurance companies must exploit this opportunity.

Kapse and Kodwani\textsuperscript{40} (2003) analysed the share of financial savings. This paper on the basis of sufficient statistical data brought out an inference that due to the changing trends of a shift in investment pattern of household saving in favour of pension funds and insurance. The authors suggested that to improve upon features of insurance products to make them more liquid or short term schemes need to be increased. On the basis of survey findings the authors indicated that it may not be very difficult to win over the confidence of small investors towards insurance policies.


\textsuperscript{40}SampadaKapse and D.G. Kodwani, Insurance as an investment option, The insurance Times, pp.15-21, May 2003
John\textsuperscript{41} (2003) elaborated on the business environment in the Indian Insurance Sector. He has analysed the growth prospectus of the Insurance Industry. He has exposed that tough time which the new companies are having and are deficient in setting up their distribution networks. This article identified the hardships faced by private sectors. The author has concluded that in spite of all the action taken in the market, the opening of the insurance industry has created numerous opportunities and success will come only to those who are able to size them.

Jawaharlal\textsuperscript{42} (2003) dealt with the domain of customer service and with the domain of customer service and analyses the challenges ahead. According to him customer service always remained at the top of an organisation agenda. He revealed that in reality not many organisation are able to deliver real customer service. The article emphasised the need for explicit policy conditions. The author disclosed the fact that a satisfied customer is the greatest brand ambassador. The article also identified the priorities of agents and the growing need of the levels of awareness of insurance. This article also exposed to inference that awareness with regard to insurance is not taking place though a beginning has been made.

\textsuperscript{41}Jimmy John private players Gain in Non-life segment Asia Insurance Review, pp.28-29, June 2003
\textsuperscript{42}V.JawaharlalCustomerService- Challenges Ahead, Insurance Chronicle pp.20-21, September 2003
Sengupta\textsuperscript{43} (2003) in his article on current trend and future prospectus of insurance industry captured the wholesome picture of the insurance industry. This article emphasised the strategy that the Indian insurance industry today needs to take a hard look at itself and do a reality check. The author has rightly pointed out that the insurance phenomenon is also translating, into a newfound vigour in erstwhile sluggish and traditionally inward looking areas like claims and investments. This article offered a note that effective planning in the light of creative strategy and market research is the need of the hour.

Pandey\textsuperscript{44} (2004) in his paper analysed the insurance sector with regard to time. This article has addressed the issues on finance, marketing and the impact of globalisation. This paper exposed and examined the new channel of marketing such as direct marketing through dedicated sales force, Bancasurance, corporate agents or brokers, independent financial advisors and Telemarketing. The author has suggested that to stay in business the players need to constantly reinvest themselves with the changing dynamics of the market. He emphasized that the competition can only make life easier for the consumers in the coming years.


Reddy and Reddy\(^{45}\) (2004) in their article examined the liberalisation of insurance sector, with focused reflections on LIC. According to the authors India is poised to experience major changes in its insurance markets. Insurers will operate in an increasingly deregulated and liberalised environment. According to the authors prediction LIC will continue to maintain their dominant position in the market, at least in the foreseeable future. The concluding remarks of this article were the following:

- Despite India’s vast population, rural poverty and lack of awareness about insurance products have constrained the growth of insurance business in the past.
- India’s high saving rate, customary lack of social security nets and a tradition of frugality are expected to be key growth drivers.
- The rising middle class that will encourage increased insurance spending and their growing risk awareness.

Makkar and Kumar\textsuperscript{46} (2004) examined in detail the changing scenario of insurance sector in the wake of privatization and its impact on Indian economy. The article explored in detail the impact of privatisation over insurance industries. The article also speculated the benefits that would with the success of insurance viz., infrastructure, housing, safe-drinking water, electricity and primary education. The article also investigated the helm affairs of insurance industry in the post-liberalisation scenario.

Jacob\textsuperscript{47} (2004) projected the issue pertaining to distribution network of General insurance. This article captured the fact that the driving force behind the record growth of the General Insurance industry was the increased demand for specialised covers by customers. The author emphasised the need of new distribution channels and payment mechanism and customer awareness.

Roy\textsuperscript{48} (2004) highlighted the trends in the sale of Life Insurance companies, in a surcharged atmosphere where new entrant have increased their share. This article identified an important fact that only well capitalised insurers which are

\footnotesize{\textsuperscript{46}Urvashimakkar and Satish Kumar, Changing Scenario of insurance sector in the wake of privatisation and its impact of Indian Economy, Southern Economist, pp.19-22, 2004.}  
\footnotesize{\textsuperscript{47}Antonyjacob, General Insurance, focus on distribution, The Hindu Survey of Indian Industry, pp.63-63, 2004.}  
\footnotesize{\textsuperscript{48}Abhiji, Roy, Smooth opening up phase, The Hindu Survey of Indian Industry, pp.67-70, 2004.}
innovative and offer the right product can hope to survive. This article has dealt in
detail the notori such as alternative distribution channels, lower investment returns
and equity requirements. The author disclosed an alarming note about LIC on the
extent of its issued guaranteed return policies. This article suggested that detailed
actuarial calculations were necessary to determine its future liabilities and take
appropriate measures if required.

Sharma 49 (2004) quoted the benefits of competition. The article disclosed
that with the advent of invited private players to participate in the arena, each
comppany has obtained fortuning and on the job of making strides on raising
awareness levels, introducing innovative products and increased penetration of life
insurance. This article discussed in detail the components such as changed
perception, flexibility of unit linked products and rising service levels. The author
highlighted the fact that a job as “insurance advisor” has become a practical career
option for thousands of people. This article sustained on the fact that LIC as the
only the credible players with a long term vision and a robust business strategy that
will survive.

Gupta\textsuperscript{50} (2004) detailed the major factors that have influenced the Indian insurance industry in the new millennium including the emergence of new distribution channels to market insurance products. This paper also dealt with an in-depth analysis of the changes in the Indian Insurance industry after deregulation. The author has observed that the insurance industry was also expected to work on much product innovation in the coming years.

Clark\textsuperscript{51} (2004) examined the challenges faced by the life insurance and financial services industry. He has analysed the components of rating agencies, consolidation, product complexity and public perception. The author has concluded with a note that the industry has a bright future.

Vaishnav\textsuperscript{52} (2005) mentioned the nuances of agriculture insurance. The author by agriculture insurance looks beyond simply crop insurance. According to the author agriculture insurance represented an effective risk management tool to provide security to the farming sector against such uncertainties. This article examined in detail on the issues of limitation of subsidy, lack of education, lack of

\textsuperscript{50}Vivek Gupta, Insurance Industry, An Indian Perspective Insurance Chronicle, pp.36-41, August 2004.


\textsuperscript{52}Dinesh K. Vaishnav, Agriculture insurance – beyond simply Crop insurance, The Insurance Times, pp.24-31, May 2005.
effective channels of distribution, public sector monopoly and low incentives. This article offered strategies to move agriculture insurance beyond crop segment. In the concluding remark, the author discloses that the agriculture rural market is still in virgin territories to a great extent and offer exciting opportunities for insurance companies.

Sharma\textsuperscript{53} (2005) contemplated on the increased competition which has given rise to a need for persons well trained skilled and experienced amenable to various facts of insurance. The sale object of this article is to regurgitate the persons facilitating the growth of the insurance industry. Greater emphasis is laid on full fledged training. The author suggested measures for evaluating the training process.

Tripathy\textsuperscript{54} (2006) identified the five major factors that influence the consumers more. It also offers purchase divisions and suggested some measures to managers to design future products. The author has effectively employed factor analysis with the objective of examining the customer’s preferences and priorities


\textsuperscript{54}NaliniPravaTripathy, An application of Factor analysis approach towards designing insurance products in India, Insurance Chronicle, pp.84-90, Feb.2006.
to the types of insurance products. She also examined the key features of insurance products and service attributes that are essential in purchase decision of the customers.

Chandhok$^{55}$ (2006) discussed on the applications of customers relationship management in the insurance sector. This article focused its attention to customer relationship management with the greater emphasis on an individual and personalised basis. This article highlighted the fact that a loyal customer advocates the company’s products much better than the organisation itself. The author recommended that to survive and to have an upper hand over the competitors, insurance companies bound to implement customer relationship management not as the demand of all the time but as the demand of our culture.

Hannen$^{56}$ (2006) examined the relationship between brokers and insurers and the issues they face. With the sufficient background of statistical data this article dealt in detail the helm of affairs of the insurance industry. The challenge both insurers and brokers face, internet access, business process and broken repositioning.


The report released by the Economic Times\textsuperscript{57} (2008) has analysed the growth in the insurance sector after privatization. According to the report the key driver for growth in the life insurance business was the trend towards single premium business and pension and annuity products. The industry was shifting from providing traditional products to the above mentioned sectors due to the ageing population and reduction in the social security benefits, the report has stated.

McKinsey Company\textsuperscript{58} (2008) in a report reveals that with household earning accelerating in the fast growing economy, the life insurance income by way of premium could double from 40 billion dollars to 80 billion or even 100 billion dollars by 2012.

Dilip Maitra\textsuperscript{59} has elaborately discussed the service rendered by the life insurance policies. He is of the opinion that if planned properly, life insurance would provide for the unusual needs like higher education of children or their marriage. The add on benefits take care of the loss due to disability or pay for the medical expenses and can generate higher benefits in case of the death of the assured due to accident. It also provides regular income after retirement expenses.

\textsuperscript{57} India’s share of world insurance rises, The Economic Times, June 2008
\textsuperscript{59}DilipMaitra, Life Insurance is essential for everyone, the journal of Banking and Finance, 2008, 5(3) 22
Anuradha Sharma\textsuperscript{60} (2009) has observed that economic factors such as prices of insurance government tax, the general economic environment income and inflation also have a major impact on the life insurance sector, the author has felt. Individual’s social environment like culture and society also have contributed to increasing demand for the insurance products. Therefore, harnessing the enormous market potential is crucial to the success of every insurer.

Jawaharlal, U\textsuperscript{61} (2009), stated that add on riders have the ability to dynamically alter the coverage under a contract and eventually turn out to be customarised solutions. According to the author the applicants could fulfill their needs with the help of riders, instead of looking for new policies. However, the additional cost involved in such riders has been cited as the main drawback of riders.

Chinnadorai, K.M. et. al,\textsuperscript{62} (2010), undertook a study of motivational factors and level of satisfaction of agents and development officers of Life Insurance Corporation of India. The study revealed that, team building could be enhanced by increasing the commission of agents, cooperation and coordination, innovative

\textsuperscript{60}Anuradha Sharma, Life Insurance Evaluation and current perspectives, The Journal of Asia Insurance Post, 2009 8(9) 22-25
\textsuperscript{61}Jawaharlal, U Providing product flexibility, Riders in Insurance, IRDA Journal, 2009 6(11) 6
training and motivation through personal approach. Commission was found to be the most motivating factor for an agent, to pursue the insurance career.

Govardhan, N.M.\textsuperscript{63} (2010) in his article has categorically stated that with increase in the ageing population and governments moving from public to private pension schemes the demand for life insurance products has increased. The professional agent has been the strongest link between the life insurer and the customer. The persistency rate in bancassurance due to the continuous contact with the client is better than any other channel. The use of internet web based sales; e-marketing, tele-calling and mobile short message services (SMS) have made great strides in the distribution task.

CONCLUSION

The review of literature presented above are taken from the similar thesis submitted and awarded; the journals and magazines wherein the articles were written by the researchers; and the reports published. These are the related literatures in connection with the life insurance and private insurance businesses; their prospects and progress and the marketing aspects of the respective companies. There are presented to determine, how the companies are performing towards the society, how they are rendering services to the public; how the progress of the companies are, and how the companies are facilitating the insured.

\textsuperscript{63}Govardhan, N.M., Relevance of distribution channels, Emerging Insurance Market, IRDA Journal, 2010 6(110 7-10
With a view to extract the knowledge of the researchers, related to the present topic, these are presented. It is also concluded that the reviews presented are matched to the present analysis and investigation in several dimensions.

CHAPTER III

RESEARCH DESIGN

Insurance is essentially a cooperative endeavor. Under the insurance arrangement a large number of persons agree to share the loss which a few of them are likely to incur in future. Such sharing has its own advantages. The individual share of loss is relatively small when sharing is done amongst a large number of persons. The individual share remains fairly steady from year to year. Such association of persons for sharing anticipated losses may be brought out voluntarily by all participants or may be organized by few individuals or by insurance organisations like the Life Insurance Corporation of India.

The main function of the insurance is to protect a few against heavy financial setback that may fall on them by spreading the losses among many who are exposed to the risk of similar misfortune. It is not possible to predict who