

STRATEGIC MARKETING TRENDS IN LIC OF INDIA- CURRENT SCENARIO

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Abstract:

Life Insurance Corporation of India is the largest and monolithic insurance group in public insurance sector in India. The insurance scenario faces multiple challenges in dynamic era and made several positive efforts to win the hearts of the people. To achieve that, LIC have adopted number of marketing strategies for introducing innovative technologies. This paper presents different strategic marketing approach that is taken up in life insurance services keeping in view external and internal environment of the firm. Strategic dimension of marketing should focus on the direction that an organization would take in relation to a specific market or set of markets in order to achieve a specified set of objectives. An insurance firm strategy is a plan for action that determines how an insurer can best achieve its goals and objectives in the light of the existing pressures exerted by competition, on the one hand, and its limited resources on the other hand.

Keywords: Life insurance, Customer satisfaction, Marketing Strategies, Innovation, Services.

1. INTRODUCTION:

The Life Insurance Corporation of India came into existence on 1st September, 1956, with the objective of spreading life insurance more widely and in particular to the rural areas with a view to reach all insurable persons in the country, providing them adequate financial cover at a reasonable cost .

Life Insurance Corporation of India is the largest insurance group and investment company in India. It's a state-owned where Government of India has 100% stake. It was founded in 1956. Headquartered in Mumbai, financial and commercial capital of India. The Life Insurance Corporation of India currently has 8 zonal Offices and 113 divisional offices located in different parts of India, 11111 fully computerized branch offices.

From then to now, LIC has crossed many milestones and has set unprecedented performance records in various aspects of life insurance business. LIC continues to be the dominant life insurer even in the liberalized scenario of Indian insurance and is moving fast on a new growth trajectory surpassing its own

past records. In its 59 years of existence, LIC has grown from strength to strength be its customer base, agency network, branch office network, new business premium and has a significant role in spreading life insurance widely across the country.

Life insurance is designed to protect life and to protect family against financial uncertainties that may result due to unfortunate demise or illness. It can also view as a comprehensive financial instrument, as a part of the financial planning offering savings & investment facilities along with cover against financial loss.

The insurance industry has changed rapidly in the changing economic environment throughout the world. The increased pace of market competition due to the liberalization and globalization force insurance companies competitive by cutting cost and serving in a better way to the customers. Life Insurance Corporation of India (LIC) enjoyed monopoly in life insurance sector during the pre-nationalised period. Huge untapped Indian market and unlimited future opportunities many foreign players towards investment in life insurance business. In 2000, the Government of India gave the permission to private sector to enter into the insurance industry. As the result of this permission, many private players entered into the insurance industry. Table 1 gives details about total number of public and private life insurance companies operating in India. The table includes the entire growth in number of life insurers from 2000- 2001 to 2017-2018.

Table-1: Total number of life insurance companies operating in India since 2001

Years	Public sector	Private sector	Total
2001	1	10	11
2002	1	12	13
2003	1	12	13
2004	1	13	14
2005	1	14	15
2006	1	15	16
2007	1	17	18
2008	1	21	22
2009	1	22	23
2010	1	22	23
2011	1	23	24
2012	1	23	24
2013	1	23	24
2014	1	23	24
2015	1	23	24
2016	1	23	24
2017	1	23	24
2018	1	23	24

Source: Annual reports of IRDA 2000-2001 to 2017-2018.

2. OBJECTIVES OF THE STUDY

The research study will be based on two main objectives:

- 1 To know about the new trends in the marketing strategies adopted by LIC of India to increase the volume of Business.
- 2 To know whether the new adopted marketing strategies have helped LIC of India to increase their business volume.

3. PURPOSE OF THE STUDY

LIC of India plays a vital role in the growth of life insurance sector and also to the economic development of the country. Due to the economic reforms initiated in 1991, the life insurance sector is changing rapidly due to the continuous change in the customer needs and behavioural pattern and brand image, brand trust, brand loyalty. Many players have joined insurance industry posing a tough competition to LIC. It has been reorganizing itself in order to perform better than the new players. Life Insurance Corporation of India has worked continuously hard to grow since 2000. In order to increase its business LIC of India has increased their life insurance offices. Table 2 provides statistical data related to the contribution of LIC of India to total industry growth in terms of life insurance offices since 2001.

Table-2: Statistics of offices of Life Insurance Industry in India since 2001

Years	Offices of LIC of India	Offices of Total Industry	Contribution of LIC to Total Industry (in %)
2001	2186	2199	99.41
2002	2190	2306	94.97
2003	2191	2445	89.61
2004	2196	2612	84.07
2005	2197	3001	73.21
2006	2220	3865	57.44
2007	2301	5373	42.83
2008	2522	8913	28.30
2009	3030	11815	25.65
2010	3250	12018	27.04
2011	3371	11546	29.20
2012	3455	11167	30.94
2013	3526	10285	34.28
2014	4839	11032	43.86
2015	4877	11033	44.20
2016	4896	11056	44.28
2017	4902	11098	44.17

2018	4952	11111	44.56
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Source: Annual reports of LIC of India and IRDA 2000-2001 to 2017-2018

From the above table-2 it is clear that though the life insurance offices are increasing continuously but as far as the contribution of LIC of India, it is decreasing from 2001 to 2018 from 99.41% to 44.20%. This is a tremendous fall in the number of offices opening throughout the country. This definitely has affected in the overall performance of LIC of India.

We have seen that the contribution of LIC of India over the years since 2000 in terms of opening offices is decreasing. This has a direct impact on the overall performance of the company. Thereby, the purpose of the present research study is to find whether the present contribution of LIC of India is worth and if not then what extent of changes will be required for the growth of the entire society.

4. RESEARCH METHODOLOGY

The present study is based on the secondary source for collecting data. The secondary data will be collected from Annual reports of LIC and IRDA and also some other published journals, magazines LIC like Yogeshema monthly journal. The present research study is mainly based on the Annual reports of IRDA and LIC of India for important data of respective years since 2000 till 2018 and also collected some information from websites of LIC and IRDA.

5. DATA COLLECTION AND ANALYSIS

The research based information is collected from the Annual Reports of LIC and IRDA for respective years. The collected data will be classified, tabulated and analysed as per the objectives of the study and the same will be analysed. The data used in the paper covers the period from 2000 to 2016. Based on the collected data analysis has been done with appropriate observation techniques

6. PRODUCT DEVELOPMENT STRATEGIES OF LIFE INSURANCE CORPORATION OF INDIA

Since after the setting up of IRDA it had become imperative for LIC of India to face the competition posed by the entry of new private players. Life Insurance Corporation of India not only managed to uphold the high pressure confidently but is also improving its performance day by day. According to the changing demand of the society LIC of India has changed a lot in the nature of products they offer to their customers. LIC of India today has many new innovative products spread over a large canvas. LIC's products and services are scattered in various dimensions right from the basic Insurance plans to special plans for special people. All these varied products give a strong marketing orientation to LIC of India. The product line of LIC of India includes products like several Endowment plans, pension plans, unit link plans, money back plans, health insurance plans etc.

6.1 Products Of LIC

At the end of the financial year 2017-18, there are 23 plans for sale under individual business. The products satisfy the different needs of various segments of society. The plans are Endowment type, Money Back type, Health, annuity/pension type plans etc. The plans available for sale as on 31.03.2018 are:

Individual Plans:

1. LIC's Jeevan Aarogya (Plan No.904)
2. LIC's Jeevan Akshay VI (Plan No. 189)
3. LIC's Single Premium Endowment Plan (Plan No.817)
4. LIC's New Endowment Plan (Plan No. 814)
5. LIC's New Jeevan Anand (Plan No. 815)
6. LIC's New Money Back - 20 years (Plan No. 820)
7. LIC's New Money Back - 25 years (Plan No. 821)
8. LIC's New Bima Bachat (Plan No. 816)
9. LIC's New Jeevan Managal (Plan No. 819)
10. LIC's New Jeevan Nidhi (Plan No.818)
11. LIC's Anmol Jeevan II (Plan No. 822)
12. LIC's Amulya Jeevan II (Plan No. 823)
13. LIC's e-term (Plan No. 825)
14. LIC's Jeevan Rakshak (Plan No. 827)
15. LIC's Bhagya Lakshmi (Plan No. 829)
16. LIC's Limited Premium Endowment Plan (Plan No. 830)
17. LIC's New Children's Money Back Plan (Plan No. 832)
18. LIC's Jeevan Lakshya (Plan No. 833)
19. LIC's Jeevan Tarun (Plan No. 834)
20. LIC's New Endowment Plus (Plan No. 835)
21. LIC's Jeevan Labh (Plan No. 836)
22. LIC's Jeevan Shikhar (Plan No. 837)
23. LIC's Jeevan Pragati (Plan No. 838)

6.2 Micro Insurance

LIC of India offers certain special plans like Micro insurance (MI) plans like Aam Aadmi Bima Yojana, Janshree Bima Yojana and Shiksha Sahjog Yojana. In Micro insurance LIC of India offers insurance policies for people below poverty line (BPL). It is a low premium policy where government of India also contributes a proportion of total premium. The Micro Insurance policies are sold through a specialized well placed distribution channel comprising of NGOs, SHGs, MFIs, Corporate Agents, select conventional agents and Section 25 companies.

Achievement from 01.04.2015 to 31.03.2018

	Policies (in lacs)	First Premium Income (in crore)	% Share to Total Business (Policies)	% Share to Total Business (FPI)
Micro Insurance	564541	17.87	2.20	0.05

Micro Insurance Business Vertical has completed 5.64 lac policies during the F.Y. 2017-18. North Zone was the highest contributor with 1,25,181 policies (27.68 % share to MI business) and was also topper in achievement to budget with 46.36% followed by East Central Zone (42.54%) and East Zone (41.77%).

6.3 Health Insurance:

In its Health insurance plans LIC of India has recently introduced a new policy where they provide hospital cash benefits. Under this plan hospital cash benefit increases by 5% of basic HCB if there is no claim from policy holder up to 150% of basic HCB and in one health policy entire family can be covered. LIC of India is continuously under the product development phase of introducing new products to cater the up growing needs of the consumers.

During the year 2017-18, LIC sold 153,530 Health Insurance Policies covering 251,430 lives garnering a First premium income of ₹ 59.51 crores. In all, 67,846 Agents have sold Health Insurance during the year.

7. ORGANIZATIONAL STRUCTURE AND HUMAN RESOURCES AS ON 31.03.2016

Zonal Offices	8
Divisional Offices	113
Branch Offices	11111
Satellite Offices	1401
Mini Offices	1240
Employees	265727
Agents	2082668

8. Marketing Strategies Adopted by LIC of India

In order to facilitate their consumers expediently LIC of India has adopted wide-ranging marketing strategies to acquire reach, frequency and impact onto the panorama of life insurance coverage. This section of the research study will focus on the diverse marketing strategies adopted by LIC of India to reduce the competitive pressure and uphold their first position in the Indian life insurance market.

“Individual satisfaction leads to Group satisfaction”

8.1. Facilities to their existing employees

LIC of India believes and functions on the principle that if they have to continue as a market leader then it is imperative that the employees of the organization should be satisfied. LIC of India have worked thoroughly and introduced many new strategies as a part of marketing tool to satisfy their employees. LIC of India provides amenities to their employees such as:

8.1.(a) Housing Loan to Agents

LIC of India offer home loans to the agents of the corporation under the Agents Housing Scheme. LIC of India has a separate sister concern working under LIC- HFL from where many housing schemes are transferred for better throw.

8.1 (b) Meal Coupons to employees

In Sep. 2010, LIC of India has launched a very unique facility to their employees at every level. The amount of Meal coupon is decided depending upon the hierarchical position of every employee. The organization is also planning to introduce petrol/Diesel/CNG coupons for their employees very soon.

8.1(c) Sports

The employees of LIC of India are encouraged to take part in several sports activities for physical fitness and overall personality development. The employees of LIC of India have also represented the corporation at various national and international echelons. With a view to retain competitive excellence in the field of sports and to compete on equal footing with other organizations, LIC of India has recruited many employees from their Sports Recruitment Quota.

8.1(d) Employees' Training

LIC of India has started providing training to their employees at every hierarchical position. LIC of India has formed a separate Human Resources Development / Organizational Development (HRD/OD) Department focusing on building and strengthening competencies, commitment and building learning and performance centered culture in the organization. For this purpose training sessions are conducted in a big way across all zones using in-house as well as National / International Training Institutions of repute. LIC of India has organized training programs at IIM's, MDI Gurgaon, certificate AWI program by CII England and many others.

8.2. Individual Agents

LIC of India is the number one service provider and agents are a pioneer field force in the procurement of the LIC's business. The total number of Agents are 20,82,668 as at 31.03.2018 as against 20.88,519 as on 31.03.2017.

8.3. Introduced Life - Plus Offices

LIC of India has introduced a new and unique system in May 2009 as Life- Plus office to lower down the heavy rush on Branch offices cash centers. Life- Plus office is being maintained by LIC of India and managed by the top Development officers of the corporation known as Senior Business Associates

(SBAs). At Life – Plus counter one can deposit premium, new policy insurance, loan / surrender value policy status etc. which has become a most successful channel and reduce burden of Branch offices and somehow working as Mini Branch offices of LIC of India.

8.4. Increase in Women employees

LIC of India was finding difficulty in providing services for women especially in rural and semi urban locations. Henceforth, LIC of India has planned to recruit many women employees in the organization. At every stage in the Corporation, women officers/employees have contributed significantly. These committees are functioning effectively at Central Office, Zonal Office and Divisional Office level so that the working of female employees must not get affected and can thoroughly contribute towards economic development of LIC of India and also for the country as a whole. Table3 gives information regarding the strength of women employees in various categories as on 31.03.2018 is as under :

Table-3: Number of Female Employees in LIC of India

Category Employees	Total Number	No. of Women
Class-I Officers	32803	7041
Development Officers	23830	1148
Class III/IV employees	58346	16321
Total	111979	24510

Source: 61th Annual Report of LIC of India

8.5. Bancassurance and Alternate Channels

There are many Banks who work as the corporate agents for the corporation and have contributed in the Bima Bank campaign and has encouraged New Business performance. Dena Bank and Corporation Bank are few examples of corporate banks. The Bancassurance & Alternate Channels share to total businesses 1.42% in Number of Policies (NOP) and 2.93% in First Premium Income (FPI).

Achievement during 2017-18:

	Volume
Policies	2,13,10,698
First Premium Income (` in crore)	42,950.43

8.6. Corporate Communication

LIC of India always has a thrust to fortify “Brand LIC” and to reinforce the brand connect with emerging market segments. In order to achieve that LIC of India has made a consistent media presence in national

and regional media. LIC of India has also sponsored many programs of National and International regimes. LIC of India has conducted many activities such as campaigns in newspapers, consistent coverage of products in several magazines, Radio jingles on FM channels and radio stations on All India Radio, TV channels and on websites like Facebook, Twitter, You tube etc. Recently, LIC of India have reinforced the theme 'Why go anywhere else' to have a strong appeal in customer's mind.

8.7. International Joint Ventures

LIC of India demeanor its operations not only within the country but also have established its various operations outside the country. LIC of India has opened its first branch in 23rd July, 1989, in Bahrain to cater the life insurance needs of Non-Resident Indians (NRIs) and local population in the Gulf by issuing life insurance policies in US Dollars. LIC of India directly operates through its branch offices in Mauritius (Port Louis), Fiji (Suva & Lautoka) and United Kingdom (Wembley). LIC of India also has its branches in Nepal, Lanka and Kenindia. LIC of India have recently finalized a joint venture company in Saudi Arabia and is now planning to foray into New Zealand, Australia and some more Asian and African countries.

9. Impact of new marketing strategies adopted by LIC of India on their business volume

We have gone through with the different categories of recent trends in the marketing strategies implemented by LIC of India in past few years at different vicinities (proximity). To study the impact of all those marketing strategies adopted by LIC of India on their business volume it is essential for our research study to have an eye on two important pieces of facts. The one to cover is on the count of the number of policies (NOP) and another on the count of premium earned by LIC of India. According to our research methodology the research study will incorporate the entire period right from 2000 to 2018 which will help us to have an analytical vision on the impact of marketing strategies adopted throughout that entire period. Table4 gives information regarding the number of policies sold and the premium earned by LIC of India since 2000 till 2018

Table-4: No. of Policies and Premium underwritten

years	No. of Policies (₹ in crores)	Premium underwritten (₹ in crores)
2000-01	19673320	36063.28
2001-02	22491304	49821.91
2002-03	24545580	54628.48
2003-04	26968069	63167.60
2004-05	23978123	75983.37
2005-06	31590707	90759.20
2006-07	38229292	127782.26

2007-08	37612599	149705.59
2008-09	35912667	157186.55
2009-10	38863450	185985.91
2010-11	37038751	203358.05
2011-12	35724749	289367.40
2012-13	36755451	291597.60
2013-14	34480430	319689.20
2014-15	20268072	287685.30
2015-16	20516523	257379.00
2016-17	20223893	250983.70
2017-18	21310698	264857.00

Source: Annual Report of LIC of India since 2000 till 2018

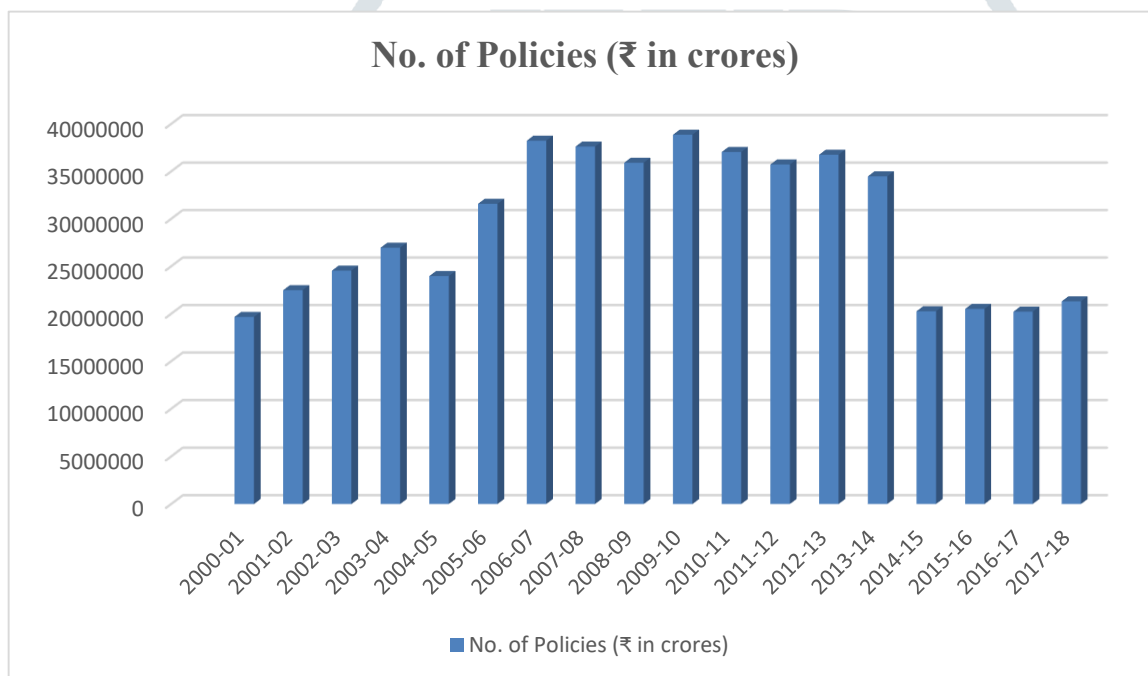


Figure2. NOP Business of LIC of India

The NOP business of LIC of India shows an overall growth from 2000-01 to 2011-16 with minute fall in past few years.

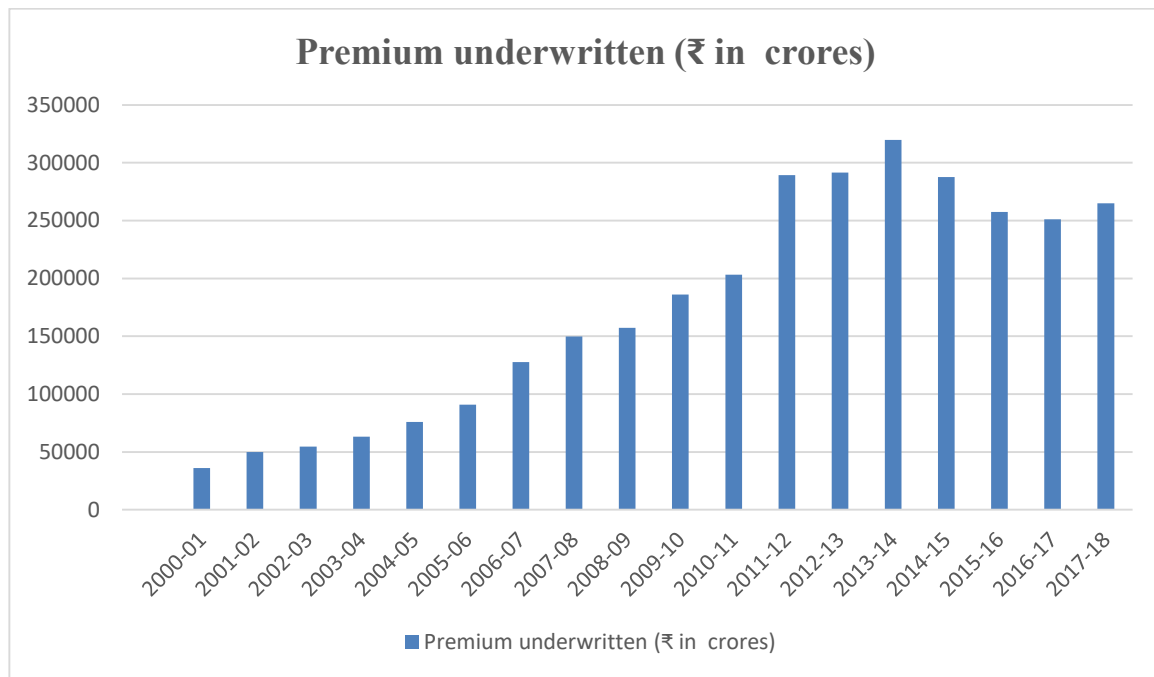


Figure3. Premium underwritten by LIC of India

Premium graph is constantly increasing throughout the period with few falls in last two years. This clearly indicates that the marketing strategies adopted by LIC of India is helpful in increasing their business volume but a lot have to be done in the areas of increasing number of lives which will certainly affect the overall performance of the corporation.

10. People's Money For People's Welfare

The Life Insurance Corporation of India has been a nation builder since its formation in 1956. True to the objective of nationalization, the Corporation has mobilized the funds invested by the people in the life insurance for the benefit of the community at large. The Corporation has deployed the funds to the best advantage of the policy holders as well as the community as a whole, true to the spirit of nationalization. National priorities and obligation of reasonable returns to the policyholders are the main criteria of our investments.

The total funds, so invested for the benefit of the community at large are ₹21,09,253 crore as on 31st March 2018. The investment of the Corporation's funds is governed by Section 27A of the Insurance Act, 1938, subsequent guidelines/instructions issued from time to time by the Government of India and the IRDA by way of regulations.

11. Investment In Govt. & Social Sector

(Rs. in Crore)

Type of Investment	31.03.16	31.03.2017	31.03.2018
01 Central Government Securities	543636	635365	721000
02 State Government & Other Govt. Guaranteed Marketable Securities	327861	424599	521632
Sub-Total (A)	871497	1059964	1242632
03 Housing & Infrastructure Investment			
(a) Housing	45317	56825	70302
(b) Power	104450	117759	120558
(c) Irrigation/ Water Supply & Sewerage	3051	2670	2319
(d) Road, Port & Bridges, Railways	10187	10119	13244
(e) Others (Incl. Telecom.)	35267	39433	36846
Sub- Total (B)	198272	226806	243269
Total A+B	1069769	1286770	1485901

12. LIC's Investments during Five Year Plan

Plan	Year	Gross Investments (Rs. In Cr)
II	1956-1961	184
III	1961-1966	285
IV	1969-1974	1530
V	1974-1979	2942
VI	1980-1985	7140
VII	1985-1990	12969

VIII	1992-1997	56097
IX	1997-2002	170929
X	2002-2007	394779
XI	2007-2012	704151
XII	2012-2017	1086720

13. CONCLUSION

LIC has crossed many milestones and has set unprecedented performance records in various aspects of life insurance business. LIC has been reorganizing itself in order to perform better than the new players. LIC offers a wide variety of products, which fulfils the needs of different segments of the society. The present research study thus reveals those important areas where more contribution on the part of LIC of India is required. The one is to increase in the number of offices both in urban and rural areas which will help the corporation to increase their business and reach among the customers. LIC of India should concentrate on agents' training to make them updated as per market requirements and professionalism to tackle the queries of customers and doubts raised in their mind by other life insurance competitors of the market. LIC of India must increase their agent's base to retain its dominating market share because agents are the backbone of the corporation.

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