

MARKETING OF LIFE INSURANCES SERIVES BY LIFE INSURANCE CORPORATION OF INDIA

M.SUGANTHA & Dr.S.SETHURAJAN

Assistant professor & Ph.D Research Scholar, TSA Arts &Science College, Coimbatore,India.
Associate professor, TSA Arts &Science College, Coimbatore,India.

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ABSTRACT

Insurance plays an important role in sharing the risks of people in an affordable form. It helps the people to quickly recover from damages and losses. Insurance is a defensive measure used against future conditional losses to hedge the possible risks of the future. It is a legal contract that protects a person from contingent risk of losses through financial means and provides a means for individuals and - societies to handle some of the risks faced in daily life. These contracts of insurance are called policies and are provided by insurance companies. The Insurance companies charge a regular amount from the customers, who are paid back, either in part, or entirety, to the customers in case of a definite loss. This regular amount charged from customers is called Insurance Premium.

Keywords: Insurance , risk, policies,

INTRODUCTION

Insurance is essentially a co-operative endeavour. Under 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 advantage. The individual share of the loss is relatively small. When the 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 about voluntarily by all participants or may be organized by a few individuals or by insurance organisation like the Life Insurance Corporation of India. The main function of insurance in its various forms is to protect the few against the heavy financial setbacks that may befall on them by spreading the losses among many who are exposed to the risk of similar misfortune. While it is not possible to predict who amongst the many participants are likely to be the victims of misfortune, it is often possible to forecast the quantum of the loss which the group as a whole may suffer. The sharing of the resultant expected loss among all the participants ensures that the victims are compensated for the loss suffered by them. As a consequence, the heavy and uncertain loss to some is neutralized by the definite contribution of moderate amounts which every participant is required to make.

OBJECTIVES OF THE STUDY

- 1.To trace the history and growth of LIC of India.
2. To study the marketing strategies adopted by the LIC of India.
3. To analyse the perception of the policyholders towards the services of the LIC of India.
4. To assess the attitude of the agents towards the services of the LIC of India.

SIGNIFICANCE OF THE STUDY

Death is certain but the time of death of the individual is uncertain. So there is uncertainty of the time when the suffering of financial stringencies may befall the family. Moreover, every person is responsible to provide for the family. It would be a pathetic sight in the world to see the wife and children of a man looking for someone more considerate and benevolent than the husband or the father, who left then unprovided. Therefore, the provisions for children until they reach a stage when they could look after themselves should be made. Any other provision except life insurance will not adequately meet this financial requirement of the family.

Whole life policies are the better means of meeting such requirements. The provision for old age is required. The reduction of income in old age is serious to the person and his family. Life insurance provides old age funds along with the protection of the family by issuing various policies for the economic growth of the country. Insurance provides strong hand and mind and protection against the loss of property and adequate capital to produce more wealth.

Life Insurance Corporation plays a crucial role in providing life insurance to the public. It is needless to reiterate that such a vital and public related service organisation should function efficiently

without giving any reason for complaints from the policyholder. Hence the present research work has been carried out to analyse the perception of the policyholders and assess the opinion of the agents and development officers towards the services and functions of LIC of India,

SAMPLE DESIGN

As per the instructions given by IRDA, the LIC of India opened branches in rural and semi urban and urban areas.

HYPOTHESES OF THE STUDY

To give specific focus to the objectives, a few hypotheses have been drawn up and tested by using appropriate statistical tools.

1. There is no significant difference between the response of the policyholders in the awareness of the products.
2. There is no significant difference between the gender and the opinion about the training undergone by the agents.

REVIEW OF LITERATURE

An attempt has been made to peruse of earlier studies. Many studies related to marketing efficiency of LIC products were found in various International and National journals and magazines. This review lighted the present study into a meaningful, thought provoking and a brighter one. Further, the review of earlier studies helped this research to have a good shape in analytical terms. The gist of some of the relevant studies and research papers on marketing efficiency are presented in this chapter.

Kumar, Rohit (2011), 8 in his study on "Performance Evaluation of General Insurance Companies: A Study of Post-reform Period." evaluated the physical growth, operational and financial performance of National Insurance Company Ltd. during 2001-09 period only. The data collected from the official records and annual reports of GICs and NACL have been processed, tabulated through computers. For analyzing and evaluating the data over a period of time, the statistical techniques like linear growth rate, simple percentages are also used.

Dash, Ganesh (2012), 20 in his study on "The Impact of Life Insurance Product Pricing on Customers' Buying Behavior Life|| analyzed the perceptions of the customers and the executives of the life insurance product regarding the impact of policy pricing on the final policy buying decisions of the potential policy holders. Various statistical tools such as arithmetic mean and standard deviation were used to find out any possible differences in the perceptions among the various categories of respondents, especially to assess the impact of their respective localities on their perceptions. He also found that almost all the categories of respondents have similar perceptions except executives of urban area and rural area differing in their opinions about its impact on customer's buying decision.

Singh, Praveen and Divya Negi (2012), 57 in their study on "Growth of Insurance Services in the Himalayan Region of India," analyzed the growth of life insurance industry in Uttarakhand, a Himalayan state of India, during the post liberalization era. They also analysed in terms of its various components like growth in premium, new policies issued, number of offices, and profitability of insurers in the state. They found that the expected values of First Year Premium for LIC and private insurers are obtained using linear trend analysis for the year 2016. Agariya, Arun Kumar (2013), 58 in their study on –CRM Scale Development and Validation in Indian Insurance Sector||, investigated in developing and validating CRM scale for Indian insurance sector. A robust scale development methodology is followed which ultimately results into Six-factor CRM scale comprising of claim payment security, product knowledge, personalization, transparency in product selling and service quality. The proposed scale will serve as a strategic tool for effective and efficient pre and post CRM implementation outcomes. They also identify the opportunities and bottleneck areas requiring attention. Ayivi, Anthony Kojo (2013), 59 in their study on –Quality of Insurance Claims

AGENTS OPINION ON MARKETING OF LIFE INSURANCE PRODUCTS

The Indian market has a lot of potential for insurance products. In the Indian market, the insurance companies have to tread through a lot of challenges before finally establishing themselves in the Indian insurance market. The future growth of this sector will depend on how effectively the insurers are able to come up with product designs suitable to our context and have to create awareness of the insurable products. The future growth also depends on how service oriented insurers are going to be servicing the large domestic market in India. Some of the challenges pertaining to the demand conditions are creating awareness among the mass, competition in the sector, product innovation, delivery and distribution system.

This chapter deals with the opinion of the agents of insurance companies. In order to analyze the opinion of agents of insurance companies, the researcher has used the Garrett's ranking method to rank their marketing activities like Method of approach to policyholders, Insurance product features, Type of policy, Basic services rendered to policyholders, Problems in marketing of new products and Motivational factors in the order of importance. The variables like, Experience, Education, Nature of company, Occupational status and Income from insurance company are tested with the above-said marketing activities by using 'Chi - Square test'.

CHI - SQUARE TEST

The Chi - Square test represents a useful method of comparing experiment. If the calculated value is greater than the table value at a particular significant level, say 0.05 level, it is concluded that the factor is dependent on variable for which Chi-Square is computed. If the calculated value is less than the table value, it is concluded that the factor is independent on the variable.

METHOD OF APPROACH TO POLICYHOLDERS

The aim of the researcher is to highlight the dominant variable whose impact is deep in a situation. The agents usually follow certain methods of approach to policyholders for procuring life insurance policies. They are: a) Prompt services, b) Cold calls, c) Referral marketing, d) Educating the policyholders, and e) Frequent follow-up actions. The aim of this analysis is to identify the foremost method related to the procurement of life insurance policies

METHOD OF APPROACH TO POLICYHOLDERS

Sl.No.	Methods	Mean Score	Rank
1	Prompt services	60.09	II
2	Cold calls	38.40	V
3	Referral marketing	56.83	III
4	Educating the policyholders	46.04	IV
5	Frequent follow-up actions	68.76	I

It is observed from Table that the frequent follow-up activities has the highest mean score of 68.76 and it ranked first among the various methods of approach to policyholders for procuring life insurance policies. Prompt services in time with the mean score of 60.09 and Referral marketing with the mean score of 56.83 held the second and the third ranks respectively. Educating the policyholders with the mean score of 46.04 and Cold call with the mean score of 38.40 held the fourth and the fifth ranks respectively. It is inferred from the analysis that the main methods of approach to policyholders in procurement of life insurance policies are frequent follow-up actions and prompt services of the insurance agents.

NATURE OF THE COMPANY AND METHODS OF APPROACH

The nature of the company is an important determinant factor for methods of approach to policyholders. There are two sectors of life insurance companies' namely public sector and private sector. Methods of approach to policyholders by the agents are tested with the nature of the company. For this, it is surmised that 'there is a significant relationship between nature of the company and methods of approach'. The ranking scores of respondents belonging to various methods of approach are furnished vide .

NATURE OF THE COMPANY AND METHODS OF APPROACH

Sl.No.	Methods	PUBLIC	PRIVATE	TOTAL
1	Prompt services	520	272	792
2	Cold calls	321	207	528
3	Referral marketing	396	244	640
4	Educating the 158 policyholders	367	177	544
5	Frequent follow-up actions	794	302	1096
Total		2398	1202	3600

Calculated value of $\chi^2 = 31.76$

Table value at 5% significant level for 4 d.f = 9.49.

The calculated value is more than the table value. It implies that the hypothesis 'there is a significant relationship between nature of the company and methods of approach' holds good statistically.

CONCLUSION

As a result of the liberalization, privatization, and de-monopolization initiatives taken by the government of India, the insurance sector is experiencing a historical growth. The trend is expected to continue in the segment, as prices are falling as a result of competition in the segment. The beneficiaries of the competition are the consumers, who are given a wide variety of products.

An important contribution of this study is how trust is developed and sustained over different levels of customer relationship in the life insurance sector. The future commitment of the customers to an organization depends on perceived trust. The issue of trust is therefore increasingly recognized as a critical success factor in the emerging scenario. The researcher strongly believes that if all the suggestions are carried out, the insurance company may become an instrument of development for the economicwelfare of the country.

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