CHAPTER - II

REVIEW OF LITERATURE

In this chapter an attempt is made to review the various studies conducted in LIC and other related areas. It is hoped that the review will be helpful to identify the gaps in the work already done in this field. A brief review of the existing literature is given below.

**Gregory Kuhlemeyer and Garth Allen, (1999)** in this research revealed a clear difference in consumer satisfaction depending on the type of life insurance product queried. The lowest level of consumer satisfaction was for single premium and limited pay life insurance. Term insurance, universal life and whole life insurance had the highest levels of consumer satisfaction in the order.

**Antreas Athanassopoulos, et al., (2000)** in their study had stressed that the customer satisfaction was associated positively with word-of-mouth communications. On a different issue about the empirical assessment of the customer satisfaction dimensions, the research results confirmed prior research on the issue and indicated that the customer satisfaction dimensions were not only industry specific, but also country specific. In this respect, this research revealed the existence of six customer satisfaction dimensions (i.e. employee competence, reliability, product innovation, value for money, physical and convenience).

**Lenin Jothi, (2000)** in the research stated both public and private sector life insurance companies had been lacking in understanding the needs of customers. Service quality offered by both public and private sector did not meet customers’ expectations. Overall service quality had more impact on customer satisfaction in private sector life insurance companies than public sector.
Hebbar, et al., (2002) presented in their research that males dominate in having life insurance policies. The majority of people having life insurance were employed. Brand image helped in the selection of insurance policy. More returns were the major factor in the selection of any plans. Information about companies and policies come mainly from advisors. The researchers had suggested that the company could increase its sales force managers so that they can approach more people and sell more policies.

Vignesh and Amudha, (2002) reported in their study that the Insurance companies need to come up with simple information technology solutions to enable the bank staff to record sales details at the branch itself. Insurance companies should come out with more customized products for banc assurance. The LIC had to offer best product to the customers at a low cost and in an effective way. In the present days, agents and banks were the two wide and important sources of distribution to sell insurance products to the society.

Deimena Kiyak and Linara Pranckeviciute, (2005) reported in their study showed that friends’ recommendations had no influence on the choice of insurance products. Higher benefit rates and flexible pricing policy were also not important elements choosing an insurance company. Property insurance consumers aim to find optimal variant between the protection granted and the price paid for it.

Sai Srinivas and Stuart Land, (2006) in their study explored that credit life had huge potential and can be as big as regular life insurance. Over a period of time, it needs to be developed as a separate line of business in terms of pricing and reserving. Finally, it had a social cause in it that the deceased’s family will be spared the burden of debt. Hence, the government, regulator and industry should work together in increasing the penetration of this product.
Ajay Suneja and Kirti Sharma, (2007) examined in their research that the study revealed that the younger the customer, the higher was the importance of promotional activities in choosing an insurance company. The research also found that the lower the income of customers, the higher was the importance accorded to 'promotional activities', 'premium and procedural formalities' and 'financial and non-financial facilities' while choosing an insurance company.

Altuf Ahmad Dar, et al., (2007) investigated that the Promotion had different aspects for different industries, products and services. Its final goal was to communicate positive word of mouth among existing and potential customers about the corporate, product and service. In Insurance sector the customers must be ensured that services provided by a particular company had been designed to give them maximum value of their money and adequate risk cover.

Shilpa Thakur, (2008) in the study had stressed that agents build a relation with customers and when one agent was allowed to provide service of only one insurer it provided the customer with less choice. People invest more with the faith that their investment was guaranteed to come back if not by LIC than by government. The researcher also suggested that there should be fair effort made by commission to enlarge the distribution network to provide a level playing field to all players.

Tajudeen Olalekan Yusuf, et al., (2009) in their study had stressed that the demographical factors play considerable role of varying degrees on attitudes of Nigerian to insurance services. The basic issue associated with the lack of interest rests mainly in their lack of appreciation of the roles of benefits of insurance services; it was recommended that significant marketing communication activities be targeted more at this set of people highlighted.
Arulsuresh and Rajamohan, (2010) in their research had noted that Life Insurance cannot afford to lose sight of its social relevance and shy away from its social responsibilities. Life insurer also had to play a role for encouraging development of technology and make its effective use by enhancing the matching skills of inside public. LIC of India should provide necessary facilities to each and every policyholder and should try to render innovative service to the policyholders.

Anuradha, (2011) in the research concluded that all the respondents were aware of insurance policies - both life and health insurance. Maximum customers moved to public company for the insurance policies. Tax benefit ranks the top factor which influences the customers to purchase the insurance policy and family members were considered the most important factor for influencing them to purchase the policy. While comparing the life and health insurance, penetration of life insurance was more than health insurance.

Arulsuresh, (2011) in the study reported that most insurance companies were not adequately equipped to help their agents deal with customer centered problems. CRM insurance enables insurance organizations to survive in a tough economic climate by using the data the insurance company had on the existing customers and then use it to increase the level of profitability.

Babita Yadav, (2011) explored in the study that customer satisfaction, customer perception were the various quality dimensions of LIC. One of the major findings of the study states that LIC was the leading brand in life insurance sector but its market share was declining after privatization and also recommended that LIC needs to improve its service quality to meet changing demands and expectations of customers.
Deepika Upadhyaya and Manish Badlani, (2011)\textsuperscript{viii} in their study identified the factors of service quality and customer satisfaction in retail life insurance in India. The customers seem to desire technology to be integrated into interpersonal relationships, not to replace them, regardless of their own personal technology readiness. The perception of customers was that salespeople can use technology to solve their problems, helping to develop a sense of trust and satisfaction that was likely to extend their relationship.

Frank KwadwoDuodu and Theresa Amankwah, (2011)\textsuperscript{viii} in their research a cross-sectional survey using self-administered structured questionnaire and quantitative data analysis technique in examining the determines and effects of customer satisfaction in the insurance industry, the reliability and responsiveness dimensions of service quality were very important in determining customer satisfaction in Ghana’s insurance industry, satisfaction in the industry in turn significantly drives customer behaviour intentions was not and that the impact on satisfaction on customer behaviour intentions was not influenced by customer demographic variables.

Heena Kothari, (2011)\textsuperscript{vii} explored in the research that individual investors observe the five factors in a priority list for buying any life insurance policy and the most influential factor was service benefits which included prompt services, security and safety and extra added benefits. Further, recommended all companies that deal with the life insurance policies to consider these crucial factors as a primary object.

NeetuBala and Sandhu, (2011)\textsuperscript{v} found in their research that Life Insurance Agents perceive staff co-ordination as the most important factor followed by other factors, viz., Customer target, Competitive advantage predicates, Material hallmarks, Promising products & process, Service enhancement and Exclusive attention. LIC should consider its agency system as the most crucial distribution channel and should
make efforts to provide them efficient facilities to improve its business performance to a great extent.

Pillai, et al., (2011) observed in their research that the LIC had designed various marketing strategies. In India, the market feasibility study was considered to be a must, before launching a new product. Another way to maintain qualitative interaction with the customers was through feedback forms, which were a mandatory requirement in both India and Bahrain.

Bodla and Kuldeep Chaudhary, (2012) in their study reported that ICICI Prudential Life Insurance Company was found with high negative service quality gap, which was certainly not a good sign for the company’s ambitions. Customers of the company did not perceive the expected service quality levels. Company’s service quality delivery gap was comparatively high on human element, social responsibility and systemization of service fronts which was a matter of concern for the company.

Chand Basha, et al., (2012) identified in their research that life insurance was essential to evade risk against uncertain events. The survey found varied perceptions of policyholders towards Life Insurance Corporation of India. Majority of the respondents had self-motivated and influenced by newspapers while buying insurance policies. Life insurance was perceived as coverage of risk, making returns as well as avenue of savings. As a whole, majority of the policy holder were either satisfied or highly satisfied with the products of LIC of India.

Dash Biswamohan and Mishra Bidhubhusan, (2012) in their study had observed that CRM will be able to manage the huge database of customers and will facilitate the online customer interaction for the sake of quick access, better service and delivering right offers at right time to the right customers. For the need to integrate
customer data from multiple channels, to increase sales force productivity (including agents), raising service standard, customer satisfaction and loyalty of customers, CRM’s software will be always in demand.

Dhanabhakyam, et al., (2012)\textsuperscript{xxv} in their study enlightened the understating of the employees’ perceptions on KM (Knowledge Management), their attitudes toward KM adoption and their KM activities in practice. The life insurance enterprises, particularly those embarking on KM in Coimbatore, realize that they should well promote KM projects, solve the possible problems involved in employing KM and generate the subjective norm in which employees were encouraged and motivated to adopt and apply KM.

Dhiraj Jain and Ankur Lodha, (2012)\textsuperscript{xxvi} observed in their research that there was good awareness regarding general insurance products among the people of Rajasthan. Majority of the customers were satisfied with the features and the cover provided by General insurance products to protect against rising costs of expenses and to meet expenses related to any unexpected event. The most important factors that contributed towards the satisfaction level of the general insurance customers were quality of service, quality products, knowledge of employees & agents, sincerity and promptness.

Juliana Arifin, et al., (2012)\textsuperscript{xxvii} in their study suggested that family Takaful business could contribute to the overall economic growth in Malaysia. From the thorough review of related literature in this particular area of interest, there were nine (9) economic factors and seven (7) socio-economic factors that could possibly influence family Takaful demand.
Karthiga and Vadivalagan, (2012) found in their research that the insurance companies should try to maintain the timely and satisfactory service along with maintaining their reputation and goodwill. ‘Brand Loyalty’ had been rated lowest among customers while selecting and purchasing insurance product which signified the healthy competition among the insurance industry.

Kirtilal Judal & Rajendra Raval, (2012) in their study obtained that the majority of the customers were satisfied with the LIC policies and service provided. Except the commission problem, all agents were satisfied with the services and rules of LIC of India. As per D.O.s and branch managers, LIC provides good services to their customers and their customers were satisfied with the policies and services provided by LIC of India. Overall agents were satisfied with the LIC of India.

Manoj Sharma, et al., (2012) in the paper reported that the employment status of the customer was the factor that had a bearing over the customer satisfaction in the mutual fund industry. Service Quality and Customer Satisfaction had been conceptualized as a distinct, but closely related constructs. Therefore, in future these critical factors might also be considered to measure service quality in the mutual funds industry.

Murugesan, (2012) in his study stated that the entry of private sector insurance companies into the Indian insurance sector triggered off a series of changes in the industry. Major players in the market especially LIC had to concentrate on retaining existing customers, which could offer huge business potential. Time based competition, quality, product range, timely advertisement, follow up, prompt and error free service were the key ingredients for the better service and it will boost up the sales.
Pankaj Chaudhary, (2012)\textsuperscript{xxii} stated in their research that the insurance was the booming and dooming industry. There was an urgent need to spread more awareness and provide satisfaction to insurers. The private companies were also need to make some relaxation to attract customers towards their product. Insurance was an insisting good not an imposing good.

Sanjaykumar Jagannath Patil, (2012)\textsuperscript{xxiii} explored in the research that the 95\% of customers of the Life Insurance Corporation of India were satisfied with the products and services of Life Insurance Corporation of India. Most of the customers (respondents) of Life Insurance Corporation of India expect better service and good benefits on their Investment. So, Life Insurance Corporation of India should try to give good service and benefit to the customers in long term.

Satnam Kour Ubeja and Bedia, (2012)\textsuperscript{xxxiv} explored in their research that the average customer of Indore city was very conscious about organized retailing, extra facilities and services provide by personal selling in shopping malls. It was found that students, those were dependent to their parents and whose age was between 20-30yrs and UG students were more conscious about shopping from shopping malls for getting customer satisfaction. Young customers were most recreational in their shopping.

Sharareh Mansouri Jajaee and Fauziah Binti Sheikh Ahmad, (2012)\textsuperscript{xxxv} in their research stated that the car insurance was one of the fastest growing kinds of insurance and it was in high demand since it was mandatory for car owners and drivers in most states to buy this particular insurance. Moreover, service quality and customer satisfaction guarantee profitability played pivotal roles for companies within this industry.
Sirajudeen, (2012) in the study had recommended to increase the level of insurance penetration LIC may focus on bringing products that suit to the rural customers. Further, the researcher stressed that LIC should focus on assurance and empathy to further strengthen the level of satisfaction. Major players in the market especially LIC had to concentrate on retaining existing customers, which could offer huge business potential. Time based competition, quality, product range, timely advertisement, follow up, prompt and error free service were the key ingredients for the better service and it will boost up the sales.

Sridevi, (2012) in this study reported that the consumer’s perception towards Life Insurance Policies was positive. It developed a positive mind sets for their investment pattern, in insurance policies. The major factors playing the role in developing consumer’s perception towards Life Insurance Policies are Consumer Loyalty, Service Quality, Ease of Procedures, Satisfaction Level, Company Image and Company-Client Relationship.

Swadesh Kumar Dash and Pany, (2012) stated in their research that the service quality improvements will lead to customer satisfaction and cost management that result in improved profits. Contemporary service sector firms were compelled by their nature to provide excellent service in order to prosper in competitive domestic and global marketplaces.

SyamalaRao, (2012) reported in the research that the customer will be the single most important factor driving change in the life insurance business. Arriving at the optimal mix of distribution channels quickly would be critical to the long run success. Technology will play a crucial role in delivery of the service of the highest standard to both the end customer as well as the intermediary.
Waqarul Haq and Bakhtiar Muhammad, (2012)\textsuperscript{xl} in their research inferred that the measurement of service quality had become a significant marketing tool for retail stores that wish to develop a competitive advantage by learning about their customers’ consumption experiences validating the implementation of the retail service quality and by providing empirical evidence of how retail service quality dimensions lead to customer satisfaction in this setting. The study revealed that the management needs to improve service quality in areas of responsiveness.

Alok Kumar Rai and Srivastava Medha, (2013)\textsuperscript{xli} in their research had observed that the customer loyalty of public and private sector life insurance seems to be same but the real picture was somewhat different. Indian customers, while making their decisions regarding financial investment, seem to be keenly considering company’s stability and security aspects that were imbibed in the business dynamics of public sector which make them choose LIC over other private life insurance companies.

Joji Rajan and Gomatheeswaran, (2013)\textsuperscript{xlii} suggested in their research that all the banks were giving importance to retain their customers as they were the inevitable part of the business. Banc assurance income can only be raised by providing better services. In this part, the public and private sector banks were competing each other which in turn influence the economy. And majority of the general public was not giving much importance to public or private sector banks instead they were giving priority for the convenience.

Kathirvel and Radhamani, (2013)\textsuperscript{xliii} found in their study that the majority of the policy holders were satisfied with LIC’s service. So, it was suggested that the life insurance company should conduct insurance awareness campaign with the help of advertisements and social groups. Each and every product and services launched by the insurance company should be in favour of increasing need of policy holders.
Liaqat Ali and Pooja Chatley, (2013) explored in their research that the customers were aware of banc assurance as a medium of insurance distribution and were also willing to adapt it as their future mode of buying life and non-life insurance. The reasons for the shift had been noted as ease in payment of premium, timely intimation of policy details, staff behaviour etc.

Mohana Kumari and Murty, (2013) in their study recommended in life Insurance sector the role of manpower was vital to increase the life insurance business as they determine the quality of the service towards a policy holder. LIC may focus on the efficient and effective delivery of services to the policyholders. It would enhance its corporate goal of increasing insurance coverage, more profit and increment in market value and share.

Pappeswari and Rajalakshmi, (2013) recommended in their research that the Insurers should be innovating new products with unique features having some multipurpose benefits at the same time which could create an appeal to the customer. Customer were becoming increasingly aware of their expectations and demand higher standards of services as technology was enabling term to make comparisons quickly and accurately.

Preeti Upadhyay, (2013) in the research stressed that India was among the important emerging insurance markets in the world. Life insurance will grow very rapidly over the next decades in India. The overall business of life insurance had significantly increased after privatization but still lives of a huge Indian population were uninsured. Life insurance had today become a mainstay of any market economy since it offered plenty of scope of generating large sums of money for long periods of time.
Sanmugam Annamalah, (2013) in the study stated that the main motive to purchase life insurance was to provide financial security for the family. However, at present individuals also purchased life insurance as a medium to long term tax favored savings and investment vehicle. A complete profiling had been made for insurance companies to take advantage of the profiling for their business advantages in offering insurance policies.

Saritha Srinivas, (2013) evaluated in their research function of insurance was to protect one against losses cannot afford. It was done by transferring the risks of a person, business or organization, the “insured (consumer)” to an insurance company, the “insurer”. The ‘insurer’ then reimburses the ‘insured’ for covered losses. As the insurance consumer, the ‘insured’ pays an amount of money called a premium, to the insurer to transfer the risk. The insurer pools all its premiums into a large fund and when a policy-holder had a loss, the insurer draws funds from the pool to pay for the loss.

Uma Rani Purusothaman, (2013) observed in the research that Competition had been the key and had resulted in innovation, new delivery channels and new product offered. Insurance penetration in India was one of the lowest contributions by way of insurance. Life insurance companies offer a variety of life insurance products to help families of all sizes and income levels to protect the ones they love.

Vikas Gautam, (2013) in the research noted that it was evident from the data on Indian banking sector after liberalization and globalization, many private banks had entered in the Indian banking market and competition had further intensified. The banking institutions should incorporate such contemporary marketing activities which make people aware about the facilities different banks were providing and also build up interest about banking business among them.
Alexander Braun, et al., (2014)\textsuperscript{lii} in their study conveyed an accurate and reliable picture of expectable consumer behaviour in the German term life market. In addition, they entail viable management implications and thus also exhibit practical relevance. Building a strong brand, e.g., will likely pay off in terms of premium revenues. Those who turn away from the purely cost-based perspective and begin to set premiums based on an in-depth understanding of consumer preferences will be able to collect substantial economic rents.

Arul MinashRajkumar and Kannan, (2014)\textsuperscript{liii} in their study found that people who had bought their policy because some agent coaxed was not satisfied with their existing policy and some even remark that life insurance was not necessary at all in today's scenario. It was found that the most important reason that a customer need to buy an insurance product was Tax Rebate.

Chaman Kumar, (2014)\textsuperscript{liv} by comparing the current year’s renewal premium with previous year’s renewal premium of three companies (i.e. MLIC, HDFC Life and Bharti AXA), observed and came to the fact that in today’s scenario of Indian life insurance sector to grab the customers trust and satisfaction with their existing policy insurer companies had to serve them to build long term relationship with the existing clients. In the same market, some companies not following the same concept and that was why they were facing various problems like a lapsed policy. So, it’s better to serve for generating new sales opportunities and building long term relationship with the existing clients.

Jadhav, (2014)\textsuperscript{lvi} in the study reported that the Life insurance in India provided the best and innovative product and services to the customer. The awareness and buying behavior among people regarding this policy in Sangli region helped the study to generate more awareness and influenced the respondent in positive manner.
Kuldeep Chaudhary, et al., (2014) explored in their research that in Life Insurance Corporation of India, there was found a significant negative difference in level of service quality expected and service quality perceived by the customers. This leads to a huge service quality gap which was certainly not a good sign for the company’s ambitions. It can be said that customers of LIC had very high service quality expectations and to meet these expectations, certainly required more improved customer service quality strategies.

Narender and Sampath, (2014) revealed that the customer’s major financial need in future was their children’s education and marriage expenses. Hence, the company should adopt some good and beneficial policy for their future estimates, which will really be helpful for the customer. It is also found from the study that the major competitor in insurance sector was LIC, because of its brand loyalty.

Poongavanam and Ramachandran, (2014) discussed that their study was done to analyse the customer satisfaction on IDBI Fortis Life Insurance. It was found that most of the respondents were likely to invest in IDBI Fortis life insurance and also there was a great opportunity to embrace a large number of customers because the brand name was excellent in market.

Rajesh Yadav, (2014) found in their research that claim settlement was one of the most important parts of the life insurance services. The study showed that there was a positive relationship between sales and claim settlement. Better Claim settlement leads to better sales figure and customer relation. LIC of India holds leading position in the life insurance market due to its better claim settlement process and ratio.

Sogunro and Abiola, (2014) identified that the business organization must focus and force all the member of staff from the most senior to the least junior of the
management hierarchy to take consumer satisfaction as their priority in all the framework of policies, practices and information. In addition, installation of stalls should be regularly done in business exhibitions and fairs.

CONCLUSION

From the above review of previous studies the researcher has referred the field of insurance to focus on the extent of utilization of the LIC by the policy holders. It helped the researcher to get more knowledge about the study area.
REFERENCES


