

A study of life insurance sector in selected districts of Uttar Pradesh

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Abstract

Insurance occupies an important place in the complex modern world since risk has increased enormously and every individual is exposed to it in his daily life. Risk is an uncertainty concerning occurrence of loss and insurance is most practical way for handling the risk. Life insurance is generally considered as a means of protecting one's family against the unforeseen circumstance of the loss of life of an earning member. It gives a sense of confidence and security to the insured individual in the event of an unfortunate incident. Every human life has got some economic value which depends on his present earnings and future earning capacity. Life insurance is considered as a device by means of which an individual can project his income for an indefinite period beyond his death. Insurance business is one of the fast emerging financial services mainly in developing countries. A well-developed and evolved insurance sector is a boon for economic development as it provides long-term funds for infrastructure development and at the same time strengthens the risk taking ability of a nation. The life insurance sector in a nation plays a vital role in achieving the goals of social security and welfare which are essential requirements of social justice. In India the insurance sector is a colossal one and contributes the major chunk of financial services. As noted by Insurance Regulatory and Development Authority of India insurance sector is growing at a speedy rate of 15-20% and together with banking sector contributes about 7% to the country's GDP. Indian insurance industry has undergone tremendous changes over last century. It began with a fully privatised system with no restriction on foreign participation during British rule in India. After the independence, the life insurance industry was nationalised in 1956 with formation of Life Insurance Corporation of India and thus became a state owned monopoly to extend the life insurance coverage in country. After nationalisation, the life insurance sector had shown growth in terms of issuance of policies, premium underwritten, extensive network of offices and branches.

At the end of 20th century India was passing through an economic crisis due to serious problems of trade balance. India signed General Agreement on Tariff and Trade (GATT) in 1991 and became the member of WTO. The Indian government implemented the new industrial policy under which the economy was liberalised and thus opened for foreign investment. The effect of globalisation phase of Indian economy also transcended to the insurance market and affected the monopolistic structure of insurance sector in India. This led the policymakers to review policies governing insurance industry in India. With a view to examine the role of insurance sector in the light of the economic reforms and potential of providing insurance services, The Government of India appointed Malhotra committee to recommend reforms in the insurance sector in April 1993. The Committee recommended the opening of insurance sector for private companies to provide a better insurance coverage to people and to enhance the flow of long-term financial resources. On the recommendation of Malhotra Committee in 1999, a new legislation, IRDA Act came into effect signalling a change in Indian insurance industry structure. The insurance sector in India was liberalized and Insurance Regulatory Development Authority of India (IRDAI) was established to regulate the insurance business in India. Privatization witnessed dynamic changes in insurance industry as it lifted the entry restrictions for private insurance companies and thus allowed the foreign players to enter into the Indian insurance market. In the initial years of privatization the life insurance penetration and density has grown impressively but later it started declining.

Index Terms: Insurance, Insurance industry, Insurance product, Regulatory and development authority act, Insurance service, Uttar Pradesh life insurance scenario.

Introduction

The security of being nurtured within a family or group is the greatest satisfaction for a human being since beginning of mankind, as it ensured smooth sailing during time of need or distress. However, increasing human needs led to breakdown of this secure system as people began to venture towards more industrialised and urbanised areas. This change brought about a major societal change also, where human beings moved from living in joint groups towards nuclear ones. These changing societal conditions did not change the fact that many situations are beyond human control. Human beings realised that the need for security from the aftermath of occurrences of risk was extremely essential (Black and Skipper, 2004). Risk can be defined as possibility of adverse result flowing from any occurrence. Insurance is a form of risk management and is defined as the equitable transfer of the risk of loss, from one entity to another, in exchange for payment. Insurance is essentially an arrangement where the losses experienced by a few are extended among many who are exposed to similar risks (Agarwal, 2014). Life insurance cannot check happening of risk but it can provide for losses at happening of risk. It is a unique financial instrument as most of financial instruments make ones money to work harder and provide benefit of wealth appreciation, but they cannot substitute life insurance as it has dual role of asset appreciation and protection (Rajkumar and Kannan, 2014). Life insurance promotes risk sharing as loss is shared by all the persons who are exposed to risk. The basic principle behind the working of insurance is that loss should be random, accidental and not the deliberate act of the insured person. The section 2(11) of Insurance Act 1938, India defined the life insurance business as the business of 2 effecting contracts of insurance upon human life, including any contract whereby the payment of money is assured on death (except death by accident only) or the happening of any contingency dependent on human life. Every human life has got some economic value which depends on his present earnings and future earning capacity. The loss of life throws the burden of replacing the earnings either upon the family or upon society. Life insurance is considered as a device by means of which an individual can project his income for an indefinite period beyond his death. Its broad mission is to give protection against the total and presumably permanent loss of current earning capacity when that loss is occasioned by the economic destruction of the insured life. One cannot estimate the value of human life in monetary terms but still life insurance tries to provide strength and security to an individual that makes his life worth living (Gopalakrishna, 2009). According to Mahatpra and Patnaik “Human being is an income generating asset and is expected to earn during his lifetime sufficiently so as to provide for his old age. Those who earn more than they need for self –maintenance are valuable for those who depend on them. But when he dies at a young age, the family remains unprovided for. Insurance is a security against for hazards of human life such as loss of employment, old age, disability and death.” Social security is the tool whereby the government provides certain provisions for the citizens to enable them to lead a decent life- style. The state provides resources to individual in order to protect them against risk (Ganguly, 2004). “In many developed countries the government provides social security schemes for the protection of citizens. These schemes offer financial aid to citizens who are eligible on grounds of unemployment, old age, sickness, disability, etc. The social security scenario in India is quite different, having traditionally been the responsibility of the family or community. 3 However, with industrialization, urbanization, breakup of the joint family system and weakening of family bondage, it became necessary to provide social security arrangements in India that are institutionalized and regulated by the state.” (IRDAI Report, 2011) In the absence of a structured social security system the insurance provide financial security to individual. “The right to public assistance in case of unemployment, old age, sickness etc. enshrined in Article 41 of Constitution of India as Directive Principles of state policy point towards the importance of social security. But limitations on the part of Governments to cover the increasing social security needs reengineered the structuring of the solutions in the form of insurance, based on the principles of spreading the risks among large numbers.”(Ramesh, 2009) Life insurance sector add momentum to the

social and economic development of nation. A study by the UNCTAD noted that life insurance industry can play vital role in developing countries as it provides financial security and thus contribute to social stability by minimizing financial stress and worry. This business generate employment and also act as mobiliser of savings as life insurers can accumulate small amount of private savings and can further invest in public and private sectors. Thus by accumulating funds in the form of premium from the insured, insurance is building capital for the economy. The two main causes of inflation in an economy, namely increased money in supply and decreased production are properly controlled by insurance. The premiums collected provide enough capital for enhancing production and narrow down the inflationary gap. It plays a dual role of providing protection to the society from large losses and also utilising accumulated capital for productive means (Mishra, 2009). Another important area where businesses are utilizing life insurance is as an employee welfare measure. The provision of insurance benefits to employees increases employee satisfaction and also creates an image where employer is regarded as welfare driven. Life insurance is a vital growth tool for developing countries as it has significance at individual and societal level. When individual and society have both accepted the importance, it becomes economically viable. Life insurance encourages saving and financial planning for individuals, which in turns creates a risk cover for the society and this further mobilises funds for various development activities, hence enriching the economy. Despite its significance, the downside is that acceptance of life insurance is highly influenced by social, cultural and economic aspects. In India, our societal norms downplay investments such as life insurance as they lay more emphasis on physical assets. In addition due to insufficient education, people are unable to understand the importance of life insurance. However, as our society moves towards nuclear families, the need for financial security has increased in the last decade (Biswaroy and Rao, 2008). Dependence on multiple financial sources that existed in joint family set ups have diminished and initiatives taken by government have prompted individuals to take up life insurance as an important component of their futuristic financial planning.

Retrospective of Insurance

The story of insurance is as old as story of mankind. The same instinct of security in modern man to secure himself against loss and disaster was found to be existed in primitive men also. They too sought to avoid the evil consequences of fire, flood and loss of life, thus were willing to make some sacrifices in order to achieve security. The urge to provide protection against the loss of life and property must have prompted people/groups to achieve security through „collective cooperation“. This was probably a pre-cursor to modern day concept of insurance (Kumar, 2005). The initial transaction of insurance can be traced back to 14th century in Italy when only ships were covered. Later on concept of marine insurance came in existence in London when the traders developed a system in which every trader contributed some amount so that the loss can be shared among them. Life insurance was first started by marine insurance underwriters who issued life insurance policies on life of master and crew of the ship. Later the insurance societies began to form for issuing life insurance policies in eighteenth century (Pal, Bodla and Garg, 2007). In India the story of insurance has a deep rooted history as it finds mention in the writings of Manu (Manusmriti), Yagnavalkya (Dharmasastra) and Kautilya (Arthasastra). These writings mention the importance of pooling of resources as they could be re-distributed in times of calamities such as fire, floods, epidemics and famine. The earliest traces of insurance in the form of marine trade loans and carrier's contracts are also found in ancient Indian history. Life Insurance came in India in its modern form from England. The growth and development of life insurance sector in India can be viewed in three different phases: Pre-Nationalisation, Post-Nationalisation and PreLiberalisation, Post Liberalisation.

Pre- Nationalisation

In 1818, the first life insurance company Oriental Life Insurance Company was started by Europeans in Calcutta, India. After that a number of insurance companies came into existence during that period but they looked after the needs of European community only and they did not provide insurance cover to Indians. However, later on with efforts of eminent people like Babu Muttylal, the foreign life insurance companies started insuring Indian lives. But still Indian lives were being treated as sub-standard ones and insurance companies charged heavy extra premiums from them. Later in 1870 Bombay Mutual Life Assurance Society, the first Indian insurance company was formed and was the first to cover Indian lives at normal rates. It started spreading the message of insurance and social security to various sectors of society. Then Bharat Insurance Company came into existence in year 1896 which was also inspired by nationalism. The Swadeshi movement of 1905-1907 with slogan "Be Indian Buy Indian" gave birth to more indigenous life insurance companies. The United India in Madras, National Indian and National Insurance in Calcutta and the Co-operative Assurance at Lahore were the companies formed in 1906. The Indian Mercantile, Hindustan Cooperative Insurance Company, General Assurance and Swadeshi Life (later Bombay Life) were some of the companies established during the same period. The insurance companies were growing but there was no exclusive legislation to regulate the insurance business in India. It was in the year 1912, The Indian Life Assurance Companies Act, 1912 the first statutory legislation was enacted to control the life insurance business in India. It made necessary for the insurance companies to get their premium rate tables and periodical valuations certified by an actuary. The first two decades of the twentieth century witness lot of growth in insurance business. Starting from 44 companies with total business-in-force as ₹22.44 crore, it rose to 176 insurance companies with total insurance business-in-force as ₹298 crore in 1938. The Act was enacted to regulate the insurance business but it discriminated between foreign and Indian companies on many accounts, so putting the Indian insurance companies at a disadvantage. In 1938, with the objective of ensuring effective control over the activities of insurers and to protect the interest of the insurance public, the earlier law was consolidated and amended by the Insurance Act, 1938. It was the first legislation in India to provide strict state control over governing of both life insurance and non-life insurance companies. After the enactment of The Insurance Act 1938, there was mushrooming growth of insurance companies in India but the growth was still limited. The companies were indulging in unfair trade practices thus depriving the insured of their savings and security. The dishonest deeds of insurance companies intensified the demand for nationalization of life insurance industry in India and a bill to amend the Life Insurance Act 1938 was introduced in the Legislative Assembly in 1944. It was quite later on the 19th January 1956, Government of India nationalised life insurance in India by passing the Life Insurance Corporation Act. Life Insurance Corporation of India was created on 1st September, 1956, aiming at the spreading of life insurance much more widely and particularly to the rural areas so that it should reach all insurable persons in the country. All the 154 Indian insurance companies, 16 non-Indian companies and 75 provident societies operating in India were amalgamated under Life Insurance Corporation of India

phase Important milestones in the life insurance business in India during pre-nationalisation are:

1818: Oriental Life Insurance Company, the first life insurance company on Indian soil started functioning.

1870: Bombay Mutual Life Assurance Society, the first Indian life insurance company started its business.

1912: The Indian Life Assurance Companies Act enacted as the first statute to regulate the life insurance business.

1928: The Indian Insurance Companies Act enacted to enable the government to collect statistical information about both life and non-life insurance businesses.

1938: Earlier legislation consolidated and amended to by the Insurance Act with the objective of protecting the interests of the insuring public.

1956: 245 Indian and foreign insurers and provident societies are taken over by the central government and nationalised. LIC formed by an Act of Parliament.

OBJECTIVE

1. To go through the concept of life insurance industry, Distribution Strategy Model of LIC and services product development in uttar Pradesh.
 - To suggest regulatory and development authority act LIC in uttar Pradesh.
 - To review the life insurance scenario uttar Pradesh.

RESARCH METHODOLOGY

The present study is based on secondary sources for collecting facts and figures relating to topic under research. Secondary data includes previously published literature, books, articles, journals, and specialized life insurance periodicals and various websites, information provide the basis for. Building up the theoretical and conceptual framework of the study.

LITERATURE REVIEW

This chapter details out the review of relevant literature on various issues in insurance industry including customer's satisfaction and loyalty, their perception and expectations, customer relationship management, growth and future trends of insurance industry and service quality of insurance industry. The literature review provides the basis for designing the conceptual framework and appropriate methodology to carry out the study. The reviewed literature for the study is presented below:

Arora R.S. (1996) in his paper emphasised the study of marketing aspect of Life Insurance Corporation of India. This study also highlighted the historical aspects of the Life Insurance in India, establishment of LIC, its objectives and business performance and various marketing aspects. These marketing aspects had been studied through secondary data available from annual reports of LIC.

Kuhlemeyer and Allen (1999) explored the satisfaction of customer with agents, insurance companies and life insurance products. The study also compared the customer's satisfaction in agent assisted transaction with the transaction where no agents were involved. It was revealed that purchasers who transact through agents were more satisfied with their insurance companies. Customers were satisfied with ability of agents to assess the needs of customers and to assess the products. The study also found that there was difference in satisfaction of customers regarding the type of insurance plans.

Satwalekar (2005) discussed the performance of insurance sector in India after liberalisation. He stated that after the opening of insurance market in India innovative products are introduced, new distribution channels have been set up and customer awareness has also increased and the development of the insurance industry in future would depend on enforcement of regulatory regime. The regulator should take action against those who violate the regulations rather than

bringing in additional regulations. After liberalisation the insurance companies has extended coverage in the rural areas but still there is a lot more that needs to be done.

Gopalkrishna (2009) emphasized on significance of conservation of business in insurance sector and it has to be thought of for the healthy progress of insurance business. He opined that policy lapses lead to heavy loss to company and policyholders. The selling of wrong products is one of main reason behind lapsation. The lapsation rate was observed more in rural areas may be due to lack of awareness and dependence on seasonal income. He also discussed the role of regulatory authority IRDAI in promoting business conservation and also stressed on the quality of business. The sales person should not end servicing with issue of policy but they must be part of providing services to policyholders. He was of view that satisfied policyholders are the best source of business and if satisfied they will give repeat business by buying new policies.

Kannan (2010) discussed the growth and services of insurance industry in India. He opined that the entry of private players in Indian insurance market had led to competition and thus improvement in customer services. The companies are offering more variety of products and services and now customers can choose from a large variety of insurance plans from term insurance to unit-linked investment plans. The computerisation and updation of technology has become imperative. Despite of availability of number of distribution channels still the agents remain the main distribution channel. It was indicated that the awareness in rural area is increasing but still insurance companies have a huge task to create awareness and credibility in rural sector. The study recommended the need of well- regulated life insurance industry which will offer customers tailor made products to satisfy their needs.

Feyen et al. (2011) in their paper discussed the role of insurance sector in financial and economic development. Life insurance companies are financial intermediaries with long term investment which can contribute in providing long term finance. They analysed life and non-life insurance in developing and developed countries for a period 2000-2008. The results of study confirmed that income, size of country, population and population density are important drivers where as inflation hinders the development of insurance sector. The high young group age dependency ratio and high old dependency ratio drives the demand. The presence of large security system inhibits the development of life insurance sector as the need for insurance is reduced. Further they opined that strong private ownership and sound legal framework promotes the development of insurance sector.

Ahmed (2013) discussed about the marketing strategies in rural areas for selling products. He stated that the rural markets had some special features as compared to urban markets. The income of rural people had increased with time and its high demand base offers great potential to companies. There were certain challenges in rural marketing like low literacy, seasonal demand, communication problem, cultural factors etc. The study suggested that for increasing insurance penetration the companies should communicate in local language in rural market for promoting their product. They should also focus on the requirements of the customers and should develop specific products for specific segment. So the companies should conduct detailed analysis of rural market to capture it.

ANALYSIS

□ To go through the concept of life insurance industry, Distribution Strategy Model of LIC and services product development in uttar Pradesh.

- **Life insurance corporation industry**

LIC is the leader in the life insurance sector with majority of the market share. LIC has recently tied up with Corporation Bank and Vijay Bank for distribution of its products. It has linked all its 2048 branches through computer network. LIC strategy is to launch customized and focused insurance products for various sections of the society. As a matter of customer retention, it has launched a highly optimistic campaign of revival of lapsed policies. LIC has first introduced online premium payment facilities. LIC is planning to go deep in the rural markets because of its established brand name. LIC is one of biggest advertiser of its products. The company is following both mass marketing and segmentation strategy to promote its products. However, the focus competition from private sector and it is thinking aggressively for effective customer relationship management (Gupta, 2004). Life Insurance Corporation of India is a public sector giant in the life insurance industry in India. For almost five decades LIC is holding in the life insurance sector. Since nationalization LIC has built up a vast network of 2048 branches, 109 divisions, 8 zonal offices and 1004 satellite offices spread all over the country. Life Insurance Corporation of India also transacts business abroad and has offices in Fiji, Mauritius and United Kingdom. With its multinational presence, it is associated with joint venture abroad in field of insurance namely, Ken India Assurance Company Limited, Nairobi, United Oriental Assurance Company Limited, Kualalumpur.

Distribution Strategy Model of LIC

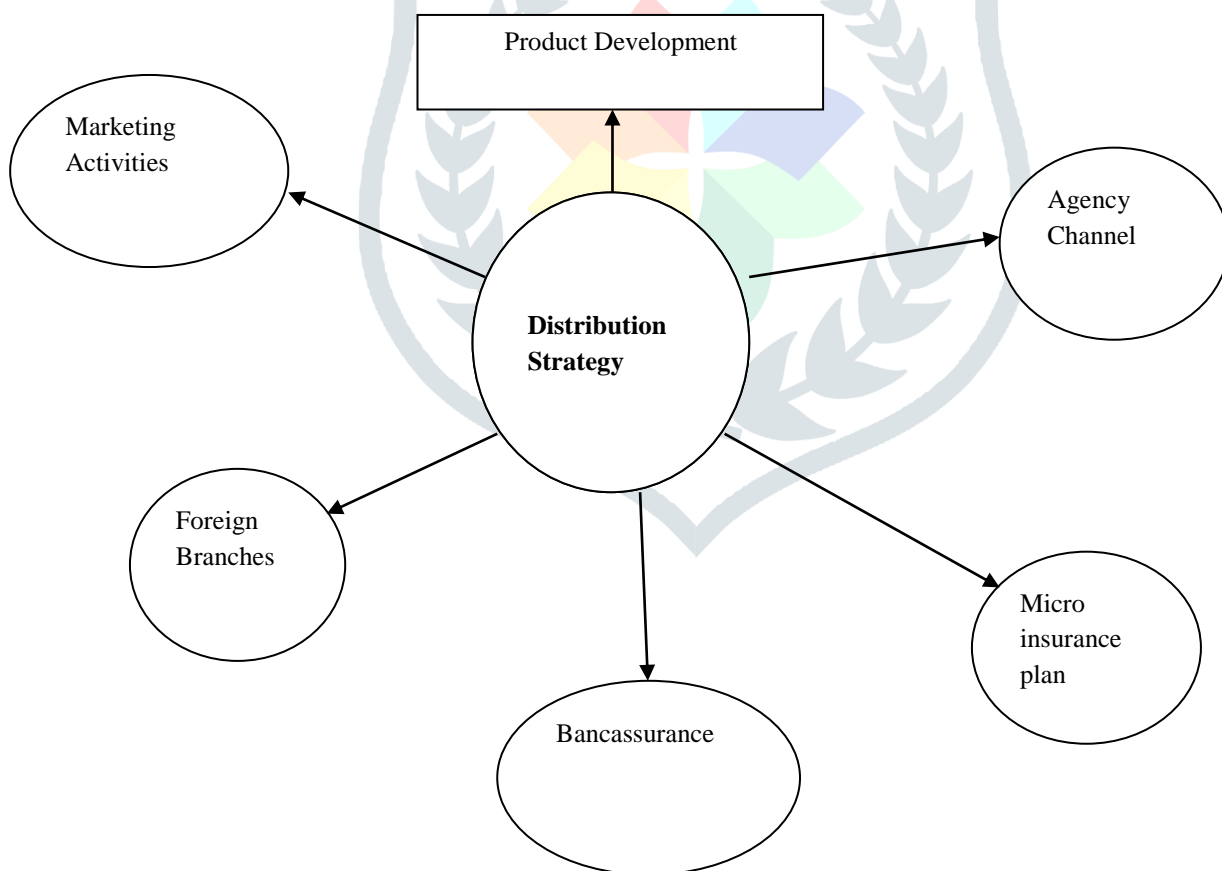


Figure reveals the different areas covered by LIC in framing its distribution strategy. LIC emphasizes mainly on product development, followed by concentrating on its marketing activities. Agency channel is the major strength of LIC, side

by side it is trying to promote bancassurance channel. It is examined that at present LIC is concentrating on foreign branches and micro insurance plans.

Distribution Strategy of LIC

LIC, being oldest insurer and Govt. owned insurer in the market. Its market share is large as compared to private players. But consumers' perception of the insurance is that of an investment rather than as a risk cover. They expect prompt services. LIC has been facing competition pressure, so it has been reorganizing itself in order to perform better and to compete with private players. LIC has been formulating new strategies and plans from time to time. No doubt, experience generally improves performance, the LIC has experience of more than fifty years. Even IRDA also aims at innovative and progressive development of insurance sector. LIC has following steps to increase its market competitiveness and retains its dominant position in the insurance market.

Services product development

Product development Life Insurance Corporation introduced traditional insurance schemes. To cater consumers needs about protection against risk factor, provision of future, old age provision, by launching whole life plans, endowment plans, term insurance plans and pensions plans over a period. Every year by taking market review, it introduces new innovative plans and also withdraw those plans which have less market response. Now, LIC of India has been changed its products to meet the varied need of the customers. It has been caused due to following reasons. a. Competitive pressure b. Changing behaviour of consumer In the competitive market there is a greater need to provide insurance products that meet the needs of the customers. Therefore, LIC offers wide variety of products which fulfills the needs of different segments of the society. As at the end of financial years 2011-12 the corporation had 52 plans available for sale. During the year corporation had introduced 6 new plans viz Money plus-1, Market plus-1, Jeevan Bharti-1, Child Fortune plus and two term insurance plans i.e. Jeevan Astha and Jeevan varsha. Marketing Activities In marketing of insurance products effectively, field personnel play pivotal role. The corporation has developed alternative distribution channels along with existing channels to increase its business volume which are discussed as follows:

Agents

In LIC of India, the Agent is a pioneer field force, in procurement of the LIC's business. In the year 2011-12 total number of agents was 13,44,856. The corporation has launched scheme of urban career agents and rural career agents. To promote them, the corporation also gives stipends at the start of their career and to enable them to settle down in their profession.

Bancassurance and Alternate channels

LIC also tied up with the banks in urban and with Regional Rural Banks (RRB) to spread its business. The percentage share of alternate channel business to total business went up from 2.01% to 2.40% in policies and from 1.84% to 3.05% in first premium income. Out of total business of alternate channels, banks (under corporate agency mode) contributed 67.29% of number of policies and 63.70%.

Foreign Branches

The corporation directly operates through its branch offices in Mauritius at Port Louis, Fiji at Surva and Lautoka and United Kingdom at werobley. During the year 2007-08 these three foreign branches together issued 10.477 policies with sum assured of US \$ 97.7 million at FPI of US million.

The LIC of India, not only concentrates on celebrity marketing and rich class segment but also launched insurance plan under a separate business vertical to extend security to the less privileged section of the society under business vertical 'Jeevan Madhur' plan was launched in Sept. 2006 by the LIC.

- **To suggest regulatory and development authority act LIC in uttar Pradesh**

ESTABLISHMENT AND INCORPORATION OF AUTHORITY.—

1. With effect from such date as the Central Government may, by notification, appoint, there shall be established, for the purposes of this Act, an Authority to be called "the Insurance Regulatory and Development Authority".
2. The Authority shall be a body corporate by the name aforesaid having perpetual succession and a common seal with power, subject to the provisions of this Act, to acquire, hold and dispose of property, both movable and immovable, and to contract and shall, by the said name, sue or be sued.
3. The head office of the Authority shall be at such place as the Central Government may decide from time to time.
4. The Authority may establish offices at other places in India.

COMPOSITION OF AUTHORITY.--- The Authority shall consist of the following members, namely:-

- a) a Chairperson;
- b) not more than five whole-time members;
- c) not more than four part-time members,

to be appointed by the Central Government from amongst persons of ability, integrity and standing who have knowledge or experience in life insurance, general insurance, actuarial science, finance, economics, law, accountancy, administration or any other discipline which would, in the opinion of the Central Government, be useful to the Authority: Provided that the Central Government shall, while appointing the Chairperson and the whole-time members, ensure that at least one person each is a person having knowledge or experience in life insurance, general insurance or actuarial science, respectively.

TENURE OF OFFICE OF CHAIRPERSON AND OTHER MEMBERS.

-(1) The Chairperson and every other whole-time member shall hold office for a term of five years from the date on which he enters upon his office and shall be eligible for reappointment:

Provided that no person shall hold office as a Chairperson after he has attained the age of sixty-five years:

Provided further that no person shall hold office as a whole-time member after he has attained the age of sixty-two years.

(2) A part-time member shall hold office for a term not exceeding five years from the date on which he enters upon his office.

(3) Notwithstanding anything contained in sub-section (1) or sub-section (2), a member may -

- (a) relinquish his office by giving in writing to the Central Government notice of not less than three months; or
- (b) be removed from his office in accordance with the provisions of section

REMOVAL FROM OFFICE.

- (1) The Central Government may remove from office any member who-
- (a) is, or at any time has been, adjudged as an insolvent; or
 - (b) has become physically or mentally incapable of acting as a member; or
 - (c) has been convicted of any offence which, in the opinion of the Central Government, involves moral turpitude; or
 - (d) has acquired such financial or other interest as is likely to affect prejudicially his functions as a member; or
 - (e) has so abused his position as to render his continuation in office detrimental to the public interest.
- (2) No such member shall be removed under clause (d) or clause (e) of sub-section (1) unless he has been given a reasonable opportunity of being heard in the matter.

SALARY AND ALLOWANCES OF CHAIRPERSON AND MEMBERS

- (1) The salary and allowances payable to, and other terms and conditions of service of, the members other than part-time members shall be such as may be prescribed.
- (2) The part-time members shall receive such allowances as may be prescribed.
- (3) The salary, allowances and other conditions of service of a member shall not be varied to his disadvantage after appointment.

BAR ON FUTURE EMPLOYMENT OF MEMBERS

The Chairperson and the whole-time members shall not, for a period of two years from the date on which they cease to hold office as such, except with the previous approval of the Central Government, accept-

- (a) any employment either under the Central Government or under any State Government;
- (b) any appointment in any company in the insurance sector.

ADMINISTRATIVE POWERS OF CHAIRPERSON

The Chairperson shall have the powers of general superintendence and direction in respect of all administrative matters of the Authority.

MEETINGS OF AUTHORITY

- (1) The Authority shall meet at such times and places and shall observe such rules and procedures in regard to transaction of business at its meetings (including quorum at such meetings) as may be determined by the regulations.
- (2) The Chairperson, or if for any reason he is unable to attend a meeting of the Authority, any other member chosen by the members present from amongst themselves at the meeting shall preside at the meeting.
- (3) All questions which come up before any meeting of the Authority shall be decided by a majority of votes by the members present and voting, and in the event of an equality of votes, the Chairperson, or in his absence, the person presiding shall have a second or casting vote.
- (4) The Authority may make regulations for the transaction of business at its meetings.

VACANCIES, ETC., NOT TO INVALIDATE PROCEEDINGS OF AUTHORITY

-No act or proceeding of the Authority shall be invalid merely by reason of -

- (a) any vacancy in, or any defect in the constitution of, the Authority; or
- (b) any defect in the appointment of a person acting as a member of the Authority; or
- (c) any irregularity in the procedure of the Authority not affecting the merits of the case.

OFFICERS AND EMPLOYEES OF AUTHORITY OFFICERS AND EMPLOYEES OF AUTHORITY

- (1) The Authority may appoint officers and such other employees as it considered necessary for the efficient discharge of its function under this Act.
- (2) The terms and other conditions of service of officers and other employees of the Authority appointed under sub-section (1) shall be governed by regulations made under this Act.

- **To review the life insurance scenario uttar Pradesh**

A brief review of literature would be of immense help to the researcher in gaining an insight into the selected problem. It would help in gaining good knowledge of the area under study. This study is the first of its category in the way as it attempts to compile the views given by expert commissions, research bodies and individual researchers with reference to private life insurance, level of awareness, policyholders' level of satisfaction with Life Insurance Corporation of India and Private Life Insurance companies. The reviews presented below are based on internet search, perusal of related literature available in libraries and from various publications of books, newspapers, journals, magazines and research studies made on this topic.

1. REVIEWS RELATED TO LIFE INSURANCE POLICY HOLDERS AWARENESS

Narendar and Sampath (2014) observed that the level of awareness towards the rights and duties regarding insurance is negligible. The study tries to understand the awareness of the people towards the rights and duties towards life insurance products after the privatization of the insurance sector with special reference to Indian insurance sector. To actually understand this, a primary research was conducted to find out the level of awareness towards the rights and duties of the policy holders across demographic profiles and about the level of awareness towards life insurance policies prevailing in the Indian market. The study totally concentrates on the individual behavior, attitudes and also creating the awareness regarding their contribution on Indian insurance sector.

2. REVIEWS RELATED TO PUBLIC AND PRIVATE LIFE INSURANCE

Dhanabhakym and Anitha (2011) explained that the insurance sector, along with other elements of marketing, as well as financial infrastructure have been touched and influenced by the process of liberalization and globalization in India. The customer is the king in the market. Life insurance companies deal in intangible products. With the entry of private players, the competition is becoming intense. In order to satisfy the customers, every company is trying to implement new creations and innovative product characteristics to attract customers. Keeping this in mind, the present study is designed to analyze the innovation in Life insurance sector in India.

3. REVIEWS RELATED TO POLICY HOLDERS BUYING BEHAVIOUR

Thakkar (2012) found that to know the investment behavior of individuals with related to life insurance and also to know the problems faced by them. The study was conducted amongst the investors (policy holders) of Kolhapur city. His study revealed that Insurance Advisor is the main influencer in buying decision of life insurance consumers. They depend largely on the insurance advisor.

4. REVIEWS RELATED TO LIFE INSURANCE POLICY HOLDERS PERCEPTION

Mushtaq (2013) determined that defines the effect of services provided by the insurers and its role in building customer attitude. Every business these days of cut throat competition need to focus on their customer to maintain

themselves in the market. Moreover their competence depends more on the attribute that how they treat their customers their needs, demands and attitudes. The current study is conducted in the city of Lucknow – India concerning about 150 respondents all of which are the insurance customers. This study tries to analyze the attitudes of the customers regarding the services especially after sale services provided by their insurers and also tries to give results accordingly.

5. REVIEWS RELATED TO LIFE INSURANCE POLICY HOLDERS SATISFACTION

Borah (2012) explained that the modern concept of marketing emphasizes on the satisfaction of customers. Marketing begins and end with the customers. Customers are the King in business. The study analysis the service quality perception of 50 customers in Jorhat, Assam chosen from Kotak Mahindra Life Insurance Company to access their satisfaction level and also identify service factors which have the maximum impact on customers' satisfaction. For choosing the sample, non-probabilistic judgment-cum-convenience sampling technique was used. The finding of the study shows that most of the customers are satisfied.

6. REVIEWS RELATED TO INSURANCE SERVICE QUALITY

Begam (2014) analyzed that the effect of service quality on policy holder satisfaction in Salem Division of Tamil Nadu. The Salem Division consists of 18 branches. Since the number of policy holders in each branch was large, the policy holders could not be selected on a proportional basis, a sample of 360 policy holders, 20 from each branch were selected on the basis of convenience sampling method. The study reveals that policyholders have low levels of satisfaction with the basic amenities, service qualities, ease of procedure, company-client relationship and technology. The study further reveals that the overall satisfaction of the policyholders is poor in Life Insurance Corporation in the study area. The study indicates that there is a strong relationship between the service quality and a policyholders satisfaction and service quality is a strong predictor of customer satisfaction.

RESEARCH GAP

Review of related literature in the area of life insurance services, products, private life insurance companies, awareness about insurance policies, perception of the policy holders, buying behavior of the policy holders and policy holder satisfaction had been made by the researcher to establish validity of the research topic: “Comparative Analysis on Preference and Satisfaction of Life Insurance Policy Holders”. Various research studies conducted by eminent researchers for a span of two decades have been reviewed and the researcher understood the gaps in the earlier studies. The researcher understood no studies were conducted about the policy holders service quality perception along with their satisfaction. Further, in the recent years no studies were conducted in Dharmapuri district related to this comparative research study and hence the researcher has undertaken to understand the satisfaction level on services of Public and Private Life Insurance Companies.

• FINDINGS

1. It is very clear from the empirical discussions that insurers have to shed a lot of old ideas, bring changes in practices, and adopt a distinct approach to meet the challenges of the emerging situation ahead. Hence it is desirable for insurance companies to develop a customer-centric approach for future survival and growth.

2. Based on the empirical findings it has been suggested to both public and private life insurance companies that providing quality after-sales services, in particular, can lead to very positive results through customer loyalty, repetitive sales and crossselling of major policies to current customers.
3. The life insurance policyholders have primarily defined assurance in terms of well trained and informed agents, who understand intimately specific needs, approach from customer's point of view, show clarity in explaining policy's terms and conditions and thereby inspire trust and confidence. Therefore, it is imperative for the service providers to provide adequate training to their agents to improve their customer interaction skills and knowledge.
4. Customers of life insurance policies seek personalized services and constant support in financial planning e.g. flexible payment schedule, flexible product solution, provisions for convertibility of products and supplementary services etc. So, service providers should encourage the agents to assume wider roles, that of financial consultants.
5. It has been strongly suggested that life insurance service providers and managers should also be aware that customer satisfaction is primarily based on service quality. They should consider the relative value (contribution) to customer satisfaction of each dimensions of the service quality and consequently allocate different levels of resources according to this hierarchy.
6. Moreover, the service providers should have a clear concept of what constitutes customer satisfaction before they can attempt to measure it and its relationship with service quality dimensions. Thus quality improvements by management should not just focus on improving customer satisfaction but also target on improving the customers' perception of service quality. In other words, the service providers should try to continuously improve both service quality and customer satisfaction.

CONCLUSION

The entry of private sector insurance companies into the Indian insurance sector triggered off a series of changes in the industry. Even with the stiff competition in the market place, it is evident from the study that the public sector giant LIC dominates the Indian insurance industry. In today's competitive world, customer satisfaction has become an important aspect to retain the customers, not only to grow but also to serve. Increased competition, wide range of product offerings and multiple distribution channels cause companies to value satisfied and highly profitable customers. From the elaborate data analysis it is observed that majority of the policyholders (64.90 per cent of the sample subjects surveyed) were men, 34.90 per cent of the sample population are aged above 35 years and are married. Further 56.80 per cent of the respondents are private sector employees who are anxious about their future. Similarly, 61.40 per cent of respondents are middle-class people owning assets worth ` .5 lakhs or less than it. Further, the study reveals that most of the respondents are aware of Life Insurance Corporation of India and have acquired more knowledge about the money back policies. Most of the respondents have purchased life policies on their voluntary interest as they have a feeling of insecurity and it is also found that owning life policies makes the respondents feel secured. This statement is complemented by the empirical findings that concluded that policyholders' are influenced to purchase life policies to mitigate the life risk and also due to the feel good factors like security against financial losses. Further it has been also found that the sample policyholders have brought the life insurance policy as they were motivated by the insurance agents. On an average, 69-74 per cent of surveyed customers have expressed appreciation towards the service quality dimension of both public and private life insurers, the respondents have rated the following variables as: Physical appearance and surrounding of the branch office (70.40 per cent), Staff commitment to fulfill promises in time (69.20 per cent), Employees are in a position to inform the customer about the time it will take for compliance of the service demanded (72.60 per cent), Privacy maintained customers' information (73.20 per cent) and

individual attention to customer (74 per cent). Further, it was observed that 81.60 per cent of respondents pay their premium amount in regular intervals as they have recognized the importance of life policies. The empirical data analysis reveals that majority i.e., average of 54 per cent of the respondents have stated that the insurance officers behave indifferently at the time of claiming settlements. However, the study concluded with the positive note that 71.90 per cent of policyholders possess good opinion towards the insurance companies and are willing to own new policies in future. Customer service is the critical success factor in a company and providing top notch customer service differentiates great customer service from indifferent customer service. In the fast-paced environment that surrounds industries today, companies find themselves faced with the pressure to discover foolproof ways to manage their businesses. Insurance industry in India is no exception and it is undergoing revolutionary changes. Competition has been central to the agenda of companies and it has become one of the enduring themes of our time. The insurance industry today is experiencing intense competition and the major players, including LIC have come under pressure. In lieu of this, it could be suggested to the life insurance companies retaining a Customer is cheaper than finding new Customers.

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