

MARKETING MIX OF LIFE INSURANCE CORPORATION OF INDIA IN KANYAKUMARI DISTRICT – A STUDY WITH REFERENCE TO POLICYHOLDERS

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in partial fulfillment of the requirements
for the award of the degree of
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LIST OF ABBREVIATIONS

4Is	-	Intangibility, Inventory, Inconsistency, Inseparability
7Ps	-	Product, Place, Price, Promotion, Process, Physical Evidence,
CGR	-	Compound Growth Rate
CSR	-	Corporate Social Responsibility
GDP	-	Gross Domestic Product
IRDA	-	Insurance Regulatory and Development Authority
IVRS	-	Interactive Voice Response System
LIC	-	Life Insurance Corporation
MASH	-	Metro Area Service Hub
MMI	-	Marketing Mix Index
NGOs	-	Non Government Organisation
PCI	-	Process Mix Index
		People of the Organization
PHI	-	Physical Evidence Mix Index
PLI	-	Place Mix Index
PMI	-	Promotional Mix Index
POI	-	People of the Organization Mix Index
PRI	-	Price Mix Index
PTI	-	Product Mix Index
SSS	-	Salary Saving Scheme
SWOT	-	Strength, Weakness, Opportunity and Threat
UAN	-	Universal Access Number
ULIPs	-	Unit Linked Insurance Plans

CHAPTER – I

INTRODUCTION AND DESIGN OF THE STUDY

1.1 Introduction

Mankind has developed various tools and techniques to safeguard itself against the perceived risks and hazards since the dawn of civilization. Though the procedures or methods adopted for the purpose might have undergone a sea change, the objective remains the same. As the saying goes, "Man proposes and God disposes" the uncertainty of outcome of any future event adds to the severity of risk in any situation. There is always a certain degree of uncertainty involved in achievement of any risk regardless of the precautionary measures. In olden days, the term 'risk' was used synonymously with insurance, which is not correct. Though there is no universally accepted definition of risk, it means the degree of uncertainty associated with the possible loss.

There is no escape for anyone from the loss arising out of the risk. The attitude towards risk reflects the perception or a mental position with regard to a fact or state, or it is a feeling or emotion towards a fact or situation. It varies from individual to individual as per his age, availability of resources, health, etc. Human beings always find different ways or methods in dealing with risk as per the situation. Risk can be avoided or prevented by risk avoidance, loss control, loss prevention, loss reduction and risk transfer.

Insurance is one method of transferring risk to a third party by paying a premium for the same. Insurance facilitates transfer of risk from one individual to a group whereby losses can be shared by all the members of the group. This

lessens the burden of the unfortunate few in the group who suffer losses. However, to ensure reimbursement of losses a member has to sacrifice a certain known amount, which in insurance parlance is known as premium, to be paid up front. Insurance neither prevents risk nor alters the probability of its occurrence, but only reduces the probability of financial losses. In legal terms, insurance is a contractual agreement whereby one party (insurer) agrees to compensate another party (insured) for losses. The contractual document which is known as insurance policy creates certain rights and responsibilities on the part of both the insurer and the insured.

Insurance covers a wide variety of approaches used by the society to share and transfer risks. It is generally taken on the life, health or property of a person. The insured are the customers to the insurance companies who are exposed to risk and suffer losses due to risk. Life insurance is taken voluntarily and there is no legislation which makes it compulsory, whereas general insurance has been made compulsory by way of various legislations. The personal life insurance covers the risk of individuals and families. Life insurance endowments and annuities protects the individual and his or her dependents against the indescribable financial consequence of premature death and superannuation. The insurance market differs from other usual markets where two parties (buyer and seller) transact business. It is unusual because it has three parties: the seller (insurance company, their agents and brokers), the buyer (the policyholders) and the regulator that is Insurance Regulatory and Development Authority (IRDA). The regulation affects both insurance buyers and sellers in many ways.

The consumer is the most significant player in the insurance market. It is the consumer who is responsible for the growth and development of the insurance market or in other words, the consumer is the 'raison detre" of insurance business, which means that insurance business exists only on account of consumer. Insurance market will grow, only if consumers buy insurance products by paying premium. Unfortunately in India there is a low market penetration of insurance business. Out of the three hundred million people who can be offered to buy life, health, disability and pension plan products, only twenty per cent have insurance and that too covers only twenty five per cent of their needs and financial capacity. The remaining eighty per cent have no insurance cover. This is because the consumer is not well informed about insurance and the inability of the consumer to understand the legal language of insurance contract, poor media coverage and the inability to ask right questions.

Insurance offers a good number of benefits to the economy. As the greatest financial intermediary, it collects national household savings and invests them in productive avenues. It reduces anxiety and offers stability to the insured. It reduces the cost of capital by allowing liquidity into the system. It has certain moral responsibility towards the society as it uses the savings of the people at large. So long as the benefits outweigh the social cost the insurance business should prosper and grow, as is in fact the case all over the globe.

1.2 History of Insurance

The story of insurance is probably as old as the story of mankind. Even the primitive men sought to avert the evil consequences of fire and flood and loss of life and were willing to make some sort of sacrifice in order to achieve security.

Though the concept of insurance is largely a development of the recent past, yet its beginning dates back almost 6,000 years.

¹The Biblical story of Joseph during the famine in Egypt has been sighted as the first insurance case in recorded history. The Egyptian ruler Pharaoh had a dream one night in which he saw the emergence of seven fat cows from the river Nile and followed by another set of seven lean and hungry cows. The latter devoured the former. Pharaoh was disturbed by the experience and he sent for Joseph to interpret the dream. According to Joseph, the seven fat cows represented seven years of good crops and prosperity and the seven lean cows symbolized seven years of drought and famine. He advised Pharaoh to take one fifth of the crop of each prosperous year to be used in the years of famine. Joseph himself was entrusted with the implementation of the scheme. This story illustrates symbolically the principle of insurance that is spreading the risks and the wisdom of setting aside some portion of wealth during the prosperous years to care for the needs of uncertain future.

²The roots of insurance might be traced to Babylonia (4500 BC) where the enterprising merchants sent trade caravans and ships to various parts of the known world as Egypt, Phoenicia, India and China, to reduce the risk of robbery, plunder and capture for ransom. The Babylonians devised a system of contract in which the supplier of capital for a venture agreed to cancel the loan in case the trader was robbed of his goods. The trader who borrowed the capital, paid an extra amount for this protection (a premium) in addition to the usual interest. As for the lender

¹ Lilly Rosari .S, (2009) A study on the Marketing Mix of Life Insurance Companies in Tiruchirappalli District, Ph.D Thesis, Bharathidasan University.

² <http://en.wikipedia.org/wiki/life.insurance#history>

collecting these premiums from many traders made it possible for him to absorb the losses of the few. Accordingly, this practice was legalized in the Code of Hammurabi 2100 BC. The Phoenicians and the Greeks applied a similar system in their Sea-borne commerce. The Romans used burial clubs as a form of life insurance, providing funeral expenses to members and later payments to the survivors.

With the growth of towns and trade in Europe, the medieval guilds undertook protection of their members from loss by fire and shipwreck, to pay ransom for release from captivity by pirates and to provide decent burial and support in sickness and poverty. ³By the middle of the fourteenth century as evidenced by the earliest known insurance contract (Genova, 1347), marine insurance was practically universal among the maritime nations of Europe. In London, the Lloyd's Coffee House (1688) was a place where merchants, ship-owners and underwriters met to transact business. In 1693 the astronomer Edmond Halley constructed the first mortality table based on the statistical laws of mortality and compound interest. The table, corrected (1756) by Joseph Dodson, made it possible to scale the premium rate to age.

Insurance developed rapidly with the growth of British commerce in the seventeenth and eighteenth century. ⁴By the end of eighteenth century Lloyd's had progressed into one of the first modern insurance companies. The Presbyterian Synod (Branch of Christian Protestant Church) of Philadelphia sponsored (1759) the first life insurance corporation in America, for the benefit of Presbyterian

³ Darshitsoni, "Competitive Study of LIC vs Private Sector", International Multidisciplinary Research Journal, vol. 17, Issue 8, 2010, p 8.

⁴ http://en.wikipedia.org/wiki/History_of_insurance.

ministers and their dependents. After 1840 with the decline of religious prejudice against the practice, life insurance entered a boom period. The 1830s ushered in the practice of classifying the risks. Prior to the American civil war, many insurance companies in the United States insured the lives of slaves for their owners. The great Chicago fire of 1871 further emphasized how fires can cause huge losses in densely populated modern cities. The practice of reinsurance, wherein the risks are spread among several companies, was devised specifically for such situation.

1.3 Indian Insurance Industry – The New Thrust

The first two decades of 20th century saw lot of growth in insurance business. The number of insurance companies rose to 176 with total business as ₹298 crores to cover both life and non-life insurance. During that time, there was an out cry to nationalize life insurance industry. But, it was much later on the 19th of January, 1956, that Life Insurance in India was nationalized. At that time about 154 Indian Insurance Companies, 16 Non-Indian Companies and 75 Provident Fund Societies were operating in India. The Life Insurance Corporation of India was created on 1st September 1956 with the objective of spreading life insurance much more widely and in particular to the rural areas with a view to reach all insurable persons in the country. ⁵The life insurance business crossed ₹1,000 crores in 1969-1970 and it took another 10 years for LIC to cross ₹2,000 crores. In 1985-1986 the LIC business was ₹7,000 crores.

⁵ Darshitsoni, op.cit., p 24.

Insurance is no longer an unexciting business and the insurance advisor an apologetic salesman. The insurance market in India has really come to life. Prior to privatization the insurance market in our country grew at an average rate of ten to fifteen per cent. In the last ten years the growth has been twenty five per cent plus. New delivery channels namely bancassurance, corporate agents, micro finance institutions, post offices, self help groups and direct selling through internet have totally revolutionized the process of insurance selling. The greatest fall out, of privatization in the insurance sector has been the perceptible shift from the sellers and buyers market. ⁶The insurance penetration level which was always stuck near an average of 1.5 per cent, has today reached a level at 4.8 per cent, India ranks seventy eight in terms of density and fifty four in terms of penetration, and it is likely to reach 6 per cent at the end of 2012.

After the enactment of IRDA Act in 1999 and establishment of IRDA, private corporate players were permitted to undertake the life and general insurance, the company law governed corporate insurers other than public sector operators before and after the liberalization of the insurance business. The insurers are under a duty to comply with various provisions of law envisaged in the Insurance Act and the various regulations made by the IRDA from the year 2000 to the present day. The regulations of the insurers may be covered under the following heads – primary regulations, regulations of financial matters, administrative and operations regulations. With the insertion of new provisions and concepts into the Insurance Act and the IRDA Regulations, the burden upon

⁶ Annual Report of IRDA, 2012

the insurers increased and is bound to comply with the rules and regulations in strict sense and spirit. Way to go as the trend is almost twice this level. The potential for further growth is still very much there because the consumers after expanding on owning a house look towards protection against risk and uncertainty.

The two drivers of interest to the insurance industry are the rate of growth of savings and the migration of good number of families to the upper income group. The financial savings are expected to be around rupees six lakhs crore. The number of household with annual income of rupees five lakhs and above was around one crore in 2010. ⁷The GDP (Gross Domestic Product) growth was at 9.5 per cent in 2010 and the GDP was about rupees thirty seven lakhs fifty thousand Crores in 2010. ⁸The size of the life insurance industry was at rupees one lakh seventy thousand crores in 2010. Currently, the insurance industry in the country stands 60.5 billion dollar (as estimated by Assocham, the industry chamber). Thank to the liberalization measures; almost twenty five new private companies have entered the insurance business. The insurance industry has become another success story of the positive benefits of competition and of allowing entry of private and foreign players.

1.4 Life Insurance in India

In India insurance has a deep-rooted history and it can be traced back to Vedas. It finds mention in the writings of Manu (Manusmriti), Yagnavalkya (Dharmasastra) and Kautilya (Arthashastra).

⁷ Misra, Puri (2011), Indian Economy, Himalaya Publishing House, New Delhi, p. 828

⁸ Annual Report of IRDA, 2011

⁹The writings talk in terms of pooling of resources that could be re-distributed in times of calamities such as fire, floods, epidemics and famine. This was probably a pre-cursor to modern day insurance. For instance, Yogakshema, the name of LIC of India's corporate head quarters is derived from the Rig Veda. The term suggest that a form of community insurance was prevalent around 1000 BC and practiced by Aryans.

The Bombay Mutual Assurance Society, the first Indian life insurance society, was found in 1870. Other companies like Oriental, Bharat and Empire of India were also set up in the 1870 and 90s. It was during the Swadeshi movement in the early twentieth century the insurance witnessed a big boom in India with several more companies being set up. As these companies grew the government began to exercise control on them. The Insurance Act was passed in 1912, followed by a detailed and amended Insurance Act of 1938 that looked into investments, expenditure and management of these companies' funds. By the mid 1950s, there were around hundred and seventy insurance companies and seventy five provident fund societies in the country's life insurance scene. However, in the absence of regulatory system and irregularities were almost a way of life at most of these companies. As a result the government decided to nationalize the life insurance business in India.

The Government of India nationalized the life insurance sector and formed LIC in the year 1956 by taking over the two hundred and forty five Indian and

⁹ Darshitsoni, op.cit., p 9

foreign insurance companies. For years thereafter life insurance remained a monopoly of public sector. It was only after seven years debate and deliberation, the first serious document that called up for the re-opening of insurance sector to the private players. Based on this in the year 2001, the Indian Insurance Sector opened its doors to the private insurers. The Insurance Regulatory Development Authority (IRDA), an autonomous insurance regulator set up in 2000, has extensive powers to oversee the insurance business and regulate in a manner that will safeguard the interest of the insured. ¹⁰At present there are about 23 private players in the insurance field and are providing stiff competition. ¹¹According to Life Insurance Council, the life insurance companies are growing at a rapid pace of 32 – 34 per cent annually and the 41 billion US dollar. Life insurance industry is considered to be the fifth largest industry in India.

1.5 Importance of Life Insurance

Life insurance is widely accepted as one of the most attractive financial instruments in an individual's port folio that provides an assurance of security with attractive returns. It tries to eliminate risks, substitute's certainty for uncertainty and comes to the timely aid of the family in the unfortunate event of the death or of total permanent disability of the breadwinner. In short, it is concerned with two hazards that stand across the life path of every person that of dying prematurely leaving a dependent family to fend for itself and that of living to old age without visible means of support.

¹⁰ Sonika Chaudhary, Priti Kiran, "Life Insurance Industry in India – Current Scenario, International Journal of Management and Business Studies, vol. 1, Issue 3, Sep. 2011, pp 148.

¹¹ Manoj Sharma, Saivijay T, Pateria L.P, Sheethal Sharma, "Impact of Demographics Factors in the Satisfaction of Investors towards Insurance Policies – An Empirical Study", International Journal of Research in Finance and Marketing, vol. 2, Issue 1, Jan. 2012, p 55.

Life insurance is superior to other forms of savings mainly because of its following special features:

- Savings through life insurance guarantee financial protection against risk of death of the policyholder. In life insurance, on death the full sum assured is payable (with bonuses wherever applicable) whereas in other saving schemes, only the amount saved (with interest) is payable.
- Life insurance encourages thrift. Long term savings can be made in a relatively painless manner because of the easy installment facility that is., premiums can be paid through monthly, quarterly, half-yearly or year installment.
- It provides liquidity to the insured because whenever required, loan facilities can be available against the schemes.
- Life insurance mode of savings is eligible for tax relieves as per the income tax rules.
- Life insurance covers specific needs that are likely to arise in future such as children's education, start-in-life or marriage provision or even periodical needs for cash over a predetermined stretch of time.

Life Insurance is against a risk which is certain to happen, but the time of happening of the risk cannot be explained. Risk of death is bound to happen sooner or later. Human life is the subject matter of life insurance contract which is a continuing and long term contract. In life insurance the insurable interest must exist at the time of the contract of insurance. A person has unlimited insurable interest in his own life and he cannot insure the life of another unless he has an insurable interest in it. A husband is presumed to have insurable interest in his wife's life and vice versa.

1.6 Marketing Strategies for Services

While developing marketing strategies for services, the service marketers develop a special focus for the marketing mix to tackle the special problems, from the special characteristics of services.

The unique characteristics of services are:

- **Intangibility:** Services cannot be touched, tasted and sampled, the customer is to buy them on trust.
- **Inventory or Perishability:** It causes inadequate availability at described times. The output cannot be inventoried.
- **Inconsistency or heterogeneity:** This makes services less standardized and uniform than goods.
- **Inseparability:** Services are created and consumed simultaneously. They cannot be separated from the provider of the service.

The above said unique characteristics (4Is) of services cause some potential problems which affect service delivery and quality. It is rather difficult to evaluate services prior to purchase and customers face dilemma because of inadequate availability of time. Customer's perception of service is based on the perception of the service providers.

Service marketers need to understand the impact of these characteristics on the service delivery and should evolve appropriate strategies to deal with potential problems. In other words, service marketers must develop right service, for the right people, at the right price and should be rightly communicating with the customer continuously.

The basic process of designing marketing strategies for services is the same as for goods, which requires the correct blend of the four marketing variables product, price, place and promotion (4Ps) except that it has to take into consideration the unique feature of services.

It is essential to extend the marketing mix of services to include people, process and physical evidence in order to meet the challenges posed by the unique characteristics of services.

1.7 Marketing Mix of Insurance Industry

Insurance being a financial service has a high involvement purchase. The customer takes the best advice or the best offer and will generally take the purchase decision after considering the options in the market. He has to analyze the information about competing brands and products usually from variety of sources. While marketing insurance products due care is to be taken in quality products and customer satisfaction. Insurance marketing focuses on the formulation of an ideal mix for insurance business, so that the insurance organization survives and thrives in the right perspective. The marketing mix for insurance aim to market the insurance products and schemes profitably and to the utmost satisfaction of the targeted market. Since the insurance business deals in selling services due weightage in the formation of marketing mix is needed.

The marketing mix includes sub-mixes of seven Ps of marketing, that is, the product, its price, place, promotion, people, process and physical evidence. This study, "Marketing Mix of Life Insurance Corporation of India in Kanyakumari District – A Study with reference to Policyholders" is based on the expanded marketing mix which is the combination of above said seven Ps. Each of

these variables should be studied with the various marketing activities related to them. The needs, the preference, motives, perception and the attitude of the customers are the main factors in designing marketing mix of life insurance services.

The following is the explanation given for the seven Ps of marketing mix of service industry.

Product Mix

It represents the product portfolio and product line offered by the organization. It includes the attributes of the products and product design offered to fulfill the needs of the customers.

Price Mix

The price mix includes the value attached to it by the service provider and it is influenced by the type of the organization, structure of the market, the life cycle stage of the service and the prices charged by the competitors.

Place Mix

The Place mix represents the location, accessibility, distribution facility, service inventory and managing channels of the service provider. Services usually cannot be separated from the service provider and the place or distribution of service refers to the availability of service, when and where it can be purchased .

Promotion Mix

The promotional mix includes the effective promotional measures such as advertising, publicity, word of mouth promotion, tele-marketing, e-marketing and public relations. Promotion is a descriptive term for the mix of communication activities which service organizations carryout in order to influence potential consumers and existing customers.

People Mix

People Mix represents the interaction between those providing services and the customers. Understanding the customer better allows to design appropriate products. Training, development and strong relationship with intermediaries are the key areas to be kept under consideration.

Process Mix

The process of providing the service should be designed and implemented with speed and accuracy. The process should be customer friendly to achieve the desired results.

Physical Evidence Mix

Services being intangible, customer needs evidence for making actual purchase. It refers to the experience of using a service. When a service is purchased pamphlets, brochures, documents, bills ambient and infrastructure facilities of the service providers are essential to support the purchase process.

1.8 Statement of the Problem

The opening up of private insurance companies to the life insurance industry, lead to a change in the market characteristics of the life insurance industry from monopoly to perfect competition. ¹²This has created market pressure to LIC as the growth in the volume of annual premium of LIC has come down from 564 per cent to 109 per cent in between 2000–01 and 2002–03 respectively. ¹³During the first five years from the introduction of private players LIC has lost its market share by 22 per cent. The need of the hour is to revamp the marketing strategies of LIC not only to overcome the stiff competition in the industry but also to expand the market share further by capturing the untapped

¹² Public Enterprise Survey, 2002 and 2003, pp 147-150

¹³ IRDA Annual Reports – From 2001-2002 to 2003-2004

market potential.

Though India's share in world population is 16 per cent, its share in global insurance market is only one per cent. It clearly shows that LIC has an opportunity to tap the huge untapped potential in the Indian and International market. It is essential that the LIC must come up with innovative products to create more consumer awareness about their products and offer them at a competitive price and to match their products with the needs of the customer. The marketing mix is the combination of marketing activities that an organization engages so as to meet the needs of targeted market which has become very competitive. It is important for LIC to follow good marketing strategy based on 7P marketing mix. It could be interesting to understand how the LIC involves promotional measures to blend the marketing variables such as product, place, price, promotion, process, people and physical evidence of the organization to satisfy the policyholders.

The main objective of LIC is to spread life insurance widely and in particular to the rural areas with a view to reach all insurable persons in the country and providing them adequate financial cover against death at a reasonable cost. To achieve this, it is crucial for the LIC to have a balanced blend of the above said seven Ps. Therefore a study like this is required to investigate, understand and analyze the attitude of policyholders towards the marketing mix strategies of LIC and the problems faced by policyholders while availing the services of LIC. This study also analyses the reasons for purchasing Life insurance product because in the emerging economic scenario the demand for insurance is not felt or perceived, but it has to be created.

Kanyakumari District which is the study area of the researcher has rapidly marched towards urbanization over the past decade and emerged as the second most urbanized district in the state, next only to Chennai and ahead of Coimbatore. The 2011 census reveals that eighty two per cent of the population in Kanyakumari District is concentrated in urban areas. The district also tops in literacy rate among both rural as well as urban population. The marketing strategies of LIC require effective, new marketing mix to target the shrewd, educated and urban population of Kanyakumari District. Therefore, the researcher has taken up the study, "Marketing Mix of Life Insurance Corporation of India in Kanyakumari District – A study with reference to policyholders".

1.9 Need for the Study

The Indian Life Insurance Industry has seen a remarkable shift since the formation of Life Insurance Corporation in 1956. The change in this profile has been mainly because of various acts, reforms and legislations which have been passed over the years and the final boost coming up with the opening up of insurance sector for private players which ended the monopoly status enjoyed by LIC. ¹⁴The market share of LIC has come down to 64.86 per cent presently from 95 per cent in 2002-03. This clearly shows that the competition from private players has affected the market for life Insurance products of LIC. There is a need on the part of LIC to expand its product portfolio and to have a greater focus not only on meeting the customer's need but also on product range, benefits offered in terms of return, premium payment option, service quality, etc., The volatile nature of the insurance market requires good marketing strategy based on ideal marketing

¹⁴Compiled from various Annual Report of IRDA

mix so that the LIC survives and thrives on the right perspective. In life insurance market the need and requirements, the likes and dislikes, the preference, the attitudes, the expectations and life styles of consumers remain dynamic. Private life insurers are slowly gaining the momentum to penetrate the market with their new product services and the global knowledge of expertise in doing life insurance business. It is high time for the LIC to formulate new strategies and plans to improve its performance. At present it is needful to take review of the marketing conditions and the expectation of not only the rich class segment but also the common man. It is in this context that systematic studies about the attitude of the policyholders towards the different dimensions of marketing mix adopted by LIC, is very important and relevant.

1.10 Scope of the Study

The present study is confined to the policy holders response to the marketing mix of LIC. It analyses the various elements of marketing mix employed by LIC and the impact of the same on policyholders of Kanyakumari District. Understanding the impact of marketing mix on policyholders from Kanyakumari District is interesting as well as a very important area of study because Kanyakumari District is very unique as it has the most educated and urban population. The prominent factors constituting the marketing mix of LIC are analyzed and their relative importance in total marketing strategy and to what extent a particular marketing mix has influenced the policyholders of Kanyakumari District. The findings of this research would enable the LIC to redraft their idle marketing mix to reach the potential consumers especially from Kanyakumari District. It would also help in a more concrete and effective manner.

Though there are many research works available on LIC, only a few studies are available related to marketing mix of LIC. There is wider scope to study the same on state and national level. Specific studies can also be conducted to analyse the impact of promotional mix on policyholders. Comparative analysis of marketing mix of different life insurance companies can also be made to find out the best marketing mix strategies adopted by a life insurance company. Such future studies would be helpful to reorient the insurance products by the life insurance companies to suit the requirements of customers in the stiff competitive life insurance market.

1.11 Operational Definition

The important terms which are related to this study, "Marketing Mix of Life Insurance Corporation of India in Kanyakumari District – A Study with reference to policyholders" and their meanings in this context are given below.

Marketing Mix

It is the marketing strategy used by LIC and it is a combination of seven elements product price, place, promotion, people, process and physical evidence.

Policyholders

They are the consumers who have purchased life insurance products from LIC.

Life insurance

It is the personal life insurance which covers the risk of individuals and families against the death of the insured.

Insurer

The Life Insurance Corporation of India on whom the policyholders transfers the risk against death.

Insured

They are the policyholders or customers who transfer the risk against death to the LIC on the payment of premium by them.

Insurance Products

It means the variety of insurance schemes offered by the LIC to the customers.

Premium

The payment the insurer receives from the insured for indemnifying losses.

Insurance Policy

A legal bond between the insured and the insurer

Riders

The term 'riders' represents the additional benefits along with risk coverage by the insurer to the insured such as accidental death benefit, accidental total permanent disability, waiver of premium on death, waiver of premium on disability, critical illness rider, income benefit rider, family income benefit rider, etc.

Ambient Facilities

It includes appearance of office building, landscaping, interior furnishing, ventilation and inner atmosphere of the building which provides visible clues and physical evidence for the intangible services.

1.12 Objectives

1. To assess the marketing mix strategies adopted by LIC to market the life insurance products.
2. To examine the performance of LIC of India.

3. To study the socio-economic profile of the sample policyholders of Kanyakumari District.
4. To analyse the factors influencing the purchase decision of life insurance products of LIC of India.
5. To examine the attitude of the policyholders towards the different dimensions of marketing mix strategies adopted by LIC of India.
6. To analyse the problems involved while availing the services of LIC of India by the policyholders.

1.13 Methodology

The primary research undertaken is an empirical study based on survey method. The primary data is collected through the use of questionnaires distributed to 450 policyholders covering four taluks of Kanyakumari District. But only a total of 400 questionnaires are found fit for analysis and effort was taken to include the respondents with various socio-economic background to make the sample representative. Secondary data pertaining to this research are collected from books, journals, LIC diaries and websites. Annual Report of LIC, IRDA and socio-economic profile of the policyholders of the four branches of Kanyakumari District are used for collecting the necessary information.

1.13.1 Pilot Study

A pilot study has been under taken by the researcher with 50 policyholders and their comments were considered to draft the final questionnaire. The researcher pre-tested the impact of income, savings and occupation of the

policyholders on their attitude towards life insurance products.

The pilot study revealed that there is higher significant level between occupation and the attitude of the policy holders. Therefore, the researcher decided to make the analysis on the basis of the occupational status of policyholders.

1.13.2 Construction of Questionnaire

With the view to identify the variables for construction of questionnaire, the researcher obtained an in-depth review of previous studies. Moreover discussions were held with policyholders, agents and LIC officials. In order to test the validity of the questionnaire, and for evaluation it has been presented to research experts in the field of social sciences. Keeping in mind the objectives of the study and based on the variables identified a rough draft has been prepared. Based on the suggestions of the experts and comments of the pre-tested respondents, the rough draft had been revised.

The questionnaire consists of three parts. The first part contains the demographic information in order to know and understand the Socio-Economic profile of the respondents. The second part includes questions regarding the attitude of policyholders towards the LIC plans, schemes, premium payment, factors influencing the purchase of LIC products and problems faced by the policyholders while availing the services of LIC. The third part contains questions regarding the perception of policyholders towards the different dimensions of marketing mix of LIC of India.

1.13.3 Sampling technique

For the purpose of the study, the data have been collected from the policyholders of Kanyakumari District. In order to choose 450 sample respondents from the four taluks of the district, the ratio of the population of the taluk is used. The sample size 450 representing the taluk is given below.

Taluk	Population	Ratio on the basis of Taluks' population	Sample size	Rejected	Sample size used for analysis
Agasteeswaram	5,35,663	23	130	15	115
Kalkulam	6,28,821	27	152	17	135
Thovalai	1,39,738	6	33	3	30
Vilavancode	5,58,952	24	135	15	120
Total	18,63,174*	-	450	50	400

*2011 Census

The sample size used for analysis is 400 after rejecting 50 incomplete questionnaires out of the original sample size 450. As the study is based on occupational status the 400 sample size includes 140 salaried class, 100 business group, 100 agriculturists and 60 daily wage earners which are selected based on random sampling method.

1.13.4 Framework of Analysis

After completing the collection of data with the help of questionnaire method, a thorough verification has been made for further processing of data. Then each question is coded and fed into the computer with the help of SPSS package for further analysis. Various mathematical and statistical tools have been used for

analyzing the data collected for the study.

- (i) "Henry's Garrett Ranking Technique" is used to rank the factors influencing the selection of a particular scheme of life insurance products of LIC. The percentage position is determined with the help of the following formula.

$$\text{Percentage Position} = \frac{100(R_{ij} - 0.5)}{N}$$

Where,

R_{ij} = Rank assigned for the variables by the respondents

N = Number of statements ranked by the respondents

Mean score is obtained with the help of the following formula.

$$\text{Mean Score} = \frac{fx}{N}$$

fx = Total score

N = Number of respondents

- (ii) "Factor Analysis" is used to reduce and group the factors influencing the purchase of life insurance products and the effective measures required by the LIC to improve its marketing strategies.

The technique of factor analysis provides a fascinating way of reducing the number of variables by combining related ones into common driving factors. For this purpose of extracting factors principle component analysis has been used. In this study all the factors with an Eigen value of 1 or more is extracted.

Then, in order to assign variables to factors and to interpret them the "Rotated factor Matrix" has been used.

The factor Analysis Model in Matrix rotation is

$$x = Af + e$$

where $x = [x_1 + x_2 + x_3 + \dots + x_p]$

$$f = [f_1 + f_2 + f_3 + \dots + f_m]$$

$$e = [e_1 + e_2 + e_3 + \dots + e_p]$$

$$m = \text{Number of factors}$$

$$P = \text{Number of variables}$$

This Rotated Factor Matrix is viewed column - wise and the variables which have higher loadings are identified and a combined meaning for the factor is given. These factors can be used to design communication and marketing strategies.

Factor Analysis is used after testing its appropriateness with the help of Kaiser Meyer Olkin (KMO) test and Bartlett's test.

(iii) Chi -square test is applied to test the association between demographic factors of the sample respondents and their level of satisfaction.

The formula for Chi- Square is

$$\chi^2 = \sum \left[\frac{(O - E)^2}{E} \right]$$

$$E = \frac{RT \times CT}{N}$$

$$E = \text{expected frequency}$$

$$RT = \text{Row total}$$

$$CT = \text{Column total}$$

$$N = \text{Total number of observation}$$

$$\text{Number of degrees of freedom} = (c-1)(r-1)$$

(c = number of column; r = number of rows)

- (iv) In order to find out the significant variation in the attitude of respondents towards the variables in the marketing mix and problems faced by the sample respondents while availing the services of LIC, Analysis of Variance (ANOVA) has been employed. It is a technique developed by R.A. Fisher in 1920's and is calculated with the help of the following formula.

$$F = \frac{\text{Variance between samples}}{\text{Variance within samples}}$$

$$\text{F-ratio} = \frac{\text{Mean squares (MS) between}}{\text{Mean squares (MS) within}}$$

Where,

$$\text{MS between} = \frac{\text{Sum of squares (SS) between}}{(K-1)}$$

$$\text{MS within} = \frac{\text{sum of squares (SS) within}}{(n-k)}$$

$$\text{and } k = \text{Number of samples}$$

$$n = \text{Total number of items in all the samples}$$

- (v) Multiple Linear Regression Analysis is used to explain the dependent variable that is, the attitude of sample respondents based on the independent seven variables constituting marketing mix, the impact of purchase decision on the key extracted factors that influence the purchase behaviour of sample respondents.

If multiple independent variables are used to explain the variation in a dependent variable it is called a Multiple Regression Model. The general Multiple

Linear Regression Model is

$$Y = a + b_1x_1 + b_2x_2 + \dots + b_n x_n$$

Where y is the dependent variable and $x_1, x_2 \dots x_n$ are the independent variables expected to be related to y and expected to predict y. $b_1, b_2 \dots b_n$ are the co-efficient of the respective independent variables 'a' is a constant.

In order to test the significance of estimated parameters

$$E = \text{error term}$$

$b_1, b_2, \dots b_n$, t test of the following formula has been used

$$t = \frac{b_i}{SEb_i}$$

where

$$SEb_i = \text{standard Error of } b_i$$

The sum of all the production elasticity of factor inputs indicates return to scale

If

$$\begin{aligned} \sum b_i &> 1 \text{ increasing return to scale} \\ &< 1 \text{ decreasing return to scale} \\ &= 1 \text{ Constant return to scale} \end{aligned}$$

(vi) "Compound Growth Rate (CGR) " is used to analyze the performance of LIC with respect of its growth in premium, number of policies, number of agents, number of proposals and sum assumed over the years 2002 - 2012. It explains the average growth of the variable, over the years

$$\hat{B} = \frac{\sum Y^* - (EY^*)(\sum t)}{\sum d^2 - \frac{(\sum t)^2}{n}}$$

Where,

Y = variable

Y* = log of Y

t = time

\hat{B} = linear growth

CGR = (Antilog \hat{B} - 1) x 100

(iv) "Likert Scale", is a scaling technique used to study the social attitude of a person, developed by Rensis Likert. It is the most frequently used summated scale. In this study, the sample respondents are asked to rate the variables on five point scale namely, strongly agree, agree undecided, disagree and strongly disagree. It is used to find out the most and least important problem in availing LIC services and the factors influencing the purchase of life insurance products.

(v) "Index Percentile" is used to make further analysis based on the mean score.

The index has been calculated by

$$\text{index of a problem (in percent)} = \frac{\text{Score on the perception towards the problem}}{\text{maximum score on the perception towards problems}} \times 100$$

In the present study, Index is confined to 0-25, 25-50, 50-75 and 75-100 per cent. In addition to the above statistical tools, simple calculations and percentages are used wherever necessary.

1.14 Period of the Study

As the present study includes the performance of LIC, the data have been collected for ten years from 2002-2003 to 2011-2012.

1.15 Area Profile of the Study

Kanyakumari District is the land of tourist attractions with many historic rights dated back to ninth century and natural beauty. It is bordered by Kerala state to the west and Thirunelveli district to the northern east. Kanyakumari district is the south most district in India with Nagercoil as its headquarters. It is one of the 30 districts of the state of Tamilnadu in south eastern India. Kanyakumari has been named after the Goddess Kanyakumari Amman who is the popular deity of the area. Tamil and Malayalam are the main languages of this district. Hindus and Christians form a sizeable per cent of the population of the district and there are a number of Muslim dominated belts in the districts.

Kanyakumari District has a population of 18,63,174 as per the 2011 census. It has a density of population of 1132 persons per square kilometer. It has rapidly marched towards urbanization over the past decade and emerged as the second most urbanized district in the state, next only to Chennai, 82.47 per cent of the population in Kanyakumari District was concentrated in urban area. As for the literacy rate, Kanyakumari tops the state in literacy both in urban (92.40 per cent) and rural (90.25 per cent) population. Even in the absence of professional colleges about two decades back, families took a major interest in sending children including women for studies in professional colleges in bigger cities.

The people of Kanyakumari district are mainly engaged in farming and fishing. This district is known of its traditional skills in handicraft items. It contributes nearly 28.4 per cent of a total coir robe production in the state. The economy is influenced by rubber production in the west of Kanyakumari District bordering Kerala. The main crops are rice, coconut, rubber, tapioca, banana, pulses, cashew, mango, palmyrah, tamarind, jack fruits and clove. Gardening is a big passion among the locals and some of the best varieties of plants are seen on display outside their houses. The annual average rainfall in the district is thousand four hundred and sixty five millimeters with a maximum of around two hundred and forty seven millimeters in June and twenty one millimeter in February. Relative humidity ranges between sixty to hundred per cent. The sea around is rich in common varieties of fish like tuna, sardines, baby sharkes, palmfret, red snapper, pracons, lobster and squid. The beaches of the district are rich in mineral content and the public sector Indian Rare Earths Limited mines the sands for Zircon, Ilmenite, Monazite and other minerals such as Thorium which is used for India's nuclear program and nuclear power reactors. Wind power is the major renewal energy source in this district.

This district has four taluks namely, Agasteeswaram, Thovalai, Vilavancode and Kalkulam. LIC also has four branches in the district namely, Nagercoil I Branch, Nagercoil II Branch, Thuckalay Branch and Kuzhithurai Branch. These four branches come under Tirunelveli division of LIC. Thovalai and Agasteeswaram taluks are included in Nagercoil I and II Branches covering Thovalai, Rajakkamangalam and Agasteeswaram blocks. The Thuckalay branch includes the kalkulam taluk covering the kurunthancode, Thiruvattar and

Thuckalay Blocks. Kuzhithurai Branch is situated in Marthandam and Jurisdictional area being the entire Vilavancode Taluk covering five blocks namely, greater Kuzhithurai, Melpuram, Munchirai, Killiyoor and Kannumamoodu.

1.16 Research Gap

The market performance of life insurance companies mainly depends upon its marketing strategy. The researcher has not come across any study related to marketing mix strategies of LIC in the Kanyakumari district level. There are a few studies related to the performance and the agency service of LIC at district level. Even in the state and national level only a very few studies have been done with regard to the marketing mix strategies of LIC of India. Most of the researchers are dealing with the identification of attributes of service quality of LIC. Therefore, there is a broad and wide scope to identify the impact of marketing mix variables on the purchase behaviour and the level of satisfaction of financial services including LIC.

1.17 Limitations of the Study

1. The marketing strategy of LIC in Kanyakumari district is not available as it has been denied under RTI Act, 2005 Section 8 (d). Therefore, the marketing mix strategy of LIC used for the study is based on the facts and information collected by the researcher.
2. Some of the respondents were reluctant to divulge personal information which can hinder the validity of the respondents.

1.18 Structure of the Study

The structure of the study comprises six chapters. The first chapter gives an introduction to the study and explains the design of the study. The design of the study deals with the statement of the problem, scope and objectives of the study, methodology and frame work of Analysis and the limitations.

The Second chapter presents the articles, books paper presented and thesis related to the present study which is reviewed by the researcher.

The third chapter provides an overview of the Life Insurance Corporation of India. It presents the profile, marketing strategy and performance of LIC of India.

The fourth chapter exhibits the socio-economic profile of sample policyholders, their preferential attitude towards the policy, their purchase behaviour and the problems they face while availing the services of LIC of India.

The fifth chapter analysis the perception of the policyholders towards the marketing mix strategies of LIC of India and its impact on their level of satisfaction.

The final chapter summarizes the findings of the analysis of the study and the suggestions based on it.

CHAPTER - II

REVIEW OF LITERATURE

2.1 Introduction

The present study is related to Marketing Mix of Life Insurance Corporation of India in Kanyakumari District and its impact on policyholders. Though many studies are available regarding the marketing of life insurance products, the preferential attitude of policyholders towards the service quality and the performance of LIC, only a few studies are available related to the different dimensions of the marketing mix of LIC of India. The literature survey has brought in to light the exploration of the varieties of the research problems relating to the concept of marketing mix strategy of LIC and its impact on decision making process of policyholders. Many previous studies have also been scrutinized to understand the various concepts related to the marketing of Life insurance products.

2.2 Life Insurance Market in India

Ajitranade and Rajeev Ahuja¹ (1999) conducted a study on, the emerging issues of life insurance in India. It brought into light that one of the objectives of nationalization of life insurance companies' operations is to conduct the business with social objective. They also discuss the prospects for life insurance industry by considering the demographic trends, the demand for pension plans, competition with other savings, assets, issues in pricing, the role of information technology and selling life insurance through postal network.

¹ Ajitranade and Rajeev Ahuja, "Life Insurance in India – Emerging Issues", Indira Gandhi Institute of Development Research, Mumbai, Feb., 1999 pp.16-20.

Mishra K.C and Simita Mishra² (2000), has viewed that bancassurance can be an effective distribution channel to market insurance products. He has stated that the bank – named insurance products capture the trust of the customers and bank brand names helped the staff to sell the products easily. He has quoted the experience of different countries in bancassurance. He has expressed hope that if the right customer is targeted, distribution possibilities are maximized, insurance products are integrated into bank culture, new strategies and relationship managers are used for selling the product and the right products are sold, bancassurance would be successful.

Poddar³ (2001), in his study, on marketing strategies for insurance products in the emerging scenario observed that insurance industry competition and profitability are determined by five competitive forces namely, entry of new companies, threat of substitution, bargaining powers of buyers, bargaining power of suppliers and rivalry amongst current competitors. He also observed that the present insurance industry in India is characterized by significant changes, many of which may be radical and some may be different in both qualitative and quantitative terms from the past practices and customs.

Dharmendra Kumar⁴ (2002) in his study reveals the emerging life insurance marketing scenario and says that there are segments of the market for which the agency channel may not be the most efficient and the introduction of new and

² Mishra K.C and Simita Mishra, "Global Insurance Market Structure", The Journal of the Management accountant, 35(3), 2000, p 23.

³ Poddar A.N, "Marketing Strategies for Insurance Products in the emerging scenario", New Century Publications, Delhi, 2001, pp 110-113.

⁴ Dharmendra Kumar, "Emerging Life Insurance Marketing Scenario – An Outlook", Yogakshema, Vol.46, No.II, Nov.2002, pp 8-12.

innovative channels will help the life insurance sector to increase the sale of insurance products and penetrate the insurance market. The spread of distribution network will facilitate the insurance companies to reach the consumers and withstand the competition. He proposed the development of segment specific and product – specific channels.

Arunjatesan's⁵ (2002) study reveals that the main reason for buying life insurance products were tax concession and risk coverage. The study also reveals that only five per cent of the people invest their money on life insurance products. This is mainly due to poor marketing strategy of life insurance companies.

Ravi Prakash, et al⁶, (2003), have conducted a study on the impact of globalization on the insurance industry. They have identified the challenges faced by the insurance sector that includes surrender of large number of policies, exist of dynamic managers to private sector, outdated products, difficulty in reaching out consumer expectations on par with other insurance companies provision of quality service, settlement of claims, issue and new policies, transfer and revival of policies and emerging new distribution channels. It has been suggested that understanding the consumer better, selecting right type of distribution channel mix, effective customer relationship management system and increase in customer base in semi-urban and rural areas would help to capture the untapped Indian market.

⁵ Arunajatesan.S, "Life Insurance in India and its Future Prospects" Management Matters, September, 2002 pp 54-55.

⁶ Ravi Prakash S, Satyanarayana T and Shyam Sunder C, "Globalisation – It Impact in insurance Industry", Indian Journal of marketing 33 (10), 2003, pp 27-29

Sreedevi Lakshmi Kutty and Sridharan Basker⁷ (2003), have given an exhaustive analysis of the distribution channel and their suitability in the Indian insurance industry. According to them the two main challenges to insurance intermediaries in the Indian insurance market are building faith about the company in the minds of policyholders and the ability of intermediaries to build personal credibility with policyholders. They explain the challenges faced by various insurance distribution channels such as agents, banks, brokers and work site marketing. The success of marketing insurance depends on understanding the social and cultural needs of the target population and matching the market segment with a suitable intermediary segment. The channel composition should not be homogeneous but should reflect the larger society.

Vasanthi Srivasan, et al⁸, (2003), explore the changes in management of agency in the liberalized economic scenario. The major focus of the study was to identify the competencies necessary for a successful agent and to provide objective methodology for selecting the effective agents. The semi-structured interview technique was used to assess the competencies of the agent. The findings of the study indicate to some extent the professional competencies are necessary for a successful insurance agent. The research also highlighted the analysis of industry, domain expertise in selection of effective agents, managing agents and development of effective competencies for insurance agents. The competencies which emerge from this study as significant contributors to effective agent

⁷ Sreedevi, Lakshmi kutty and Sridharan Baskar, "Insurance Distribution in India: A Perspective", ICAI publication on Insurance Distribution, 2003, pp 111-122

⁸ Vasanthi Srimnivasan, Prakash P and Sitharamu S, "Selection Agents – A Challenge for the Indian Insurance Industry", ICAI publication on Insurance Distribution, 2003, pp 151-164.

performance are communication, customer empathy, motivation, perseverance, numerical ability, product knowledge, verbal skills, logical/reasoning skills, ability to influence customers, ability to understand the needs of the customers ability to discriminate between products and clients needs, timeliness, promptness, follow-up and confidentiality.

Suresh K⁹ (2003), focuses on new initiatives and innovations in Indian Insurance Distribution. The opening of Indian Insurance Market to private players has expanded the market and lead to experimentations in policy designs. According to this study many innovations have been tried out in insurance distribution. Aggressive pursuit of growth necessitated new initiatives such as opting for and point-of-sale channels, besides rural thrust.

Tarun Kapoor¹⁰ (2004), has analyzed the various distribution channels used for marketing the insurance products and the role played by agents in motivating the public. He recalls the role played by banc assurance, brokers and internet in marketing the different types of insurance products including life insurance. He has also stated that the insurance companies are opting for direct contact in certain business aimed at corporate level since highly specialized knowledge on risk analysis is called for.

Shobit and Sanjay¹¹ (2004), conducted an empirical study to analyze the reasons for failure to prove insurance players in rural areas. This study revealed

⁹ Suresh K, "Innovations in Indian Insurance Distributions", ICFAI publication on Insurance Distribution, 2003, pp165-172.

¹⁰ Tarun Kapoor, "Issues and Challenges Facing Insurance Industry", The Journal of Insurance Watch, 2(5), 2003, p 25.

¹¹ Shobit and Sanjay, "An Empirical study and Analysis of Failure of private insurance playas in Rural Areas", The journal of insurance chronicle, 4(5)0, 2004, pp 56-62.

that the main reason is the difference in the objectives and expectations between rural and urban policy holders. In urban areas the middle class families prefer public sector player, because they have a strong brand image among them. The private players find it difficult to penetrate rural market because their products lack popularity and mass appeal. High premium, lack and awareness about product differentiation and expensive policies are the other reasons why private players cannot reach rural market. Simple policies without riders must be provided for that will have low premiums.

Shikha Sharma¹² (2004), discusses the pros and cons of privatization of Insurance Industry. Accordingly the biggest beneficiary of the competition among the life insurers has been the customer. The entry of private players in the life insurance market has resulted in new levels of transparency and information sharing in product as well as the process. It is essential for the insurer to focus on the needs of the consumers and plan his products based on their needs. The biggest challenge of the life insurers is to make the service a differentiating factor, through people and technology and to reconcile the business needs with expectations of the consumers.

Borbala Gergely, et al¹³, (2005), predict that technology is expected to play a major role in insurance distribution. In future technology will minimize the lengthy key interactive distribution, among intermediaries, the insurers and the customers. Though the premise of technology is alluring, companies need to overcome a host of obstacles before reaping the benefits. The study focuses on the

¹² Shikha Sharma, 2004, "Benefits of Completion the Hindu Survey of Indian Industry", 2004, p 59.

¹³ Borbala Gergely, Matt Smyth, Mary Art, Maria Dynia V and Todd Silverhart A, "Technology and Insurance Distribution – A Look to the Future", ICAI publication on Insurance distribution, 2005, pp 25-59.

changing role of insurers and the impact of technology on their interaction with the intermediaries and customers.

Ramakrishna Rao T.S.¹⁴ (2005), in his article, on new trends in Indian Insurance Industry points out that the Indian Insurance Industry is poised for tremendous growth when the insurance players will be permitted to set their own terms and conditions and be given total freedom in pricing the products with effect from April 1st, 2008. Two drivers of interest to the insurance industry are the rate of growth of savings and the migration of a good number of families to upper income growth. A greater part of rural Indian is still untouched because of long distances, poor distribution and high return cost. A deep segmentation will take place in the insurance market with some companies becoming financial conglomerates and others transforming themselves into niche players.

Chari¹⁵ (2005) in his article, on insurance distribution strategy speaks about the insurance industries, marketing efforts which is focused more on the urban middle class and affluent section. Insurance Regulatory and Development Authority (IRDA) has made it mandatory for the insurance companies to increase their business coverage to rural and social sector as well. The cost effectiveness and conversion efficiency of different distribution strategies is crucial in ensuring the success of insurance business. A Swiss Re Sigma study says China and India are arguably the two most challenging and promising emerging insurance market.

¹⁴ Ramakrishna Rao.T.S., 2005, "Indian Insurance Industry – The New Thrust", ICAI on Insurance Distribution, 2005, pp.3-10.

¹⁵ Chari V.G, "Insurance – A Relook at the Distribution Strategy", Marketing of Insurance Services in India, ICAI, 2005, pp 105-117.

Kahansili D.C.¹⁶ (2006), presented a paper on "Penetration of life insurance in rural India" and it facilitates the attempts of private life insurance companies to reach rural and social sectors of India. This study revealed that the major motivators to purchase the policy by rural India are agent persuasion and advice of friends and relatives. The study also shows that the agents recommended 54 per cent of the consumers to buy money back policies but actually 59 per cent purchased it. With regard to endowment policies 42 per cent were recommended but actual purchase was made by 34 per cent. Regarding whole life policy 4 per cent were recommended but actual purchase was about 8 per cent. The main reasons for taking a policy are security of income, bulk return in future, daughters' marriage and children's education. The rural market is vibrant and holds tremendous potential for growth of insurance business particularly because of strong savings habit. Doctors and teachers are generally trusted by villagers and their word of mouth promotion is crucial.

Venkoba Rao¹⁷ (2006), conducted a study on the impact of internet on insurance distribution, which revealed that only 8 percent of the sample respondents utilized the internet for the purchase of insurance products. He conducted this study on 120 respondents and out of that 80 per cent of the respondents stated that they were aware of the fact that internet can be used as a distribution channel for insurance products. According to him majority of the policyholders are using the internet to obtain general information about the insurance companies and their products. They then contact the agents or bank to

¹⁶ Khansili, D.C., paper presented on "Penetration of Life Insurance in Rural India", 8th Global conference of Actuaries, Mumbai, 10th and 11th March, 2006, pp 93-94.

¹⁷ Venkoba Rao D, "Internet Impact on Insurance Distribution", Services Marketing, vol. VI, No. 3, Dec. 2006, pp 38-42.

complete the purchase. He suggested that insurance companies can tread the path to success on internet by paying attention to strategic orientation, integration, partnership, content, functionality and marketing.

Rajendra Prasad T¹⁸ (2007) in his article stated that the private players in the insurance market, have set high standards in customers service, quick dissemination of information through web sites, speedy processing of applications, making the premium payment easier, provision of quality training to the agents, introduction and usage of print and electronic media have enhanced the private players and the impact of these factors on increasing their business.

Sanyasiraju¹⁹ (2008) made a study on successful sales closing status that life insurance sales person makes so many sales calls to influence the consumers to buy insurance products. He points out that the most important stage in the process of selling is successful closing of the sales. In this stage the actual selling process takes place. He suggested that to close the sales successfully the agents should have belief in the products which he is offering, presentation should be well prepared, understand the prospects financial needs, create confidence in the prospect, make the presentation through two way communication and continue the successful selling by providing better customer service.

Jean Pierre Lepard²⁰ (2008) in his article on unit linked business product development states that there is a shift from the traditional saving cum protection products to pure protection; pure term products health products and so on. The

¹⁸ Rajendra Prasad T, "Emergence of New Players in Indian Insurance Sector", *The Journal of Southern Economise*, 46(7) 2007, pp 31-34.

¹⁹ Sanyasiraju, "Successful Sales Closing", *Yogakshema*, vol. 52, No.8, August, 2008, pp 7-9.

²⁰ Jean Pierre Lepard, "Unit Linked Business Product Development", *IRDA Journal*, 5(2), 2008, pp 12-13.

customers today have the option to choose life insurance products according to their needs through rider covers such as medical benefits, accident benefits, protection against disability at a marginal cost. Product diversification which represents the introduction of new policies with innovative ideas has brought an upward surge in the market.

Vasantha P²¹ (2008) has identified the reason for making investment in life insurance in her article on life insurance investment. According to her the main reasons for preferring life insurance as investment are security, protection, aid to thrift, liquidity, tax relief and loan facility. She has stated that life insurance will encourage thrift among the people.

Dilip Maitra²² (2008) in his article speaks about the importance of life insurance and the role played by life insurance in a personal life. He has observed that if planned, life insurance would provide the usual needs and help the consumers when they need money for higher education or marriage of their children. It also provides financial security at the time of loss due to disability, accident and sickness. It provides them financial benefits in case of death and provides regular income after retirement.

Anuradha Sharma²³ (2008) evaluates the current perspectives of life insurance in her article and explains in her article and explains that economic factors such as prices of insurance, government tax exemption, the general economic environment, income and inflation have a major impact on life Insurance sector. The social and cultural environment in which a consumer lives also contributes to the increase in demand for insurance products. She concluded that

²¹ Vasantha P, "Life Insurance - The Hot Investment", HRD Times, 2008, pp 20-21.

²² Dilip Maritra, "Life Insurance is Essential for Energy One". The Journal of Banking and Finance, 5(3), 2008, p 22.

²³ Anuradha Sharma, "Life Insurance Evaluation and Current Perceptions", The Journal of Asia Insurance Post, 8(9) 2008, pp 22-25.

the success of every insurer mainly depends on harnessing the enormous market potential available in India.

Shilpa Rastogi and Runa Sarkar²⁴ (2008) in their case study, on Enhancing competitiveness of Indian life insurance industry highlighted the contribution of life insurance industry to the financial sector of the economy and how it provided an important social security net in developing countries. This study identified the causes objectives with which the sector was reformed in 2000 to conclude that only in the last decade, the hybrid model of privatization with regulation adopted by the government has yielded positive results and the sector has started to look up. The sector in its present form looks promising for the consumers he insurers and the nation as a whole.

Srinivasa Rao and Malyadri²⁵ (2008) in their study on the importance of Customer service in insurance industry – challenges ahead, observed that in the process of achieving targets to agents are interested in selling maximum number of policies without giving importance to the quality of customer service. They also observed that the agents should be educated to provide customers service in an efficient manner. They also suggested that giving more importance to customer service will help to create a responsive sales and service environment. It will also help to attract and retain customers.

Suresh²⁶ (2008) made a study on, the issue of Customer Retention marketing of insurance industry. In this study he focused that in this competitive

²⁴ Shilpa Rastogi and Runa Sarkar, "Enhancing Competitiveness: The case of the Indian Life Insurance Industry", Conference on Global competition and competitiveness of Indian corporate, IIML, 2008, pp 559-568.

²⁵ Srinivasa Rao A and Malyadri P, "Customers Service in Insurance Industry – Challenges Ahead", The Insurance Times, Vol. XXVIII, No.4, July 2008, pp 23-24.

²⁶ Suresh.S, "Customer Retention Marketing of Insurance Industry", The Insurance Times, Vol.XXVIII, No.6, June 2008, pp 23-24.

market, traditional transactional approach has become insufficient to achieve the marketing goals. A new approach called retention marketing is necessary to retain their customers. A firm should manage its retention rate and choose retention strategies and tactics in order to achieve optimizing customer equity.

Jawaharlal V²⁷ (2008), in his study providing product flexibility explains that riders in insurance play an important role in policy coverage. He adds that riders have the ability to dynamically alter the coverage under a contract and eventually turn out to be customized solutions. According to him the applicants could fulfill their needs with the help of riders, instead of looking for new policies. But the main drawback in providing riders is the additional cost involved.

Samuel B Sekar²⁸ (2008), in his article on the growth of Indian Insurance Industry pointed out that life insurance as a product is uncreative because of diverse utility ranging from providing social and emotional security to tax advantages benefits. The author was of the opinion that the insurance companies have to differentiate themselves from each other with a view to attract and keep their customer loyal. In his context the insurance companies should introduce innovative and successful distribution strategies that would help to understand the preferences and needs of the customers.

Devarakonda, Ramesh V.S.²⁹ (2008), in his article, makes an attempt to redefine the distribution of insurance and the changing paradigms in insurance intermediation, pointed out that distribution channels have a vital role to play in

²⁷ Jawaharlal. V, "Providing Product Flexibility, Riders in Insurance", IRDA Journal, 6(11) 2008, p 6.

²⁸ Samuel B Sekar, "Indian Insurance Industry Poised for Growth", The Journal of Insurance chronicle, 8(6) 2008, pp 39-45.

²⁹ Devarakonda, Ramesh V.S., "Redefining Distribution - The Changing Paradigms in Insurance Intermediation", The Journal of Insurance Chronicle, 8(1), 2008, p 28.

increasing the pace of insurance penetration. He stated that so far agents have been playing a vital role in contributing to the reach of life insurance amongst the retail segments. But now the complexity of products and product diversification have changed the distribution strategy. Alternative channels such as direct marketing would perform well while complex products would be taken care of by the agency system.

Sithapathy.V³⁰ (2008), in his article discusses what has been and what will be the role of insurance brokers in marketing insurances products. According to him the broker is evolving into the new role of facilitator to ensure satisfaction of the need felt by the insured. The insurance broker and the consumer are forming symbiotic relationship in which their mutual loyalties are recognized and nurtured. Hence the broker system has to be built with high degree of professionalism and infrastructure to understand the concept of the insured.

Anand Pejwar³¹ (2008) in his article on the unlimited potential of Bancassurance in India, states that bancassurance is going to be the leading distribution channel in the Indian insurance domain in the years to come, considering the vast reach and customer service potential of the bankers. In bancassurance the insurance company makes use of the vast new work of the bank branches, its customer base, which is a very important raw material for life insurance. According to the author, for choosing the right partner in bancassurance full commitment from both the partners in a deal, brand/franchise large customer base, capital strength, complementary products and service and new economy

³⁰ Sithapathy, V, "What has been and what will be? Role of an Insurance Broken", IRDA Journal, 6(11), 2008, p 42.

³¹ Anand Pejwar, "Bancassarance in India, Potential Unlimited", IRDA Journal, 6(10), 2008, pp 23-28.

distribution system, regional technology platform have been considered as the critical factors. The author concludes that Bancassurance provide an easy and simple form of distribution channel to sell or buy insurance products.

Jagendra Kumar³² (2009) in his study, on Lapsation of a life insurance policy, analyses the reasons for lapsation of a policy. He found out that with profit policies have higher rate of lapsation than that of non-profit policies. He observed that the main reason for this is that the insurance agents would not remind the policyholders to pay their subsequent premiums. He suggested that when a policy is lapsed for more than three years, it is better not to revive it, but to go in for new policy as per the financial needs.

Sadhak H³³ (2009), in his book, on Life Insurance in India, opportunities, challenges and strategic perspective, reported that deregulation and liberalization of national economy had significant impact on institutional investor such as life insurance, pension fund and investment institution. It has given the globalization a new phase. Emerging trends in life insurance sector is changing the market structure. Market regulation is integral part of market structure, since regulation in a competitive market environment attempts to promote healthy competition and protect the consumers.

Lilly Rosari S³⁴ (2009) in her research work, the marketing mix of life insurance companies in Tiruchirappalli district. The main objectives of the study are to study the attributes of insurance products and pricing of life insurance policies, to study the nature and types of promotional activities undertaken by the life insurance companies; to examine the physical distribution practices undertaken

³² Jagendra Kumar "Lapsation of a life insurance policy", Life Insurance today, Vol.IV, No.10, Jan. 2009, pp 14-17.

³³ Sadhak.H, Life Insurance in India, Opportunities, Challenges and Strategies Perspective", Sage Publication Private Ltd, New Delhi, 2009, pp 34-50.

³⁴ Lilly Rosari. S, "A study on the Marketing mix of Life Insurance Companies in Tiruchirappalli, District", Ph.D. Thesis, Bharathidasan University, 2009.

and the processing of life insurance companies, and to describe the physical evidence practices of life insurance products.

Garg M.C and Anju Varma³⁵ (2010) in their empirical study on Marketing mix in Life Insurance Industry in INDIA decided to study the Marketing mix in life insurance in India. The population of this research comprises all employees of public and private life insurance companies in India. The responses regarding nine dimensions of marketing mix are measured with the help of descriptive as well as statistical analysis. The nine dimensions are converted into four factors after applying factor analysis through principal component analysis. Efforts are made to represent people from different age groups, gender, qualification, monarchy and type of organization.

Selvakumar M and Vimal Priyan J³⁶ (2011), conducted a comparative study of public and private life insurance companies in India. The main objective of the study was to compare the performance of public and private life insurance companies. It analyzed the significant difference in the growth rate of public and private life insurance companies in terms of fresh business premium, number of new policies issued and total life insurance through the statistical tool Mann - Whitney - U Test. It revealed that there is no significant difference in the growth rate of public and private companies for fresh business premium and number of new policies issued. But it showed that there is significant difference in the growth rate between private and public life insurance in terms of total life insurance. The

³⁵ Mahesh Chand Garg and Anju Varma, "An Empirical Analysis of Marketing Mix in the Life Insurance Industry in India", IUP Journal of Management Research, vol.9, No.2 Feb. 2010, pp7-20.

³⁶ Selva Kumar M and Vimal Priyan J, "A Comparative Study of Public and Private Life Insurance Companies in India", Global Economic Research (Research Journal), vol. 1, Issue II, Oct. 2011 to Mar. 2012 pp 7-15.

authors conclude that in spite of privatization, the LIC continues to dominate the life insurance sector.

Manvendra Pratap Singh, et al³⁷, (2011), in their research article "Contemporary issues in marketing of life Insurance service in India points out that the insurer has to analyse the nature of the customer's needs and plan their products and services in such a way that they can give satisfaction to the customers face completions planning needs analysis of the insurance marketing to take a decision, prediction and forecasting as to the future needs of customers. All these programmes involve a number of functions 7 Ps which are to be planned carefully. The combination of these function is known as insurance service marketing mix. They also give an insight to the life insurance marketing mix. This study also analyses the various distribution channels such as agents, brokers, Bancassurance. They stress the importance of product position and customer education and the new channels for micro-insurance. This study highlights the important aspects of life insurance marketing activity from a service perspective and the contemporary issues facing the life insurance in products marketing.

Kishore Kumar and Meena³⁸ (2011), in his research paper, foreign investment in life insurance companies explains the nature of foreign institutional investment in private life insurance companies in India and the impact of Foreign Direct Investment (FDI) on premium collection of private life insurance companies. He stated that there is a greater shift from traditional life insurance

³⁷ Manvendra Pratap Singh, Arpita Chatraborty and Raju. G, "Contemporary Issues in Marketing of Life Insurance Services in India", International Journal of Multi disciplinary Research, Vol.1, Issue 7, Nov. 2011, pp 47- 58.

³⁸ Kishore Kumar and Meena, "Foreign Investment in Life Insurance Companies," International Referred Research Journal, vol. III, Issue 31, Aug. 2011, pp 57-61.

products that is tax saving schemes to unit linked. Insurance policies which further justifies the changing mindset of the potential consumer. The FDI is not a reverse impact on the working of private life insurance companies in India, but its infrastructure development, assist in better facilities and techniques for sales persons.

Desh Deepak Srivastava and Singh K³⁹ (2011), in their article Ps of marketing life and element of benefits insurance industry explained the importance and need of marketing mix for the life insurance companies to run in competitive market. The marketing mix is the combination of marketing activities an organization engages in so as the best meet the needs of its targeted market. The marketing mix includes 7 Ps of marketing product, price, place, promotion process, people and, physical evidence.

Abdalelah S Saaty and Zaid Ahmad Ansari⁴⁰ (2011), in their study on critical factors in marketing strategies of insurance companies in Saudi Arabia attempted to find out the factors important in developing a suitable marketing strategy for insurance companies in Saudi Arabia. It investigates the reasons for buying insurance by the current users of insurance, reasons for not buying insurance by non users of insurance and the issues and problems faced by Saudi Insurance Industry. The results of the study show that the social and regulatory factors played crucial role in the consumer's decision in purchasing. However it is found that public at large is unaware about the benefits of insurance and various types of insurance products. The insurance companies shall focus on promotional

³⁹ Desh Deepak Srivastava and Singh K, "Ps of Marketing and Elements of Benefit Life Insurance Industry", International Referred Research Journal, Vol. 1, Issue 24, Sep. 2011, pp 86-90.

⁴⁰ Ab da lelah. S Saaty and Zaid Ahmad Ansari, "Factor's Critical in Marketing strategies of Insurance companies in Saudi Arabia", International Journal of Marketing Strategy Vol. 3, No. 3, Aug. 2011, pp. 105-112

marketing strategies. The marketer's primary focus should be on promotional activities.

Agarwal O.P⁴¹ (2011), has given an account of insurance penetration in India and compares it with China and Asia. He presents the fact that Indian life insurance penetration is not only higher than Chinese but is comparable with the Asian life Insurance penetration. He also compares the premium trends of Indian insurance sector. He says that public sector enjoys tremendous goodwill among Indian population, especially rural and middle – class segment. It will not be easy for private insurers to challenge that the incurred claims ratio of private sector is low when compared to public sector in the life insurance market in India. This means that private sector has better risk management policies than the public sector.

Agarwal O.P⁴² (2011), explains micro-insurance and presents the opportunities challenges faced by the micro – insurance sector in India. He states that insurance is fast emerging as an important strategy even for the low-income people engaged in wide variety of income generation activities and who remain exposed to validity of risks mainly because of absence of cost-effective risk hedging instruments. According to him 70 per cent of Indian population resides in the rural area but they have negligible insurance coverage. Thus it opens a huge opportunity for insurance marketers of micro-insurance products. He points out that in India all insurance products attract a 10.36 per cent service tax, but to increase penetration in rural sector and to make insurance within the reach of villages it is important that this tax is done away with.

⁴¹ O.P. Agarwal, "Banking and Insurance", 2nd Revised Edition Nagpur, Himalayan Publications, New Delhi, 2011, pp 416- 422.

⁴² Ibid, pp 456 - 462.

Vimal Priyan J and Selvakumar M⁴³ (2012), in their study on the factors influencing the Life Insurance product determination” made an attempt to identify the important factors which public and private policy holders consider while selecting the life Insurance product. The factor analysis applied identified seven factors which influence the life insurance product determination are protection, customer service, maturity period, diversity of products, loan facility, revival and risk coverage. The highest loading is for the factor customer's service followed by diversity of products and Risk coverage. It is concluded that one of the determinants of successful marketing strategy of a firm is how customers perceive the resulting quality.

Rajeshwari K and Sweetlin Joy Christy⁴⁴ (2012), made an assessment on the LIC agents and stated that LIC, the capital intensive business provides the most financial instrument to customers and its main aim is protection and encouragement of long term savings. The corporation reaches out to the people through main traditional route of the agency model for the selling processes of numerous complex need - based products. Most people have their first contact with insurance company through sales agents. These workers help individuals, families and business, select insurance policies that provide the best protection for their lives, health and property. They serve as kingpin for insurance companies seeking to provide traditional and innovative products and focal point for customer seeking to procure insurance coverage and long term savings. This paper discusses at length the performance of individual agents and assesses their slab wise performance in terms of number of policies issued and first year premium income

⁴³ Vimal Priyan. J and Selvakum M, "Factors influencing the Life Insurance product Determination", Viswakarma Business Review, Vol.11, Issue 2, July 2012, pp.49-54.

⁴⁴ K.Rajeshwari K and Sweetlin Joy Christy F, "Agents as the Architects of Life Insurance Industry - An Assessment", Asian Journal of Research in Social Science and Humanities (AJRSH-Journal of Asian Research Consortain) Vol. 2, Issue 3, Mar. 2012, pp 39-54.

underwritten in Madurai divisions, South Tamil Nadu during the global crisis period.

Divya Negi and Praveen Singh⁴⁵ (2012), made a demographic analysis of factors influencing purchase of Life Insurance products in India and they were of the opinion that understanding consumer's perception and attitude towards life insurance and creating an insurance culture is essential in facilitating the success of insurance service. A better understanding of customer's behaviour through demographic analysis can play an important role in predicting demand for insurance. This study aims to find out the relationship of demographic characters of the respondents with five important factors influencing the purchase of life insurance product namely product quality, brand image, service quality, customer friendliness, brand loyalty and commitment. Product quality and Brand image came out as the highest ranking factors while brand loyalty has been rated as the least important factor. It has been further observed that these factors very significantly associate with various demographic characteristics of the respondents.

Deep K Thakkar⁴⁶ (2012), conducted a study on consumer behaviour towards life Insurance in Kolhapur city and made an attempt to know the investment behaviour of individual related to life insurance and also to know the problems faced by them. The study revealed that insurance advisor was the main influencer in buying decision of life insurance consumers. They depend largely on the insurance advisor. The marketers are interested to know the buying behaviour of life insurance consumers in order to form their marketing strategies.

⁴⁵ Divya Negi and Praveen Singh, "Demographic Analysis of Factors including purchase of Life Insurance products in India" *European Journal of Business Management*, Vol.4, No.7, 2012, pp 149-179.

⁴⁶ Deep K Thakkar, *Golden Research Thoughts*, vol. II, Issue, July 2012, pp 9.

Charumathi and Nithya⁴⁷ (2012), presented a paper on the policyholders' grievances redressal by Indian life insurance companies and highlights the need for grievance management system which is easily accessible to all complaints. This paper investigated the extent of grievances redressed by IRDA, public and Private life Insurance companies in India during 2005-2006 to 2009-2010. This study found that there is a significant difference among the companies regarding the number of grievances redressed.

2.3 Marketing of Services

Levist. T (1981) in his article marketing intangible products and product intangibles discusses the features of intangible products such as insurance services and the problems involved in marketing such products. Since a service such as insurance is inherently intangible, it is important for the client to search for tangible or physical clues which enable them to evaluate service physical evidence. They are those tangible clues which the customer may receive during the process of receiving the service, which verify either the existence or the completion of a service insurer must be awarded that every aspect of the company which the consumer comes into contact will be used as a measure of the level of service that he can expect from the organization⁴⁸.

Neil. H. Borden⁴⁹ (1984) in his article, the concept of marketing mix outlines the forces which govern the mixing of marketing element. He includes product planning, pricing, branding channels of distribution, personal selling,

⁴⁷ Charumathi.B and Nithya.K, "Extent of Policyholder's grievances redressal by Indian life insurance companies" paper presented on the 11th International conference organized by Research Development Association, Jaipur in Collaboration with Rajasthan chamber of commerce and industry, Jaipur, Jan. 2012, p 103.

⁴⁸ Levist T, "Marketing Intangible Products and Product Intangibles", Harvard Business Reviews, 59(3) 1981, pp 94-102.

⁴⁹ Neil H. Borden, "The Concept of Marketing Mix", Journal of Advertising Research Classics, Sep. 1984, p 13.

advertising, promotion, packaging, display servicing, physical handling / evidence as the forces which an organization should weight when it formulates its marketing mix. The great quest of marketing management is to understand the behaviours of humans in response to the stimuli to which they respond. The skilful marketer is one who is a perceptive and practical psychologist and sociologist, who has keen insight into individual and group behaviour, who can foresee changes in behaviour that develop in a dynamic world, who has creative ability for building well knit programs because he has the capacity to visualize the probable response of consumers and competitors to his moves.

Mohammed Rafiq and Pervaiz K. Ahamed⁵⁰ (1989), conducted an exploratory survey on using 7 Ps as a generic marketing mix, with reference to UK and European marketing academics ranked the marketing mix elements for various marketing situations for services. This study showed that ranking of marketing mix for services in UK as follows: people, process, promotion, physical evidence, product, price and place. The ranking of marketing mix for Europe shows the following order: people, process, price, promotion, place product and physical evidence. The overall ranking of marketing mix for services showed the following order, people, process, promotion, price, place, product and physical evidence.

Abdul Rahuman⁵¹ (2001), in his study focused, service as spear and shield and identified that prompt, efficient and effective service blended with utmost courtesy and palpable empathy alone can provide an organization the much needed edge that will enable them to forge ahead and ensure them with the best form of

⁵⁰ Mohamed Rafiq and Pervaiz K Ahmed, "Using 7Ps as a Generic Marketing Mix-An Exploratory Survey of UK and European Marketing Academics", Marketing Intelligence and Planning, 1989, pp 4-15.

⁵¹ Abdul Rahuman. T.S.H.M, "Service as a Spear and Shield", Southern Splendor, June 2001, pp 6.

protection in a competitive environment. This would help to withstand stiff competition in the market.

Radhakrishna⁵² (2005) in his article on role of advertising in promoting insurance services, highlights a conceptual framework, tower of communication in service sector, which gives broader framework for marketer to form the promotional mix strategy. He explores the role of advertising in services and in particular, advertising in the offers of the insurance company services. TV and print advertisements are analysed so as to draw some generalization with regard to the advertising strategies and message execution styles. In this study, an attempt was made to identify the common message execution styles for various advertisements promoting the insurance products by different corporate in the insurance sector.

Debkumar Mukherjee⁵³ (2005), in his article explains the pricing of life insurance products and the major role played by pricing in promoting life insurance products. In the insurance industry with the entry of private players, advancement of technology, speed in communication and reaching every nook and corner is not a factor. But cost will be a driving factor in future. Activity based costing is a very useful tool when competition is very stiff between life insurance companies and various types of products. In this present competitive situation the life insurance companies should replace the traditional accounting system by activity based approach to findout true cost of products.

⁵² Radhakrishna.G "Role of Advertising in Promoting Insurance Services: A Conceptual Approach", ICFAI on Insurance Distribution, 2005, pp.137-148.

⁵³ Debkkumar Mukherjee "Pricing of Life Insurance Products", Marketing of Insurance Services in India, ICFAI, 2005, pp 99-104.

Vasanthi Venugopal and Raghu V.N⁵⁴ (2007), explain the element of service marketing mix, comprising 7 Ps namely product, price, promotion, place, people process and physical evidence. They point out that controllable variables of the organization product, price, place and promotion of product marketing are inadequate for marketing of services, because services have special features that requires for the extended marketing mix people, process and physical evidence. They also explain that for successful marketing strategy the service firm must adopt three types of external marketing that is the need to communicate to the customer before service delivery, internal marketing which refers to train, motivate and reward its employees, and interactive marketing representing the entire service delivery that takes place.

Govind Apte⁵⁵ (2010), explains that as in case of goods marketing, the process of targeting, segmentation and positioning is vital to achieve optimum use of the marketing offer and to maximize customer satisfaction through precise service offerings. The bases for segmentation can be geographic, demographic, psychographic in nature. The segment or segments compatible with marketers resources and ability need to be selected. The service offer should be positioned to deliver need satisfaction to the target segment customers. As far as possible incompatible and unprofitable segments should be excluded. The marketing mix for service includes the usual elements of product, place, price and promotion and the special elements of people, physical evidence and service delivery process.

⁵⁴ Vasanthi Venugopal and Raghu V N, "Service Marketing" 7th Edition, New Delhi, Himalayan Publications 2007, pp. 77-100"

⁵⁵ Govind Apte, "Service Marketing", Symbiosis Centre for Management and HR Development, Pune – Oxford University Press, New Delhi, 2010, pp 109-115.

Govind Apte⁵⁶ (2010), gives an idea about the special method of marketing research applicable to services marketing. According to him the techniques required for the marketing research are more specialized than those required in the case of product marketing. The nature of information about services is distinct from that of products. A critical incident study that is obtaining variation stories from either employees or customers themselves about the particular as satisfying or dissatisfying experience they had during the course of the service encounter or service delivery should be conducted to get better result. Feedback forms comprising open-ended question to prompt the customer to write about their experience can be used. A number of such encounter reports can be compiled and classified to the possible causes that will help the organizations to reduce the negative incidence and encourages positive ones.

Mehrdad Alipur and Elham Darabi⁵⁷ (2011) in their study examine role of service marketing mix and its impact on marketing audit in engineering and technical service corporation. They are the opinion stated that service dynamic environment is considered as a main point in effective marketing. It is essential to design service products based on custom and needs, pricing programmatically, distributing in the suitable ways and introducing to customers actively. Service marketing needs a different plan to execute marketing strategies. So the service marketing mix as 7ps is used to study marketing of services. This paper applies these seven factors and their impact on marketing audit in engineering and technical service corporation is analysed. The tools and tactics used for marketing

⁵⁶ Ibid, pp 309-329

⁵⁷ Mehrdad Alipour and Elham Darabi, "Role of Service Marketing Mix and its Impact on Marketing Audit in Engineering and Technical Service Corporation", *Global Journal of Management and Business Research*, vol. II, Issue 6, May, 2011, pp 69-72.

strategy are the marketing mix. Each part of the element in marketing mix should be used in harmony with other parts. This study reveals that service marketing mix don't have equal status for every type of service provided. The priority of independent variable in marketing mix in this study is as follows product, people, physical evidence, price, process, promotion and place.

Himani Joshi M.S and Srivastava R.K⁵⁸ (2011), in their article capturing rural market with customization of marketing mix stated that the rural market functions in highly complex environment. It is important for the marketers to formulate tailored strategies for rural areas. The formulation of strategies depends upon product category, targeted segment, accessibility to the area etc. It is difficult to understand the mindset of the rural people and to develop products according to their needs. Nevertheless there are many companies' success sagas behind them. They have set examples before their competitors that with proper understanding the market and implementing innovative marketing ideas, it is possible to trap the rural markets. This article explores the various successful marketing strategies adopted by companies and what new revolutionary can further be introduced.

Mehdi Naimi Nezamabad⁵⁹ (2011) studied the impact and benefits of internet on marketing mix and found out that the growth of internet technology has enormous potential for business. There are certain type of consumers who are likely to be internet customers as they are comfortable with technology and innovation. Internet makes pricing and competition information faster and more

⁵⁸. Himani Joshi M. S, Srivastava R.K., "Capturing Rural Market with Customization of Marketing", Asian Journal of Technology and Market Research , Vol.1, Issue.2, July-Dec. 2011, pp 29-31

⁵⁹ Mehdi Naimi Nezamabad, "The Impact and Benefits of Internet on Marketing Mix", Australian Journal of Basic and Applied Sciences 5 (9), 2011, pp 1784-1789.

transparent meaning that market forces also tend to act faster and perhaps more efficiently. Internet introduces interactive marketing which also enabled advertisers to interact directly with customer. It eliminates the traditional intermediaries.

Latha R and Sampath Lakshmi N⁶⁰ (2012), in their study concentrated on Marketing Strategy due to customer satisfaction and role of insurance agents' attitude estimated the potential size of the market and formulated the most favoured marketing mix to secure favourable buyers' response in purchase of pension products. The analysis in this research has highlighted the influence of various factors of customers' satisfaction and agents' perception on marketing pension products.

Ganesh Dash⁶¹ (2012), views that with the advent of service based economic and business, the traditional marketing mix changed drastically in order to incorporate the services. The old 4Ps concept transformed in to 7Ps concept. Out of these elements people mix has become the most important element in this country. It represents the human factor in the service delivery mechanism. As customer retention is much more important than getting new customers, after sale communication must be maintained and enhanced. This study has taken the perception of both the buyers and sellers of life insurance products regarding this elements' impact on the buyers' behaviour. People mix includes employees, customers, training, incentives, promoting interaction programmes, educating the

⁶⁰ Latha R.and Sampath Lakshmi N, "A study on Marketing of Pension Schemes of Select Insurance Sector with Special Reference to Nagapattinam District, Tamilnadu", Journal of Radix International Educational and Research Consortium, Vol. 1, Issue, July 2012, pp 39-43.

⁶¹ Ganesh Dash, "A Empirical Study on The Importance of People (of 7 Ps) in Life Insurance Marketing Mix", International Journal of Marketing, Financial Services and Marketing Research, Vol. 1, Number 5, May 2012, PP 19-25.

customers, understanding the customers, promoting customers' involvement and more humane approach in delivering the service.

2.4 LIC of India – its marketing strategy, growth and performance

Anil Chandhok and Mittal R.K⁶² (2004) conducted a critical study of the first year lapsation ratio of life insurance business to find out the lapsation ratio of the various branches of LIC, operating in the state of Haryana. In their study an attempt was made to analyse the reasons for the lapsation and the extent of its impact on insurer. The research revealed that 20 per cent of the policies lapse within the first year itself. Though the insurers make efforts to procure new life insurance products, they do not follow up properly to retain the procured products. They are apprehensive that the high first year lapsing rate would increase the overhead expenses and would affect the image of the insurers. The authors state that the LIC should strengthen its feed mechanism & follow up techniques. They must try to introduce a good mechanism to overcome the high lapsation rate and renewal of the policy.

A survey conducted by LIC⁶³ (2004), on Life Insurance awareness and customer perception revealed that 93 per cent of life insurance customers would recommend LIC to their children, 70 per cent of the prime insurance customers would go for further insurance through LIC only; 89 per cent of LIC's customers felt that LIC is the pride of India and 91 per cent regard LIC to be financially a sound company in India. It was suggested to undertake a massive customer awareness campaign.

⁶²Anil Chandhok and Mittal R.K , "Critical Study of First Lapsation Ratio of Life Insurance Business", Insurance Chronicle, Sept. 2004, p 23

⁶³ "Life Insurance Corporation Survey", Magarantham Life Insurance Journal, 2004, p 22.

Rajesh C. Jampala and Venkateswara Rao B.H⁶⁴ (2005) conducted a study on the key success factor of LIC. They identified product benefits, competitive premiums, product differentiation through promotion and claim settlements are the key factors for the success of LIC. According to them claim settlement is the major factor which has contributed the success of LIC. They also felt that its claim settlement operations are fair and transparent. The corporation has been prompt in settling the claims due to its excellent corporate image in the insurance sector.

Krishna Kumar and Kannan R⁶⁵ (2005) in their article LIC countering threat from private players, have discussed the position of LIC after the entry of private players in the insurance sector. They stated that the LIC has been losing its market share to the private players and has to take prudent steps to expand its customer base and to tap potential consumers. They were of the opinion that if greater focus is given to generate new business and service to the existing policy holders, LIC can overcome the competition with private players and retain its dominant position.

Rethinasigamony⁶⁶ (2006), conducted an economic study on LIC with special reference to its utilization by policyholders in Kanyakumari District. He analysed the extent of utilization on the basis of types of policies, number of policies, sum assured, amount of housing loan availed and amount of policy loan availed. His study revealed that there is a significant relationship at one percent

⁶⁴ Rajesh C Jampala and Venkateswara Rao C, "Claim Settlement, the Key Success Factor of LIC", The Journal of Insurance Chronicle, 5(7), 2005, pp 20-22.

⁶⁵ Krishna Kumar and Kannan R, "LIC - Countering Threat from Private Players", The Journal of Insurance Chronicle, 5(2), 2005, pp 24-26.

⁶⁶ Rethinasigamony C, "Life Insurance Corporation of India – An Economic Study with Special Reference to its Utilization by Policyholders in Kanyakumari District", Ph.D. Thesis, MS University, Thirunelveli, Sept.2006.

level between annual income of the policy holders and the amount of annual premium paid for the utilization of LIC products. He also identified that the LIC agent is the prime motivator of the utilization of the products and services of the LIC by the policyholders.

Manickavasagam and Pandikumar⁶⁷ (2007), present the wide range of economic reforms initiated by LIC from the year 1991 and the drastic changes introduced in the functional set up of the insurance sector. It explores the recommendations of the Malhotra Committee to open up insurance sector for private players, when the country initiated economic reforms in the year 1991, through the advent of liberalisation, privatisation, globalisation. It discusses the efforts made to design new products through financial engineering department to cater the vibrant needs of the divergent classes of people such as rural population, farmers, school teachers, cellular subscribers and smart card holders who consume petroleum products.

Hasanbanu S and Nagajothi R.S⁶⁸ (2007), have conducted a study on the insurance perspective in Uthamapalayam Taluk on the life Insurance Corporation. It was found that LIC was ranked first ahead of private players. With regard to the attitude of policyholders towards LIC, the attributes which are ranked from highest to the lowest are goodwill of LIC, investment habit, risk coverage, consideration for future security and uncertainty of life, fewer formalities, easy availability of loan, easy payment of premium, tax savings, attractive bonus, good customer service and compulsion by agent. The researchers have suggested that

⁶⁷ Manickavasagam and Pandikumar M.P, "Modern Market Driven Strategies of LIC and Overview", Life Insurance Today, May 2007, pp 28-30.

⁶⁸ Hasanbanu S.K, Nagajothi R.S, "A Study of the Insurance Perspective in Uthamapalayam Taluk", Indian Journal of Marketing, 37(5), 2007, pp 10-15

transparency of product terms and conditions, arrangements of meetings to popularize product schemes among public, easy disposal of claims, to provide more training for agents to build consumer awareness and confidence among public, to advertise through various mass media and implementation of Customer Relationship Management would yield better results.

Malliga and Punithavathi Pandian⁶⁹ (2007) in their study on attitude of LIC agents towards job and marketing performance finds out that the positive attitude of agents have the highest average performance and comparatively a high percentage of high achievers in both the coverage and monetary performance. They applied statistical tools such as mean, co-efficient of variation and ANOVA.

Reddy C.R and Vidyasagar Reddy L⁷⁰ (2008), have studied the reforms adopted in the insurance market with particular reference to LIC of India. They stress the need for customer relationship management, diversification and globalization with new technologies which would help the LIC to market their products in the highly competitive market. Re-engineering human resource development for the growth and services of life insurance business is very important. They also stress that competence should not be associated with competition but for the outcome of social welfare, nation-building and human resource development.

⁶⁹ Malliga R and Punithavathi Pandian,, "Attitude of LIC Agents towards Job and the Marketing Performance", Life Insurance Today, Vol II, No. 10 Jan. 2007, pp 5-7.

⁷⁰ Reddy C R and Vidyasagar Reddy.G, "Reforms of Insurance Services Sector – Strategic Approach", Southern Economist, 47(14), 2008, pp 19-22

Rajesh C Jampala and Venkateswara Rao⁷¹ (2008), make an attempt to examine the sale promotional measures of LIC. According to them, sales promotions are being increasingly used to influence the purchase behaviours of consumers in a desired way. The major reasons for the phenomenal use of sales promotional measures can be attributed to increased competition, declining brand loyalty, consumer's sensitivity to promotional deals and increased advertising clutter. They are of the view that LIC, having realized the importance of sales promotion had undertaken it in all its three forms such as consumer oriented promotion, trade-oriented promotion and sales force promotion. They say it is no exaggeration to state that insurance is synonymous with LIC and the promotional measures of LIC has contributed a lot to the growth and development of the corporation.

Pratiush Singh⁷² (2009), conducted a comparative study on customers perception towards LIC of India in view of increased competition by private companies. On the basis of his findings he made a SWOT analysis. This study revealed that the most preferred policy among the consumers is Unit Linked Plans because of its high returns. It is very clear that the awareness of the customers of LIC is much higher than that of the private sector. A greater number of customers of LIC are either fully or partially satisfied, but there are not much significant differences across sectors in term of service quality satisfaction level employees or agents of LIC are not easily accessible when compared to the private sectors. Two

⁷¹ Rajesh C Jampala and Venkateswara Rao, "Sales Promotion in the Insurance Sector – A Study of LIC", Marketing of Insurance Services in India, ICFAI Publication, 2008, pp 167-173

⁷² www.scribd.com/doc/17863804/a-compilation-study-on-customer-perception-towards-LIC-of-India-in-view-of-increased-competition-by-private-companies-a-research-dre-in-2009.

fifth of the customers of LIC are fully satisfied with its grievance redress mechanism while only one fourth are fully satisfied in the case of private sector. Individual risk coverage is the most preferred criteria among the investors irrespective of the sectors. Hence the rationale behind investment is more or less same.

Arul Suresh J and Raja Mohan S⁷³ (2010) in their study on perception of the policyholders, towards the marketing of insurance services by the LIC of India examined the opinion of the respondents about the services rendered by LIC to policy holders, analysed the awareness about schemes of life insurance product and examined the attitude towards satisfaction of the services rendered by LIC of India and the problems faced by policy holders. This study revealed that there is significant difference between the responses of the respondent in awareness of product. This study also revealed that the policies of respondents are not concordant with one another. It also revealed that eighty nine per cent of respondents are willing to buy new policies from the same agents and ninety four per cent were willing to recommend others to invest money in Life insurance policies.

Murugan S and Jeya Prabha P.R⁷⁴ (2010), in their study exhibits the marketing performance of LIC in India over the past year from 2000-09. They assess the growth of LIC of India in terms of first premium income, number of new policies issued, sum assured, annual premium, productivity of agents, claim

⁷³ Arul Suresh J and Raja Mohan S, "Perception of the Policyholders towards the Marketing of Insurance Service by the LIC of India", International Journal of Research in Commerce and Management, vol.1, Issue No.7, Nov.2010, pp 89-95.

⁷⁴ Murugan S and Jeya Prabha P.R, "Life Insurance Marketing Scenario – An Outlook", B-Research, vol.7, Dec.2010, pp 14-24.

settlement and commission paid. Though the new policies issued, sum assured and premium received fluctuates, the Compound Growth Rate (CGR) was positive. Claims settled, commission paid to agents and number active agents also show positive CGR. It was an indication of good performance of LIC of India. They also identify the highly marketed policy by agents as money back policy followed by endowment policies and Jeevan Anand. They analyse the marketing strategies adopted by agents in marketing insurance products. The study reveals that income tax benefits, safety and security, investment, children education and risk coverage are the most powerful marketing strategies used by the policyholders. The positive correlation between the marketing problems such as business problems, official problem and competitive problem ensures that the sample respondents in Kanyakumari District are facing problems due to competition in the marketing of life insurance products.

Babita Yadav⁷⁵ (2011) has made an empirical study on customers satisfaction on life insurance services of LIC. She makes an attempt to measure customer satisfaction level on various insurance products offered by LIC and also examined the reasons for customer dissatisfaction. Customer satisfaction, customer perception and various quality dimensions of LIC are the main focus of the study. LIC is the leading brand in life insurance sector but its market share is declining after privatization. LIC need to improve its service quality to meet changing demands and expectations of customers are some of the major findings of the study. This study is significant also because it will help LIC to create a positive impact on its customers by working on its lacking qualities.

⁷⁵ Babita Yadav, "Customer Satisfaction on Life Insurance Services - An Empirical Study in LIC", *International Journal for Marketing Research*, vol. 2, Issue 2, Feb. 2011, pp 153 -156.

Shinde B.K and Neelakant Rao P⁷⁶ (2011) conducted a research to study the trends in new business of LIC of India since 21st century. The main objectives of the study are to examine the trends in total new business of LIC of India, since 2000 - 01 to 2007 - 08. They pointed out that the LIC of India has succeeded to increase the members and schemes of total new business in India since liberation of insurance sector but it has failed to increase the sum assured of total new business. Therefore it is suggested that LIC of India has to frame such policies which are profitable and affordable to the people.

Sairam R⁷⁷ (2011), in his article on LIC in southern districts of Tamil Nadu, stated that the southern district during 2010-2011 has seen strong business growth. The Madurai division comprising 25 branch offices and 17 satellite offices located across six districts saw the issue of around 5-19 new policies generating new business premium of ₹ 475 crores, a 20 per cent growth. The thrust behind this increased business came from LICs blue chip products, endowment plus and samridhi plus. The Madurai division stood first in the south zone which covers Tamil Nadu and Kerala in achieving sales under the direct marketing new initiative. The new business channels such as bancassurance, chief life insurance advisors, senior business associates and pension group schemes had also registered positive growth. Another new initiative of LIC MASH (Metro Area Service Hub) - started in the last fiscal year 2009-2010 was also performing well. A total of thirty lakhs premium remind notices, premium default notices, survival benefit intimations were sent directly to the customers during the last year. The

⁷⁶ Shinde B.K and Neelakant Rao, "Trends in New Business of LIC of India – Since 21st Century" Research Journal, Vol, Issue 26. March 2011, 2011, pp. 58-59.

⁷⁷ Sairam R., "The Hindu, Madurai", April 11, 2011.

MASH also directly sent survival benefits cheques under money back policies to around 14,300 customers last year.

Kulkarni S.J and Sagar P.N⁷⁸ (2011), in their Research paper analysis the recent trends in marketing strategy of LIC of India. The main objectives of this research is to know the market of LIC of India, and to know the new marketing strategy adopted by LIC of India of insurance business volume. According to them the entry of private players into the insurance industry in posing a tough completion to LIC. Every year by taking marketing review it introduces new innovative plans and also withdraws those plans which have less market responses. Now LIC of India has changed its products to meet the various needs of the customers to tackle the competitive pressure, changing behaviour of consumer. At the end of the financial years 2009 -10 the corporation had 52 plans available for sale. During the year the corporation had introduced 6 new plans namely moneyplus – 1, market – plus-1, Jeevan Bharti-1, Child Fortune plus and two main – insurance plans. Jeevan Asha and Jeevan Varsha.

Sonika Chaudhary and Priti Kiran⁷⁹ (2011) in their article explain the current scenario of life insurance industry in India in the light of liberalization, privatisation and globalisation. For this study various indicators like growth in total number of offices of life insurers, growth in number of individual agents working in life insurance industry, number of products and riders, growth of life insurance business and premium income/lapse/forfeiture ratio and settlement of

⁷⁸ Kulkarni S.J and Sagar P.N, "Recent Trends in Marketing Strategy of LIC of India", Journal of Research vol. I, No.1, July 2011, pp 20-25.

⁷⁹ Sonika Chaudhary, Priti Kiran, "Life Insurance Industry in India - Current Scenario", International Journal of Management and Business Studies, vol. 1, Issue 3, Sept. 2011, pp 146-150.

death claims of Indian life insurance industry have been analysed. This study revealed that life insurance industry expanded tremendously from 2000 onwards in terms further new products like ULIPs, pension plans and riders were provided by insurers. Private life insurance companies used the new business channels of marketing to a great extent when compared with LIC. Solvency ratio of private insurers was much better than LIC in spite of big losses suffered by them. Lapsation ratio of private insurers was higher than LIC and servicing of death claims was better in case of LIC as compared to private insurers.

Arul Suresh J⁸⁰ (2011), conducted an empirical study on satisfaction of policyholders towards the services provided by LIC of India in Madurai Division and of the opinion that the success of life insurance business depends on awareness of policy holders about the products and satisfaction of policy holders regarding the services rendered by LIC of India. The first variable comprising easy to approach, adequate parking facilities, customers can meet development officers and agents periodically, displays information on notice board were termed as availability of services in LIC branch and it had the highest significant positive loading. The second variable comprising clarification of doubts with LIC officials, pamphlets for all policies, complaints are considered without delay, touch screen to know about the policies, suggestion box is available, branch premises are kept clean are termed as grievances redressed mechanics and it got the second highest positive loading.

⁸⁰ Arul Suresh J, "Empirical Study on Satisfaction of Policyholders towards the Services Provided by LIC of India in Madurai Division Zenith", International Journal of Multidisciplinary Research, vol.1, Issue 8, Dec. 2011, pp 552-556.

Sharma N. C⁸¹ (2011), his study, on the decade of competition of LIC, reveals that LIC is the clear winner based on the analysis of the performance of LIC from the year 2001-2002 to 2010-2011. According to him while the outlook for LIC in the long term is very bright, considering the growing economy and the expanding middle class together with its young population, the prospects for the year 2011-12 appears to be uncertain due to the rising interest rates, untamed inflation and a relative slowdown in demand and growth of the manufacture sector. In the year 2010-11, LIC witnessed a performance that saw a decline in the number of policies and a modest increase in premium income. This moderate growth is mainly due to the good performance especially in the earlier months of the year before IRDA regulations governing sale of ULIPS. In the year 2010-11 out of the total number of 4.81 crore individual new polices sold 76.91 per cent or 3.70 crore were products of LIC. The gap is huge as evident from the face after LIC Reliance life and Bajaj Allianz occupy 2nd and 3rd positions with 19.02 lakhs and 15.42 lakhs respectively.

Sandhu H and Neetu Bala⁸² (2011), made an analytical approach to the customer attitude towards the service quality of LIC of India and stated that for success and survival in today's competitive environment, delivering quality service is of a paramount importance for any economic enterprise. LIC of India, the leading insurance has set up bench mark in evaluating the whole concept of service quality. The present study aims to measure customer's perception towards life

⁸¹ Sharma N.C, "A Decade of Competition 2001-2002 to 2010-2011 - LIC is the Clear Winner", *Yogakshema*, vol. 55, No.8, Aug. 2011.p 73.

⁸² Sandhu H.S and Neetu Bala, "Consumer's Perception towards Service Quality of Life Insurance Corporation of India - A factor Analytic Approach", *International Journal of Business and Social Science*, vol.2, No.18, Oct. 2011, pp 219-231.

Insurance service quality. The findings of the study demonstrate that the seven factor constraints (consisting thirty four items) representing proficiency, media presentation, physical ethical excellence, service delivery process a purpose, security, dynamic generation, credibility and functionality. This study also investigate the relationship between each of the generated service quality dimensions and customers overall evaluation of life insurance service quality. It reveals that among these seven factors, three namely proficiency, physical and ethical excellence, functionality have significant impact on the overall service quality of LIC of India.

Kundlik Vithoba Kokare⁸³ (2012) presented a research paper on buying behaviour of LIC customers with special reference to Sangi District. The main objective is to study the customers' buyer behaviour for insurance products and their satisfaction level towards the services of LIC. The study revealed that the insurance are continually increased every year. The maximum respondents have purchased money back and endowment policies. About thirty percent polices are purchased from LIC agents.

Sairam R⁸⁴ (2012), in his article LIC has presented the marginal growth achieved by southern districts of Tamil Nadu, in the business of LIC during the last fiscal year 2011-12. The number of policies issued by Madurai divisions rose by 3,140 policies to touch 3, 80,030 during 2011-12 from 3, 76,890 policies in the preceding fiscal year 2010-11. However the first premium collected by the division declined considerable to ₹227.54 crores in 2011-12 from ₹437.68 crores in

⁸³ Kundlik Vithoba Kokare, "A study of Buying Behaviour of LIC Customer's with Special Reference to Sangi District", Golden Research Thoughts, vol.1, Issue-X, April 2012, pp 1-4.

⁸⁴ Sairam R, "LIC See's Marginal Growth in Southern District", Indian Express, Madurai, Issue May 10, 2012.

2010-2011. It was mainly due to the poor performance to ULIP caused by the extreme volatility in stock market. Business channels such as chief insurance advisors, bancassurance and alternate channel, direct marketing, micro insurance and pension and group schemes have showed remarkable performance by achieving all time high business during 2011-2012.

Pillai K. R., et al⁸⁵, (2011), in their research paper focus on customer driven marketing strategy of LIC international in Bahrain which is a product specific study that explores the customer oriented marketing strategy, based on was reviewed in 7 Ps frame work. It also focuses on the relationship and difference of framing 7 Ps between India and Bahrain insurance environment. It also explores the possible changes in order to tap the expatriate market share in the Kingdom of Bahrain. The study shows there is a steady growth in the number of policies sold by LIC international Bahrain during the years 2005 to 2008. The average growth of the number and polices per annum has been estimated at 5 per cent. The major point of difference occurs in India a Bahrain with regard to market strategy of LIC is the market feasibility study which is a must in India. But in Bahrain LIC it is normally go for the tried and tested products which were a success in India. Market feasibility study is totally absent in Bahrain.

Vipul⁸⁶ (2012) in his project Report compared the performance of LIC with other life insurance companies. He gives a brief back ground of the sector and proceeds to highlight the short coming of the existing life insurance players. The

⁸⁵ Pillai K.R, Rao M.S, Jaik K. Thampy K and Jerrin Peter, "Customer Driven Marketing Strategy of LIC International in Bahrain", A Product Specific Study, 2011, pp 612-615.

⁸⁶ Vipul, "Comparative Study of LIC India", Project Report for Management Studies, Guru Gobind Singh Indraprasath University, Delhi, 2012, PP 5-9.

benefits of liberalized sector are enumerated. The report also tries to indentify the market potential for insurance products and the strategy that can be employed to exploit the same. He has given importance on knowing the awareness level of general public.

2.5 Consumer Attitude towards Life Insurance Products and Services

Zeithaml V.A, et al⁸⁷, (1993), in their study makes an analysis of the nature of the customers' expectations of services and the factors which affect the customers' expectations. The services with its nature of intangibility have different dimension of customer's expectation. According to them customer's expectation are beliefs about a service that serve as standards against which service performance is judged; what customers think a service provider should offer rather than what might be an offer. Expectations are formed from a variety of sources such as the customers' personal needs or wishes. The service provider should satisfy their customers in five dimensions namely tangibility, reliability, responsiveness, assurance and empathy.

Rao G.V⁸⁸, (2004), in his article states that liberalized customers is a real challenge to the insurers. According to him the customers are better educated about insurance products, the risk involved premium payable on insurance and the settlement of claims. With the entry of private players in the insurance market the insurers face stiff competition because consumers have option to choose. He is of the opinion that the insurers must concentrate in providing quality service to the

⁸⁷ Zeithaml V.A, Berry L.L and Parasuraman A, "The Nature and Determinants of Customer Expectations of Service", Journal of the Academy of Marketing Science, 21(1), Winter 1993, pp 1-12.

⁸⁸ Rao G.V, "Liberalised Customers - A Challenge for Insurers", IRDA Journal, 2 (5), 2004, p 24.

consumers. In order to have close relationship with consumers and to give confidence to them, the insurers should maintain customer profiles, segmented on the basis of profitability and to reorganize the structure and work procedures.

Tripathy N.P⁸⁹ (2004), conducted a study namely an application of multidimensional scaling model towards brand positioning of industries with reference to private players. The main objectives of this study are to find out the perception of customers towards insurance companies through marketing variables, to analyse the preference of customers and the importance they assign to different attributes, to examine the satisfaction level of sample policyholders and agents regarding customer services offered by the private insurers and to determine their market position. This study revealed that investors like to invest in private companies because they are provided with a choice of products, better services and claim settlement. High reputation and good customer relationship management are important criteria for influencing investment decision in insurance. The author concludes that to achieve greater insurance penetration, private sector insurance companies have to create a more vibrant and competitive industry, with greater efficiency, choice of products and value for consumers.

Rajini G⁹⁰ (2004) conducted a study on awareness, satisfaction and problems of individual medical insurance policyholders and identified that agents play a major role in influencing the policy holders to avail a policy. The survey revealed that 47.3 percent of the respondents strongly agree that service of the agents are good, but 28.46 per cent feel that the post sale service of the agents are

⁸⁹ Tripathi N.P, "An Application of Multidimensional Scaling Model towards Board Positioning of Insurance in Duties - A Study of Private Players", *The Journal of Insurance Chronicles*, 4(7), 2004, pp 25-28.

⁹⁰ Rajini G, "Awareness, Satisfaction and Problems of Individual Mediclaim Insurance Policyholders", Ph.D Thesis Madras University, Mar. 2004.

poor involving collecting premiums, helping with renewals and element of claims. It is suggested that the insurance companies should give more importance to this fact and should work-hard to improve this grey area.

Ravi Kumar Sharma⁹¹ (2005) made an empirical study on consumers' perspective of insurance in Eastern Uttar Pradesh with the objective to study the awareness among the rural and urban population, comparative reach of different sales promotional tools used by life insurance companies, the relative brand awareness on the mind of respondents to recall, the performance agents in different areas and the relative faith of urban population. The findings of this study which was conducted among eight hundred and ninety four respondents where LIC was the most preferred insurance company followed by ICICI prudential life insurance company. The main reasons for purchasing the life insurance products were future security and uncertainty of life. Television and newspaper were identified to be the major source of information. The author has also suggested that the private companies should inculcate faith among the public in order to reach the rural market.

Namasivayam, et al⁹², (2006), explored the impact of socio-economic factors on purchase the decision of life insurance policies. He found out the main factors that influencing the purchase decision of policyholders in buying LIC products. The major findings of the study was that the socio-economic factors such as age, education, income, gender and the family size of the policy-holders play a major role in making the purchase decision of life insurance policies of LIC.

⁹¹ Ravi Kumar Sharma, "Insurance Perspective in Eastern Uttarpradesh – An Empirical study", *Indian Journal of Marketing*, 35(6), 2005, pp 14-20.

⁹² Namasivayam N, Ganesan S and Rajendran S, "Socio-Economic Factors Influencing the Decision in taking Life Insurance Policies", *The Journal of Insurance Chronicles*, 6 (8), 2006, pp 65-67.

According to Samuel B Sekar ⁹³ (2006), the involvement of the consumers in the conception phase, makes an innovation demand driven, which focuses more on customers social and economic relationship. He points out the building of strong relationship with policy holders would help an insurance company to enhance its innovation and expand its business relationship to reach competitor's customers. The competitive services solutions would help the insurance company to tap the potential policy holders. He categorically stated that, the companies would able to recoup the time and money they have to spend in learning about customers, if the innovations are patented.

Sheela and Aarthi⁹⁴ (2007), conducted a study to examine awareness level of the customers regarding life insurance policies. The study revealed that 41.7 percent of the respondents have purchased insurance policy because of the saving element associated with the policies. It also showed that sales agents continued to be the primary needs of selling the policies. It has been suggested that the insurance companies must try more to identify the needs and wants of customers.

Prabhakara⁹⁵ (2007), in his article studied the importance of creating consumer awareness for life insurance products and revealed that status that the issue of consumer awareness has a deeper significance in emerging markets as economic growth out weigh the social growth due to the absence of awareness level on the financial tool like life insurance. The author feels that the life insurance market is gradually transforming itself by attaching priority to capital

⁹³ Samuel B Sekar, "Know Your Policy Holder", The Journal of Insurance Chronicle, 7(5), 2006, pp 35-38.

⁹⁴ Sheela P and Aarthi G, "Awareness of Life Insurance Policies in Vishakhapatnam", the Journal of Insurance Chronicle, 7(9), 2007, p 25.

⁹⁵ Prabhakara G, "Creating Consumer Awareness – Life Insurance", IRDA Journal, 5(12), 2007, p 36.

market linked products over the traditional endowment products. Hence creating awareness of the various life insurance products has become essential. The role of intermediaries in creating awareness is paramount, as these advisors identify and meet the prospects at their door steps, and render invaluable services.

Silpi Malayiya and Jain⁹⁶ (2007) in their article assessed the perspective of consumers' on their purchase behaviour and the situation for settlement of claims and have stated that the payment of claims may be regarded as the primary service of insurance to the public. The study concluded that everyone prefers to have insurance cover and they are willing to recommend to others to purchase life insurance products. Finally, it was conducted that all policy buyers have the same buying pattern and the main reason for buying insurance policies is to reduce uncertainty through risk sharing.

Bodla and sushma Rani Verma⁹⁷ (2007), conducted study on, life insurance policies in rural area to understanding buyer behaviour that would help to analyse rural buyers' behaviours. This study revealed that the most preferred policy in rural areas is money back policy, followed by Jeevan Anand and Endowment policy. According to the study insurance agents are the main motivators and source of information for the rural consumers to take policy referred by the agents. The main reason for this attitude is the availability of the agents' services to the consumers at their door step.

⁹⁶ Silpi Malayiya and Jain V.K. "A Study of Policy Purchasing Behaviour and Situations for Settlement of Claims – A Customers Perspective", *The Journal of Insurance Watch*, 5(2), 2007, p 19.

⁹⁷ Bodla, B.S and Verma, Sushma Rani, 'Life Insurance Policies in Rural Area: Understanding Buyer Behaviour', *The ICFAI Journal of Services Marketing*, vol. V, No.4, 2007, pp 18-27.

Gopalakrishnan G⁹⁸ (2008), emphasizes the need to change their business patterns and revamp their organizational structure to meet the present day demands and expectations of the customers by the insurance companies. Customer composition should be the corner stone of an overall company strategy designed to gain a competitive market advantage. According to the author Customer Relationship Management (CRM) could be used as a building block to develop strategies based on four important areas such as value propositions, customer segmentation, service delivery models and marketing at a one to one level. CRM has been viewed by the author as a practical solution to the demands by the customers for a higher grade of insurance service. The survey further revealed that quality of customer data was to be improved and the absence of simple CRM techniques made it difficult to launch special initiative to cross sell insurance product.

Griesh Kumar and Eldhose⁹⁹ (2008), have undertaken a comparative study on consumer perception on life insurance services, with a view to compare the knowledge level of customers about the insurance products, service quality and to know the problems confronted by the customers across public and private sectors. The awareness level of the customers on various aspects of insurance products in the public sector is far better than the private sector. However, it has been pointed out that the rationale behind investment in life insurance policies is same in both the sectors. The author has suggested that fostering a true service culture,

⁹⁸ Gopalakrishnan G, "Customer Relationship Management in Insurance", The Journal of Insurance Chronicle, 8(1), 2008, p 23.

⁹⁹ Griesh Kumar G.S and Eldhose K.V, "Customer Perceptions on Life Insurance Services – A Comparative Study", The Journal of Insurance Chronicle, 8 (8), 2008, pp 65-75.

empowerment of customers and adopting the fundamental approach which would enhance the qualitative development of business.

Sneka Shuckla¹⁰⁰ (2009), explains in her article about insuring the bottom of the pyramid the need to target the economically weak and rural consumers. She has discussed in detail the norms in rural insurance and has identified the needs and preference of the rural policy holders, their ability to make premium payment and so on. The author also pointed out that, the rural buyers view life insurance, as a reliable and essential form of savings and the insurance companies in turn offer low-cost term insurance products and small premium saving products in order to suit their requirements.

Basavanthappa and Rajanalkar Laxman¹⁰¹ (2009), in their study on policyholders perception towards life insurance products found out that majority of the respondents (50.67per cent) have purchased only money back policies. It is also interesting to find that, no one has purchased whole life policies. They suggested that there is a need to change the perception of the customers towards pure term insurance policies. It is high time that the insurance corporation to introduce innovative schemes at lower premium in order to encourage and motivate people to take life insurance policy. They also suggested that life insurance awareness campaign may be organized and conducted in rural and semi-urban areas in order to educate the people about the various types of life insurance products available in the market.

¹⁰⁰ Sneka Shukla, "Insuring the bottom of the Pyramid", *The Journal of Insurance Chronicle*, 8(9), 2008, pp 27-29.

¹⁰¹ Basavanthappa and Rajanalkar Laxman, "Policy Perception towards Life Insurance Products", *Southern Economic*, vol.47, No.20, Feb.2009, pp 13-15.

Masood H Siddiqui and Tripti Ghosh Sharma¹⁰² (2010), conducted an empirical investigation to measure the customers perceived service quality of Life Insurance service. This study strived to develop a valid and reliable instrument to measure customer's perceived service quality of life insurance sector. The resulting validated instrument comprised six dimensions - assurance, personalized financial planning; competence; corporate image, Tangibles and Technology. The results of analytical hierarchy process highlighted the priority areas of service instrument with assurance in the predictor, followed by competence and personalized financial planning. These findings can be transformed into effective strategies and actions for achieving competitive advantage through customer satisfaction and retention.

Clifford Paul S, et al¹⁰³, (2010) in their research work determines the socio-economic status awareness of investors of insurance from one thousand, six hundred and fifty five respondents belonged to Trichy, Tamil Nadu. The study revealed that awareness is low and needs to be improved among the uneducated, lower age group and daily wage class. The study also showed that the real growth in life insurance will occur when customers realize the true value of life insurance beyond tax savings.

Jeya Prabha and Murugan¹⁰⁴ (2011), in their study analysed the Factors influencing the selection of life insurance products and conclude that savings,

¹⁰² Masood H Siddiqui and Tripti Ghosh Sharma, "Measuring the Customer's Perceived Service Quality for Life Insurance Service - An Empirical Investigation", *International Business Research*, vol.2, No.3, July 2010, pp 171-186.

¹⁰³ Clifford Paul S, Joseph Anbarasu D and Annette Barnabus "Study on Socio-Economic and Awareness of Indian Investors of Insurance", *E-Journal of Business and Economic Issues*, vol. V, Issue-III, 2010, pp 3-18.

¹⁰⁴ Jeya Prabha P.R and Murugan S, "Factors Influencing the Selection of Life Insurance Products – An Analysis", *Exploring to Enrich*, Published by Noval Corporation, Chennai, 2011, pp 86-90.

pension benefits are not influencing the consumers in the selection of life insurance products. The study also reveals that insurance agents and friends are the main source of information for taking life insurance products by the policyholders of Kanniyakumari District. It is also concluded that the family benefits and the future benefits of the life insurance products motivates the purchase of life insurance products.

Deepika Upadhyaya and Manish Badlani¹⁰⁵ (2011), in their study service quality perception customer satisfaction in life insurance companies in India, stated that the ability to handle organizations intangible assets such as service is of great importance to reach a level success of land the ability to invest and manage tangible assets. This study is an attempt to access the factors which affect the service quality perception of life insurance customer and the importance of technology in fulfilling customer satisfaction. The study revealed nine factors of customer satisfaction which are given ranks as follows in the descending order of their importance. Pricing employee competence, product service, technology, physical appearances, trust, service delivery, advertising, service management. It implies that customers go for better priced life insurance policy.

Ghausia Mustaq¹⁰⁶ (2011), in his study on the attitude of consumers and its effect over the business in life insurance companies viewed that insurance penetration in India is very low, therefore there is a need to develop more insurance education among the masses that will help the life insurance industry to

¹⁰⁵ Deepika Upadhyaya and Manish Badlani, "Service Quality Perception Customer Satisfaction Life Insurance Companies in India", International Conference on Technology, Business Management, March, 2011, pp 28-30.

¹⁰⁶ Ghausia Mustaq, "The Attitude of Consumers its Effects Over the Business in Life Insurance Companies" European Journal of Business and Management, vol.3, No.3, 2011, pp 28-35.

grow. This study shows that the attitude of customers are very positive regarding insurance, most of the respondents from sample would like to invest in insurance because of various reasons and unique features of insurance which is not there in other investment options and the striking features is that the most of the people do not need fixed heavy lump sum amount to be deposited in life insurance, as required in case of traditional investment option. They pay premium on their convenience in the time that is monthly, quarterly, half-yearly or yearly basis and there are also benefits for tax savings. So there is much wider scope of insurance in India with regard to customers' attitude.

Anand Prakash, et al¹⁰⁷, (2011), presented a paper based on their study on Indians attitude towards service quality for life insurance based on demographical factors. This study revealed that in the Indian context age, gender, level of education and monthly income have significant impact of varying degree on attitude towards life insurance. It also showed that most of the policy holders in India have purchased life policy through agents. As the income of agents depends on their sale, there may be inconsistency between the needs of the client and the desires of the agent. The major reason for buying life insurance policy as perceived by respondents were financial security, followed by better return, trust worthiness and tax benefits.

Ashaf Imam¹⁰⁸ (2011), in his article analysed customer behaviors in life insurance industry and explained the behaviours of customer for purchasing

¹⁰⁷ Anand Prakash, Sanjay Kumar Jha and Kallukar S.P, "Attitude of Indians Towards Service Quality for Life Insurance in India", International Journal of Research in Computer Application and Management. vol. 1, Issue 9, Nov. 2011, p 57.

¹⁰⁸ Ashaf Imam, "Analysing Customer Behaviour in Life Insurance Industry", Asian Journal of Research in Social Science, vol. 1, Issue 1, Sep. 2011 pp 67-75.

service and made an attempts to explore the effect of customer behavior in financial services especially in life insurance industry. It identifies elements of customer satisfaction and its behavior, which are to be very important for survival of business by using the studies in life insurance industry customer satisfaction and to the competitive quality can he understand. The major factors playing the role in developing customers perception towards life insurance policies are customer loyalty, service quality, ease of procedures, satisfaction level, company image, and company – client relationship.

Singh D.¹⁰⁹ (2011), conducted study to determine the important factors influencing the customers for selecting an insurance company. The study was carried out to identify the weak areas which need improvement in order to enhance the quality of services of insurance companies. The study revealed that product features, accessibility, premiums, advertising, proper redressal mecahism to tackle complaints, and better claim settlements are the factors that drastically influence the choice of a company. The weak areas which need improvement were agents' knowledge and their ethical behaviour, low accessibility of private insurance companies and claim settlement system. According to a report in Business standard the government asks LIC to attract young consumers. The fiancé ministry has asked the LIC to devise a strategy with a view to focus on young people so that the average age of policy holders can be brought down leading to improvement in bottom line. The average age of policy holder is very high. It needs to come down. LIC should bring proper policy and reads out to younger people so that this objective can he achieved. The average of insured with LIC is 37 years. Higher

¹⁰⁹ Report in Business Standard, July 16, 2012.

average age raises risk for LIC low the age of policy holders the mortality rate of such case are lower. It will help the company to improve profitability.

Rajeswari K and Kartheeswari S¹¹⁰ (2012), who conducted a study on purchase decision of life insurance policy holders stated that the insurance industry has been a booming sector and companies are going over board to get and retain customers. At present there are twenty three private companies with LIC of India to tap the immense insurance market potential in India. This paper makes an attempt to know the purchase decision of life insurance policy holders in the study area - Sivakasi which is situated in South Tamil Nadu. It is observed that among the policy holders with different age group, the younger age groups have positive attitude with insurance plans than older. Although there has been a significant and rapid advancement in the area of customer management, there are many issues that need to be explored. Insurance companies across the world have started recognizing the values of superior customer care.

Pulidindi Vengopa¹¹¹ (2012), conducted an interesting study on the attitude of uninsured towards life insurance (A study in East Godavari district, Andhra Pradesh) and he stated that life insurance is intangible in its nature; hence majority of the Indian population cannot understand its meaning. After history of more than two hundred years of life insurance sector in India it is still under penetrated with 25 to 27 per cent. Almost all insurers know that it is not bought and it has to be sold, even still there are a lot of misconceptions in the minds of Indian towards the

¹¹⁰ Rajeswari K and Kartheeswari S, "Purchase Decision of Life Insurance Policyholders-An Outlook", Indian Journal of Marketing vol. 42, No.6, June 2012, pp 4-14.

¹¹¹ Pulidindi Vengopa, "Attitude of Uninsured towards Life Insurance - A study in East Godavari District, A.P", Global Journal of Management and Business Research, vol.12, Issue 4, Mar. 2012, pp 83-95.

concept of Insurance, hence it caused complications in marketing its products. Marketing activities of life insurance companies is all about to inform bringing awareness to develop belief, to form positive attitude, to reinforce trust etc, in the minds of consumers by using tools such as advertising, public relation, displays, word of mouth promotion, sales promotion, personal selling etc. Today customers are more informed with number of options even majority of the population in India is still uninsured or in some cases trust only LIC. Therefore it is the duty of all insurers to study the attitude of people towards life insurance to re-inforce trust and to change the attitude in consumers.

Manoj Sharma, et al¹¹², (2012), conducted study on the impact of demographic factors on the satisfaction of investors towards insurance policies. This empirical study revealed that demographic factors like age, employment, education and monthly income were found to have significant association with the satisfaction level. On the other hand gender and marital status did not have any association with satisfaction. It was observed in the study that when compared to male, female were not satisfied with insurance companies. The demographic trend suggests that better educated and more affluent people have gravitated these insurance companies for insurance services.

Sanjay Kumar Jagnath Patil¹¹³ (2012), conducted a study on consumer satisfaction towards LIC of India in Bhuswal and Muktainagur Tahasil of Jalgaon District. This study revealed that 47.5 per cent of the sample customers had purchased moneyback policies, followed by Jeevan Anand (42.5 per cent). It also showed that 60 per cent of consumers prefer to pay premium monthly. The main

¹¹² Manoj Sharma, Sai Vijay T and Pateria Sheetal Shemma L.P, "Impact of Demographic Factors on the Satisfaction of Investors towards Insurance Policies", International Journal of Research in Finance Marketing, vol. 2, Jan. 2012, pp 54-65.

¹¹³ Sanja Kumar Jagnath Patil, "A Study on Consumer Satisfaction towards LIC of India", International Journal of Marketing and Technology, vol. 2, Issue 7, July 2012, pp 211-234.

reason to invest in LIC is trust (50 per cent), high return (20 per cent), and good service by agents (15 per cent). It showed that 60 per cent of customers were satisfied with products and services of LIC of India and 20 per cent are highly satisfied.

2.6 Conclusion

The research review has helped the researcher to identify the concept of marketing mix strategies of life insurance products. The number of literature available related to insurance industry has given an insight to the marketing of insurance products especially the LIC of India. These reviews have thrown light into the changing trend of insurance sector since economic reforms and the role of LIC in the life insurance sector of India.

CHAPTER – III

**AN OVERVIEW OF LIFE INSURANCE
CORPORATION OF INDIA**

3.1 Introduction

Life Insurance Corporation of India continues to be the dominant life insurer even in the liberalized scenario of Indian insurance sector and is moving fast on a new growth trajectory surpassing its own past records. The sovereign guarantee provided by the Central Government of India makes it unique and the policyholders have a feeling of security for the investments with LIC. The strength of the LIC is based on its sovereign guarantee vast distribution network and its ability to invest money into market when it is in need of cash. This gives LIC a dominant position as it acts as a savior during crisis due to its surplus cash reserves. The progress of LIC can be evaluated by various indicators such as the growth of new business performance of business in course, progress of number lives covered, investments and market share of LIC and claim settlement. This chapter highlights the profile, marketing strategies and performance of the LIC of India.

3.2 LIC of India – An Outline

The Life Insurance Corporation (LIC) was established about 48 years ago, in 1956 with a view to provide an insurance cover against various risks in life. A

monolith then, the corporation, enjoyed a monopoly status and became synonymous with life insurance. ¹The slogan of LIC is "Yogakshemam Vahamyaham" which translates from Sanskrit to "Your Welfare is Our Responsibility". This slogan is derived from the ancient Hindu text, the Bhagavad Gita's 8th chapter, 22nd verse. The literal translation from Sanskrit to English is "I carry what you require". The slogan can be seen in the logo of LIC and is written in Devanagiri script below the hands holding the lamp.

LIC has a vision mission and values to serve the people of India. With its existence of around fifty year LIC has commanded a monopoly of selling life insurance in India, Created huge surpluses and contributed around 7 Per cent of India's Gross Domestic Product (GDP). The corporation which had its business with around 300 offices, 5.7 million policies and a corpus of INR 459 million in 1959 has grown to 350 million policies and a corpus of over 13.25 Trillion (US 241.05 Billion).

3.2.1 Vision

"A trans-nationally competitive financial conglomerate of significance to societies and Pride of India"

3.2.2 Mission

"Explore and enhance the quality of life of people through financial security by providing products and services of aspired attributes with competitive returns, and by rendering resources for economic development".

¹ <http://www.licindia.in/history.htm>

3.2.3 Objectives of Life Insurance Corporation of India

- Spread and provide life insurance to the masses at or reasonable cost.
- Spread life insurance to the rural areas and to the socially and economically backward classes at reasonable cost.
- Maximum mobilization of people's savings by providing insurance linked savings schemes.
- To deploy investment of funds to the best advantage of investors as well as the community as a whole.
- Conduct business with utmost economy as the money belong to policyholders.
- Act as trustees of the insured public.
- Meet the various life insurance needs of the people that would arise in the changing social and economic environment.
- Involve the employees to the best of their capability in the interest of insured public.
- Promote among all agents and employees a sense of participation, pride and job satisfaction to discharge of their duties.

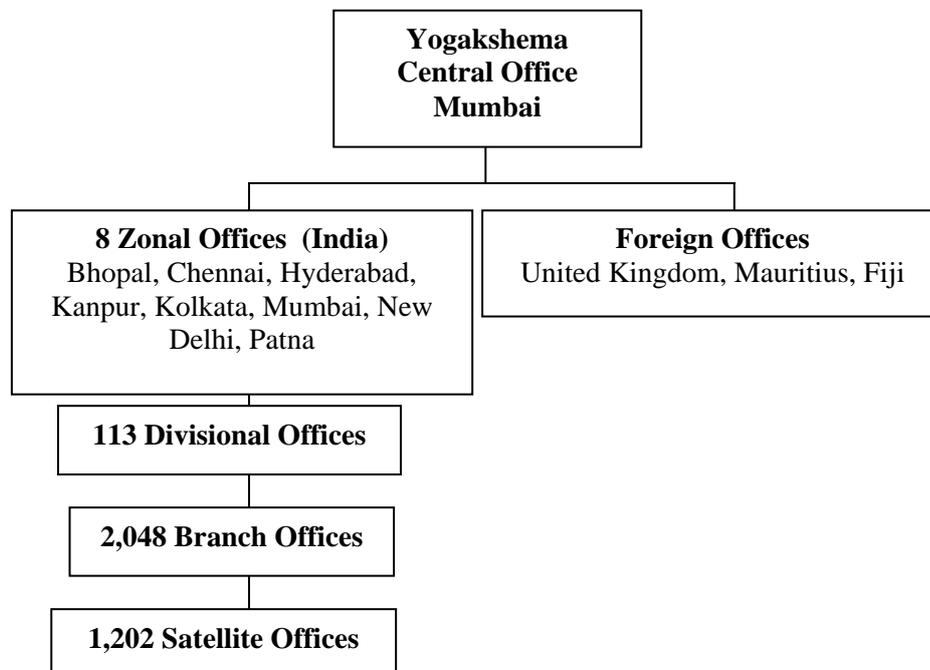
3.2.4 Values of LIC

In addition to the above objectives, the LIC of India has identified certain values which they would like to follow while rendering their services to the customers. These values are very important to keep their customer base and their confidence. The values include trust worthiness that represents honesty in providing services to the customers, ambition to achieve the target and to be successful, innovation that is, introduce new ideas and products, dynamism

representing the enthusiasm to convert potential consumers into actual policyholders and excellence in providing services to customers.

3.2.5 Organisational Structure

It is formed under separate legislature and controlled by Central Government with a group of fifteen members from which one is appointed as Chairman by the Central Government of India. There are three Managing Directors and a Chief Vigilant Officer. LIC has five tier structure with one central office called Yogakshema situated at Mumbai, 8 zonal offices, 113 divisional offices, 2048 fully computerized branch offices, and 1202 Satellite Offices 54 Customer Zones and 25 Metro Area Service Hubs spread all over India. Satellite offices are smaller, leaner and closer to customers. It has a strong agency force with 12.78 lakhs. Individual Agents, 242 Corporate Agents, 79 Referral Agent, 98 Brokers and 42 Banks as on 31, March, 2011 for soliciting life insurance business from the public. The main asset of LIC is its 1.19 lakhs employee force.



The policy making regarding actuaries, product portfolio, marketing, personal management, auditing and inspection, micro insurance, underwriting and re-insurance lies with central office, assisted by zonal and divisional offices. Branch offices look into finance and accounts, information technology, new business office management and policy servicing.

3.2.6 Main Competitors of LIC

With the opening up to insurance sector to the private players in 2000, many foreign and Indian private players have entered Indian insurance industry. LIC of India which was occupying a monopolistic position before 2000 is today facing tough competition from as many as 23 companies. Some of the new entrants in the life insurance sector have no difficulty in matching their products with customers needs and preferences. The successful new entrants namely, SBI Life Insurance Company, ICICI Prudential Life Insurance, Birla Sun Life Insurance, HDFC Standard Life Insurance Company and Reliance Life Insurance Company are considered as the main competitors by LIC of India.

3.3 Marketing Mix Strategies of LIC

3.3.1 Product Mix

Product mix of the LIC refers to the different schemes of the organization targeting different categories of potential consumers. ²LIC has launched 64 new products from 2000 to 2011. Prior to 2000 LIC's product mix consisted of products mainly falling in the category of whole life and endowment policies. From time to

² Arnika Srivastava, Sarika Tripathi and Amit Kumar, "Indian Life Insurance Industry, Changing Trend", International Referred Research Journal, vol. III, Issue 2(3), April, 2012, pp 96.

time many new products were added and withdrawn. A few of which like money back policies, Jeevan Mitra became very popular among the people. LIC also tried to include features like accidental death disability benefit and premium waiver clauses in many of its policies, in order to compete with private players. LIC has introduced unit linked plans, single premium plans and pension plans of which ULIP has become very popular. Further many new type of riders have been introduced such as term rider, accidental, death benefit, besides accidental and total permanent disability, waiver and premium of death, waiver and premium on disability, critical illness rider, income benefit rider and family income benefit rider have been introduced.

LIC has come out with innovative product lines after liberalization. Some of the new products such as ULIP does not cover risk cover as done by traditional policies. ULIPs are now governed by a new set of guidelines by IRDA and the ULIPs launched after September 1, 2010 would have lower charges, guaranteed returns and larger insurance cover.

A few popular policies in the product line of LIC of India are Komal Jeevan – a children’s money back policy, Bima Bachat – a single premium money back policy, Jeevan Anand, Jeevan Arogya – Health plan, Unit Linked pension plans, Jeevan Akshay - which does not require medical examination, Jeevan Vaibhav – single premium policy and Jeevan Bharathi – a money back policy targeting women. In addition to the above micro insurance policies such as Jeevan Madhur, Jana Shree Bima Tajna and Jeevan Adhar have been added to the product

line to cover the under privileged segments of the society. The latest schemes added to the product line are Jeevan Bridhi in March 2012 and Jeevan Deep –T810 in September 2012.

Product innovations are done to meet the growing needs of different segments of the society. While designing the product mix LIC consider the following factors:

- Demographic profile of potential policyholders.
- Reasonable returns expected by consumers.
- Strategies adopted by competitors
- Profitability of LIC

3.3.2 Price Mix

In case of life insurance the price paid by the consumers for the financial security against death is the premium. Setting the right price or premium by the LIC is crucial to their profitability and of all the decisions of marketing mix the pricing mix are the hardest to make. It is the most challenging decisions to make for LIC of India. Psychologically customers associate price with quality and status. It is therefore, important to gauge the way price or changes will be perceived by different target segments. In a developing country like India where the disposable income in the hands of potential consumers is low, the pricing decisions also govern the transformation of potential policyholders into actual policyholders.

The fixing of price or premium for LIC products varies depending upon the nature of the policy. While fixing the premium the following factors are considered.

- Average rate of mortality
- Cost of processing
- Commission charged to agents, re-insurance companies
- Commission charged for under writing and consultancy activities
- Interest rates provided by Banks and other financial institutions
- Type of the target market
- Customers' perception for value for money and quality
- Incentives or discounts allowable
- Inflation Rate.

The premium charged by LIC starts from ₹200 per annum, depending upon the type and nature of the life insurance product. It ranges from ₹60 per 1,000 of sum assured to ₹100 per 1,000 of sum assured depending upon the type of the policy. The mode of payment of premium other than single premium may be paid by the policyholders to the LIC in yearly, half yearly, quarterly or monthly installments. In addition micro insurance policyholders can pay premium weekly, or fortnightly.

At present, loans are granted on many policies upto 85 to 90 per cent of the surrender value of the policy, the rate of interest charged on loan is 9 per cent payable half-yearly and under Jeevan Astha the rate of interest charged 10.25

percent. The payment of life insurance premium is eligible for income tax relief under section 80C of Income Tax Act 1961. A deduction is also allowed for medical insurance upto ₹15,000 (₹20, 000 for senior citizen) under Section 80D. A deduction of ₹50,000 is allowed for Jeevan Aadhar plan for maintenance of differently abled dependent for ordinary disability. (₹1,00,000 for severe disability). Income Tax exemption on maturity / death claims proceeds under section 10 (10D) of the Income Tax Act 1961 is also allowed.

3.3.3 Place Mix

Place mix refers to the location where the services are available to the customers including distribution channel. Today LIC functions with 2,048 fully computerized branch offices, 113 divisional offices, 8 zonal offices, 1,202 satellite offices and a corporate office. LIC has tied up with Axis and Corporation banks to offer online collection facility in selected offices. Data pertaining to almost ten crores policies is being fed on computers of LIC. New distributors like bancassurance, financial institutions and franchisees are being introduced.

LIC has a vast distribution network in the form of agents. There are about fourteen lakhs agents in LIC who cover 55 per cent market factor influencing purchase of insurance.

At present LIC is planning to give customers a district ID to track claims online, entertaining online enrolment, eligibility review, financial reporting, billing and electronic fund transfer to benefit its customers. LIC services such as viewing present status of the policies, premium collection, and change of address are now

available on the internet using LIC portals. It is planning to set up touch screen based multimedia in prime locations in metros and major cities for disseminating information to general public on LIC products and services. It will give policy details and accept premium payments.

Another innovative strategy used is work site marketing in which the insurer sends the team to a target group at their place of work on voluntary, pay roll deduction basis. ³The active distribution channel for micro-insurance is self help groups, micro agents, co-operative banks, Regional Rural Banks, Post Offices, Micro Financial Institutions and NGOs. Till now 80 per cent of insurance policies are sold through traditional channels. The LIC can reach out to the potential consumers through alternative channels as they understand the social and cultural needs of the target population.

3.3.4 Process Mix

The processing methods should be easy and convenient to the customers. The speed and accuracy of payments are of great importance. Customer Zones have been conceptualized as a one stop resolution for all servicing needs of phone-in or walk-in customers, with special emphasis on quality experience for the customers. Presently, 54 customer zones are operational. Interactive Voice Response system (IVRS) is functioning at 64 cities throughout India providing information to customers 24x7. Any customer can contact IVRS by dialing Universal Access Number (UAN) 1251. Out of these, 44 centers have been

³Manvendrra Pratap Singh, Arpita Chakraborty and Raju G, "Comtemporary Issues in Marketing of Life Insurance Services in India", International Journal of Multidisciplinary Research, vol. I, Issue.7, Nov. 2011, pp 50

modified into Information Centre by equipping them with staff dedicated to attend phone-in customers, in two shifts. In Tamil Nadu it is situated at Thanjavur and Salem.

Policyholders' grievance redressal officers have been designated in all the offices of the corporation who can be approached by policyholders for redressal of their grievance on any day but particularly on every Monday between 2.30 pm and 4.30 pm without prior appointment. For ensuring quick redressal of customers' grievances, LIC has introduced a user friendly complaint management system through customer portal (website) which is <http://www.licindia.in> where policyholders can directly register complaints and track its status.

3.3.5 Promotion Mix

In a country like India where the rate of illiteracy is very high and the rural economy has dominance in the national economy, it is essential to have both personal and impersonal promotional strategies. In addition to advertisement in visual, print and audio Medias, arranging exhibitions, participation in fairs and festivals, rural wall painting and publicity drive through the mobile publicity van units would be effective in increasing their impulse buying and the rural prospects would be easily transformed into actual policyholders.

LIC has realized the importance of the impact of sales promotion on the purchase behaviour of customers and has undertaken sales promotion in three forms.

Customer Oriented Sales Promotion

It is a part of promotional pull strategy. These promotions include tax benefits, payment of higher bonus, provisional accident benefits, critical illness benefits, congenital disability benefits and premium waiver benefits.

Trade Promotion

It includes Salary Saving Scheme (SSS) and bringing more occupations under insurance cover such as professionals, co-operatives, weaker section of the society and hazardous occupations. SSS is a very successful trade promotional strategy launched by the LIC to tap business from salaried class. The basic advantage is that LIC waives five per cent additional charge on the scheme.

Sales Force Promotion

Sales force promotional strategy of LIC includes communication, gifts, advances for the purchase of cars, club membership scheme, etc., gifts in the form of diaries, calendars, key chains, wallets to the agents to encourage their performance. Free travel package to holiday resorts is also offered to agents who show outstanding performance.

In addition, LIC adopts innovative advertising mechanism with its high market share. LIC has better capacity to invest more on advertisement which leads them to dominate the market much more than other players. It is important to note that LIC spent ₹116 crores in 2008 for its advertisement campaign. The advertisements given for Komal Jeevan (children's money back policy), Jeevan Anand, Jeevan Akshay VI and Jeevan Bharathi-I are really eye catching. The advertisement given for LIC's pension plan is designed in such a way to impress the youngsters.

3.3.6 People Mix

People mix are the most important component of marketing mix of life insurance, as it involves high level of people interaction. People factor includes employees, agents and policyholders. Understanding the customer better allows to design appropriate products. It is very important to use human resources efficiently in order to satisfy consumers. Recruiting the right staff and train them appropriately in the delivery of their service is essential.

LIC provides training to its managers, officers and clerical staff in using micro computers, fax machines, sophisticated telephonic service, e-mailing and internet service. It gives training to staff in interpersonal skill, aptitude and service knowledge. Application and productive usage of technology also help to improve interaction among customers, agents and employees. This will have a big impact on the perception of the policyholders regarding the services rendered by LIC.

In this context, it is significant to understand that LIC gives training to their agents' basic hundred hours' online training. They are also given training in sales generation activities, regular customer care calls, meet targets, daily, weekly or monthly reporting of activities, public speaking skills and human relations skills. The development officers are selected through written exams and interview. LIC bears the responsibility of developing the credentials of their employees. The training strategies for LIC employees include standard program on repetitive basis, role oriented courses in functional areas, special courses and seminars and scales training for supervisory and field personnel. A well prepared training agenda would enlighten the employees on various aspects of work.

The interaction of the researcher with the employees of the branches and the policyholders showed that the employees have cordial relationship with their customers. The attitude and approach of the employees and officials are good.

3.3.7 Physical Evidence Mix

The main evidence for the policyholders are the policy documents, brochures, periodic statements, demand notes, pamphlets, billing statements, employee dress, interior design, signage, landscape, lighting, ventilation and other surrounding environment. LIC is taking effort to impress the policyholders regarding this aspect as it would help to enhance their perception towards the service quality of LIC.

LIC has the brand image to convince the potential consumers. It has sovereign guarantee from the central government of India. This makes them unique and policyholders have a feeling of security for their investment with LIC. The policyholders can rely on the image of the LIC.

In Kanyakumari district LIC has four branches namely Nagercoil I, Nagercoil II, Thuckalay and Kuzhithurai. The Nagercoil I branch is better equipped than the other three branches. LIC has remodeled the Nagercoil I branch with air conditioned and better interior decoration. The Nagercoil II branch needs to be improved with regard to its lighting and other ambient facilities. The other two branches need to be improved in physical and ambient facilities.

In fact the physical evidence should serve as a visual metaphor of the LIC of India stands for, and facilitates the activities of the policyholders and their employees.

3.5 Performance of Life Insurance Corporation of India

Since nationalization, LIC has built up a vast network of 2,048 branches, 113 divisions, 8 zonal offices and 1,202 satellite offices spread all over the country. With the entry of private players in the life insurance industry the competition is becoming intense. The competition LIC started facing from private players are threatening to the existence of LIC. Here an attempt is made to analyse the performance of LIC of India for the past ten years 2002-03 to 2011-12. It also shows the growth of LIC premium, LIC policies at the National, State and District level.

3.5.1 Growth of Market Share of LIC of India

Market share is an important indicator of growth and performance of the insurers. It is the per cent of share gained by LIC out of the total business in the life insurance industry. A company with high market share reflects strong market position against the competitors. Table 3.1 presents the market share of LIC in terms of total premium, new business, renewal premium and total policies.

Table 3.1
Growth of Market Share of LIC

Years	Premium (in per cent)	New business (in per cent)	Renewal Premium (in per cent)	Total Policies (in per cent)
2001-2002	99.46	98.65	99.98	93.98
2002-2003	97.99	94.30	99.60	96.75
2003-2004	95.29	87.66	98.55	94.21
2004-2005	90.67	78.78	96.18	91.48
2005-2006	85.76	73.52	92.82	89.08
2006-2007	81.90	74.32	89.02	82.83
2007-2008	74.40	64.02	83.42	73.93
2008-2009	70.92	60.89	77.43	70.52
2009-2010	70.10	65.08	73.64	73.02
2010-2011	70.67	68.85	NA	76.9

Source : Compiled from IRDA Annual Reports

NA : Not Applicable

The above Table 3.1 reveals that the market share of LIC has been decreasing every year with entry of private players in this sector, except regarding market share in terms of new business and total policies which shows a slight increase in the year 2009-10. This indicates that private players are doing quite well and are improving year by year thus affecting the performance of LIC.

3.5.2 Profit Before Tax of LIC

LIC of India is one of the few government organizations which run profitability. The profit earned before tax for six period from 2005-06 to 2010-11 is given in Table 3.2.

Table 3.2

Profit Before Tax of LIC

Years	In India (₹ in crores)	Outside India (₹ in crores)	Total (₹ in crores)
2005-2006	62865.47	292.54	63158.01
2006-2007	77115.66	246.37	77362.03
2007-2008	84246.01	216.58	84462.59
2008-2009	95507.54	227.34	95734.88
2009-2010	105879.90	191.78	106071.68
2010-2011	116825.15	355.22	117180.37

Source: Annual Reports of LIC

Table 3.2 shows that LIC has maintained sustained growth in its profit before tax from a financial year 2005-06 to 2010-11. There have been fluctuations in the profit earned before tax from outside and inside India.

3.5.3 Claim Settlement by LIC

In Life Insurance, the insurer fulfills his promise on the demand made by the policyholders at the time of maturity, survival or death. In case of maturity, claim is made when the period expires. In case of survival benefit claim, it is demanded during the terms of the policy. The claim is also made when the policyholders die unexpectedly. The claim settlement in time is an important

parameter that reflects the performance and the brand image of the insurance company. LIC has a very good record of claim settlement ratio which is given in Table 3.3.

Table 3.3
Claim Settlement Ratio

Years	Claim Settled (in Per cent)	Claim Repudiated (in Per cent)	Claim Pending (in Per cent)
2007 – 2008	97.85	NA	NA
2008 – 2009	95.48	1.33	2.21
2009 – 2010	96.53	1.21	1.41
2010 – 2011	97.50	1.09	1.47
2011 – 2012	93.19	NA	NA

Source : Annual Reports of IRDA
NA : Not Applicable

Table 3.3 shows that, the claim settlement ratio of LIC remains at an average rate of 96 per cent over five years period from 2007-08 to 2011-12. ¹The main strength of LIC is the claim settlement ratio which is very high when compared to the private insurers, which stood at rate of 86 per cent.

¹ Annual Report of IRDA, 2012

3.5.4 Grievance Handling

Grievance handling is also an important parameter through which the follow – up services of LIC can be judged. The Table 3.4 represents the grievance handling of LIC.

Table 3.4
Grievance Handling

Years	Number of Grievances	Number of Grievances Resolved	Per cent of Grievances Resolved
2003 - 2004	474	39	8.2
2004 - 2005	704	123	17.5
2005 - 2006	851	215	25.3
2006 - 2007	354	313	88.4
2007 - 2008	651	80	12.2
2008 - 2009	NA	NA	NA
2009 - 2010	2,455	943	34
2010 - 2011	NA	NA	NA

Source : Annual Report of IRDA
NA : Not Applicable

The private players are much ahead of LIC when matter comes to grievance management. During 2003-04 to 2007-08 LIC has resolved only 25.37 per cent of cases while private players 69.7 per cent. The private players are very serious about their image and are working hard to provide the solution of the problems of the people as early as possible.

3.5.5 Growth of New Policies Issued by LIC

The number of policies issued by LIC and the growth of number of new policies issued will reflect how the private players are penetrating the customer base of LIC at the national, state and district level.

**Table 3.5
Growth of Number of New Policies Issued**

Sl. No.	Year	National		State		District	
		No of New Policies (In lakhs)	Trend in percentage increase / decrease	No of New Policies (In lakhs)	Trend in percentage increase / decrease	No of New Policies (In lakhs)	Trend in percentage increase / decrease
1.	2002-2003	245.46	-	18.28	-	0.45	-
2.	2003-2004	269.68	9.87	20.74	13.46	0.50	12.34
3.	2004-2005	239.78	(-)11.09	21.24	2.41	0.54	8.61
4.	2005-2006	315.91	31.75	29.45	38.65	0.67	23.18
5.	2006-2007	382.29	21.01	38.28	29.98	0.97	44.02
6.	2007-2008	376.13	(-)1.67	47.54	24.21	0.99	2.95
7.	2008-2009	359.13	(-)4.52	38.97	(-)18.04	0.79	(-)19.83
8.	2009-2010	388.63	8.21	38.93	(-)0.10	0.80	0.64
9.	2010-2011	370.25	4.73	45.72	17.44	0.87	9.26
10.	2011-2012	412.14	11.31	49.47	8.20	0.88	0.79
	CGR (In per cent)	6.03	-	12.07	-	14.48	-

Source : Compiled from various Annual Reports of LIC, IRDA
Socio-Economic Profile of Nagercoil Branches

Table 3.5 compares the number of new policies issued at the national, state and district level. In the national level the growth rate declines during 2004-05, 2007-08 and 2008-09. But at the state and district level the growth rate declines during the years 2008-09. The highest growth level in number of policies was achieved at the national (31.75 per cent) and state (38.65 percent) level during the year 2005-06, at the district level (44.02 per cent) during the year 2006-07. The

LIC has seen increase and decrease in the growth level of new policies at national, state and district level over the 10 years period of study from 2002-12. Another important fact is that the average annual growth is the highest for district level at 14.48 per cent over the ten years of study period.

3.5.6 Growth of Fresh Premium Income

The fresh premium income of LIC at national, state and district level represented in the Table 3.6 will give an idea about how LIC has performed in expanding their customer base.

Table 3.6
Growth of Fresh Premium

Year	National		State		District	
	Fresh Premium (₹ in crores)	Trend in percentage increase / decrease	Fresh Premium (₹ in crores)	Trend in percentage increase / decrease	Fresh Premium (₹ in crores)	Trend in percentage increase / decrease
2003-2003	15976.76	-	1432.56	-	11.40	-
2003-2004	17347.62	8.58	2345.60	63.74	17.15	50.45
2004-2005	20653.06	19.08	2784.34	18.70	23.22	35.41
2005-2006	28515.87	38.07	3031.52	8.88	44.48	91.50
2006-2007	56223.56	97.17	5614.57	85.20	128.42	188.72
2007-2008	59996.57	6.71	8294.80	47.74	137.54	7.10
2008-2009	53179.08	(-)11.36	5315.17	(-)35.92	85.38	(-)37.92
2009-2010	71521.90	34.49	6032.66	13.50	92.95	8.87
2010-2011	82007.04	14.66	6987.54	15.83	97.86	5.28
2011-2012	91847.88	11.99	7773.64	11.25	113.56	16.04
CGR (In per cent)	23.48	-	19.09	-	28.85	-

Source: Compiled from various Annual Reports of LIC, IRDA
Socio-economic profile of Nagercoil branches

Table 3.6 reveals that the highest growth achieved by LIC at all the three levels was during the year 2006-07 that is at national level 97.17 per cent, at state level 85.20 per cent. When compared the district level performance shows a very

high growth rate. There is a decline in the growth at the national level during 2002-03 (18.44 per cent) and during 2008-09 (11.36 per cent), at state level during 2008-09 (35.92 per cent) and at district level during 2008-09 (37.92 per cent). Growth level is highest in all three levels during 2006-07. But during 2008-09, there is a decline in the growth rate at all the levels that is, national, state and district levels. The average annual growth rate is better at national (23.48 per cent) and district level (28.85 per cent) when compared to state level growth (19.09 per cent) over the ten years of study period.

3.5.7 Growth of Agents Employed by LIC

Agents are the main distributors of the products of LIC. They play a vital role in reaching the customers especially the rural India. But today they face competitions from alternative channels such as banks, post offices, NGOs and self help groups. The following Table 3.7 shows the growth of number of agents employed by LIC over the years.

Table 3.7
Growth of Agents Employed by LIC

Sl. No.	Years	National		State		District	
		Number of Agents	Trend in percentage increase / decrease	Number of Agents	Trend in percentage increase / decrease	Number of Agents	Trend in percentage increase / decrease
1	2002-2003	442680	-	82662	-	935	-
2	2003-2004	947405	114.02	90438	8.60	1921	105.45
3	2004-2005	1341597	41.61	32255	(-) 64.33	2637	37.27
4	2005-2006	353634	(-) 73.64	80819	150.56	2572	(-)2.46
5	2006-2007	1052993	197.76	82519	2.10	2571	(-)0.04
6	2007-2008	11030	4.75	95089	15.23	2993	16.41
7	2008-2009	1193744	8.22	97351	2.38	3506	17.14
8	2009-2010	1344856	12.66	98767	1.66	3871	10.42
9	2010-2011	1402807	4.13	109362	10.50	4131	6.72
10	2011-2012	13370	(-)4.67	103224	(-)5.61	3950	(-)4.38
	CGR (In per cent)	8.67	-	5.61	-	13.86	-

Source : Compiled from various Annual Reports of LIC, IRDA
Socio-Economic Profile of Nagercoil Branches

The highest annual growth rate of agency during the study period of 10 years, is achieved by LIC at the national level during 2006-07 (197.76 per cent),

at the state level during 2005-06 (150.56 per cent) and at the district level during 2003-04 (105.45 per cent) respectively. A decrease in the growth rate is seen at national level during 2005-06 (73.64 per cent), at state level during 2004-05 (64.33 per cent) and at district level during 2005-06 (2.46 percent) and 2006-07 (0.04 percent) respectively. But an interesting fact shown by the Table 3.7 is that during 2011-12 at all the above three levels, there is a decline in the growth of agency service. This may be due to the entry of alternative channels to market the life insurance products. The average annual growth rate of agents is better at district level (13.86 per cent) when compared to the national (8.67 per cent) and state (5.61 per cent) level growth over the ten years of study period.

3.5.5 Growth of Sum Assured

It represents the total value of the policy against which risk is covered. The growth rate of sum assured at the national, state and district level is given below in Table 3.8

Table 3.8
Growth of Sum Assured

Years	National		State		District	
	Sum Assured (₹ in crores)	Trend in percentage increase / decrease	Sum Assured (₹ in crores)	Trend in percentage increase / decrease	Sum Assured (₹ in crores)	Trend in percentage increase / decrease
2002-2003	179504.34	-	14053.89	-	NA	-
2003-2004	198707.12	10.69	15528.69	10.49	NA	-
2004-2005	187132.39	(-)05.82	14257.11	(-)08.18	5.31	-
2005-2006	288522.55	54.18	21679.74	52.06	5.68	06.89
2006-2007	303231.41	05.09	38367.65	76.97	7.31	28.65
2007-2008	279682.59	(-)07.76	25916.41	(-)32.45	6.84	(-)06.45
2008-2009	395754.62	41.49	38966.49	50.35	6.92	01.26
2009-2010	434775.24	09.85	38928.50	(-)00.09	8.84	27.71
2010-2011	412532.17	(-)05.11	31425.77	(-)19.27	9.77	10.43
2011-2012	493571.32	19.64	43673.87	38.97	9.76	(-)00.09
CGR (In per cent)	12.4	-	13.9	-	9.4	-

Source : Compiled from various Annual Reports of LIC, IRDA
Socio-economic profile of Nagercoil branches

NA : Not Applicable

Table 3.8 shows that the growth rate is high during the years 2005-06 (54.18 per cent) and 2008-09 (41.49 per cent). It shows a decline during the year 2007-08 (7.76 per cent), 2004-05 (05.82 per cent), and 2010-11 (5.11 per cent). At the state level the growth rate is high during the years 2006-07 (76.97 per cent), 2005-06 (52.06 per cent) and 2008-09 (50.35 per cent). It also shows that there is a decline in the growth during the years 2007-08 (32.45 per cent). The district level growth shows a high growth rate during the years 2006-07 (28.65 per cent) and 2009-10 (27.71 per cent). There is also a decrease in the growth rate during the years 2007-08 (06.45 per cent) and 2011-12 (0.09 per cent).

The common growth rate at the national level shows that here is an annual average growth of 12.4 per cent for sum assured between 2002-03 to 2011-12, at the state level the average annual growth rate is 39.9 per cent and at the district level it is 9.4 per cent.

3.6 Performance of LIC Branches in Kanyakumari District

Kanyakumari District has four branch offices namely Nagercoil I Branch, Nagercoil II Branch, Thuckalay Branch and Kuzhithurai Branch. All these branches come under Tirunelveli Division. Nagercoil I and II branches are limited to two taluks that is Thovalai and Agesteeswaram. The Thuckalay branch covers the Kalkulam Taluk, whereas the Kuzhithurai branch covers the entire Vilavancode Taluk of Kanyakumari District. The performance of these four branches related to number of policies issued, sum assured, first premium income, number of agents and number of proposals is given below:

3.6.1 Growth of Policies Issued

The number of policies issued by the four branches Nagercoil I, Nagercoil II, Thuckalay and Kuzhithurai for eight years from 2004-05 to 2011-12 are given below in Table 3.9

Table 3.9
Growth of Policies Issued

Years	Nagercoil –I Branch		Nagercoil – II Branch		Thuckalay Branch		Kuzhithurai Branch	
	Number of Policies	Trend in percentage increase / decrease	Number of Policies	Trend in percentage increase / decrease	Number of Policies	Trend in percentage increase / decrease	Number of Policies	Trend in percentage increase / decrease
2004-2005	12819	-	14574	-	22942	-	16109	-
2005-2006	13609	6.16	15748	8.06	17723	(-)22.75	20018	24.27
2006-2007	19017	39.72	23456	48.96	26690	50.6	27481	37.28
2007-2008	18540	(-)2.49	21762	(-)7.22	28102	5.29	31086	24.03
2008-2009	16067	(-)13.34	18320	15.82	20773	(-)26.08	24595	(-)20.88
2009-2010	15982	(-)0.53	20030	9.33	24463	17.76	26348	7.12
2010-2011	14332	(-)10.32	16834	(-)15.96	21408	(-)12.49	24734	(-)17.51
2011-2012	16500	15.13	19500	15.84	24000	12.11	31000	29.23
CGR (In per cent)	1.63	-	2.07	-	.8343	-	8.3	-

Source: Socio-economic profile of four branches

During the year 2006-07, all the four branches show the highest growth in the number of policies issued that is, Nagercoil I branch 39.72 per cent, Nagercoil II 48.96 per cent, Thuckalay 50.6 per cent and Kuzhithurai 37.8 per cent respectively. During the year 2010-11 the four branches show a decrease in the growth that is, Nagercoil I branch 10.32 per cent, Nagercoil II branch 15.96 per cent, Thuckalay 12.49 per cent and Kuzhithurai 17.51 per cent. The Kuzhithurai branch has shown a growth rate of 29.23 per cent during 2011-12 when compared to the other three branches. The four branches show an increase in the growth rate over 12 per cent during 2011-12 when compared to the previous year 2010-11. The average annual

growth in the issue of number of policies for the four branches is Nagercoil I 1.63 per cent, Nagercoil II 2.07 per cent, Thuckalay 0.83 per cent and Kuzhithurai 8.3 per cent. It can be concluded that the performance of Kuzhithurai branch is comparatively better when compared to the other three branches in the aspect of issuing policies.

3.6.2 Growth of Sum Assured

The growth in the value of sum assured for the four branches is presented below in Table 3.10.

Table 3.10
Growth of Sum Assured

Years	Nagercoil –I Branch		Nagercoil – II Branch		Thuckalay Branch		Kuzhithurai Branch	
	Sum Assured (₹ in crores)	Trend in percentage increase / decrease	Sum Assured (₹ in crores)	Trend in percentage increase / decrease	Sum Assured (₹ in crores)	Trend in percentage increase / decrease	Sum Assured (₹ in crores)	Trend in percentage increase / decrease
2004-2005	118.42	-	118.46	-	163.19	-	131.67	-
2005-2006	124.61	5.23	146.58	23.74	138.48	(-)15.14	158.70	20.53
2006-2007	161.94	29.96	182.4	24.48	189.95	37.17	196.90	24.07
2007-2008	129.20	(-)22.07	146.27	(-)19.84	172.59	9.14	235.99	19.85
2008-2009	146.83	13.65	152.00	3.92	183.38	6.25	210.60	23.93
2009-2010	172.18	17.26	190.42	25.28	261.06	42.36	261.00	23.93
2010-2011	196.74	14.26	218.00	14.48	275.22	5.42	287.00	9.96
2011-2012	160.00	(-)18.66	267.00	18.35	289.00	5.01	260.00	9.41
CGR (In per cent)	5.79	-	9.8	-	10.6	-	10.56	-

Source: Socio-economic profile of four branches

The above Table 3.10 reveals that the Nagercoil I and Kuzhithurai branches show a highest growth rate during the year 2006-07 that is, 29.96 per cent and 24.07 per cent respectively. The other two branches have shown the highest growth rate during the year 2009-10 that is, Nagercoil II 25.28 per cent and Thuckalay 42.36 per cent respectively. The Nagercoil I branch shows a decrease in the growth

rate during the years 2007-08 (22.07 per cent) and 2011-12 (18.66 per cent) respectively. Thuckalay branch showed a decline in the growth rate of 15.14 per cent in 2005-06 and 9.14 per cent in 2007-08. Kuzhithurai branch has shown an increased growth rate from 2004-05 to 2011-12. The average annual growth in the sum assured for the branches Nagercoil I, Nagercoil II, Thuckalay and Kuzhithurai are 5.79 per cent, 9.8 per cent, 10.6 per cent and 10.6 per cent respectively.

3.6.3 Growth of First Premium Income

First Premium Income is the main indicator for the performance of branches. Table 3.11 reveals the first premium income of the four branches.

Table 3.11
Growth of First Premium Income

Years	Nagercoil –I Branch		Nagercoil – II Branch		Thuckalay Branch		Kuzhithurai Branch	
	First Premium income (₹ in lakhs)	Trend in percentage increase / decrease	First Premium income (₹ in lakhs)	Trend in percentage increase / decrease	First Premium income (₹ in lakhs)	Trend in percentage increase / decrease	First Premium income (₹ in lakhs)	Trend in percentage increase / decrease
2004-2005	426.74	-	647.25	-	552.00	-	696.80	-
2005-2006	813.33	91.76	976.58	50.88	732.20	32.64	1921.00	175.69
2006-2007	2129.45	160.22	2748.75	181.47	3197.29	336.25	4767.00	148.15
2007-2008	2009.48	(-) 5.63	1255.00	(-) 54.34	4336.00	35.61	6153.69	29.09
2008-2009	1516.04	(-) 24.56	1461.70	16.47	2106.70	(-) 51.41	3268.95	(-) 46.88
2009-2010	1751.30	15.52	1887.63	29.14	2582.32	22.58	3564.99	9.06
2010-2011	2114.02	20.71	2163.31	14.60	2983.00	14.35	4089.89	14.72
2011-2012	4230.00	180.09	2295.00	6.09	3154.08	5.74	6003.00	46.78
CGR (In per cent)	27.78	-	24.14	-	23.71	-	22.74	-

Source: Socio-economic profile of four branches

Over the 10 years period of study, the highest rate of growth is achieved by the branches Nagercoil I, Nagercoil II, and Thuckalay during 2006-07 which is 160.22 per cent, 181.47 per cent and 336.25 per cent respectively, where as Kuzhithurai branch has the highest growth rate of 175.69 per cent during 2005-06. The Nagercoil I branch has a decrease in the growth during the year 2007-08 and 2008-09 which is 5.63 per cent and 24.56 per cent respectively. The Nagercoil II branch has a decrease in the growth during 2007-08 (54.3 per cent). During 2008-09 Thuckalay and Kuzhithurai branches have a decrease in the growth which is 51.41 per cent and 46.88 respectively. The average annual growth of first premium for the branches Nagercoil I, Nagercoil II, Thuckalay and Kuzhithurai are 27.78 per cent, 24.14 per cent, 23.7 per cent and 22.7 per cent respectively. During the year 2011-12 the Nagercoil I branch has shown excellent growth in first premium income (100.09 per cent), followed by good performance by Kuzhithurai branch (46.78 per cent).

3.6.4. Growth of Agents Employed

LIC has a large number of distribution networks and the agents' contribution to it is enormous. They play a vital role in convincing the customers to buy the LIC products. The following Table 3.12 represents the growth of agents employed in the four branches of Kanyakumari District.

Table 3.12
Growth of Agents Employed

Years	Nagercoil –I Branch		Nagercoil – II Branch		Thuckalay Branch		Kuzhithurai Branch	
	Number of Agents	Trend in percentage increase / decrease	Number of Agents	Trend in percentage increase / decrease	Number of Agents	Trend in percentage increase / decrease	Number of Agents	Trend in percentage increase / decrease
2004-2005	512	-	502	-	862	-	761	-
2005-2006	514	0.39	509	1.36	820	(-)4.87	729	(-)4.20
2006-2007	512	(-)0.39	558	9.63	768	(-)6.34	731	0.27
2007-2008	607	18.55	677	21.33	906	17.97	803	9.85
2008-2009	714	17.63	838	23.33	991	9.38	1198	49.19
2009-2010	702	(-)1.68	877	4.65	1032	4.14	1331	11.10
2010-2011	662	(-)5.7	865	(-)1.37	1106	7.17	1286	(-)3.38
2011-2012	676	2.11	906	4.74	986	10.85	1315	2.26
CGR (In per cent)	5.28	-	8.26	-	4.12	-	11.96	-

Source: Socio-economic profile of four branches

Table 3.12 shows that during the years 2007-08, 2008-09 and 2011-12 there is an increase in the growth rate in the four branch of Kanyakumari District. The average annual growth of number of agents for the branches Nagercoil I, Nagercoil II, Thuckalay and Kuzhithurai are 5.28 per cent, 8.29 per cent, 4.12 per cent and 11.96 per cent respectively. It is known from the above that Kuzhithurai branch has shown the highest average annual growth rate of 11.9 per cent over the 10 years study period from 2002-12.

3.6.5. Growth in the Number of Proposals

A business proposal is a written offer from a seller to a prospective buyer. Business proposals are often a key step in the complex sales process. A proposal puts the buyer's requirements in a context that favours the sellers' products and services, and educates the buyer about the capabilities of the seller in satisfying their needs. A successful proposal results in a sale, where both parties get what they want, a win-win situation. In this context, the proposal made by LIC is an important criterion to analyse its performance.

Table 3.13

Growth in the Number of Proposals

Years	Nagercoil –I Branch		Nagercoil – II Branch		Thuckalay Branch		Kuzhithurai Branch	
	Number of Proposals	Trend in percentage increase / decrease	Number of Proposals	Trend in percentage increase / decrease	Number of Proposals	Trend in percentage increase / decrease	Number of Proposals	Trend in percentage increase / decrease
2004-2005	12900	-	14582	-	22950	-	16600	-
2005-2006	13650	5.81	15780	10.27	17795	(-)22.46	20500	23.49
2006-2007	19300	41.39	23744	50.47	27005	51.76	28000	36.58
2007-2008	18576	(-)3.75	21783	(-)8.26	28123	4.14	31600	12.86
2008-2009	22000	18.43	18540	(-)14.87	20956	(-)25.48	24742	(-)21.7
2009-2010	16700	(-)24.09	20105	8.44	24552	17.16	26642	7.68
2010-2011	15000	(-)11.33	16850	(-)16.19	22000	(-)10.39	25084	(-)5.85
2011-2012	27500	83.33	19510	15.77	27500	25	31600	25.98
CGR (In per cent)	6.8	-	2.05	-	2.1	-	6.44	-

Source: Socio-economic profile of four branches

The branches show a high growth in number of proposals made during the years 2006-07 and 2011-12. The highest growth being achieved by Nagercoil I branch with 83.33 per cent during 2011-12. During the year 2010-11 all the branches have a decrease in the growth rate. The average annual growth achieved by branches Nagercoil II and Thuckalay being 2.05 per cent and 2.10 per cent respectively which is very low. The other two branches Nagercoil I and Kuzhithurai achieved an average annual growth of 6.8 per cent and 6.44 per cent respectively. This shows that the growth in this category is comparatively low in all the branches.

3.7 Contribution to Indian Economy

LIC of India which is formed under a separate Act is a public sector organization. It is an organization which plays an important role in the Indian Economy by making investment in government and social sectors and by contributing to the five-year plans of India.

It contributes to Indian Economy by supporting following causes and projects:

- It provides employment generation
- Makes investment in infrastructure and social sectors namely, housing, power, irrigation, water supply, road, ports, bridges and railways.
- Invest in central and state Government Securities.
- It is the only sector which garners long term savings.
- Spread of financial services in rural areas and among socially less privileged. It has also contributed significantly to the five-year plans over the years since independence.

The Table 3.14 represents the contribution of LIC of India to the five year plans of India.

Table 3.14

Contribution of LIC of India

Plan	Year	Contribution (in crores)	Per cent of increase
II	1956-1961	184	-
III	1961-1966	285	54.89
IV	1969-1974	1530	436.84
V	1974-1979	2942	92.28
VI	1980-1985	7140	142.69
VII	1985-1990	12969	81.63
VIII	1992-1997	56097	604.04
IX	1997-2002	170929	204.70
X	2002-2007	394779	130.96
XI	2007-2012	528390	33.84

Source: LIC Diary, 2012.

Table 3.14 shows the LIC's contribution to India's five year plans and thus it contributes the economic growth of India. The per cent of increase in the contribution is very high during the IV plan (437 per cent), VIII plan (604 per cent) and IX plan (205 per cent).

3.8 Corporate Social Responsibility (CSR)

LIC as a part of its CSR, formed a ¹Trust LIC Golden Jubilee Foundation in the year 2006 with the objective of promoting education, health, relief of poverty or distress and advancement of other objects of general public utility. As on date 31.03.2011 LIC has put ₹90 crore towards LIC golden Jubilee Foundation and the interest is distributed for various charitable purposes. So far it has sanctioned for 211 projects worth ₹22.35 crores. LIC Golden Jubilee scholarship scheme provides scholarship to economically weaker section of the student community to pursue higher education at the rate of ₹1 lakh per year for ten students per division till they complete their graduation/ professional course. So far 4,661 students have been benefited from the scheme.

3.9 Awards and Achievements of LIC

The performance and innovative practices of LIC have earned many awards. The most important awards are

- CNBC Awaaz Consumer Awards 2008
- Readers Digest Trusted Brand Award 2008 in the platinum category
- Loyalty Award 2009
- Golden Peacock Innovative Product / service Award 2009
- Asia Peacock Innovative Product / Service Award 2009
- Asia Pacific HRN congress 2009 Award for Innovative practices
- NASSCOM Award for best IT user
- NDTV - Profit Business Leadership award
- Asia Brand Congress - Brand Leadership Award

¹ LIC Diary, 2012

- Top Brand in the Insurance Category in 2099
- Power Brand Award - India's most powerful brand chosen by consumers - 2010-11
- Golden Peacock Award for Excellence in Corporate Governance 2010-11
- Asia Leadership Awards 2011-12
- ET Brand Equity's most trusted 2011-12
- Bombay Chamber of Commerce 2011-12
- Star News- Customer Centric Brand Award 2011-12.

3.10 SWOT Analysis on LIC

The SWOT analysis given below involves in-depth study on the Strengths, Weaknesses, Opportunities and Threats faced by LIC of India.

Strength

- Sovereign guarantee given by central Government of India
- Vast distribution network around 14,00,000 agents
- Large product portfolio - 64 products
- High claim settlement ratio - 97 per cent
- Strong Brand image

Weakness

- Slow decision making process
- Internal problems between top management and clerical staff
- Low per cent (25.37) of grievance resolved, compared to private insurers (69.7 per cent)

Opportunity

- Scope to reach the large untapped rural market - 300 million potential consumers
- Emergence of young and huge middleclass consumers
- Scope to explore international market especially in Brazil, Russia, Kenya, Nigeria, South Africa, Dubai, Saudi Arabia and Sri Lanka
- Scope to popularize Unit Linked and Pension schemes

Threats

- Interference from the Government
- Stiff competition with the entry of new private players (23 private companies)
- Prevalence of red-tapism.

3.11 Conclusion

From the above discussions, it is evident that the LIC of India has expanded tremendously and has brought a big change in the kind of products marketed since 2000. Though it is facing tough competition from the private insurers it is able to sustain its growth in number of aspects such as new policies offered, first premium insurance, claim settlement, number of agents and its profitability. The LIC of India should not be a race winner in the competitive industry but it should also divert the public savings towards the socio-welfare and infrastructural development. Obviously LIC of India has dual objectives that is, protection of policyholders' trust and contribution in economic development. Though privatization of the insurance sector is feared to affect the prospects of LIC, the study shows that LIC continues to dominate life insurance sector.

CHAPTER - IV

SOCIO-ECONOMIC PROFILE OF POLICYHOLDERS AND THEIR PREFERENCE FOR LIC PRODUCTS

4.1 Introduction

In order to understand the attitude and the satisfaction a policyholder gets from the purchase of LIC products, it is very important to understand the socio-economic background of the policyholders and to identify the important factors which contribute to the purchase of life insurance products of LIC. The key to an organizations survival, profitability and growth in this highly competitive environment in the market is the ability to identify and satisfy unfulfilled consumer needs better and sooner than the competitors. This applies to the service products such as life insurance products. In this chapter an attempt is being made to examine the socio-economic profile of the sample respondents, the factors which contribute to the purchase of life insurance products of LIC and the problems faced by the policyholders while purchasing LIC products and the quality of services offered by LIC.

4.2 Socio-Economic Profile of Sample Policyholders

The socio-economic status of the customers' plays an important role in understanding their attitude and preference. The main socio-economic factors taken into consideration for the study are age, family size, marital status, gender, monthly income, literacy level, ownership of house, type of house and monthly savings. The socio-economic profile of the respondents are given on the basis of the occupational status which is divided into four categories namely salaried class,

business group, agriculturists and daily wage earners for the purpose of this study.

4.2.1 Classification of Respondents on the Basis of Age

Age is an important factor while purchasing the life insurance products.

Only the individual policyholders above the age of 20 are selected for the study.

Table 4.1
Classification of Respondents on the Basis of Age

Sl. No	Age group	Occupational Status of the Respondents				Total
		Salaried Class	Business Group	Agriculturists	Daily Wage Earners	
1	20-30	16 (11.4)	24 (24.0)	12 (12.0)	4 (6.7)	56 (14)
2	30-40	32 (22.9)	29 (29.0)	16 (16.0)	20 (33.3)	97 (24.3)
3	40-50	48 (34.3)	36 (36.0)	44 (40.0)	24 (44.0)	152 (38.0)
4	50-60	44 (31.4)	11 (11.0)	24 (24.0)	8 (13.3)	87 (21.7)
5	Above 60	0	0	4 (4.0)	4 (6.7)	8 (2.0)
Total		140 (100)	100 (100)	100 (100)	60 (100)	400 (100)

Note : Data in Parenthesis is Percentage

Source : Primary Data

Table 4.1 shows that 38 per cent of the total respondents belong to the age group 40-50, 24.3 per cent belong to the age group of 30-40. In the salaried group 34.3 per cent of the respondents belong to the age group of 40-50, and 31.4 per cent belong to the age group of 50-60. In the business group 36 per cent of the respondents belong to 40-50 age group, 29 per cent belong to the age group of 30-40 and 24 per cent belong to the group of 20-30. In the agriculturists group 44 per cent belong to the age group of 40-50, 24 per cent belong to the age group of 50-60. In the daily wage earners category 44 per cent belong to the age group of 40-50,

33.3 per cent belong to the age group of 30-40. The above table reveals that the majority (38 per cent) of the respondents belong to the age group 40-50.

4.2.2 Family Size of the Respondents

The size of the family represents the number of family members living along with respondents. The family size may influence the respondents to provide security to their family members through life insurance products.

Table 4.2
Family Size of the Respondents

Sl. No	Number of Family Members	Occupational Status of the Respondents				Total
		Salaried Class	Business Group	Agriculturists	Daily Wage Earners	
1	2	12 (8.5)	4 (4.0)	22 (22.0)	16 (26.7)	54 (13.5)
2	3	88 (62.9)	40 (40.0)	46 (46.0)	24 (40.0)	198 (49.5)
3	4	28 (20.0)	32 (32.0)	19 (19.0)	12 (20.0)	91 (22.7)
4	5	12 (8.6)	24 (24.0)	9 (9.0)	8 (13.3)	53 (13.3)
5	6	0	0	4 (4.0)	0	4 (1.0)
Total		140 (100)	100 (100)	100 (100)	60 (100)	400 (100)

Note : Data in Parenthesis is Percentage

Source : Primary Data

Contradict to the fact that Indian families are generally large, Table 4.2 shows that 49.5 per cent of the respondents have just three members in the family and only one per cent of the sample respondents have six members in the family. It is also surprising to note that under all four categories of policyholders, the majority (49.5 per cent) have just 3 members in the family.

4.2.3 Marital Status of the Respondents

Marital status of a person increases the responsibility of a person and there arises a need to provide financial security to the family through life insurance policies. The following Table 4.3 shows the marital status of the sample respondents.

Table 4.3
Marital Status of the Respondents

SL. No	Marital status	Occupational Status of the Respondents				Total
		Salaried Class	Business Group	Agriculturists	Daily Wage Earners	
1	Married	120 (85.7)	84 (84.0)	91 (91.0)	50 (83.3)	345 (86.2)
2	Unmarried	20 (14.3)	16 (16.0)	9 (9.0)	10 (16.7)	55 (13.8)
Total		140 (100)	100 (100)	100 (100)	60 (100)	400 (100)

Note : Data in Parenthesis is Percentage

Source : Primary data

Table 4.3 shows that 86.3 per cent of the sample respondents are married. The majority of the respondents in all the categories of respondents based on their occupational status are married.

4.2.4 Respondents Gender

Today in the modern world both men and women earn to have a comfortable life and financial security. Therefore, it is necessary to include both men and women to study the attitude of policyholders towards marketing mix.

Table 4.4
Gender wise Classification of Respondents

SL. No	Gender	Occupational Status of the Respondents				Total
		Salaried Class	Business Group	Agriculturists	Daily Wage Earners	
1	Male	88 (62.9)	56 (56.0)	48 (48.0)	36 (60.0)	228 (57.0)
2	Female	52 (37.1)	44 (44.0)	52 (52.0)	24 (40.0)	172 (43.0)
Total		140 (100)	100 (100)	100 (100)	60 (100)	400 (100)

Note : Data in Parenthesis is Percentage

Source : Primary data

According to the Table 4.4, 57 per cent of the sample respondents are male and 43 per cent are female respondents. Excepting the respondents who are doing agriculture operation, on an average the majority (57 per cent) of the respondents belonging to the other occupational status are men.

4.2.5 Monthly Income of the Respondents

There is a direct correlation between income and the purchasing power of an individual. Therefore, income plays an important role in the purchase of life insurance products.

Table 4.5
Respondents Monthly Income

Sl. No	Monthly Income (in ₹)	Occupational status of the respondents				Total
		Salaried Class	Business Group	Agriculturists	Daily Wage Earners	
1	upto 5,000	16 (11.4)	0	39 (39.0)	36 (60.0)	91 (22.7)
2	5,001-10,000	40 (28.6)	21 (21.0)	35 (35.0)	24 (40.0)	120 (30.0)
3	10,001-20,000	36 (25.7)	28 (28.0)	12 (12.0)	0	76 (19.0)
4	20,001-30,000	24 (17.1)	17 (17.0)	9 (9.0)	0	50 (12.5)
5	30,001-40,000	20 (14.3)	24 (24.0)	3 (3.0)	0	47 (11.8)
6	Above 40,000	4 (2.9)	10 (10.0)	2 (2.0)	0	16 (4.0)
Total		140 (100)	100 (100)	100 (100)	60 (100)	400 (100)

Note : Data in Parenthesis is Percentage

Source : Primary Data

It can be inferred from Table 4.5 that 30 per cent of the sample respondents belong to the income group of ₹5,001-10,000 followed by 22.07 per cent to the income group upto ₹5,000 and 19 per cent to the income group ₹10,001-15,000. Only 4 per cent belong to the income group of above ₹40,000 per month. Irrespective of the occupational status of the respondents excepting the business group, Majority (30 per cent) of the respondents are in the income group of ₹5,001 – 10,000.

4.2.6 Educational Qualification of the Respondents

Education creates awareness among the potential policyholders to motivate them to buy life insurance products and hence it is an important factor. The literacy level of the sample policyholders are given below in Table 4.6.

Table 4.6
Educational Qualification of the Respondents

Sl. No	Educational Qualification	Occupational Status of the Respondents				Total
		Salaried Class	Business Group	Agriculturists	Daily Wage Earners	
1	upto Std. VIII	0	0	39 (39.0)	36 (60.0)	75 (18.8)
2	SSLC	0	0	47 (47.0)	16 (26.7)	63 (15.7)
3	Diploma	12 (8.6)	4 (4.0)	8 (8.0)	8 (13.3)	32 (8.0)
4	HSC	12 (8.6)	24 (24.0)	4 (4.0)	0	40 (10.0)
5	Graduation	66 (47.1)	52 (52.0)	2 (2.0)	0	120 (30.0)
6	Professional	50 (35.7)	20 (20.0)	0	0	70 (17.5)
Total		140 (100)	100 (100)	100 (100)	60 (100)	400 (100)

Note : Data in Parenthesis is Percentage

Source : Primary Data

Table 4.6 shows that 30 per cent of the sample respondents are degree holders and 18.8 per cent have studied upto standard VIII. Literacy wise classification on the basis of occupational status reveals that 35.7 per cent of the sample respondents in the salary category are professionals and 47.1per cent are graduates. The minimum educational qualification of the sample respondents in the salaried group is diploma. In the business category 52 per cent are degree holders, 24 per cent are HSC holders, 20 per cent are professionals. In the category of daily wage earners the majority (60 per cent respectively) of the sample policyholders have studied upto standard VIII.

4.2.7 Taluk-wise Distribution of Respondents

Kanyakumari district has four taluks namely, Agasteeswaram, Kalkulam, Thovalai and Vilavancode. The distribution of the sample respondents according to this occupational status are presented in Table 4.7.

Table 4.7
Taluk - wise Distribution of Respondents

Taluks	Occupational Status of the Respondents				Total
	Salaried Class	Business Group	Agriculturists	Daily Wage Earners	
Agasteeswaram	53 (37.86)	37 (37.0)	10 (10.0)	15 (25.0)	115 (28.75)
Kalkulam	42 (30.0)	25 (25.0)	45 (45.0)	23 (38.3)	135 (33.75)
Thovalai	7 (5.0)	5 (5.0)	9 (9.0)	9 (15.0)	30 (7.5)
Vilavancode	38 (27.14)	53 (53.0)	36 (36.0)	13 (21.7)	120 (30.0)
Total	140 (100)	100 (100)	100 (100)	60 (100)	400 (100)

Source : Primary Data

Table 4.7 shows the Taluk-wise distribution of the sample respondents. The number of respondents from the Agasteeswaram Taluk, constitutes 28.75 per cent, Kalkulam Taluk 33.75 per cent, Thovalai Taluk 7.5 per cent and Vilavancode Taluk 30 per cent.

4.2.8 Classification of Respondents on the Basis of Ownership of House

Owning a house is a dream of every person. This reflects the economical background of the sample policyholders. Therefore, it is an important factor to be considered. The result is shown in Table 4.8.

Table 4.8**Classification of Respondents on the Basis of Ownership of House**

Sl. No	Ownership of House	Occupational Status of the Respondents				Total
		Salaried Class	Business Group	Agriculturists	Daily Wage Earners	
1	Rented	28 (20.0)	44 (44.0)	56 (56.0)	36 (60.0)	164 (41.0)
2	Lease	44 (31.4)	28 (28.0)	36 (8.0)	16 (26.7)	124 (31.0)
3	Owned house	68 (48.6)	28 (28.0)	8 (8.0)	8 (13.3)	112 (28.0)
Total		140 (100)	100 (100)	100 (100)	60 (100)	400 (100)

Note : Data in Parenthesis is Percentage

Source : Primary Data

The Table 4.8 presented above shows that 41 per cent of the sample respondents live in rented houses, 31 per cent live in leased houses and only 28 per cent have own houses. In the case of policyholders who earn salary, 48.6 per cent have own houses. In the business category 44 per cent live in rented houses, in agriculturist category 56 per cent live in rented houses and 60 per cent in the daily wage earners category live in rented houses.

4.2.9 Classification of Respondents According to Type of Houses

The type of houses in which sample respondents live reflects their socio-economic condition. It is classified as concrete, tiled and thatched house for this study. This distribution of respondents according to the type of house where they are residing are presented in the following Table 4.9.

Table 4.9
Classification of Respondents According to Type of House

Sl. No	Type of House	Occupational Status of the Respondents				Total
		Salaried Class	Business Group	Agriculturists	Daily Wage Earners	
1	Thatched	0	0	8 (8.0)	24 (40.0)	32 (8.0)
2	Tiled	12 (8.6)	4 (4.0)	52 (52.0)	32 (53.3)	100 (25.0)
3	Concrete	128 (91.4)	96 (96.0)	40 (40.0)	4 (6.7)	268 (67.0)
Total		140 (100)	100 (100)	100 (100)	60 (100)	400 (100)

Note : Data in Parenthesis is Percentage

Source : Primary Data

Table 4.9 given above shows that 67 per cent of the sample policyholders live in concrete houses, 25 per cent in tiled houses and only 8 per cent live in thatched houses. In case of sample policyholders who earn salary, 91.4 per cent live in concrete houses and no one live in thatched house. In the business category 96 per cent live in concrete houses and no one lives in thatched houses. In the agriculturist category 52 per cent live in tiled houses, 40 per cent live in concrete houses and only 8 per cent live in thatched houses. In the daily wage earners category 53.3 per cent live in tiled houses, 40 per cent live in thatched houses only 6.7 per cent live in concrete houses.

4.2.10 Monthly Savings of the Respondents

Saving is an important factor that reflects the socio-economic condition of policy holders. Savings provides an opportunity to invest in life insurance products. The classification of respondents according to their savings is presented in the following Table 4.10

Table 4.10**Classification of Respondents According to Monthly Savings**

Sl. No	Monthly Savings (in ₹)	Occupational Status of the Respondents				Total
		Salaried Class	Business Group	Agriculturists	Daily Wage Earners	
1	upto 1000	36 (25.7)	26 (26.0)	52 (52.0)	48 (80.0)	162 (40.5)
2	1,001-2,000	32 (22.8)	11 (11.0)	31 (31.0)	12 (20.0)	86 (21.5)
3	2,001-3,000	16 (11.4)	4 (4.0)	6 (6.0)	0	26 (6.5)
4	3,001-4,000	32 (22.9)	12 (12.0)	4 (4.0)	0	48 (12.0)
5	4,001-5,000	4 (2.9)	29 (29.0)	3 (3.0)	0	36 (9.0)
6	Above 5,000	20 (14.3)	18 (18.0)	4 (4.0)	0	42 (10.5)
Total		140 (100)	100 (100)	100 (100)	60 (100)	400 (100)

Note : Data in Parenthesis is Percentage

Source : Primary Data

Table 4.10 reveals that 40.5 per cent of the sample policyholders save money upto ₹1,000 per month, 21.5 per cent save ₹1,001-2,000 per month. Only 10.5 per cent of the sample respondents save above ₹5,000. In the salaried category 25.8 per cent save upto ₹5,000 per month and 14.3 per cent save above ₹5,000 per month. In the business category 29 per cent save ₹4,001-5,000 per month, 26 per cent save upto ₹1,000 per month and 18 per cent above ₹5,000 per month. In the agriculture category 52 per cent save upto ₹1,000 per month and only 4 per cent save above ₹5,000 per month. In case of daily wage earners 80 per cent save upto ₹1,000 per month, and 20 per cent ₹1,000 - 2,000 per month.

4.3 Preferential Attitude of Policyholders

The preferential attitude of the policyholders about the scheme and plan of the policy offered by LIC, sources motivated to take LIC policy the suitable period for which the policy can be taken, the person on whose name the policy is proposed, the amount and the mode of the premium payment, is analysed to understand the attitude of the policyholders towards the life insurance products offered by LIC of India. Predicting the preferential attitude of the policyholders about the above said product and price attributes would enlighten how successfully LIC's marketing strategy had influenced the policyholders. The response of the respondents towards these attributes on the basis of their occupational status is presented in the following tables.

4.3.1 Sources of Motivation and Occupational Status

While purchasing the life insurance policy, the consumers are motivated by many sources such as friends, spouse, agents, LIC employees, television and printed advertisements. The following Table 4.11 shows the result

Table 4.11
Sources of Motivation and Occupational Status

Source	Occupational Status of the Respondents				Total
	Salaried Class	Business Group	Agriculturists	Daily Wage Earners	
Friends	10 (7.1)	5 (4)	10 (10)	3 (5)	28
Spouse	18 (12.9)	4 (4)	5 (5)	4 (6.7)	31
Agents	62 (44.3)	73 (73)	69 (69)	45 (75)	249
LIC employer	8 (5.7)	2 (2)	3 (3)	2 (3.3)	15
Advertisement through Television	27 (19.3)	10 (10)	7 (7)	4 (6.5)	48
Print Media Advertisement	15 (10.7)	6 (6)	6 (6)	2 (3.3)	29
Total	140 (100)	100 (100)	100 (100)	60 (100)	400 (100)

Note : Data in Parenthesis is Percentage

Source : Primary Data

The above Table reveals that agents (62.25 Per cent) play a major in motivating the consumers to purchase life insurance policy, followed by television advertisement (12 Per cent). In case of different categories of respondents such as salaried class, business group, agriculturists and daily wage earners the main motivators are agents and television advertisement.

4.3.2 Respondents' Plan Preference and Occupational Status

LIC offers many types of plans to meet the various needs of an individual and his family. The different types of plans offered are basic life insurance plans, term assurance plans, specific plans for children, pension plans, Unit linked plans, micro insurance plans, plans for handicapped dependents, health insurance plans and other plans. For the purpose of the study the respondents were asked to name the plans under which they have taken insurance policies. The respondents plan preference according to their occupational status is presented in Table 4.12.

Table No. 4.12
Respondents Plan Preference According to Occupation

Plan	Occupation Status of the Respondents				Total
	Salaried Class	Business Group	Agriculturists	Daily Wage Earners	
Specific plans for children (Jeevan Anurag)	20 (37.74)	14 (26.41)	16 (30.19)	3 (5.66)	53 (100.0)
Term Assurance (Amulya Jeevan)	13 (31.71)	18 (43.90)	8 (19.51)	2 (4.88)	41 (100.0)
Pension plans (Jeevan Akshay, Jeevan Suraksha)	8 (50.0)	4 (25.0)	4 (25.0)	0	16 (100.0)
Plans for Handicapped Dependents (Jeevan Adhar)	0	4 (100.0)	0	0	4 (100.0)
Health insurance	8 (34.78)	10 (43.48)	5 (21.74)	0	23 (100.0)
Micro Insurance (Jeevan Madhur Jeevan Mangal)	0	0	11 (26.19)	31 (73.81)	42 (100.0)
Basic Life Insurance (Endowment, whole life)	61 (44.53.)	38 (27.74)	24 (17.52)	14 (10.21)	137 (100.0)
Other plan (Money back, Jeevan Mitra, Jeevan surabhi, etc)	65 (37.79)	44 (25.58)	48 (27.91)	15 (8.72)	172 (100.0)

Note : Data in Parenthesis is Percentage

Source : Primary Data

It is known from Table 4.12 that 400 respondents have taken about 488 policies under various plans. It means that a few respondents have taken more than one policy. It is known from the Table 4.12 that the most number of policies are taken under the category other plans comprising money back, Jeevan Mitra, Jeevan Surabi etc, with 172 policies, followed by Basic life insurance policies comprising endowment and whole life policies with 137 policies, micro insurance policies comprising Jeevan Madhur, Jeevan Mangal, with 42 policies, special children plans comprising Jeevan Anurag with 53 policies and Term Assurance with 41 policies. The most popular policy among salaried class, business group and agriculturists are basic life insurance and other plans. For the daily wage earners, the most popular policies are micro insurance with 31 policies and basic life insurance with 15 policies.

4.3.3 Factors Influencing the Selection of a Particular Scheme

The LIC under its category of nine plans have many schemes based on the needs and requirements of the policy holders. A potential policyholder has variety of products from which he has to choose the best suitable scheme. While selecting purpose of the study the respondents are asked to rank ten factors which could be considered while choosing a particular scheme under a plan. In order to analyse this Garrett ranking technique has been applied. The result of the analysis is given below in Table 4.13

Table 4.13
Factors Influencing the Selection of a Scheme

Sl. No	Factors	Garrett Mean score	Rank
1	Money back facility	61.42	II
2	Suitable terms	50.75	IX
3	Choice and amount of premium payable	49.53	X
4	Optional riders like critical illness and accident benefits	59.25	IV
5	Age factors	51.95	VIII
6	Maximum benefits to dependents	62.57	I
7	Early and higher rate of survival	58.12	VI
8	Better risk coverage	60.68	III
9	Future needs like education, marriage taken care of	58.97	V
10	Insurance cove with the flexibility of partial withdrawal	53.80	VIII

Source: Primary Data

According to Table 4.13, the most influential factor to select a scheme is maximum benefits to the dependents with a Garrett mean score of 62.57, followed by money back facility with 61.12, followed by better risk coverage with 60.68, optional riders like critical illness and accident benefits with 59.25 and for future needs like education and marriage of children with 58.97. The least influential factors are the terms available with 50.75 and choice and amount of premium payable with 49.53. It can be concluded that while choosing a scheme under a plan, respondents always look for maximum benefits for his dependents with better risk coverage.

4.3.4 Policy Preference and Occupational Status

LIC is offering different schemes of policies to its customers based on their demand, preference and taste. For the purpose of analysis, the respondents are asked to give the name of the scheme they have selected as their LIC policies. The result is given in Table 4.14

Table 4.14
Policy Preference and Occupational Status

Scheme of the policy	Occupation Status of the Respondents				Total
	Salaried Class	Business Group	Agriculturists	Daily Wage earners	
Jeevan Anurag	0	4 (20)	16 (80.0)	0	20 (100.0)
Jeevan Adhar	0	4 (100.0)	0	0	4 (100.0)
Health Plan	8 (34.78)	10 (43.47)	5 (21.74)	0	23 (60.0)
Jeevan Surabhi	32 (53.33)	8 (13.33)	16 (26.67)	4 (6.67)	60 (100.0)
New Jana Raksha	0	25 (37.32)	27 (40.30)	15 (22.38)	67 (100.0)
Jeevn Mitra	18 (72)	7 (28.0)	0	0	25 (100.0)
Money back	61 (45.52)	38 (28.36)	30 (22.39)	5 (3.73)	134 (100.0)
Jeevan Madhur	0	0	11 (26.19)	34 (73.81)	42 (100.0)
Endowment/ Jeevan Anand	45 (41.28)	24 (22.02)	30 (27.53)	34 (73.81)	109 (100.0)
Jeevan Bharathi -1	20 (47.62)	15 (35.71)	7 (16.67)	10 (9.17)	42 (100.0)

Note : Data in parenthesis is per cent

Source : Primary Data

With regard to the schemes selected out of the plans, the 400 policyholders have mentioned the names of Jeevan Anurag, Jeevan surabhi, New Jana Raksha, Jeevan Anand, and Jeevan Bharathi -1. Table 4.14 shows that the most preferred scheme by the respondents is money back with 134 policies, followed by endowment with 67 policies and Jeevan Surabhi with 60 policies. When analysed on the basis of occupation, the result reveals that the most preferred scheme by the salaried class is money back with 61 policies followed by Surabhi with 32 policies. In case of business group, the most preferred scheme is money back with 38 policies, followed by New Jana Raksha with 25 policies and endowment / Jeevan

Anand with 24 policies. In respect of agriculturists the most preferred policies are moneyback and endowment / Jeevan Anand with 30 policies each, followed by New Jana Raksha with 27 policies and Jeevan Anurag and Jeevan surabhi with 16 policies each. In case of daily wage earners the most preferred policy is Jeevan Madhur with 34 policies, followed by new Jeevan Raksha with 15 policies and endowment / Jeevan Anand with 10 policies. It can be inferred that the daily wage earners prefer Jeevan Madhur which is a micro insurance. All other categories prefer money back policies.

4.3.5 Premium Payment and Occupational Status

The amount of premium depends on the value, age period of the policy, the nature of benefit available to the policyholders and their financial status. In order to assess their preference for the amount of premium, five options are given to the respondents such as ₹0-5,000, ₹5,000-10,000, ₹10,000-15,000, ₹15,000-20,000 and above ₹20,000 per annum. The result is presented in Table 4.15.

Table 4.15
Premium Payment and Occupational Status

Premium Amount (in ₹)	Occupational Status of the Respondents				Total
	Salaried Class	Business Group	Agriculturists	Daily Wage Earners	
0 - 5,000	88 (62.9)	60 (60.0)	56 (56.0)	40 (66.7)	244 (61.0)
5,000-10,000	44 (31.4)	28 (28.0)	28 (28.0)	16 (26.7)	116 (29.0)
10,000 - 15,000	4 (2.8)	4 (4.0)	4 (4.0)	0	12 (3.0)
15,000 - 20,000	4 (2.9)	4 (4.0)	0	0	8 (2.0)
Above 20,000	0	4 (4.0)	12 (12.0)	4 (6.6)	20 (5.0)
Total	140 (100)	100 (100)	100 (100)	60 (100)	400 (100)

Note : Data in Parenthesis is Percentage

Source : Primary Data

According to the Table 4.15, out of the 400 respondents, 244 (61 per cent) pay an annual premium ranging ₹0 - 5,000, 116 (29 per cent) pay ₹5,000 - 10,000 and only 20 (5 per cent) pay more than ₹20,000 per annum. When analysed on the basis of occupational status it is found out that majority of the respondents from the category salaried class (62.9 per cent), business group (60.0 per cent), agriculturists (56 per cent) and daily wage earners (66.7 per cent) pay premium ranging from ₹0 - 5,000 annually.

4.3.6 Sum Assured and Occupational Status

The value of the policy also depends upon the economic status, the age factor and the period of the policy. To understand the preference or the value of the policy, the respondents are asked to give the actual value of the policy for which they are insured. For this purpose five ranges of values are given namely ₹0 - 50,000, ₹50,000 - 1,00,000, ₹1,00,000-2,00,000, ₹2,00,000–3,00,000 and above ₹3,00,000. The result is presented in Table 4.16

Table 4.16
Sum Assured and Occupational Status

Sum Assured (in ₹)	Occupational Status of the Respondents				Total
	Salaried Class	Business Group	Agriculturists	Daily wage earners	
0 - 50,000	78 (55.7)	40 (40.0)	40 (40.0)	36 (60.0)	194 (48.5)
50,000 - 1,00,000	40 (28.6)	40 (40.0)	32 (32.0)	16 (26.7)	128 (32.0)
1,00,000 - 2,00,000	4 (2.9)	8 (8.0)	4 (4.0)	0	16 (4.0)
2,00,000 - 3,00,000	10 (7.1)	0	4 (4.0)	0	14 (3.5)
Above 3,00,000	8 (5.7)	12 (12.0)	20 (20.0)	8 (13.3)	48 (12.0)
Total	140 (100)	100 (100)	100 (100)	60 (100)	400 (100)

Note : Data in Parenthesis is Percentage

Source : Primary Data

Among the 400 respondents 194 (48.5 per cent) have taken policy in the range of ₹0 - 50,000, 128 (32 per cent) in the range of ₹50,000 - 1,00,000 and 48 (12 per cent) in the range of above ₹3,00,000. The preferential range of value of the policy.

4.3.7 Mode of Premium Payment and Occupational Status

Premiums other than single premium may be paid by the policyholders to the LIC in yearly, half-yearly, quarterly and monthly installments. A grace period of month but not less than 30 days is allowed for payment of yearly, half-yearly and quarterly premiums, and 15 days for payment of monthly premium. Though micro insurance policyholders have weekly and fortnightly premium payments for the purpose of the study only the first four categories of modes of premium payment is considered. The distribution of respondents for the mode of premium payment based on occupational status is given in Table 4.17

Table 4.17
Mode of Premium Payment and Occupational Status

Mode of Premium Payment	Occupational Status of the Respondents				Total
	Salaried Class	Business Group	Agriculturists	Daily Wage Earners	
Monthly	48 (34.3)	52 (52.0)	56 (56.0)	28 (46.7)	184 (46.0)
Quarterly	84 (60.0)	40 (40.0)	36 (36.0)	24 (40.0)	184 (46.0)
Half yearly	4 (2.9)	4 (4.0)	0	0	8 (2.0)
Annual	4 (2.8)	4 (4.0)	8 (8.0)	8 (13.3)	24 (6.0)
Total	140 (100)	100 (100)	100 (100)	60 (100)	40 (100)

Note : Data in Parenthesis is Percentage

Source : Primary Data

Table 4.17 reveals that monthly and quarterly premium payment is equally popular among the respondents (46 per cent each). Among the salaried group quarterly payment (84 per cent) is more popular than monthly payment (34.3 per cent). With regard to the other groups monthly payment is more popular than others modes of premium payment.

4.3.8 Periodicity of the Policy and Occupational Status

The period of policy ranges from five to twenty years depending upon the type and nature of the scheme. The respondents are asked to give the number of years for which the policies have been taken. For this purpose four ranges are given namely, 5-10, 10-15, 15-20 and above 20 years.

Table No. 4.18
Periodicity of the Policy and Occupational Status

Periodicity of the Policy	Occupational Status of the Respondents				Total
	Salaried Class	Business Group	Agriculturists	Daily Wage Earners	
5 - 10	4 (2.9)	0	8 (8.0)	0	12 (3.0)
10 - 15	80 (57.1)	40 (40.0)	72 (72.0)	32 (53.3)	224 (56.0)
15 - 20	40 (28.6)	40 (40.0)	12 (12.0)	24 (40.00)	116 (29.0)
Above 20	16 (11.4)	20 (20.0)	8 (8.0)	4 (6.7)	48 (12.0)
Total	140 (100)	100 (100)	100 (100)	60 (100)	400 (100)

Note : Data in Parenthesis is Percentage

Source : Primary Data

Out of the total 400 respondents 224 (56 per cent) have taken the policy for 10-15 years, 116 (29 per cent) for 15 – 20 years and 48 (12 per cent) have taken for above 20 years. It is also known from Table 4.18 that all the four categories of respondents namely, salaried class (57.1 per cent), business group (40 per cent),

agriculturists (72 per cent) and daily wagers (53.3 per cent) have taken policy for a period 10 -15 years. It reveals that majority (56 per cent) the respondents prefer to take life insurance policies for a period of 10 to 15 years.

4.3.9 Payment of Premium Options and Occupational Status

Premium can be paid through different channels for the policies in force which are not under Salary Saving Scheme (SSS). The payment of premium under SSS is paid by the employer to the LIC through banks. For the purpose of the study five options namely, online payment, payment through banks, payment through franchisees, premium payment through agents and direct payment into LIC offices are considered. The distribution of respondents regarding the options of premium payment based on occupational status is presented in Table 4.19.

Table No. 4.19
Payment of Premium Options and Occupational Status

Premium Payment Options	Occupational Status of the Respondents				Total
	Salaried Class	Business Group	Agriculturists	Daily Wage Earners	
Online Payment	19 (13.57)	23 (23.0)	0	0	42 (10.5)
Through Banks	68 (48.57)	32 (32.0)	30 (30.0)	15 (25.0)	145 (36.25)
Through Franchisees	7 (5.0)	10 (10.0)	2 (2.0)	2 (3.3)	21 (5.25)
Through Agents	25 (17.86)	15 (15.0)	30 (30.0)	37 (61.7)	107 (26.75)
Directly into LIC office	21 (15.0)	20 (20.0)	38 (38.0)	6 (10.0)	85 (21.25)
Total	140 (100)	100 (100)	100 (100)	60 (100)	400 (100)

Note : Data in Parenthesis is Percentage

Source : Primary Data

Table 4.19 shows that out of the 400 respondents 145 (36.25 per cent), 107 (26.75 per cent) and 85 (21.25 per cent) pay premium through banks, agents and directly into LIC office respectively. Among the salaried group, the most (48.75 percent) preferred mode of payment is through banks. For business group (32 per cent) is online payment (23 per cent) in case of agriculturists the preferential options are direct payment (38 per cent), banks (30 per cent). Among daily wage earners the preferential options are agents (61.7 per cent) and banks (25 per cent). It is concluded that banks and agents are the popular premium payment options for the respondents.

4.4 Purchase Decision

Before making the decision for the purchase of goods and services, different factors are considered by the consumer. While purchasing the insurance products which is a financial service the consumer takes into consideration many factors before making the actual purchase. The insurers who are the marketers of life insurance products should know the factors that are considered by customers while making purchase decision to design the marketing mix.

While formulating the appropriate marketing mix it is very important to understand the significant factors that influence the purchase decision. For the purpose of analysis fifteen factors are identified as the highly influential factors. These factors are analysed with the help of "Likert's scaling technique, factor analysis and multiple linear regression.

4.4.1 Factors Influencing the Purchase Decision of Life Insurance Products of LIC

In order to highlight the most and the least influential factors, Likert's scaling technique is applied. The respondents are asked to agree or disagree with

fifteen factors and each response is given a numerical score - 5 for strongly agree, 4 for agree, 3 for no opinion, 2 for disagree and 1 for strongly disagree. The scores are summed up to measure the most and the least influential factor. The result is presented in Table 4.20

Table 4.20
Factors Influencing the Purchase Decision

Sl. No.	Factors	Total Score	Mean score	Rank
1	To claim tax relief	1292	3.23	XII
2	Rate of return / Bonus Payment	1417	3.54	VIII
3	Less riskier compared to private companies	1664	4.16	I
4	Accident / Disability benefits (riders)	1492	3.73	V
5	Pension facility	1008	2.52	XV
6	Financial security to dependents	1480	3.70	VI
7	Future needs like education, marriage of children	1428	3.57	VII
8	Investment cum insurance	1504	3.76	IV
9	Special schemes for women/ differently abled	1264	3.16	XIV
10	Joint risk coverage of husband and wife	1388	3.47	IX
11	Money back facility	1604	4.01	II
12	Availability of loan facility	1380	3.45	X
13	Aid to thrift	1288	3.22	XIII
14	Influence of agent	1572	3.93	III
15	Convenient option for premium payment and terms	1348	3.37	XI

It is clear from Table 4.20 that the lesser risk involved in LIC products gets the highest mean score (4.16). Therefore it is allotted the first rank and the second rank is given to money back facility (4.01), the third rank to influence of agent

(3.93) the fourth rank to investment cum insurance (3.76) and the fifth rank to rider benefits such as accident/ critical illness / disability benefits (3.73). The lowest score is given to pension facility (2.52) which gets the last rank. So it can be concluded that the most influential factor is lesser risk involved and least influential factor is pension facility.

4.4.2 Key Driving Factors of Purchase Decisions

While formulating the appropriate marketing mix, it is very important to understand the significant factors that influence the purchase decision of insurance products. It is necessary to identify the key or underlying factors from an array of seemingly important variables. The technique of factor analysis is used to reduce the 15 variables in to the related ones. "Principal Component Analysis" method is used to extract with an eigen value of one or more. In order to assign variables "Rotated Factor Matrix" is used.

In order to find the appropriateness of this analysis, Kaiser Meyer Olkin (KMO) and Bartlett's Test of sphericity is used and the results are shown below.

KMO and Bartlett's Test

KMO Measure of sampling adequacy	0.639
Bartlett's Test of sphericity	1653.102
Application of Chi-Square value	105
Degrees of freedom (df)	0.000
Significance	

The KMO value is very high (0.639) similarly the Bartlett's Test rejects the null hypothesis ie., the variables are not related as the approximate chi-square value is 1653.102 at 105 df which is significant at 1 per cent level of significance. Thus factor analysis may be considered as an appropriate technique.

The Table 4.21 presented below gives the Rotated Component Matrix Table using Varimax method which is used to assign factors which have higher loadings.

Table 4.21
Factors Influencing the Purchase of Insurance Products
(Rotated Component Matrix)

Sl. No	Factors	Product Features (F1)	Benefits for Dependents (F2)	Mode of investment (F3)	Promotional factors (F4)	Financial Security (F5)
1	Tax Benefit	0.747	0.201	0.122	0.117	0.114
2	Rate of return / Bonus	0.739	0.124	0.307	0.122	0.180
3	Lesser Risk	0.727	0.301	0.178	0.158	0.033
4	Accident Benefits	0.711	0.036	0.023	0.173	0.131
5	Pension facility	0.704	0.085	0.221	0.326	0.162
6	Security to dependent	0.380	0.766	0.324	0.033	0.231
7	Children's marriage	0.207	0.732	0.114	0.224	0.284
8	Children's education	0.231	0.646	0.097	0.027	0.164
9	Investment cum Insurance	0.162	0.184	0.786	0.035	0.023
10	Special schemes	0.261	0.212	0.767	0.154	0.105
11	Joint life	0.114	0.103	0.176	0.874	0.143
12	Agents' influence	0.204	0.257	0.164	0.837	0.107
13	Money back	0.104	0.175	0.261	0.207	0.781
14	Loan facility	0.213	0.091	0.245	0.026	0.643
15	Surplus income	0.321	0.167	0.148	0.134	0.573

The Table 4.21 gives the Rotated Component Matrix table using Varimax method which is used to assign factors which have higher loadings. The first factor is named as Product features comprising the variables namely Tax benefits and pension facility have higher loadings of 0.747, 0.739, 0.727, 0.711 and 0.704. This factor has a variance of 21.6 per cent.

The second factor i.e., benefits for dependents includes security to dependents, children's marriage and children's education with higher loadings of 0.766, 0.732 and 0.646 respectively. This factor has a variance of 14.988 per cent.

The third factor which is named as mode of investment includes the variables investments and special schemes with higher loading of 0.786 and 0.767 respectively. This factor has a variance of 11.506 per cent.

The fourth factor which represents promotional factor includes the variables joint life and Agents' influence with higher loadings 0.874 and 0.837 respectively. It has the variance of 8.771 per cent.

The last factor has three variables money back, loan facility and surplus income with higher loadings 0.781, 0.643 and 0.573 respectively and named as financial security. Thus the fifteen factors are reduced to five variables and are given different names by using factor analysis. It is concluded that the five factors namely product features, benefits for dependents, mode of investment, promotional factors and financial security are the factors influencing the purchase of insurance products.

Table 4.22
Principal Component Analysis

Sl. No	Factors	Eigen Value	Percentage of Variance	Cumulative Percentage of Variance
1	Product Features	3.240	21.600	21.600
2	Benefits for dependent	2.248	14.988	36.588
3	Mode of investment	1.726	11.506	48.094
4	Promotional factors	1.316	8.771	56.865
5	Financial security	1.066	7.107	63.972

From the Table 4.22, it is clear that five factors can be extracted together accounted for 63.972 per cent of total 15 variables. Hence fifteen factors are summated to five factors.

4.4.3 Impact of Key Factors on the Purchase Decision of the Respondents

Multiple linear regression analysis is used to explain the relationship between the purchase decision of the sample respondents and the key influential factors. In order to analyse the impact of key factors on purchase decision, the five factors which are extracted with the help of factor analysis namely, product features, benefits for dependents, mode of investment, promotional factors and financial security are considered. The relationship between the purchase decision of the respondents and the key factors is analysed separately for the sample respondents based on the occupational status such as salaried group, business class, agriculturists and daily wage earners.

The multiple linear regression analysis applied as follows:

$$Y = a + b_1X_1 + b_2X_2 + \dots + b_5X_5$$

- Y = Purchase decision of the respondents
- x₁ = Product features
- x₂ = Benefits for dependents
- x₃ = mode of investment
- x₄ = Promotional factors
- x₅ = Financial security

The above model is used to analyse the relationship between each occupational status and the purchase decision of the respondents.

4.4.4 Impact of Key Factors on Purchase Decision of Salaried Class Respondents

The multiple linear regression analysis is used to explain the dependent variable of the purchase decision made by salaried class based on the variation of five key factors which are independent. The result of the analysis is given below.

Table 4.23

Impact of Key Factors on Purchase Decision of Salaried Class

Sl. No	Key Factors	Regression co -efficient			t - value	Significance
		Notation	Elasticity of Co-efficient	Standard Error		
	Constant	b ₀	1.416	0.330	4.29	1% level
1	Product features	x ₁	0.160	0.052	3.07	5% level
2	Benefits for dependents	x ₂	-0.079	0.061	-1.29	Insignificant
3	Mode of investment	x ₃	0.039	0.071	0.54	Insignificant
4	Promotional factors	x ₄	0.103	0.041	2.51	5% level
5	Financial security	x ₅	0.661	0.118	5.60	1 % level

Source : Primary Data

R ² Value	F - test	Significance
0.749	48.916	1% level

From the Table 4.23, the regression equation inferred is, purchase decision of the salaried class to buy LIC products (Y) = 1.42+0.16 (Product Features) – 0.08 (Benefits for Dependents) + 0.04 (Mode of Investments) +0.10 (Promotional Factors) + 0.66 (Financial Security)

In constructing the equation, it is presumed that the increase in independent variable by one unit will lead to increase / decrease in the purchase decision of salaried class by the value of that independent variable that is regression coefficient value (b). The analysis shows that with the increase of one unit in product features, mode of investment, promotional factors and financial security increases the decision to buy LIC products by 0.16, 0.04, 0.10 and 0.66 units respectively.

The increase in benefits for dependents by one unit results in a decrease in purchase decision. It may not be correct as per intuitive sense and also it is insignificant. Hence, it need not be used to interpret regression as it may lead to wrong conclusion. Therefore, it is inferred that the other factors namely product features, made of investment, promotional factors and financial security are considered to explain the regression value.

From the above Table 4.23 it can be inferred that R² value is 0.749 and the t-test for significance of individual independent variable indicate that at five per cent level of significant (equivalent to a confidence level of 95 per cent). Product features and promotional factors are statistically significant; at one per cent level of significance (equivalent to a confidence level of 99 per cent) financial security is significant. The other two factors benefits for dependents and mode of investment are not significant and have no impact on the purchase decision of the respondents

of salaried class. The multiple regression dependent variables is found statistically a good fit as R^2 value is 0.749. It shows that the three independent variables namely, product features, promotional factors, and financial security contribute 74.9 per cent on purchase decision. Hence it is concluded that these three factors impact the purchase decision making process of respondents in the salaried group.

4.4.5 Impact of Key Factors on Purchase Decision of Business Group Respondents

The multiple linear regression analysis is used to explain the impact of independent key factors on the dependent variable of purchase decision making by respondents in the business group. The result of the analysis is given below.

Table 4.24
Impact of Key Factors on Purchase Decision of Business Group

Sl. No	Key Factors	Regression co-efficient			t - value	Significance
		Notation	Elasticity of Co-efficient	Standard Error		
	Constant	b_0	1.264	0.306	4.06	1% level
1	Product features	x_1	0.233	0.093	2.50	5% level
2	Benefits for dependents	x_2	-0.195	0.064	-3.04	5% level
3	Mode of investment	x_3	0.048	0.065	0.74	Insignificant
4	Promotional factors	x_4	0.040	0.061	0.65	Insignificant
5	Financial security	x_5	0.856	0.109	7.85	1.6% level

Source : Primary Data

R^2 Value	F - test	Significance
0.676	17.066	1% level

From the Table 4.24, the regression equation inferred is, purchase decision of the business group to buy LIC products (Y) = 1.26 + 0.23 (Product Features) –

0.20 (Benefits for Dependents) + 0.05 (Mode of Investment) + 0.04 (Promotional Factors) + 0.86 (Financial Security)

In constructing the regression equation, it is presumed that the increase in dependent variable by one, increase/decrease the purchase decision of business group by the value of that independent variable, that is regression co-efficient value (b). The analysis shows that increase in one per cent in product features, mode of investment, promotional factors and financial security results in increase in the purchase decision by 0.23, 0.05, 0.04 and 0.86 per cent respectively. The increase in benefits for dependents by one, the purchase decision decrease by 0.2. Therefore, it is inferred that all the key factors can be considered to explain the regression value.

From the Table 4.24 it can be inferred that R^2 value is 0.676 and the t-test for significance of the independent variables indicate that at 1 per cent level of significance financial security is significant. The independent variables product features and benefits for dependents are significant at 5 per cent level. The other independent factors mode of investment and promotional factors are statistically not significant. Hence, it is known that the three significant factors contribute 67.6 per cent on purchase decision of respondents in business group. It is concluded that key factors namely, product features, benefits for dependents and financial securities impacting the purchase decision of respondents in business group.

4.4.6 Impact of Key Factors on Purchase Decision of Agriculturist Respondents

The multiple linear regression analysis explains the relationship between the dependent factor of purchase decision by agriculturists and the five independent key factors. The result is given in Table 4.25.

Table 4.25
Impact of Key Factors on Purchase Decision of Agriculturists Respondents

Sl. No	Key Factors	Regression co-efficient			t - value	Significance
		Notation	Elasticity of Co-efficient	Standard Error		
	Constant	b_0	1.320	0.264	5.0	1% level
1	Product features	x_1	0.096	0.041	2.34	5% level
2	Benefits for dependents	x_2	-0.023	0.085	-0.27	Insignificant
3	Mode of investment	x_3	0.518	0.099	5.23	1% level
4	Promotional factors	x_4	-0.062	0.081	-0.76	Insignificant
5	Financial security	x_5	0.723	0.088	8.21	1% level

Source : Primary Data

R² Value	F - test	Significance
0.678	25.773	1% level

From the Table 4.25, the regression equation inferred is, purchase decision of the agriculturists to buy LIC products (Y) = 1.32 + 0.10 (Product Features) – 0.02 (Benefits for Dependents) + 0.52 (Mode of Investments) – 0.06 (Promotional Factors) + 0.72 (Financial Security).

In constructing the regression equation, it is assumed that the increase in independent variable by one unit, lead to increase / decrease in the value of that

independent variable that is, the regression co-efficient value (b). The analysis shows that with the increase of one unit in product features, mode of investment and financial security there is an increase in the purchase decision of agriculturists by 0.10, 0.52 and 0.72 unit respectively.

But the increase in independent factors namely benefits for dependents and promotional factors by one unit results in decrease of purchase behavior by 0.02 and 0.06 unit respectively. Both these factors are also insignificant. Hence these two factors need not be considered for interpreting the regression as it may lead to wrong conclusion. Therefore, it is inferred that product features, mode of investment and financial security are used to explain the regression value.

According to the above Table 4.25 it can be inferred that R^2 value is 0.678 and the t-test for significance of the independent variable product features is significance at 5 per cent level. The independent factors namely mode of investment and financial security are significant at one per cent level. The other two factors benefits for dependents and promotional factors are statistically insignificant. Hence it is known that the three factors product features, mode of investment and financial security are significant at one per cent level. The other two factors benefits for dependents and promotional factors are statistically insignificant. Hence it is known that the three factors product features, mode of investment and financial security affect the purchase decision of the respondents who are doing agriculture.

4.4.7 Impact of Key Factors on Purpose Decision of Daily Wage Earners

The multiple linear regression analysis is used to explain the dependent variable of the purchase decision made daily wage earners based on independent key factors. The result of the analysis is given in Table 4.26

Table 4.26
Impact of Key Factors on Purchase Decision of Daily Wage Earners

Sl. No	Key Factors	Regression co-efficient			t - value	Significance
		Notation	Elasticity of Co-efficient	Standard Error		
	Constant	b ₀	0.603	0.481	1.25	1% level
1	Product features	x ₁	0.292	0.252	1.15	Insignificant
2	Benefits for dependents	x ₂	-0.114	0.151	0.75	Insignificant
3	Mode of investment	x ₃	0.575	0.256	2.24	5% level
4	Promotional factors	x ₄	0.493	0.160	3.08	5% level
5	Financial security	x ₅	0.612	0.792	0.77	1% level

Source: Primary Data

R ² Value	F - test	Significance
0.727	18.149	1% level

From the Table 4.26, the regression equation inferred is the purchase decision of the daily wagers to buy LIC products (Y) = 0.60 + 0.29 (Product features) – 0.11 (Benefits for Dependents) + 0.58 (Mode or Investment) + 0.49 (Promotional Factors) + 0.61 (Financial Security).

In constructing the regression equation, it is assumed that increase in independent variables by one unit, leads to increase/decrease in the purchase decision of daily wagers, by the value of that independent variable, that is, the

regression co-efficient value (b). The analysis shows that with the increase of one unit in product features, mode of investment, promotional factors and financial security there is an increase in the purchase decision by 0.29, 0.55, 0.49 and 0.61 unit respectively.

With regard to the factor benefits for dependents, increase by one, unit decreases the decision to buy 0.11 unit which may not be corrected as per intuitive sense. It is also statistically insignificant. Therefore, it need not be used to interpret regression as it may lead to wrong conclusion. Hence, it is inferred that product features, mode of investment, promotional factors and financial security are considered to explain the regression value.

From the Table 4.26, it can be inferred that the R^2 value is 0.727 and the t-test for significance indicates that the dependent variables namely, financial security is significant at one per cent level of significance. The independent variables the modes of investment and promotion factors are statistically significant at five per cent level. The other two factors namely, product features and benefits for dependents are not statistically significant. The dependent variable is found statistically a good fit and R^2 value is 73 per cent. It shows that the three variables of mode of investments, promotional factors and financial security are the better predictors for the purchase decision of LIC products by the daily wage respondents.

4.4.8 Impact of Key Factors on Overall Purchase Decision of Respondents

In order to find out the impact of independent key factors on the dependent variable of purchase decisions made by the respondents, multiple linear regression analysis is applied. The result of the analysis is given below.

Table 4.27**Impact of Key Factors on Overall Purchase Decision of Respondents**

Sl. No	Key Factors	Regression co-efficient			t - value	Significance
		Notation	Elasticity of Co-efficient	Standard Error		
	Constant	b ₀	1.113	0.137	8.12	
1	Product features	x ₁	0.118	0.051	2.31	5% level
2	Benefits for dependents	x ₂	-0.084	0.062	-1.35	Insignificant
3	Mode of investment	x ₃	0.228	0.045	5.06	1% level
4	Promotional factors	x ₄	0.134	0.085	1.57	Insignificant
5	Financial security	x ₅	0.873	0.054	16.17	1% level

Source : Primary Data

R ² Value	F - test	Significance
0.640	62.020	1% level

From the Table 4.27, the regression equation inferred is the purchase decision of overall respondents to buy LIC products (Y) = 1.11 + 0.12 (Product Features) – 0.08 (Benefits for Dependents) + 0.23 (Mode of Investment) + 0.13 (Promotional Factors) + 0.87 (Financial Security).

In constructing the regression equation, it is presumed that increase/in independent variables, by one unit, leads to increase/decrease in the purchase decision of overall respondents, by the value of that independent variable, that is, the regression co-efficient value (b). As per the analysis, the increase of one unit in product features, mode of investment, promotional factors and financial security increases the purchase decision by 0.19, 0.23, 0.13 and 0.87 units respectively.

But the increase in the benefits for dependents by one unit, decreases the purchase decision by 0.08 unit, which may not be sensible. This factor is also

statistically insignificant. Therefore, it is not considered to interpret regression as it may lead to wrong conclusion. Hence, it is inferred that product features, mode of investment, promotional factors and financial security are considered to explain regression value.

According to the Table 4.27 it can be inferred that the R^2 value is 0.640 and the t-test for significance indicate that at one per cent level of significance mode of investment and financial security are statistically significant. The independent variable product features is statistically significant at five per cent level. The other two independent variables namely benefits for dependent variables namely, benefits for dependents and promotional factors are not statistically significant in each case. The dependent variable is found statistically a good fit as R^2 value is 0.64. It shows that the three significant independent variables contribute about 64 per cent and they are the of policyholders' decision influencing factors purchase to buy LIC products. Hence, it is concluded that product feature, mode of investment and financial security are the better predictors for the policyholders' decision to buy LIC products.

4.4.9 Impact of Socio-economic Profile on the Purchases Decision of the Respondents

Multiple linear regression analysis is used to explain the dependent variable of the purchase decision made by policyholders on the variation of eight socio-economic factors namely, age, gender, marital status, number of family members, literacy level, occupation, monthly income and amount of savings. The result of the analysis is shown in Table 4.28.

Table 4.28
Impact of Socio-Economic Profile on the Purchases
Decision of the Respondents

Sl. No.	Variables	Notation	Elasticity Co-efficient	Standard Error	t-value	Significance
	Constant	b_0	8.054	1.44	7.054	1% level
1	Age	x_1	0.878	0.132	6.651	1% level
2	Gender	x_2	0.345	0.225	1.531	Insignificant
3	Marital Status	x_3	- 0.100	0.189	- 0.528	Insignificant
4	No. of family members	x_4	- 0.078	0.114	- 0.685	1% level
5	Literacy level	x_5	0.341	0.124	2.748	1% level
6	Occupation	x_6	0.572	0.146	3.917	1% level
7	Monthly Income	x_7	0.772	0.270	2.866	1% level
8	Amount of Savings	x_8	0.618	0.176	3.507	1% level

Source: Primary Data

R² Value	F - test	Significance
0.712	15.644	1% level

From the above, the regression equation inferred is purchase decision of the respondents $(Y) = 8.05 + 0.88 (\text{Age}) + 0.35 (\text{Gender}) - 0.10 (\text{Marital Status}) - 0.08 (\text{Number of Family Members}) + 0.34 (\text{Literary Level}) + 0.57 (\text{Occupation}) + 0.77 (\text{Monthly Income}) + 0.62 (\text{Amount of Savings})$.

In constructing the regression equation, it is assumed that increase in independent variable by one leads to increase/decrease in the purchase decision by the value of that independent variable that is, regression co-efficient value (b). The analysis shows that the increase in the above socio-economic profile by one unit each, results in purchase decisions of respondents by 0.88, 0.35, 0.34, 0.57, 0.77 and 0.62 units respectively.

The increase in the number of family members by one unit decreases the purchase decision by 0.08 unit, but this factor is statistically significant. The factor marital status decreases the purchase decision by 0.10 with its increase of one.

Since, this factor is statistically insignificant, it need not be considered for interpreting regression value.

Hence, it is inferred that the socio-economic factors age, gender, number of family members, literary level, occupation, monthly income and amount of savings are considered to explain the regression value.

According to the Table 4.28, it can be inferred that the R^2 value is 0.712 and the t-test for significance indicate that at one per cent level of significance, the independent factors namely, age literacy level, occupation, monthly income and amount of savings are statistically significant. The other three factors namely, gender, marital status, number of family members are not statistically significant in each case. The multiple regression components (dependent variable) are found statistically a good fit as R^2 value is 0.712. It shows that the five significant independent variables contribute at about 71 per cent on the prediction of respondents' decision for the LIC products. Hence, it can be concluded that the five independent factors of age, education, occupation, number of family members in the family, monthly income and amount of savings are the better predictors for the purchase decisions made by the policyholders.

4.4.10 Post Purchase Attitude of the Respondents

Once the consumer is satisfied with the purchase of LIC products, he may recommend the products to his near and dear and he may also purchase more number of policies from LIC of India. The respondents are asked to give their opinion about the above two aspects and the result is given in Table 4.29.

Table 4.29
Opinions Regarding the Recommendations and Repeat
Purchase made by the Respondents

Sl. No	Occupational Status	Recommendations		Total	Repeat Purchase		Total
		Yes	No		Yes	No	
1	Salaried	108 (77.1)	32 (22.9)	140 (100.0)	56 (40.0)	84 (60.0)	140 (100.0)
2	Business	52 (52.0)	48 (48.0)	100 (100.0)	28 (28.0)	72 (72.0)	100 (100.0)
3	Agriculturists	80 (80.0)	20 (20.0)	100 (100.0)	24 (24.0)	76 (76.0)	100 (100.0)
4	Daily Wage Earners	44 (73.3)	16 (26.7)	60 (100.0)	20 (33.3)	40 (66.7)	60 (100.0)
	Total	284 (71.0)	116 (29.0)	400 (100.0)	128 (32.0)	272 (68.0)	400 (100.0)

Note : Data in Parenthesis is Percentage

Source : Primary Data

Table 4.29 shows that 71 per cent of the respondents would recommend LIC products to others. Among the salaried group 108 (77 per cent) said they would recommend LIC products to others, in business group 52 (52 per cent), among agriculturists 80 (80 per cent) and in daily wage group 43 (73.3 per cent) said they would recommend LIC products. With regard to the repeat purchase of LIC products only 32 per cent of the respondents are willing to do it. This shows that there is mixed response to the post purchase attitude of respondents.

4.5 Problems Faced by the Policyholders

A Customer may face a lot of problems when he buys a product from the seller. Same way at the time and after availing service he also faces many problems. In this study an attempt is made to analyse the problems faced by the policy holders at the time of purchasing LIC products and its impact on the attitude of the policy holders. For the purpose of the study these problems are divided into nine namely, unfriendly approach of agents, unfriendly attitude of employees,

lack of follow up services, communication problems, non –availability of branch facilities, problems in claim settlement, lack of technology, infrastructural problem and difficulty in getting loan against LIC policies. The attitude of the sample respondents towards the problems are analysed on the basis of their occupational status namely, salaried class, business group, agriculturist and daily wage earners.

4.5.1 Infrastructural Problems

Infrastructure represents the basic systems and the services that are necessary for an organization to run smoothly. It includes building, water and power supplies, rest rooms, toilet facilities, etc. Availability of good infrastructure facilities will make an impact on the minds of customers. In order to study the attitude of the respondents towards the infrastructure facilities provided by LIC, the main aspects such as working hours, waiting hall, water and toilet facilities are grouped under infrastructural problems. Table 4.30 represents the rating of the respondents about the infrastructural facilities of LIC.

Table 4.30
Infrastructural Problem

Sl.No	Infrastructural Problems	Mean Score of Respondents					F value	Significance
		Salaried Class	Business Group	Agriculturists	Daily Wage Earners	Average Score		
1	Unsuitable working hours	3.4857	3.2444	3.2400	3.5333	3.3500	0.741	Insignificant
2	No convenient waiting hall	2.2857	2.2444	2.6800	2.2000	2.3813	3.269	5% level
3	No Drinking water facility	2.5905	2.5600	2.9600	2.5333	2.6824	3.743	5% level
4	No toilet facility	2.4000	2.1600	2.6000	2.1333	2.3588	4.074	5% level
	Average score	2.6905	2.5522	2.8700	2.5999	-	-	-

Source: Primary Data

Table 4.30 shows that among the respondents daily wage earners are not satisfied with the working hours of LIC with the score (3.5333) of LIC. And the overall ratings that is (3.3500) ratings by the respondents' show that LIC needs to change their working hours to the convenience of the respondents. With regard to the drinking water facility, the business category respondents have the highest score of dissatisfaction with 2.29. The overall score of 2.6824 regarding drinking water facility shows that LIC should take effort to provide good drinking water facilities to the customers who visit the LIC branches. The overall rating of the respondents regarding waiting hall is 2.3813 and toilet facilities is 2.3588 show that LIC fair better in these two aspects. The overall score on the basis of occupation that is, salaried class is 2.6905, business group is 2.5522, agriculturists 2.8700 and daily wage earners is 2.5999 show that LIC needs to improve the infrastructure facilities.

In order to reveal the significant difference among the four group of respondents about their attitude towards the problem of infrastructure, the one way analysis of variance has been administered. The respective F-values are presented in Table 4.30. It is inferred that the infrastructural problems such as need for waiting hall, drinking water and toilet facilities are significant and they have a significant impact on the attitude of the respondents towards the level of satisfaction about LIC. The variable unsuitable working hour has an insignificant impact on the attitude of the respondents.

4.5.2 Unfriendly Approach of Agents

Agents are the main motivators of customers to take LIC products. Their approach and attitude play a major role in influencing the purchase behaviour of

policyholders. The unfriendly nature of the agent is considered as an important problem area which needs to be analysed. Their inability to provide information, unfriendly nature/ compelling the customers to take policy and no proper follow – up services are the main factors for their unfriendly approach. In order to analyse this problem the mean score based on their ratings is estimated and the one way analysis of variance has been administered. The resulted means score of the factors and the respective F-Values are present in Table 4.31

Table 4.31
Unfriendly Approach of Agents

Sl. No	Attitude of Agents	Mean Score of Respondents					F value	Significance
		Salaried Class	Business Group	Agricul -turists	Daily Wage Earners	Average Score		
1	Uninformative	3.0952	2.5200	2.7600	2.9333	2.8412	4.225	5% level
2	Pressuring Customers	2.2286	2.2000	1.9200	1.8667	2.0900	3.371	5% level
3	Unfriendly and non co-operative	3.4000	3.1600	3.1200	3.4667	3.2800	1.692	Insignificant
4	No proper follow up services	3.1429	2.8400	2.8400	3.3333	3.0200	4.581	5% level
	Average score	2.9667	2.6800	2.6600	2.9000	-	-	-

Source : Primary Data

According to the Table 4.31 the overall mean score of the respondents for the factors unfriendly and non co-operative, no proper follow-up services, informative and pressurizing customers are 3.28, 3.02, 2.84 and 2.09 respectively. It shows that the respondents agree that the unfriendly nature and lack of follow-up

services of agents affects the purchase behaviour towards LIC products. At the same time uninformative and pressurizing nature of agents do not have much impact on their purchase behaviour.

The overall ratings of the variables on the basis of the occupational status revealed that the mean score of the salaried class, business group, agriculturists and daily wage earners are 2.96, 2.68, 2.66 and 2.90 respectively. It can be inferred that this problem does not have much impact on the attitude of the respondents while they purchase LIC products.

The F-Value in the Table 4.31 shows that except for the factor unfriendly and non co-operative nature of agents, all the other three factors namely uninformative, pressurizing customers no proper follow-up services have significant variation among the different groups of respondents about their attitude towards purchase of LIC products. It means that these factors significantly impact their purchase behaviour.

4.5.3 Lack of Follow up Services

After sale service is very important, once a product is sold especially with consumer durables. Likewise, when a service is sold the follow up services are very important to satisfy the consumers. Once a life policy is issued by LIC, it should be very careful to send the documents in time to monitor the regular payment of premium by policyholders, informing the policyholders. This problem is analysed with the help of four variables namely delay in sending, policy documents, renewal of lapsed policies take time, failure to inform customers about new policies and irregularity in issuing gifts, diaries, etc. In order to analyse this problem, the mean score on their rating is estimated and the one way analysis of variance has been administered.

Table 4.32
Lack of Follow up Services

Sl. No	Follow up Service	Mean score of Respondents					F value	Significance
		Salaried Class	Business Group	Agriculturists	Daily Wage Earners	Average Score		
1	Delay in sending policy documents	2.9429	2.9600	2.9600	3.1333	2.9800	0.367	Insignificant
2	Renewal of lapsed policies take time	2.6571	2.9600	2.6400	2.7333	2.7400	2.400	Insignificant
3	Failure to inform customers about new policies	2.8000	2.6800	2.7600	3.2000	2.8200	3.437	5% level
4	Irregularity in issuing gifts, diaries	2.2857	1.7600	2.4000	2.2000	2.1700	9.6588	5% level
	Average score	2.6714	2.599	2.6900	2.8166	-	-	-

Source : Primary Data

The mean score and the respective F-Value are shown in Table 4.32. The average mean score of the factors delay in sending policy documents, failure to inform customers about new policies, renewal of lapsed policies take time and irregularity in issuing gifts, diaries are 2.98, 2.82, 2.74 and 2.17 respectively. It shows that the respondents do not agree that lack of follow up services is a big problem.

The overall ratings of the variable on the basis of their occupational status revealed that the mean score of salaried class, business class, agriculturist and daily wage earners are 2.67, 2.59, 2.69 and 2.81 respectively. It can be inferred that all the respondents belonging to these four categories feel that this problem does not affect their purchase behaviour towards LIC product.

The F-Value in the Table 4.32, shows that the factors failure to inform customers about new policies and irregularities in issuing gifts, diaries, etc. have significant variation among the different groups of respondents regarding their attitude towards the purchase of LIC products. The factors delay in sending policy documents and renewal of lapsed policy take time have no significant variation. It means that the two significant factors failure to inform about new products and irregularities in issuing gifts and diaries impact the purchase behaviour of policy holders.

4.5.4 Unfriendly Attitude of Employees

The nature and attitude of the employees who work in an organization inspire and motivate the consumers who want to buy goods of services from that organization. Therefore, the unfriendly attitude of the employees of LIC will play a major role in influencing the attitude of the policy holders. The unapproachable nature, no response to enquiries, lack of knowledge and lack of good rapport with customers are the main factors which reflect the unfriendly attitude of the employees. In order to analyse this problem the mean score and their ratings is estimated and the one way analysis of variance has been administered. The resulted mean score of the factors and their respective F-Values are presented in Table.4.33

Table 4.33
Unfriendly Attitude of Employees

Sl. No	Attitude of Employees	Mean Score of Respondents					F value	Significance
		Salaried Class	Business Group	Agriculturists	Daily Wage Earners	Average Score		
1	Unapproachable	3.6286	3.4000	3.1200	3.4000	3.4100	4.359	5% level
2	No. response to enquiries	3.6286	3.5200	3.0800	3.46667	3.4400	6.271	5% level
3	Lack of knowledge	3.7143	3.4800	3.3600	3.46667	3.5300	2.221	Insignificant
4	Lack of good rapport with customers	3.4857	2.9600	3.0800	3.2667	3.2200	6.153	5% level
	Average score	3.6143	3.3400	3.1600	3.400	-	-	-

Source : Primary Data

According to the Table 4.33 the overall mean score of the respondents of the above said factors are 3.53, 3.44, 3.41 and 3.22 respectively. It shows that the respondents agree that all the four factors namely, lack of knowledge, no response to enquiries, unapproachable and lack of good rapport with customers affect their attitude toward LIC.

The overall ratings of the variable on the basis of the occupational status reveals that the mean score of salaried class, business group, agriculturists and daily wage earners are 3.16, 3.34, 3.16 and 3.40 respectively. It can be inferred that all the respondents, belonging to these four categories agree that the unfriendly attitude of the employees affect their purchase behaviour towards LIC products.

The F-Value in the Table 4.33 shows that except for the factor lack of knowledge all the other factors namely, unapproachable, no response to enquiries and lack of good rapport with customers have significant variation among the different groups of respondents about their attitude towards purchase of LIC products. It means that these three factors are having significant impact on purchase behaviour of the policyholders.

4.5.5 Communication / Correspondence Problems

Good communication helps to maintain a rapport with customers. LIC of India needs to communicate with the customers to send reminders for payment of premium, to intimate about the maturity of policy, to issue receipts for payment of premium and to answer the enquiries made by customers. In order to analyse the problem of communication four variables namely, failure to send reminders, irregularity in intimating the maturity of policy, delay in sending premium payment receipts and no response to enquiries are considered. Based on the ratings given by the respondents to the statements the mean score is estimated. One way analysis of variance has been applied to find out their respective F-value. The result is given in Table 4.34.

Table 4.34
Communication / Correspondence Problems

Sl. No.	Communication/ Correspondence Problems	Mean score of Respondents					F value	Significance
		Salaried class	Business group	Agriculturists	Daily wage Earners	Average Score		
1	Failure to send reminders	3.6286	3.0400	3.4000	3.9333	3.4700	10.804	5% level
2	Irregularity in intimating the maturity of policy	3.5429	3.2000	3.3200	3.9333	3.4600	6.632	5% level
3	Delay in sending premium payment receipts	3.4000	3.2800	3.5200	3.8000	3.4600	3.371	5% level
4	No response to enquiries	3.2286	2.8800	3.2800	3.4667	3.1900	3.817	5% level
	Average score	3.4500	3.1000	3.3800	3.7833	-	-	-

Source : Primary Data

Table 4.34 shows that the average mean score of the factors failure to send reminders, irregularity in intimating the maturity of policy, delay in sending premium payment receipts and no response to enquiries are 3.47, 3.46, 3.46 and 3.19 respectively. It shows that the respondents agree that there is problem in the communication process of LIC.

The overall ratings of the variables on the basis of respondents occupational status reveals that the mean score of salaried class, business group, agriculturists and daily wage earners are 3.45, 3.10, 3.38 and 3.78 respectively. It is inferred that all the category of respondents agree that the communication process of LIC needs to be improved.

The F-Value in the Table 4.34 shows that all the communication factors namely / failure to send reminders, irregularity in intimating the matured policies, delay in sending premium receipts and no response to enquiries have significant variation among the different group of respondents regarding their attitude towards the purchase of LIC products. It means that all the communication problems influence the purchase behaviour of the policyholders.

4.5.6 Non Availability of Proper Branch Facilities

The branch facilities provided by LIC shows that to what extent the LIC has reached the potential policyholders. This will provide accessibility of the LIC to the policyholders. In order to analyse this problem four variables namely improper location, non-availability of transport facilities lesser number of branches and no parking facility are considered. Based on the rating given by the respondents to the statements the mean score is estimated. One way analysis of variance has been applied to find out the respective F-Value. The result of the analysis is given in Table 4.35

Table 4.35**Non-Availability of Proper Branch Facilities**

Sl. No	Branch Facilities	Mean Score of Respondents					F value	Significance
		Salaried class	Business group	Agriculturists	Daily wage Earners	Average Score		
1	Improper location	3.6000	3.8400	3.6400	3.8000	3.7000	1.659	Insignificant
2	Non-availability	3.7429	3.7200	3.9200	3.800	3.7900	1.178	Insignificant
3	Lesser number of branches	2.7714	3.2400	3.0800	3.0667	3.0100	3.983	5% level
4	No. parking facility	2.3143	2.4800	2.9600	2.5333	2.5600	6.251	5% level
	Average score	3.1072	3.3200	3.4000	3.3000	-	-	-

Source : Primary Data

According to the Table 4.35 the average mean score of the factors non-availability of transport facility, improper location, lesser number of branches and no parking facility are 3.79, 3.70, 2.01 and 2.55 respectively. It shows that the respondents agree that there is problem with regard to improper location, non-availability of transport facility and lesser number of branches. But with regard to the factor no parking facility the respondents do not considered it as a problem.

The overall ratings of the variables on the basis of the occupational status of the respondents revealed that the mean score of salaried class, business group, agriculturists and daily wage earners are 3.11, 3.32, 3.40 and 3.30 respectively. It is inferred that all the respondents agree that problem of Non-availability of branch facilities would impact the purchase behaviour of the policy holders.

The F-Value in the Table 4.35 shows that improper location and non availability of transport facilities have no significant variation among the different

groups of respondents based on their occupation. But the factors lesser number of branches and no parking facilities show that there is significant variation among the different groups of respondents regarding their attitude towards the purchase of LIC products. It means that these two problems will have an influence on the purchase behaviour of policyholders.

4.5.7 Problems in Claim Settlement

Claim settlement is one of the major issues that directly influence the consumers as it represents the payment of the policy amount when the policy holder unexpectedly meets death or accident. In order to analyse the problem involved in claim settlement, four variables namely delay in settlement of claim on maturity, tedious procedure, delay in payment of death or accident benefits and unclear rules for nominees are considered. The respondents are asked to rate the variables and the mean score is estimated. One way analysis of variance has been applied to find out the respective F-Value. The result is given below in Table 4.36.

Table 4.36
Problems in Claim Settlement

Sl. No.	Settlement of claims	Mean Score of Respondents					F value	Significance
		Salaried Class	Business Group	Agriculturists	Daily Wage Earners	Average Score		
1	Delay in settlement of claim on maturity	3.0857	2.6000	2.3519	2.6667	2.6341	3.005	5% level
2	Complex formalities	3.5429	3.2000	3.3200	3.9333	3.4600	6.632	Insignifacant
3	Delay in payment of death or accident benefits	3.0308	2.8400	3.0875	2.8000	2.9623	1.426	Insignifacant
4	Unclear rules for nominees	3.0000	3.0000	3.1600	2.8667	3.0200	1.284	Insignifacant
	Average score	2.9791	2.800	2.8898	2.7834	-	-	-

Source : Primary Data

Table 4.36 reveals that the average mean score of the factors unclear rules for nominees delay in payment of death or accident benefits, complex formalities and delay in settlement of claim on maturity are 3.02, 2.96, 2.84 and 2.63 respectively. It shows that there is no much problem in claim settlement according to the respondents

The overall ratings of the variables on the basis of respondents occupation status shows that the mean score of salaried class, business group, agriculturist and daily wage earners are 2.98, 2.80, 2.89 and 2.78 respectively. It can be inferred that all the category of respondents feel that there is no much problem in claim settlement.

The F-value in Table 4.36 shows that the three factors namely, complex formalities, delay in payment of death or accident benefits and unclear rules for nominees have no significant variation among the different groups of respondents. But the factor delay in settlement of claim on maturity has significant variation among the different groups of respondents with regard to their attitude towards purchase of LIC products. It means that this factor influences the purchase behaviour of policyholders.

4.5.8 Lack of Technology

Technology plays an important role in speeding up the activities of LIC and to provide precise information to the policyholders. It reduces the manual work and improves the quality. In this pre-text four variables namely, inadequate facility of online payment of premium, non-availability of web-cameras, lack of computerization to store customer data and lack of computer trained employees. Based on the ratings given by the respondents for the above four variables the

mean score is estimated. On way analysis of variance has been applied to find out the respective F-value. The result is shown in Table 4.37.

Table 4.37
Lack of Technology

Sl. No	Technology	Mean score of Respondents					F value	Significance
		Salaried Class	Business Group	Agriculturists	Daily Wage Earners	Average Score		
1	Inadequate facility of Online payment of premium	2.4857	2.4800	2.8800	2.8000	2.6300	8.341	5% level
2	Non-availability of Web-cameras	2.4571	2.6000	2.6000	2,4000	2.5200	1.231	Insignifacant
3	Lack of computerization	3.1143	3.0800	3.2400	3.1333	3.1400	0.502	Insignifacant
4	Lack of computer trained employees	3.4857	3.1600	3.6000	3.5333	3.4400	3.195	5% level
	Average score	2.8857	2.8300	3.0800	2.96665	-	-	-

Source : Primary Data

According to the Table 4.37, the mean score of the factors, lack of computer trained employees lack of computerization to store customer data, inadequate facility of online premium payment and non-availability of web-camera are 3.44, 3.14, 2.63 and 2.52 respectively. It shows that the respondents agree that LIC has problem with computerization to store data and computer trained employees. But they feel that there is no much problem with regard to online premium payment and web camera facility.

The overall ratings of the variables on the basis of respondents' occupational status revealed that the mean score of salaried class, business group, agriculturist and daily wage earners are 2.89, 2.83, 3.08 and 2.97 respectively. It

can be inferred that lack of technology is not a main problem for the respondents of salaried, business class and daily wage earners. As the rating of the agriculturist is a bit higher than other and it can be understood that they give importance to lack of technology.

The F-value in the Table 4.37 shows that non-availability of web-cameras and lack of computerization do not have significant variation among the different groups of respondents. But the factors inadequate facility of online payment of premium and lack of computer trained employees have significant variation among the different groups of respondents. But the factors inadequate facility of online payment of premium and lack of computer trained employees have significant variation among the different group of respondents in their perception. Therefore it can be concluded that these two factors impact the purchase behaviour of policyholders.

4.5.9 Problems in Sanctioning Loan against LIC Policies

Whenever there is a need the policyholders may take loan against their policy. It will help to meet their unexpected expenses. Therefore the problems in sanctioning the loans against LIC policy is analysed by taking in to consideration four factors namely, low percentage of loan value, long period taken to sanction loan, high rate of interest on loan and difficult procedure to sanction loan. Based on the rating given by the respondents for the above four variables, the mean score is estimated and one way analysis of variance has been applied to find out the respective F-value. The result of the analysis is given below in Table 4.38.

Table 4.38
Problems in Sanctioning Loan against LIC Policies

Sl.No.	Sanctioning of loan against LIC Policies	Mean score of Respondents					F value	Significance
		Salaried Class	Business Group	Agriculturists	Daily Wage Earners	Average Score		
1	Low per cent of loan value	2.2857	2.5000	1.96000	2.1333	2.2231	4.979	5% level
2	Long period taken to sanction the loan	2.6143	2.9286	2.8400	2.8000	2.7962	1.181	Insignificant
3	High rate of interest on loan	2.4000	2.3556	2.6000	2.7333	2.5125	1.205	Insignificant
4	Difficult Procedure	2.4571	2.1778	2.3333	2.3750	2.3750	1.083	Insignificant
	Average score	2.4393	2.4905	2.4800	2.4999	-	-	-

Source : Primary Data

Table 4.38 shows that the average mean score of the factors longer period to sanction loan, high rate of interest, difficult procedure and low percentage of loan value are 2.80, 2.51, 2.38 and 2.22 respectively. It shows that respondent disagree to the fact that they face problems in sanctioning loan against LIC policy.

The overall ratings of the variables on the basis of occupational status of the respondents revealed that the mean score of salaried class, business group, agriculturists and daily wage earners are 2.44, 2.50, 2.48 and 2.50 respectively. It can be inferred that all the respondents disagree to the fact there are problems involved in sanctioning loan against value of Policy.

The F-value in the Table 4.38 show that the variables longer period to sanction loan, high rate of interest on loan and difficult procedure involved have no significant variation among the different groups of respondents based on their occupation in respect of their perception towards this problem. But the factor low percentage of loan value has significant variation among the respondents regarding their attitude towards the problems involved in sanctioning loan. It means that this variable impacts the purchase behaviour of policyholders.

4.5.10 Overall Rating of the Problems

The respondents rated the nine given problems namely, unfriendly approach of agents, unfriendly attitude of employees, lack of follow-up services, communication problems, non-availability of branch facilities, claim settlement, lack of technology, infrastructure and sanctioning of loan against policy, on five point scale representing strongly Agree – 5, Agree – 4, No opinion – 3, Disagree – 2 and strongly disagree – 1. On that basis the average mean score presented in Table 4.38. If the score is above three it can be inferred that the respondents agree that there is problem with regard to particular variable. If it is below three it is inferred that the respondents disagree to the fact that there is problem involved in that particular variable.

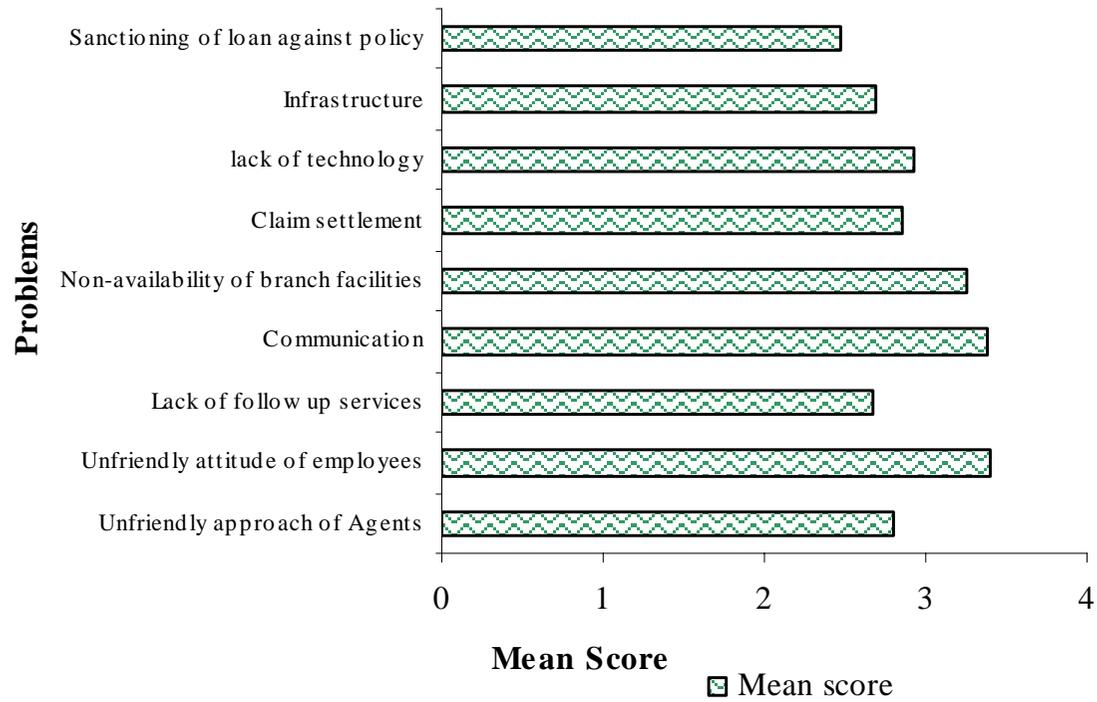
Table 4.39
Overall Rating of the Problems

Sl. No.	Problems	Mean score
1.	Unfriendly approach of Agents	2.80
2.	Unfriendly attitude of employees	3.40
3.	Lack of follow up services	2.67
4.	Communication	3.39
5.	Non-availability of branch facilities	3.26
6.	Claim settlement	2.86
7.	Lack of technology	2.93
8.	Infrastructure	2.69
9.	Sanctioning of loan against policy	2.47

Source : Primary Data

The above Table 4.39 shows that only three variables namely unfriendly attitude of employees, communication and non-availability of branch facilities scores more than three. It means that the respondents agree that these are the three important problems that impact the purchase behaviour of the policyholders.

Figure 4.1
Problems Faced by Policyholders



4.6 Conclusion

This chapter analyses the socio – economic status of the sample respondents in the study area and its impact on their satisfaction level. It also brings out the preferential attitude of the sample policy holders towards policies, premium amount payable and mode of payment of premium and premium payment options. It also throws light on the factors that contribute to the purchase behaviour of sample policyholders. It also probes into the problems faced by the sample policyholders while availing the services of LIC of India. This chapter would help the LIC of India to understand the attitude and preference of the policyholders.

CHAPTER - V

PERCEPTION OF THE RESPONDENTS TOWARDS DIFFERENT DIMENSIONS OF MARKETING MIX OF LIFE INSURANCE CORPORATION OF INDIA

5.1 Introduction

The main aim of LIC is to retain their customers under the stiff marketing conditions. In order to retain the customers and expand the market the LIC of India undertakes many activities and the most important being marketing mix. It is essential to balance the 7Ps of marketing mix. In this chapter an attempt is made to analyze the attitude of respondents towards the marketing mix of LIC comprising product, price, place, promotion, process, physical evidence and people of the organization and the impact of their attitude on their level of satisfaction towards LIC products. The attitude of sample respondents are analysed on the basis of their occupational status namely, Salaried Class, Business Group, Agriculturists and Daily Wage Earners.

With a view to analyse the perception of the respondents towards different dimensions of marketing mix of LIC of India respondents are asked to rate the 7Ps of marketing mix on five point scale and on that basis the mean score has been estimated. In order to findout the significant difference among the respondents on the basis of their occupational status one way analysis of variance has been administered and the F-values are estimated.

The attitude of the respondents on the basis of occupational status towards the 7Ps of marketing mix has been analysed and the variance between the

dependent variable (rating of the opinion) and independent variables (7Ps of marketing mix) is stated through F-values. The null hypothesis for the perception is expressed as:

$$H_0 = D1 = D2 = D3 = D4$$

$H_0 =$ There is no variation in the perception of the sample respondents towards marketing mix strategy

D1 = Perception of Salaried Class based on mean score

D2 = Perception of Business Group based on mean score

D3 = Perception of Agriculturists based on mean score

D4 = Perception of Daily Wage Earners based on mean score

It is tested at 95 per cent confidence level whether the perception of the respondents about the 7 Ps of marketing mix is being perceived more or less same. The ratings given by the four category of respondents towards the marketing mix strategy are significance of F-test is less than 0.05, reject the hypothesis.

In addition to the above, index score in per cent is used to analyse the attitude of the respondents towards the 7 Ps of marketing mix strategy and to test its validity. The index for each sub-mix is calculated as follows

$$\text{Index of each sub - mix (In per cent)} = \frac{\text{Total score on perception of each sub - mix}}{\text{Maximum score on perception of each sub - mix}} \times 100$$

The distribution of respondents is given according to the index in per cent that is, 0-25, 25-50, 50-75 and 75-100 per cent.

5.2 Policyholders' Attitude towards Marketing Mix

5.2.1 Attitude towards Product Mix

In order to reveal the significant difference among the four groups of respondents about their attitude towards five factors in product mix, the one way analysis of variance has been administered. The resulted mean score of the factors and the respective F-values are presented in Table 5.1.

Table 5.1
Respondents Attitude towards Product Mix

Sl. No	Product Mix	Mean Score of Respondents				Total	F value	Significance
		Salaried Class	Business Group	Agriculturists	Daily Wage Earners			
1.	For different marketing segment	3.4857	3.3200	3.2400	3.5333	3.395	1.515	Insignificant
2.	New schemes	2.2857	2.3200	2.6800	2.2000	2.371	6.234	1% level
3.	Suitable terms	2.6000	2.5600	2.9600	2.5333	2.663	3.959	1% level
4.	Security against risk on life	2.3714	2.1600	2.6000	2.1333	2.316	4.494	1% level
5.	Value of policy worthy	3.0571	2.5200	2.7600	2.9333	2.818	4.956	1% level
Average Score		2.76	2.576	2.848	2.667	2.713	-	-

Source : Primary data

According to the Table 5.1 the respondents give more weightage (3.533) to the product mix variable policies for different market segments on the basis of

occupational status, it is understood that the Salaried Class give more weightage to the variables, policies for different market segment with score of 3.486 and to the value of policy with 3.057. Business Group perceive policies for different market segment with 3.32 and suitable terms as important ones. For agriculturists policies for different segments with 3.24 and suitable terms with 2.96 are the important ones. Finally for Daily Wage Earners policies for different segments with 3.533 and value of the policy with 2.933 are the important ones. It can be inferred that agriculturists perceive product mix as the most important variable to determine their level of satisfaction towards different dimensions of marketing mix.

The F-values in the Table 5.1 reveals that all the product mix variables, except for “ policies for different segments” namely, new schemes, suitable terms, security against risk on life and value of the policy worthy are significant at one per cent of level. It is concluded that except for the factor ‘policies for different segment’ for all the other four factors in the product mix, there is significant difference in the attitude of respondents of Salaried Class, Business Group, Agriculturists and Daily Wage Earners.

In order to make further analysis and to test the validity of the above findings, Index percentile is used to analyse the attitude of respondents towards of product mix strategy of LIC of India.

On the basis of the index per cent regarding the attitude towards product mix, Product Index table is constructed and the distribution of respondents based on the occupational status with reference to Product Mix Index (PTI) is presented in Table 5.2.

Table 5.2
Product Mix Index Distribution of Respondents

Product Mix Index (in per cent)	Occupational Status of the Respondents				Total
	Salaried Class	Business Group	Agriculturists	Daily Wage Earners	
0-25	4 (2.9)	4 (4.0)	8 (8.0)	4 (6.7)	20 (5.0)
25-50	112 (80.0)	76 (76.0)	72 (72.0)	44 (73.3)	304 (76.0)
50-75	24 (17.1)	20 (20.0)	12 (12.0)	12 (20.0)	68 (17.0)
75-100	0 (0.0)	0 (0.0)	8 (8.0)	0 (0.0)	8 (2.0)
Total	140 (100.0)	100 (100.0)	100 (100.0)	60 (100.0)	400 (100.0)

Note : Data in Parenthesis is Percentage

Source : Primary Data

According to the Table 5.2, out of the total 400 respondents, 304 respondents have PTI of 25-50 per cent, 68 have PTI of 50-75 per cent, 20 have PTI of 0.25 per cent and 8 have PTI of 75-100 per cent. In case of Salaried Class respondents 112 have PTI of 25-50 per cent, for Business Group 76 respondents have PTI of 25-50 per cent, for agriculturists 72 respondents have PTI of 25-50 per cent and for daily wage earners 44 respondents have PTI of 25-50 per cent. It is also known that only 8 respondents of Agriculturists have PTI of 75-100 per cent. It is inferred from the above analysis that agriculturists' respondents have more perception towards the product mix strategy of LIC.

5.2.2 Attitude towards Place Mix

The analysis of attitude of policyholders towards the place mix comprising the variables namely, location of branches in convenient areas, availability of transport facility, convenient collection centers of premium, easy to contact agents and tie-up with bank reveals the following mean score and the significant variation of four groups of respondents towards the place mix which is presented in Table 5.3.

Table 5.3
Respondents Attitude towards Place Mix

Sl. No	Place Mix	Mean Score of Respondents				Total	F Value	Significance
		Salaried Class	Business Group	Agriculturists	Daily Wage Earners			
1	Location of branches	2.2286	2.2000	1.9200	1.8667	2.0538	3.371	1% level
2	Availability of transport facility	3.4000	3.1600	3.1200	3.4667	3.2867	1.692	Insignificant
3	Collection centers of premium	3.1429	2.8400	2.8400	3.333	3.039	4.581	1% level
4	Easy to contact agents	3.6286	3.4000	3.1200	3.4000	3.387	4.359	1% level
5	Tie – up with banks	3.6286	3.5200	3.0800	3.4667	3.424	6.271	1% level
Average Score		3.206	3.024	2.816	3.107	2.975	-	-

Source : Primary Data

It is found out that under the place mix the variables tie-up with banks with the score of 3.424 and easy to contact agents with 3.387 have scored high mean scores. It shows that the perceptions of the respondents towards these two variables are high when compared to the other factors. With reference to the Salaried Class, tie-up with banks with 3.629 and easy to contact agents with 3.629 are the main

factors that contribute to their attitudes towards place mix strategy. For Business group tie-up with banks 3.52 and easy to contact agents 3.4 are the main factors, for agriculturists availability of transport facility with 3.12 and easy to contact agents with 3.12 are the main factors and for daily wage earners availability of transport facility with 3.467 and tie-up with banks with 3.467 are the main factors which determine their attitude towards place mix. It is concluded that the perception of the Salaried Class respondents is more towards place mix while determining their attitude towards marketing mix.

The F-value from the Table 5.3 shows that at one per cent level of significance all the factors except availability of transport facility are significantly vary. It shows that there is significant variance in the perception of Salaried Class, Business Group, Agriculturists and Daily Wage Earners towards the four place mix variables namely, location of branches, collection centers of premium, easy to contact agents and tie-up with banks.

In order to make further analysis and to test the validity of above findings, Index percentage is used to analyse the attitude of the respondents towards place mix strategy of LIC of India.

On the basis of index score of place mix, Place Mix Index is constructed, which is confined to 0-25, 25-50, 50-75 per cent. The distribution of respondents based on their occupational status with reference to Place Mix Index (PLI) is presented in Table 5.4

Table No. 5.4
Place Mix Index Distribution of Respondents

Place Mix Index (in per cent)	Occupational Status of the Respondents				Total
	Salaried Class	Business Group	Agriculturists	Daily Wage Earners	
0-25	8 (5.7)	4 (4.0)	12 (12.0)	8 (13.3)	32 (8.0)
25-50	108 (77.2)	76 (76.0)	64 (64.0)	48 (80.0)	296 (74.0)
50-75	24 (17.1)	20 (20.0)	24 (24.0)	4 (6.7)	72 (18.0)
Total	140 (100)	100 (100)	100 (100)	60 (100)	400 (100)

Note : Data in Parenthesis is Percentage

Source : Primary Data

According to the Table 5.4, out of the 400 respondents, 296 have PLI of 25-50 per cent and 72 have PLI of 50-75 per cent. On the basis of occupational status out of 140 salaried class respondents, 24 have 50-75 per cent and 108 have 25-50 per cent. In case of business group 20 respondents have PLI of 50-75 per cent and 76 have PLI of 25-50 per cent. In the agriculturists category 24 have PLI of 50 – 75 per cent. In the agriculturists group 24 have PLI of 50-75 percent and 64 have 25-50 per cent. Among the daily wage earners 4 have PLI of 50-75 per cent and 48 have PLI of 25-50 per cent. It is concluded that salaried class respondents have more perception towards the place mix variable.

5.2.3 Attitude towards Price Mix

The attitude of different groups of respondents based on occupation towards the price mix factors such as moderate premium, high rate of bonus, mode of premium payment, lesser interest on loan against policy and high rate of return is analysed and the mean score estimated is given in Table 5.5. It also shows the variation among the group of policyholders towards the variables of price mix.

Table 5.5
Policyholders Attitude towards Price Mix

Sl. No	Price Mix	Mean Score of Respondents				Total	F Value	Significance
		Salaried Class	Business Group	Agricul-turists	Daily Wage Earners			
1	Moderate premium	3.7143	3.4800	3.3600	3.4667	3.505	2.221	5% level
2	High rate of bonus	3.4857	2.9600	3.0800	3.2667	3.445	6.153	1% level
3	Mode of Premium payment	3.6286	3.0400	3.4000	3.9333	3.500	10.804	1% level
4	Lesser interest on loan	3.5429	3.2000	3.3200	3.9333	3.499	6.632	1% level
5	High rate of return on investment	3.4000	3.2800	3.5200	3.8000	3.500	3.371	Insignificant
Average Score		3.554	3.192	3.336	3.680	3.4898	-	-

Source : Primary Data

It is known from the above Table 5.5 that the respondents view moderate premium with the score of 3.5, mode of premium payment with 3.5 and high rate of return with 3.5 as the main variables for determining the price mix. On the basis of occupational status it is known that the salaried class view moderate premium with 3.714 and mode of premium payment with 3.6286 as the main factors in price mix, the business group view moderate premium with 3.48 and high rate of return with 3.28 as the main factors, the agriculturists view high rate of return 3.52 and mode of payment 3.4 as the main factors. The daily wage earners view lesser interest on loan, mode of premium payment and high rate of return as the main factors that constitute price mix. It is inferred that daily wage earners have more perception towards price mix than the other category respondents.

The F-value shown in the Table 5.5 proves that at one per cent level of significance the price mix variables namely, high rate of bonus, mode of premium payment, lesser interest on loan, significantly vary, at five per cent level, the factor

moderate premium significantly vary. The factor high rate of return is insignificant. Hence it can be concluded that there is significant difference in the perception of Salaried Class, Business Group, Agriculturists and Daily Wage Earners towards the price mix variables, moderate premium, high rate of bonus, mode of premium payment and lesser interest on loan.

In order to make further analysis and tests the validity of the above findings related to marketing strategies Price Mix Index (PRI) is used to analyse the attitude of respondents towards price mix. On the basis of the index score of price mix, Price Mix Index (PRI) is constructed. The distribution of respondents based on the occupational status with reference to PRI is presented in Table 5.6.

Table 5.6
Price Mix Index Distribution of Respondents

Price Mix Index (in per cent)	Occupational Status of the Respondents				Total
	Salaried Class	Business Group	Agriculturists	Daily Wage Earners	
0-25	0	0	4 (4.0)	0	4 (1.0)
25-50	88 (62.9)	44 (44.0)	48 (48.0)	29 (48.3)	209 (52.25)
50-75	52 (37.1)	56 (56.0)	40 (40.0)	16 (26.7)	164 (41.0)
75-100	0	0	8 (8.0)	15 (25.0)	23 (5.75)
Total	140 (100)	100 (100)	100 (100)	60 (100)	400 (100)

Note : Data in Parenthesis is Percentage

Source : Primary data

According to the Table 5.6 out of the 400 respondents, 164 have PRI of 50-75 per cent and 23 have PRI of 75-100 per cent. On the basis of occupational status out of 140 salaried class respondents, 52 have PRI of 50-75 per cent, out of 100 business group respondents 56 have PRI of 50-75 per cent, out of 100 agriculturists 40

have PRI of 50-75 per cent, 8 have PRI of 75-100 per cent and out of 60 daily wage earners 16 have PRI of 50-75 per cent, and 15 have PRI of 75-100 per cent. It is inferred that daily wage earners have more perception towards the price mix strategy of LIC of India.

5.2.4 Attitude towards Promotion Mix

The attitude of respondents from different categories based on occupation towards the factors of promotional mix such as effective advertisement, canvassing by agency, word of mouth promotion, public relation and conducting awareness program is analysed and the mean score based on that and the significance level is given in Table 5.7.

Table 5.7

Respondents Attitude towards Promotion Mix

Sl. No	Promotion Mix	Mean Score of Respondents				Total	'F' Value	Significance
		Salaried Class	Business Group	Agriculturists	Daily Wage Earners			
1	Effective Advertisement	3.2286	2.8800	3.2800	3.4667	3.212	3.817	1% level
2	Canvassing by Agency	2.9429	2.9600	2.9600	3.1333	3.249	0.367	1% level
3	Word of mouth promotion	2.6571	2.9600	2.6400	2.7333	2.748	2.400	5 % level
4	Public relation	2.8000	2.6800	2.7600	3.2000	2.86	3.437	Insignificant
5	Awareness program	2.2857	1.7600	2.4000	2.2000	2.162	9.658	1% level
Average score		2.7829	2.6480	2.8080	2.9467	2.8462	-	-

Source : Primary Data

The mean score of the respondents show that canvassing by agency with the score of 3.249 is the main variable in the promotional mix followed by effective advertisement with 3.212. Among the salaried class respondents the highest level of perception is for the variable, effective advertisement with 3.229 for business group the highest perception is given to both canvassing by agency with 2.96 and word of mouth promotion with 2.96. Among the agriculturists effective advertisement with 3.28 and canvassing by agency with 2.96 are the most effective variable that constitute promotion mix. Among the daily wage earners effective advertisement with 3.46 and public relation with 3.2 are the most effective variable that constitute promotion mix. The overall mean score of the daily wage earners with 2.947 shows that their perception towards promotion mix is more, when compared to others.

The F-value shows that there is no significant variance in the attitude of the respondents from different categories towards the promotion mix variables canvassing by agency. The attitude of the different category of respondents towards the variable word of mouth promotion shows a significant variation at five per cent level, while the other three factors show significant variation at 5 per cent level. Therefore it is concluded that the perception of respondents vary towards the Promotional Mix variables namely, effective advertisements, word of mouth promotion, public relation and awareness program.

In order to make further analysis and to test the validity of the above findings, index percentile is applied. On the basis of index score Promotional Mix Index (PMI) is constructed, which is confined to 25-50, 50-75 and 75-100 per cent. The distribution of respondents on the basis of occupational status with reference to PMI is presented in Table 5.8.

Table 5.8
Promotional Mix Index Distribution of Respondents

Promotion Mix Index (in per cent)	Occupational Status of the Respondents				Total
	Salaried Class	Business Group	Agriculturists	Daily Wage Earners	
25-50	108 (77.1)	80 (80.0)	64 (64.0)	33 (55.0)	285 (71.25)
50-75	24 (17.1)	12 (12.0)	32 (32.0)	20 (33.3)	88 (22.0)
75-100	8 (5.8)	8 (8.0)	4 (4.0)	7 (11.7)	27 (6.75)
Total	140 (100)	100 (100)	100 (100)	60 (100)	400 (100)

Note : Data in Parenthesis is Percentage

Source : Primary data

From the Table 5.8 it is clear that out of the 400 respondents, 285 have PMI of 25-50 per cent, 88 have with reference to occupational status out of 140 Salaried Class 108 have PMI of 25-50 per cent, 24 have PMI of 50-75 per cent. In the Business Group 80 have PMI of 25-50 and 12 have PMI of 50-75 per cent. In the Agriculturists category 64 have PMI of 25-50 per cent 32 have PMI of 50-75 per cent. In the Daily Wage Earners category 33 have PMI of 25-50 per cent and 20 have PMI of 50-75 per cent. It is inferred that Daily Wage Earners have high perception towards promotional mix for determining their attitude.

5.2.5 Attitude towards Process Mix

The respondents attitude from different category based on occupation towards process mix factors namely, requirement of less documents, time taken for processing, communication process, sending reminders and renewal of lapsed policies is analysed and the variation level in the attitude of the respondents towards the process mix factors is assessed and the result is given in the Table 5.9.

Table 5.9
Respondents Attitude towards Process Mix

Sl. No	Process Mix	Mean Score of Respondents				Total	F Value	Significance
		Salaried Class	Business Group	Agriculturists	Daily Wage Earners			
1	Less documents required	2.3143	2.5200	1.9600	2.1333	2.232	7.7784	1% level
2	Minimum time taken for processing	2.6571	2.9200	2.8400	2.8000	2.804	1.465	insignificant
3	Proper communication process	2.4000	2.4000	2.6000	2.7333	2.533	2.578	5% level
4	Sending Reminders	2.4571	2.2400	2.5200	2.3333	2.383	1.838	insignificant
5	Renewal of lapsed policy	3.0851	2.6800	2.3200	2.6667	2.688	9.714	1% level
Average Score		2.583	2.552	2.648	2.533	2.528	-	-

Source : Primary Data

The result reveals that the perception of respondents towards the process mix variable ‘minimum time taken for processing’ is the highest with the mean score of 2.804, followed by the process mix variable renewal of lapsed policy with the score of 2.688. With reference to Salaried Class the highest perceived process mix factor is renewal of lapsed policy with 3.085 followed by minimum time taken for processing with 2.657. Among the Business Group the important perceived process mix variable being minimum time taken for processing with 2.92 and renewal of lapsed policy with 2.68. In case of agriculturists the process mix variables minimum time taken for processing with 2.840 and communication

process with 2.6 are the main perceived process mix variables. For Daily Wage Earners the important process mix perceived factors are minimum time taken for processing with 2.804 and communication process with 2.733. It is inferred that the agriculturists have highest perceived level of process mix variable when compared to others.

The F-value in the Table 5.9 shows that there is no significant variation among the respondents on the basis of their occupational status in their attitude towards process mix factors namely, minimum time taken for processing and sending reminders in time. But there is significant variation in the attitude of respondents' level towards the process mix factor proper communication process. There is also significant variation in the attitude of the respondents based on their occupational status towards the factors less documents required and renewal of lapsed policy at one per cent level. Therefore, it can be concluded that the perception of salaried class, business group, agriculturists and daily wage earners vary about the process mix variables such as less documents required, proper communication process and renewal of lapsed policy.

In order to make further analysis and to test the validity of the above findings index percentile is applied. On the basis of the process mix score, Process Mix Index (PCI) is constructed and the distribution of respondents on the basis of their occupational status with reference to PCI is shown in Table 5.10.

Table 5.10**Process Mix Index Distribution of Respondents**

Process Mix Index (in per cent)	Occupational Status of the Respondents				Total
	Salaried Class	Business Group	Agriculturists	Daily Wage Earners	
0-25	8 (5.7)	8 (8.0)	6 (6.0)	8 (13.3)	30 (7.5)
25-50	84 (60.0)	72 (72.0)	48 (48.0)	36 (60.0)	240 (60.0)
50-75	40 (28.6)	16 (16.0)	40 (40.0)	16 (26.7)	112 (28.0)
75-100	8 (5.7)	4 (4.0)	6 (6.0)	0	18 (4.5)
Total	140 (100)	100 (100)	100 (100)	60 (100)	400 (100)

Note : Data in Parenthesis is Percentage

Source : Primary data

Out of the 400 respondents 240 have PCI of 25-50 per cent, 112 have PCI of 50-75 per cent and 18 have PCI of 75-100 per cent. In case of salaried class category 40 have PCI of 50-75per cent and 8 have PCI of 75-100 per cent. In case of business group 16 have PCI of 50-75 per cent and 4 have PCI of 75-100per cent. In case of agriculturists 40 have PCI of 50-75 per cent and 6 have 75-100 per cent. In case of daily wage earners 16 have PCI of 50-75 per cent. It is inferred that the perception of agriculturists towards process mix is the highest for determining their attitude.

5.2.6 Attitude towards Physical Evidence Mix

The respondents attitude towards physical evidence mix from the different category based on occupation towards the factors of physical evidence mix namely document, service delivery through agents, telephone, internet etc., physical facilities, ambient facility and brand image is analysed and the level of variation in the attitude of different categories of respondents is assessed and the result is given in Table 5.11

Table 5.11
Respondents' Attitude towards Physical Evidence Mix

Sl. No	Physical Evidence Mix	Mean Score of Respondents				Total	F Value	Significance
		Salaried Class	Business Group	Agriculturists	Daily Wage Earners			
1	Document	2.8000	2.7600	2.9600	2.8000	2.83	0.698	insignificant
2	Service delivery	3.0286	2.8400	3.0800	2.8000	2.937	1.571	insignificant
3	Physical facility	3.0000	3.0000	3.1600	2.8667	3.007	1.284	insignificant
4	Ambient facility	3.6000	3.8400	3.6400	3.8000	3.72	1.659	insignificant
5	Brand image	3.7429	3.7200	3.9200	3.8000	3.796	1.178	insignificant
Average Score⁵⁴		3.234	3.232	3.352	3.213	3.258	-	-

Source : Primary Data

The result of the analysis shows that the respondent rates brand image as the most important variable in the physical evidence mix with the mean score of 3.796. It is interesting to note that all the four category of respondents' rate Brand image and ambient facility as the most important physical evidence mix variables. According to the average score of the respondents the physical evidence mix all the respondents' gets more or less a same score ranging from 3.352 to 3.213, the highest being scored by agriculturists. Therefore, it is concluded that agriculturists consider physical evidence mix as the most important variable to determine their attitude.

Surprisingly the F-value reveal that the is no significant variation in the attitude of the respondents based on their occupational status towards all the factors of physical evidence mix namely, design of document, service delivery, physical facility, ambient facility and brand image.

In order to make further analysis and to test the validity of the above findings, index percentile is applied. On the basis of the index score Physical evidence Mix Index (PHI) is constructed. The occupational status with reference to PHI is given in Table 5.12.

Table 5.12

Physical Evidence Mix Distribution of Respondents

Physical Evidence Mix Index (in per cent)	Occupational Status of the Respondents				Total
	Salaried Class	Business Group	Agriculturists	Daily Wage Earners	
0-25	20 (14.3)	12 (12.0)	16 (16.0)	12 (20.0)	60 (15.0)
25-50	64 (45.7)	60 (60.0)	56 (56.0)	32 (53.3)	212 (53.0)
50-75	56 (40.0)	28 (28.0)	24 (24.0)	16 (26.7)	124 (31.0)
75-100	0	0	4 (4.0)	0	4 (1.0)
Total	140 (100)	100 (100)	100 (100)	60 (100)	400 (100)

Note : Data in Parenthesis is Percentage

Source : Primary data

It is evident from Table 5.12 that out of the 400 respondents 124 have PHI of 50-75 per cent and 4 have PHI of 75-100 per cent. In case of salaried class 56 have PHI of 50-75 per cent. In case of business group 28 have PHI of 50-75 per cent. Among the agriculturists category 24 have PHI of 50-75 per cent and 4 have PHI of 75-100 per cent. Finally, among daily wage earners 16 have PHI of 50-75 per cent. It is inferred from the PHI of analysis the agriculturists have more perception towards the physical evidence mix variable in determining their attitude.

5.2.7 Attitude towards People Mix (of the Organization)

The factors considered in the people mix to analyse the attitude of respondents from different categories based on occupation include interpersonal skill of employees, service knowledge, there friendly approach, effective training given to them and their attitude towards customers. The mean score of the result and the variation level in the attitude of respondents are given in Table 5.13

Table 5.13
Respondents Attitude towards People Mix (of the Organization)

Sl. No	People Mix	Mean Score of Respondents				Total	F Value	Significance
		Salaried Class	Business Group	Agriculturists	Daily Wage Earners			
1	Interpersonal skill of employees	2.771	3.2400	3.0800	3.0667	3.039	3.983	1%
2	Service knowledge	2.314	2.4800	2.9600	2.5333	2.572	6.251	1%
3	Friendly Approach	2.486	2.4800	2.8800	2.8000	2.662	8.341	1%
4	Effective training given	2.457	2.6000	2.6000	2.4000	2.514	1.231	insignificant
5	Good attitude of employees towards customers	3.114	3.2400	3.2400	3.1333	3.182	0.502	insignificant
	Total	2.628	2.808	2.952	2.787	2.72	-	-

Source : Primary Data

The mean score of the respondents reveal that the people mix variable namely good attitude of the employees towards customers is the most important factor in the people mix with the mean score of 3.182.

For all the category of respondents based on their occupation, the most important factors in the people mix are good attitude of employees towards customers and interpersonal skill of employees. The highest level of perception is given by agriculturists with 2.958 when compared to the other category of respondents towards the people mix factor.

The F-values in the above Table 5.13 shows that there is no significant variation in the opinion of the respondents based on their occupational status towards the people mix variables namely, effective training and attitude of the employees. But regarding the other three people mix variables there is significant variations in the opinion of the respondents based on their occupation at one per cent level of significance. It is concluded that there is significant variation in the opinion of the respondents based on their occupation towards the people mix variables namely interpersonal skill of employees, service knowledge and friendly approach.

In order to analyse further and to test the validity of the above findings index percentile is applied. On the basis of the index score People of the Organization Mix Index (POI) is constructed. The distribution of respondents on the basis of their occupational status with reference to POI is given in Table 5.14

Table 5.14**People Mix Index Distribution of Respondents**

People Mix Index (in per cent)	Occupational Status of the Respondents				Total
	Salaried Class	Business Group	Agriculturists	Daily Wage Earners	
0-25	4 (2.9)	4 (4.0)	4 (4.0)	4 (6.7)	16 (4.0)
25-50	100 (71.4)	76 (76.0)	60 (60.0)	52 (86.6)	288 (72.0)
50-75	32 (22.8)	16 (16.0)	28 (28.0)	0 (0.0)	76 (19.0)
75-100	4 (2.9)	4 (4.0)	8 (8.0)	4 (6.7)	20 (5.0)
Total	140 (100)	100 (100)	100 (100)	60 (100)	400 (100)

Note : Data in Parenthesis is Percentage

Source : Primary Data

It is known from the Table 5.14 that out of the 400 respondents 76 have POI of 50-75 per cent and 20 have POI of 75-100 per cent. In the salaried class 32 respondents have POI of 50-75 per cent and 4 have POI of 75-100 per cent. Among the business group 16 have POI of 50-75 per cent and 4 have POI of 75-100 per cent. Among the agriculturists 28 have POI of 50-75 percent and 8 have POI of 75-100 per cent. In the daily wage earners category 4 have POI of 75-100 per cent. It is inferred from the above analysis that agriculturists have more perception towards the people mix compared to others.

5.2.8 Overall Rating of the Marketing Mix Strategies by the Respondents

The attitude of the respondents towards the marketing mix strategy of LIC is determined by their satisfaction level towards the 7Ps of marketing mix

strategies. On the basis of the ratings given by the respondents on five point scale the mean scores for product mix, place mix, price mix, promotion mix, process mix, physical evidence mix and people mix are estimated and is presented in Table 5.15.

Table 5.15
Overall rating of Marketing Mix Strategies

Marketing Mix strategies	Mean score	Rank
Product Mix	2.713	VI
Place Mix	2.975	III
Price Mix	3.490	I
Promotion Mix	2.846	IV
Process mix	2.528	VIII
Physical evidence mix	3.258	II
People mix	2.720	V

Source : Primary data

The Table 5.15 reveals that the satisfaction level of respondents towards marketing mix strategies, it is evident that the highest level of satisfaction is given to price mix with the score of 3.490 followed by physical evidence mix with 3.258. It is inferred that the respondents are satisfied by the price mix variable and the physical evidence mix variable of LIC of India. But the satisfaction is very low regarding process mix with 2.528 and product mix with 2.713.

5.2.9 Perception of Respondents towards Marketing Mix based on Index

The overall perception of respondents towards marketing mix strategies is further analysed with the help of index percentile. On the basis of overall index score Marketing Mix Index (MMI) is constructed. The distribution of respondents on the basis of their occupational status with reference to MMI is given in Table 5.16 which is conferred to 25-50 and 50-75 per cent.

Table 5.16

Marketing Mix Index Distribution of Respondents

Marketing Mix Index (in per cent)	Occupational Status of the Respondents				Total
	Salaried Class	Business Group	Agriculturists	Daily Wage Earners	
25-50	100 (71.4)	76 (76.0)	60 (60.0)	48 (80.0)	284 (71.0)
50-75	40 (28.6)	24 (24.0)	40 (40.0)	12 (20.0)	116 (29.0)
Total	140 (100)	100 (100)	100 (100)	60 (100)	400 (100)

Note : Data in Parenthesis is Percentage

Source : Primary Data

According to the Table 5.16, out of the 400 respondents 284 have MMI of 25-50 per cent. 116 have MMI of 50-75 per cent. In case of salaried class 100 respondents have MMI of 25-50 per cent and 40 have MMI of 50-75 per cent. Among business group 76 respondents have MMI of 25-50 per cent and 24 have MMI of 50-75 percent. Among agriculturists 60 have MMI of 25-50 per cent 40 respondents have MMI of 50-75 per cent. In the daily wage earners category

48 respondents have MMI of 25-50 per cent and 12 have MMI of 50-75 per cent. It is inferred that agriculturists have more perception towards the marketing mix strategy than the other three categories of respondents.

5.3 Socio- Economic Factors and Attitude of Respondents towards Marketing Mix

In order to analyse the impact of socio-economic factors of respondents on their attitude towards marketing mix chi-square test is employed to test the hypothesis. Eleven independent variable such as age, gender, number of family members, ownership of house, occupational status, educational qualification, amount of savings, monthly income, type of house, and number of policies taken are considered or chosen for detailed study especially to find out to what extent these factors contribute to the level of attitude of the respondents towards the marketing mix strategies of LIC.

The sample respondents expressed their opinion regarding the marketing mix strategies of LIC comprising product mix, price mix, place mix, promotion mix, process mix, physical evidence mix and people mix. There are totally 35 statements, that is each of the seven marketing sub-mixes comprising five statements. Each statement carries a maximum score of five and a minimum score of one. For all the thirty five statement the maximum score a respondent can get is 175 if he strongly agrees with all the statements. The minimum score if a respondent strongly disagree, get thirty five. Hence the total score varies from 175 to 35 per respondent.

5.3.1 Age and Attitude towards Marketing Mix

Age is an important factor which may have an impact on the attitude of the respondents towards marketing mix strategies adopted by LIC of India. For the purpose of the study, age has been classified into four categories of age group namely, 20-30, 30-40, 40-50 and above 50, representing three levels of attitude that is high, medium and low. The following contingency table (4x3) is prepared and chi-square (χ^2) test is applied to find out the significant relationship between age and attitude towards marketing mix of the respondents.

Table 5.17
Age and Level of Attitude towards Marketing Mix

SL. No	Age Group	Level of Attitude			Total
		High	Medium	Low	
1	20-30	11 (19.6)	35 (62.5)	10 (17.9)	56 (100)
2	30-40	30 (30.9)	57 (58.8)	10 (10.3)	97 (100)
3	40-50	52 (34.2)	68 (44.7)	32 (21.1)	152 (100)
4	above 50	37 (39)	40 (42.1)	18 (18.9)	95 (100)
Total		130 (32.5)	200 (50)	70 (17.5)	400 (100)

Note : Data in Parenthesis is Percentage

Source : Primary Data

It is evident from the Table 5.17 that out of the 56 sample respondents in the age group 20-30, 11 (19.6 per cent), 35 (62.5 per cent) and 10 (17.9 per cent) have high, medium and low level of satisfaction towards marketing mix strategies of LIC respectively. Out of the 97 respondents in the age group 30-40

(30.9 per cent), 57 (58.8 per cent) and 10 (10.3 per cent) have high, medium and low level of satisfaction towards marketing mix strategies respectively. In the age group 40-50 out of the total 152 respondents, 52 (34.2 per cent), 68 (44.7 per cent) and 32 (21.1 per cent) have high, medium and low level of satisfaction towards marketing mix strategies respectively. In the age group above 50 out of the 95 respondents, 37 (38.9 per cent), 40 (42.1 per cent) and 18 (18.9 per cent) have high, medium and low level of satisfaction towards marketing mix strategies respectively.

To analyse whether there is any significant relationship between the age and the level of satisfaction towards marketing mix strategies of LIC, the null hypothesis that, there is no significant relationship between age and the level of satisfaction of the respondents towards the marketing mix strategies of LIC was framed and to analyse that chi-square (χ^2) test is applied. The result of the analysis was given below.

$$\text{The estimated value of } \chi^2 = 13.620$$

$$\text{Degrees of freedom} = 6$$

The Table value of χ^2 for 6 degree of freedom at 5 per cent level of significance is 12.6. The calculated value of χ^2 is higher than the table value. Hence, the null hypothesis is rejected. It is concluded that age influence the level of satisfaction of the respondents towards the marketing mix strategies of LIC of India.

5.3.2 Gender and Attitude towards Marketing Mix

Gender is an important factor which may have an impact on the level of satisfaction of the sample respondents towards the marketing mix strategies of LIC of India. The contingency table is prepared to analyse the relationship between gender and the satisfaction level towards marketing mix is presented in the Table 5.18.

Table 5.18
Gender and Attitude towards Marketing Mix

SL. No	Gender	Level of Attitude			Total
		High	Medium	Low	
1	Male	75 (32.9)	113 (49.6)	40 (17.5)	228 (100)
2	Female	55 (32.0)	87 (50.6)	30 (17.4)	172 (100)
Total		130 (32.5)	200 (50)	70 (17.5)	400 (100)

Note : Data in Parenthesis is Percentage

Source : Primary Data

Table 5.18 reveals that out of the total 228 male respondents, 75 (32.9 per cent), 113 (49.5 per cent) and 40 (17.5 per cent) have high, medium and low level of satisfaction towards marketing mix strategies of LIC of India respectively. For the 172 female respondents, 55 (32.0 per cent), 87 (50.6) and 30 (17.4 per cent) have high, medium and low level of satisfaction towards marketing mix strategies of LIC of India respectively.

To understand the relationship between the gender and their level of satisfaction towards marketing mix, the null hypothesis that, there is no significant

relationship between the gender and the level of satisfaction of the respondents towards marketing mix strategies of LIC of India was framed and analysed with the help of chi-square (χ^2).

The result is as follows.

$$\text{The estimated value of } \chi^2 = 0.046$$

$$\text{Degrees of freedom} = 2$$

The Table of χ^2 for 2 degrees of freedom at 5 per cent level of significance is 5.99. The calculated value of χ^2 is less than the table value. Hence, the hypothesis is accepted. It is concluded that there is no significant relationship between gender and their level of attitude towards marketing mix of LIC of India.

5.3.3 Marital Status and Attitude towards Marketing Mix

The marital status of the respondents may influence the marketing strategies of insurance companies especially with reference to joint life and children policies. In order to find out the relationship, the respondents are categorized into married and unmarried. Based on this classification, a contingency table is constructed with reference to high, medium and low level of attitude. It is presented in Table 5.19.

Table 5.19
Marital Status and Attitude towards Marketing Mix

SL. No	Marital Status	Level of Attitude			Total
		High	Medium	Low	
1.	Married	120 (34.8)	165 (47.8)	60 (17.4)	345 (100)
2.	Unmarried	10 (18.2)	35 (63.6)	10 (18.2)	55 (100)
Total		130 (32.5)	200 (50)	70 (17.5)	400 (100)

Note : Data in Parenthesis is Percentage

Source : Primary Data

The above Table 5.19 shows that out of the 345 married respondents, 120 (34.8 per cent), 165 (47.8 per cent) and 60 (17.4 per cent) have high, medium and low level of satisfaction towards the marketing strategies of LIC of India respectively. Out of the remaining 55 unmarried respondents 10 (18.2 per cent), 33 (63.6 per cent) and 10 (18.2 per cent) have high, medium and low level of satisfaction towards the marketing mix strategies respectively.

With a view to find out the degree of association between marital status and level of attitude of the respondents towards marketing mix strategies chi-square (χ^2) test is applied. A null hypothesis framed for this purpose was there is no association between marital status and the level of satisfaction of the respondents towards marketing mix of LIC of India. The result of the test is given below.

$$\text{The estimated value of } \chi^2 = 6.411$$

$$\text{Degrees of freedom} = 2$$

The table value of χ^2 for 2 degrees of freedom at 5 per cent significant level 5.99. Since, the calculated value is greater than the table value, the hypothesis is rejected. It is proved that marital status influences the respondents' attitude regarding the satisfaction level towards the marketing mix strategies of LIC of India.

5.3.4 Education and Attitude towards Marketing Mix

Education shapes the personality of an individual and helps to take wise decision. For the purpose of the study the education has been classified into five

categories namely, upto 8th standard, SSLC, Diploma and Higher secondary, graduation and professionals. Based on that a contingency table was constructed with high, medium and low level of satisfaction, which is given in Table 5.20.

Table 5.20
Education and Attitude towards Marketing Mix

SL. No	Education	Level of Attitude			Total
		High	Medium	Low	
1.	Upto Std VIII	15 (20.0)	40 (53.3)	20 (26.7)	75 (100)
2.	SSLC	29 (46.0)	24 (38.1)	10 (15.9)	63 (100)
3.	Diploma and Higher secondary	19 (26.4)	41 (56.9)	12 (16.7)	72 (100)
4.	Graduation	47 (39.2)	55 (45.8)	18 (15.0)	120 (100)
5.	Professional	20 (28.6)	40 (57.1)	10 (14.3)	70 (100)
Total		130 (32.5)	200 (50.0)	70 (17.5)	400 (100)

Note : Data in Parenthesis is Percentage

Source : Primary Data

Table 5.20 Shows that out of the total 75 respondents who have studied upto standard VIII 15 (20.0 per cent), 40 (53.3 per cent) and 20 (26.7per cent) have high, medium and low level of satisfaction towards the marketing mix strategy of LIC of India respectively. Out of the 63 respondents belonging to SSLC group 29 (46.0 per cent), 24 (38 per cent) and 10 (15.9 per cent) have high, medium and low level of satisfaction towards marketing mix strategies respectively. From the 72 respondents in the higher secondary level 19 (26.4 per

cent), 41 (56.9 per cent) and 12 (16.7 per cent) have high, medium and low level of satisfaction towards marketing mix strategies respectively. Out of the 120 graduates 47 (39.2 per cent), 55 (45.8 per cent) and 18 (15.0 per cent) have high, medium and low level of satisfaction towards marketing mix strategies respectively. Out of the 70 professionals 20 (28.5 per cent), 40 (57.1 per cent) and 10 (14.3 per cent) have high, medium and low level of satisfaction towards marketing mix strategies respectively.

To understand the relationship between education and satisfaction level towards marketing mix, chi-square (χ^2) test is applied and a null hypothesis is formed that is, "there is no association between education and the satisfaction level of the respondent towards the marketing mix strategies of LIC of India". The result is given below.

The estimated value of χ^2	=	16.841
Degrees of freedom	=	8

The table value of χ^2 for 8 degrees of freedom at 5 per cent level of significance is 15.5. The calculated value is greater than the table value. Hence, the null hypothesis is rejected. It is concluded that education significantly influences the satisfaction level of the respondents towards marketing mix strategies of LIC of India.

5.3.5 Occupational Status and the Attitude towards Marketing Mix

Occupational status of respondents is an important factors which may influence their attitude that is to what extent they are satisfied with the marketing mix strategies implements by LIC of India. For this purpose, the occupation status of the respondents has been classified into four categories namely, Salaried Class,

Business Group, Agriculturists and Daily Wage Earners and based on that a contingency table was constructed with high, medium and low level attitude. It is presented in Table 5.21.

Table 5.21
Occupational Status and Attitude towards Marketing Mix

SL. No	Occupation Status	Level of Attitude			Total
		High	Medium	Low	
1	Salaried Class	54 (38.6)	71 (50.7)	15 (10.7)	140 (100)
2	Business group	26 (26.0)	54 (54.0)	20 (20.0)	100 (100)
3	Agriculturist	39 (39.0)	37 (37.0)	24 (24.0)	100 (100)
4	Daily wage earners	11 (18.4)	38 (63.3)	11 (18.3)	60 (100)
Total		130 (32.5)	200 (50)	70 (17.5)	400 (100)

Note : Data in Parenthesis is Percentage

Source : Primary Data

Table 5.21 shows that out of the 140 salaried class respondents, 54 (38.6 per cent), 71 (50.7 per cent) and 15 (10.7 per cent) have high, medium and low level of satisfaction towards the marketing mix strategies of LIC of India respectively. From the business group out of the 100 respondents, 26 (26.0 per cent), 54 (54.0 per cent) 20 (20.0 per cent) have high, medium and low level of satisfaction towards the marketing mix strategies of LIC of India respectively. From the 100 respondents belonging to agriculturists category, 39 (39.0 per cent), 37 (37.0 per cent) and 24 (24.0 per cent) have high, medium and low level of satisfaction towards marketing mix strategies respectively. Out of the 60 daily wage earners 11 (18.3 per cent), 38 (63.3 per cent) and 11 (18.3 per cent) have high, medium and low level of satisfaction towards marketing mix strategies respectively.

Chi-square (χ^2) test is conducted to analyse the significant association between the occupational status and the level of satisfaction towards marketing mix strategies. A null hypothesis is framed that, "there is no association between occupation status and the level of attitude of the respondents with regard to the satisfaction towards the marketing mix strategies of LIC of India". The result is shown below.

The estimated value of χ^2 = 20.220

Degrees of freedom = 6

Table value at 6 degrees of freedom at 5 per cent level is 12.6. The estimated value is very high when compared to the table value. Therefore, the hypothesis is rejected and it is concluded that occupation status is having a greater influence on how the respondents feel about the marketing mix strategies of LIC of India.

5.3.6 Monthly Income and Attitude towards Marketing Mix

The monthly income of a person plays an important role for making investments in insurance policy. As the earning capacity increases the purchasing power in the family increases. Once the money is invested in policy, it is significant to understand to what extent the respondents are satisfied with the marketing mix strategies of the insurance company. For this purpose, the monthly income is classified in five categories namely, upto ₹5,000, ₹5,000-10,000, ₹10,000-15,000, ₹15,000-20,000 and above ₹20,000. Based on the classification a contingency table is prepared to present the level of attitude.

Table 5.22
Monthly Income and Attitude towards Marketing Mix

SL. No	Monthly Income (in ₹)	Level of Attitude			Total
		High	Medium	Low	
1.	Upto 5,000	20 (22.0)	50 (54.9)	21 (23.1)	91 (100)
2.	5,000-10,000	48 (40.0)	58 (48.3)	14 (11.7)	120 (100)
3.	10,000-15,000	34 (44.7)	30 (39.5)	12 (15.8)	76 (100)
4.	15,000-20,000	15 (30.0)	24 (48.0)	11 (22.0)	50 (100)
5.	Above 20,000	13 (20.6)	38 (60.4)	12 (19.0)	63 (100)
Total		130 (32.5)	200 (50)	70 (17.5)	400 (100)

Note : Data in Parenthesis is Percentage

Source : Primary Data

Table 5.22 reveals that out of 91 respondents who are earning below ₹5,000, 20 (22.0 per cent), 50 (54.9 per cent) and 21 (23.1 per cent) have high, medium and low level of satisfaction towards marketing mix strategies of LIC of India respectively. Out of 120 respondents in the category ₹5,000 - 10,000, 48 (40.0 per cent), 58 (48.3 per cent) and 14(11.7 per cent) have high, medium and low level of satisfaction towards marketing mix strategies respectively. From 76 respondents in the category ₹10,000 - 15,000, 34 (44.7 per cent), 30 (39.5 per cent) and 12 (15.8 per cent) have high, medium and low level of satisfaction. Among the 50 respondents in the category ₹15,000 - 20,000, 15 (30.0 per cent), 24 (48.0 per cent) and 11 (22.0 per cent) have high, medium and low level of satisfaction respectively. In the last category above ₹20,000 out of the 63 respondents, 13 (20.6 per cent), 38 (60.3 per cent) and 12 (19.0 per cent) have high, medium and low level of satisfaction towards marketing mix respectively.

In order to find out the degree of influences of monthly income on the satisfaction level of respondents towards marketing mix strategies of LIC of India, Chi-square (χ^2) test is applied. For this purpose a null hypothesis that is "there is no association between income and attitude level of respondents towards the marketing mix strategies of LIC of India". The result is shown below.

$$\text{The estimated value of } \chi^2 = 15.667$$

$$\text{Degrees of freedom} = 8$$

The table value of χ^2 for 8 degree of freedom at 5 per cent significant level is 15.5. The calculated value is greater than the table value and therefore the null hypothesis is rejected. Hence, it is concluded that income has a significant impact on the satisfaction level of respondents towards the marketing mix strategies of LIC of India.

5.3.7 Size of the Family and the Attitude towards Marketing Mix

The number of members in the family may influence the attitude that is whether the respondents are satisfied with the marketing mix strategies of LIC of India. The size of the family is categorized into four groups namely, two members, three members, four members and above four members and based on this a contingency table is framed with high, medium and low level of satisfaction. The details are presented in Table 5.23.

Table 5.23
Size of the Family and Attitude towards Marketing Mix

SL. No	Size of the Family	Level of Attitude			Total
		High	Medium	Low	
1.	2	16 (29.6)	23 (42.6)	15 (27.8)	54 (100)
2.	3	71 (35.9)	98 (49.5)	29 (14.6)	198 (100)
3.	4	20 (22.0)	56 (61.5)	15 (16.5)	91 (100)
4.	above 4	23 (40.3)	23 (40.4)	11 (19.3)	57 (100)
Total		130 (32.5)	200 (50)	70 (17.5)	400 (100)

Note : Data in Parenthesis is Percentage

Source : Primary Data

Table 5.23 shows that in the two member family, out of the 54 respondents, 16 (29.6 per cent), 23 (42.6 per cent) and 15 (27.8 per cent) have high, medium and low level of satisfaction towards marketing mix strategies of LIC of India respectively. In the three member family, out of the 198 respondents, 71 (35.9 per cent), 98 (49.5 per cent) and 29 (14.6 per cent) have high, medium and low level of satisfaction towards marketing mix strategies of LIC of India respectively. In the four member family out of 91, 20 (22.0 per cent) 56 (61.5 per cent) and 15 (16.5 per cent) have high, medium and low level of satisfaction towards marketing mix strategies of LIC of India respectively. In the above four member family, out of 57, 23 (40.4 per cent), 23 (40.4 per cent) and 11(19.3 per cent) have high, medium and low level of satisfaction towards marketing mix strategies of LIC of India respectively.

In order to find out the association between the size of the family and its influence on the level of satisfaction towards marketing mix strategy of LIC of India a null hypothesis, "size of the family does not influence the satisfaction level

of the respondents towards marketing mix strategy of LIC of India" was framed and chi-square (χ^2) test was applied. The result is shown below.

$$\text{The estimated value of } \chi^2 = 13.432$$

$$\text{Degrees of freedom} = 6$$

The table value at 6 degrees of freedom at 5 per cent level is 12.6. The calculated value is more than the table value. Hence, the null hypothesis is rejected. Therefore, it is concluded that the size of the family influence the attitude of the respondents towards the marketing mix strategies of LIC of India.

5.3.8 Ownership of House and Attitude towards Marketing Mix

Once a person owns a house he will start to invest money in other modes of investment like the purchase of life insurance policy. Therefore, ownership of a house may influence to what extent a respondent is satisfied with the means and ways through which LIC markets the product. For this purpose the ownership of the house is classified into three categories namely, rented, lease and owned. Based on the classification, a contingency table is prepared with three levels of satisfaction high, medium and low. The details are presented in Table 5.24.

Table 5.24

Ownership of House and Attitude towards Marketing Mix

SL. No	Ownership of House	Level of Attitude			Total
		High	Medium	Low	
1.	Rented	60 (36.6)	74 (45.1)	30 (18.3)	164 (100)
2.	Lease	37 (29.8)	63 (50.8)	24 (19.4)	124 (100)
3.	Owned	33 (29.4)	63 (56.3)	16 (14.3)	112 (100)
Total		130 (32.5)	200 (50)	70 (17.5)	400 (100)

Note : Data in Parenthesis is Percentage

Source : Primary Data

It can be understood from the Table 5.24 that out of the 164 respondents who live in rented house, 60 (36.6 per cent), 74(45.1 per cent) and 30 (18.3 per cent) have high, medium, and low level of attitude towards marketing strategies of LIC of India respectively. Out of the 124 respondents who live in house taken for lease, 37 (29.8 per cent), 63 (50.8 per cent) and 24 (19.4 per cent) have high medium and low level of satisfaction towards marketing strategies respectively. Out of the 112 respondents who own the house 33 (29.5 per cent), 63 (56.3 per cent) and 16 (14.3 per cent) have high, medium and low level of satisfaction towards marketing mix strategies respectively.

In order to find out the impact of ownership of house on the satisfaction level of respondents towards marketing mix strategies of LIC of India chi-square (χ^2) test is applied to find out the significant level. For this purpose a null hypothesis is framed, that is "there is no significant relationship between ownership of the house and level of attitude towards marketing mix strategies of LIC of India". The result of the test is as follows.

$$\text{The estimated value of } \chi^2 = 4.066$$

$$\text{Degrees of freedom} = 4$$

The table value of χ^2 for 4 degrees of freedom at 5 per cent significant level 9.49. Since the calculated value is less than the table value the null hypothesis is accepted. It is proved that ownership of the house does not have any impact on the level of satisfaction of the respondents towards marketing mix strategies of LIC of India.

5.3.9 Monthly Saving and Attitude towards Marketing Mix

Since savings has a direct impact on the purchase of insurance policies, it may also influence the attitude of the respondents towards the marketing mix strategies of LIC of India. For the purpose of analysis the amount of savings is

categorized into five groups namely, upto ₹500, ₹500-1000, ₹1000-2000, ₹2000-4000 and above ₹4000. Based on the classification a contingency table is prepared with three levels of attitude of the respondents high, medium and low. It is shown in Table 5.25

Table 5.25
Savings and Attitude towards Marketing Mix

SL. No	Amount of savings (in ₹)	Level of Attitude			Total
		High	Medium	Low	
1.	Upto 500	20 (35.7)	22 (39.3)	14 (25.0)	56 (100)
2.	5, 00-1,000	25 (23.6)	65 (61.3)	16 (15.1)	106 (100)
3.	1,000-2,000	39 (45.35)	35 (40.70)	12 (13.95)	86 (100)
4.	2,000-4,000	31 (41.9)	30 (40.5)	13 (17.6)	74 (100)
5.	Above 4,000	15 (19.3)	48 (61.5)	15 (19.2)	78 (100)
Total		130 (32.5)	200 (50)	70 (17.5)	400 (100)

Note : Data in Parenthesis is Percentage

Source : Primary Data

It can be noted from Table 5.25 that out of the 6 respondents who save upto ₹500, 20 (35.7 per cent), 22 (39.3 per cent) and 14 (25 per cent) have high, medium and low level of attitude towards marketing mix strategies of LIC of India respectively. Out of the 106 respondents in the category ₹500-1000, 25 (23.6 per cent), 65 (61.3 per cent) and 16 (15.1 per cent) have high, medium and low level of attitude towards marketing mix strategies respectively. Out of 86 respondents in the category ₹1000-2000, 39 (45.35 per cent), 35 (40.70 per cent) and 12 (13.95 per cent) have high, medium and low level of attitude towards marketing mix strategies respectively. Out of 74 respondents, in the category ₹2000-4000, 31 (41.9 per cent), 30 (40.5 per cent) and 13 (17.6 per cent) have high, medium and low level of attitude

towards marketing mix strategies respectively. Out of 78 respondents in the category above ₹4000, 15 (19.2 per cent), 48 (61.5 per cent) and 15 (19.2 per cent) have high, medium and low level of attitude towards marketing mix strategies respectively.

In order to find out the association between savings and level of attitude towards marketing mix strategy of the respondents chi-square (χ^2) test is applied and a null hypothesis is framed, that is "there is no association between savings and level of attitude towards marketing mix strategies of LIC of India". The result of the analysis is given below.

$$\begin{aligned} \text{The estimated value of } \chi^2 &= 18.732 \\ \text{Degrees of freedom} &= 8 \end{aligned}$$

The Table value of χ^2 for 8 degrees of freedom at 5 per cent level of significance is 15.5. The calculated value is greater than the table value. Hence, the hypothesis is rejected and it is concluded that monthly savings significantly influences the attitude of the respondents towards the marketing mix strategies of LIC of India.

5.3.10 Type of House and Attitude towards Marketing Mix

The type of the house in which the respondents live reflects their standard of living. This may have an impact on their attitude towards marketing mix. For this purpose the type of the house is classified into three categories namely, thatched, tiled and concrete houses with three levels of satisfaction high, medium and low. Based on the classification, contingency table is prepared and it is shown in Table 5.26

Table 5.26
Type of House and Attitude towards Marketing Mix

SL. No	Type of House	Level of Attitude			Total
		High	Medium	Low	
1.	Thatched	10 (31.2)	12 (37.5)	10 (31.3)	32 (100)
2.	Tiled	27 (27.0)	53 (53.0)	20 (20.0)	100 (100)
3.	Concrete	93 (34.7)	135 (50.4)	40 (14.9)	268 (100)
Total		130 (32.5)	200 (50)	70 (17.5)	400 (100)

Note : Data in Parenthesis is Percentage

Source : Primary Data

Table 5.26 shows that out of the 32 respondents who live in thatched houses, 10 (31.3 per cent), 12 (37.5 per cent) and 10 (31.3 per cent) have high, medium and low levels of satisfaction towards marketing mix strategies of LIC of India respectively. In the tiled house category of 100 respondents 27 (27 per cent), 53 (53 per cent) and 20 (20 per cent) have high, medium and low levels of satisfaction towards marketing mix strategies respectively. In the category of 268 respondents who live in concrete house 93 (34.7 per cent), 135 (50.4 per cent) and 40 (14.9 per cent) have high, medium and low level of satisfaction respectively.

In order to find out the relationship between type of the house and the attitude of respondents regarding satisfaction level towards marketing mix strategies of LIC of India, Chi-square (χ^2) test is applied. For this purpose, a null hypothesis is framed, that "there is no association between type of the house and the satisfaction level of the respondents towards the marketing mix strategies of LIC of India". The result of the analysis is given below.

$$\text{The estimated value of } \chi^2 = 7.368$$

$$\text{Degrees of freedom} = 4$$

The table value of χ^2 for 4 degrees of freedom at 5 per cent level of significance is 9.49. Since, the calculated value is less than the table value, the null hypothesis is accepted. Hence, it is known that there is no significant relationship between type of the house and level of attitude towards marketing mix strategies of LIC of India.

5.3.11 Policies Taken and Attitude towards Marketing Mix

The effective blend of 7 Ps of marketing mix will have a great impact on the number of policies purchased by the respondents. The more effective the marketing mix is more number of policies will be purchased by consumers. In order to find out the impact of number of policies on the level of attitude of the respondents, three categories are formed namely, one policy, two policies and three and above. Based on the above classification and the three levels of attitude of the respondents namely, high, medium and low, a contingency table is prepared and presented in Table 5.27.

Table 5.27
Policies Taken and Attitude towards Marketing Mix

SL. No	Number of Policies Taken	Level of Attitude			Total
		High	Medium	Low	
1.	1	78 (28.9)	144 (53.3)	48 (17.8)	270 (100)
2.	2	14 (30.4)	20 (43.5)	12 (26.1)	46 (100)
3.	3 or more	38 (45.2)	36 (42.9)	10 (11.9)	84 (100)
Total		130 (32.5)	200 (50)	70 (17.5)	400 (100)

Note : Data in Parenthesis is Percentage
Source : Primary Data

From the Table 5.27 it can be observed that out of the 270 respondents who hold one policy, 78 (28.9 per cent), 144 (53.3 per cent) and 48 (17.8 per cent) have high, medium and low level of attitude towards the marketing mix strategies of LIC of India respectively. Out of the 46 respondents who hold two policies, 14 (30.4 per cent), 20 (43.5 per cent) and 12 (26.1 per cent) have high, medium and low level of marketing mix strategies respectively. In the final category of 84 respondents who hold three or more policies, 38 (45.2 per cent), 36 (42.9 per cent) and 10 (11.9 per cent) have high, medium and low level of attitudes with reference to satisfaction towards marketing mix strategies of LIC of India respectively.

In order to analyse the relationship between the number of policies purchased by the respondents and their attitude towards marketing mix strategies chi-square (χ^2) test is applied. For this purpose the null hypothesis, that is, "there is no significant association between number of policies purchased by the respondents and their attitude regarding their satisfaction level towards marketing mix strategies of LIC of India". The result of the test is as follows.

The estimated value of χ^2	=	10.639
Degrees of freedom	=	4

The table value of χ^2 for 4 degrees of freedom at 5 per cent level of significance is 9.49. The calculated value is greater than the table value. Hence, the null hypothesis is rejected and it is inferred that the number of policies purchased influences the level of attitude of the respondents towards the marketing mix strategies of LIC of India.

5.3.12 Overall Satisfaction Level towards LIC

The level of satisfaction of the policyholders is highly influenced by factors such as age, size of the family, number of policies taken, gender, nature of residence, occupation, education, marital status, amount of savings, monthly income and type of the house. The relationship between these variables and the level of satisfaction towards LIC has been analysed with the help of statistical tools namely chi-square. Table 5.28 shows the significant relationship between the identified variables and the level of satisfaction of the policyholders towards the LIC of India.

Table 5.28
Level of Satisfaction towards LIC

Sl. No	Variable	Chi – Square Value	Table Value	df	Significance (at 5 per cent level of Significance)
1	Age	13.62	12.6	6	Significant
2	Size of the family	13.432	12.6	6	Significant
3	Number of Policies taken	10.639	9.46	4	Significant
4	Gender	0.046	5.99	2	Insignificant
5	Ownership of House	4.066	9.49	4	Insignificant
6	Occupation	20.22	12.6	6	Highly Significant
7	Education	16.841	15.5	8	Significant
8	Marital Status	6.411	5.99	2	Significant
9	Monthly Savings	18.732	15.5	8	Highly Significant
10	Monthly income	15.667	15.5	8	Significant
11	Type of the house	7.363	9.49	4	Insignificant

Source : Primary Data

Table 5.28 clearly shows that there is a remarkable relationship at 5 per cent level between the above said variable and the level of satisfaction towards LIC of India except the variables gender, ownership of house and type of the house.

5.4 Impact of Marketing Mix on the Overall Satisfaction of the Respondents

In this study multiple linear regression analysis is used to explain the relationship between the overall attitude of the sample respondents towards marketing mix comprising the 7Ps namely product, place, price, promotion, process, physical evidence and the people of the organization. The relationship between the attitude of the respondents and the marketing mix is analysed separately for the sample respondents based on occupational status such as Salaried Class, Business Group, Agriculturists and Daily Wage Earners.

The multiple regression analysis applied as follows.

$$\text{Log } y = \log b_0 + b_1 \log x_1 + b_2 \log x_2 + \dots b_7 \log x_6 + eu$$

where

y = Overall satisfaction level

X₁ = Product

X₂ = Place

X₃ = Price

X₄ = Promotion

X₅ = Process

X₆ = Physical evidence

X₇ = People of the Organisation

b₀, b₁, b₂, b₇ are the parameters of independent variable to be estimated

b₀ = regression constant

5.4.1 Impact of Marketing Mix Variables on the Overall Satisfaction Level of Sample Respondents in the Salaried Class

The multiple linear regression analysis used to explain the attitude of sample respondents in salaried class towards marketing mix shows the result which is given in Table 5.29

Table 5.29
Impact of Marketing Mix on the Overall Satisfaction of Salaried Class of respondents

Sl. No	Marketing Variables	Notation	Elasticity Co-efficient	Standard Error	t - Value	Level of Significance
	Constant	bo	5.531	0.441	12.541	1% level
1	Product	X ₁	0.432	0.208	2.092	5% level
2	Place	X ₂	0.364	0.223	1.633	Insignificant
3	Price	X ₃	-0.619	0.159	-3.888	1% level
4	Process	X ₄	0.122	0.164	0.745	Insignificant
5	Promotion	X ₅	0.436	0.127	3.439	1% level
6	People of the Organisation	X ₆	0.321	0.105	3.055	1% level
7	Physical evidence	X ₇	-0.077	0.178	-0.435	Insignificant

Source : Primary Data

R ² Value	F- test	Significance
0.687	7.594	1% level

The satisfaction level of policyholders who belong to salaried class towards marketing strategy of LIC (Y) = 5.53 +0.43 (Product) + 0.36 (Place) – 0.62 (Price) + 0.12 (Process) + 0.44 (Promotion) + 0.32 (People) + 0.08 (Physical evidence).

In constructing the regression equation, it is presumed that increase in independent variables by one unit leads to increase / decrease in the satisfaction level of salaried class by the value of that independent variable, that is, the

regression co-efficient value (B). The analysis shows that with the increase of one unit in product, place, process, promotion and people there is an increase in the satisfaction level of salaried class policyholders by 0.43, 0.36, 0.12, 0.44 and 0.32 unit respectively. The increase in price by one unit, results in decrease in the satisfaction level by 0.62 unit.

But the increase of physical evidence by one unit, results in decreases in the satisfaction level by 0.08 unit, which may not be correct as per intuitive sense. Physical evidence is also insignificant statistically. Hence, it need not be used to interpret regression as it may lead to wrong conclusion. Therefore it is inferred that product, place, price, process, promotion and people can be considered to explain the regression value.

From the Table 5.29 it can be inferred that R^2 value is 0.687 and the t-test for significance of individual in dependent variable indicates that at 5 per cent level (equivalent to a confidence level of 95 per cent) product is statistically significant. The independent variable price, promotion and people of the organization are statistically significant at one per cent level (equivalent to a confidence level of 99 per cent). The independent variables namely, place, process and physical evidence are not significant and have no impact on the satisfaction level of respondents. The multiple regression dependent variables are found statistically a good fit as R^2 value is 0.687. It shows that the four independent variables which are significant contribute about 68.7 per cent on the marketing mix. Hence the four variables product, price, promotion and people of the organization influence the satisfaction level of respondents in salaried class.

5.4.2. Impact of Marketing Mix Variable on the Overall Satisfaction Level of Sample Respondents Doing Business

The multiple linear regression analysis is used to explain the attitude of the sample respondents doing business group towards marketing mix. The result of multiple regressions is shown in Table 5.30.

Table 5.30
Attitude of Sample Policyholders Doing Business Group
towards Marketing Mix

Sl. No	Marketing Variables	Notation	Elasticity Co- efficient	Standard Error	t - Value	Significant
	Constant	b ₀	8.298	0.727	11.413	1% level
1	Product	X ₁	0.440	0.217	2.027	5% level
2	Place	X ₂	0.361	0.168	2.148	5% level
3	Price	X ₃	0.544	0.202	2.692	5% level
4	Process	X ₄	-0.307	0.215	-1.429	Insignificant
5	Promotion	X ₅	0.835	0.124	6.733	1% level
6	People of the Organisation	X ₆	0.183	0.135	1.354	Insignificant
7	Physical evidence	X ₇	0.738	0.275	2.689	5% level

Source : Primary Data

R ² Value	F- test	Significance
0.728	14.683	1% level

From the Table 5.30, the regression equation inferred is, satisfaction level of policyholders who belong to business group towards marketing strategy of LIC (Y) = 0.8.298 + 0.44 (Product) + 0.361 (Place) + 0.544 (Price) – 0.31 (Process) + 0.84 (Promotion) +0.18 (People) + 0.74 (Physical Evidence).

While constructing the regression equation it is presumed that the increase in independent variables by one unit, increase / decrease the satisfaction level of business group by the value of that independent variable that is, the regression co-

efficient value (B). The analysis shows that the increase of one unit in product, place, promotion, people and physical evidence results in increase of the satisfaction level by 0.44, 0.36, 0.84, 0.18, and 0.74 unit respectively. The increase of one unit in process decreases the satisfaction level by 0.31 unit.

But with regard to price though the increase of price by one unit, increases the satisfaction level by 0.54 unit, it is statistically significant. Therefore, it can be considered for interpreting regression value. Hence, it is inferred that all the seven marketing mix elements can be considered to explain the regression value.

From the Table 5.30 it can be inferred that R^2 value is 0.728 and the t-test for significance of independent variables indicates that at the significant level one per cent (equivalent to confidence level 99 per cent). Price and process are significant. At the significance level 5 per cent (equivalent to confidence level of 95 per cent) place and promotion are statistically significant. The other independent factors product, people of the organization and physical evidence are not significant. Hence it is known that the four independent market mix variables namely place, price, process and promotion influence the satisfaction level of respondents and the other three factors product, people and physical evidence do not have any influence on the satisfaction level of sample respondents doing business.

5.4.3 Impact of Marketing Mix Variables on the Overall Satisfaction Level of Sample Respondents Engaged in Agriculture

The multiple linear regression analysis used to explain the attitude of the respondents engaged in agriculture towards marketing mix. The result is shown in Table 5.31

Table 5.31
Attitude of Sample Policyholder Engaged in Agriculturists
towards Marketing Mix

Sl. No	Marketing Variables	Notation	Elasticity Co- efficient	Standard Error	t- Value	Level of Significance
	Constant	b ₀	6.200	0.584	10.619	1% level
1	Product	X ₁	0.027	0.248	0.107	Insignificant
2	Place	X ₂	0.715	0.308	2.319	5% level
3	Price	X ₃	0.847	0.214	3.958	1% level
4	Process	X ₄	0.605	0.081	7.469	1% level
5	Promotion	X ₅	-0.527	0.271	2.403	5% level
6	People of the Organisation	X ₆	-0.104	0.177	-0.587	Insignificant
7	Physical evidence	X ₇	0.094	0.249	0.780	Insignificant

Source : Primary Data

R ² Value	F- test	Significance
0.673	17.646	1%

The regression equation is constructed based on the above values, that is, satisfaction level of policyholders who belong to agriculturist group towards marketing mix strategy of LIC (Y) = 6.20 + 0.03 (Product) +0.72 (Place) + 0.85 (Price) +0.61 (Process) – 0.53 (Promotion) – 0.10 (People) + 0.09 (Physical Evidence).

While constructing the regression equation it is presumed that the increase in independent variable by one unit, will lead to increase in the satisfaction level of agriculturists by the value of that independent variables that is, regression co-efficient value (B). The analysis shows that with the increase of one unit in product, place, price, process and physical evidence, there is an increase in the satisfaction level of agriculturists by 0.03, 0.72, 0.85, 0.61 and 0.09 unit respectively.

The increase in promotion and people by one unit decreases the satisfaction level which may not be correct as per intuitive sense. Of these two, people are not statistically significant. Hence, people mix need not be used to interpret regression as it may lead to wrong conclusion. Therefore, it is inferred that product, place, price, process, promotion and physical evidence can be considered to explain the regression value.

From Table 5.31 it can be inferred that R^2 value is 0.673 and the t-test for significance of individual independent variable indicates that at 5 per cent level (equivalent to confidence level 95 per cent), the marketing mix variables namely, product, place, price and physical evidence are statistically significant. The variable promotion is significant at one per cent level (equivalent to a confidence level of 99 per cent). The marketing mix variables namely, process and people of the organization are not significant and have no influence on the satisfaction level of respondents. The multiple regression dependent variables is found statistically good fit as R^2 value is 0.687. It shows that the five independent variables which are significant contribute about 67.3 per cent on the marketing mix. Hence these five variables product, place, price, promotion and physical evidence influence the satisfaction respondents engaged in agriculture.

5.4.4 Impact of Marketing Mix Variables on the Overall Satisfaction Level of Sample Respondents in the Category Daily Wage Earners

The multiple linear regression analysis is applied to find out the impact of marketing mix variables on the attitude of respondents earning daily wage. The result is shown in Table 5.32

Table 5.32**Attitude of Sample Respondents Earning Daily Wage towards Marketing Mix**

Sl. No	Marketing Variables	Notation	Elasticity Co- efficient	Standard Error	t -Value	Significant
	Constant	b ₀	4.626	0.825	5.608	1% level
1	Product	X ₁	0.438	0.179	2.446	5% level
2	Place	X ₂	0.254	0.331	0.767	Insignificant
3	Price	X ₃	0.085	0.318	0.268	Insignificant
4	Process	X ₄	-0.254	0.101	2.514	5% level
5	Promotion	X ₅	-0.567	0.256	-2.210	5% level
6	People of the Organisation	X ₆	0.800	0.323	2.474	5% level
7	Physical evidence	X ₇	-0.384	0.260	-1.474	Insignificant

Source: Primary Data

R ² Value	F- test	Significance
0.591	7.175	1%

From the Table 5.32 the regression equation inferred is, satisfaction level of policyholders who earn daily wage earners towards LIC's marketing strategies (Y) = 4.63 + 0.44 (Product) + 0.25 (Place) + 0.09 (Price) – 0.25 (Process) – 0.57 (Promotion) + 0.80 (People) – 0.38 (Physical Evidence).

While constructing the regression equation, it is presumed that increase in independent variables by one unit will lead to increase in satisfaction level of daily wage earners by the value that independent variable that is, regression co-efficient value (B). The analysis revealed that with the increase of one unit on product, place and people, there is an increase in the satisfaction level of daily wage earners by 0.44, 0.25, and 0.80 unit respectively.

The increase in price decreases the satisfaction level which may not be correct as per intuitive sense. Same way the increase in promotion and physical evidence decrease the satisfaction level which may not be sensible. But of these three variable promotions is statistically insignificant. Hence, price and physical evidence need not be used to interpret regression as it may lead to wrong conclusion. Therefore, it is inferred that product, place, process, promotion and people can be considered to explain the regression value.

Table 5.32 reveals that the R^2 value is 0.591 and the t-test for significance of individual independent variable indicate that at 5 per cent level (equivalent to confidence level 95 per cent), the marketing mix variables namely, product, process, promotion and people of the organization are statistically significant. The independent variable namely, place, price and physical evidence are not significant and have no influence on satisfaction level of respondents. The multiple regression dependent variable is found statistically good fit as R^2 value is 0.591. It shows that the four independent variable which are significant contribute about 59.1 per cent on the marketing mix. Hence the significant variables namely, product, process, promotion and people of the organization influence the satisfaction level of respondents in the daily wage earners category.

5.4.5 Impact of Marketing Mix Variables on the Satisfaction of Overall Sample Respondents

The multiple linear regression analysis is applied to explain the attitude of overall sample respondents towards marketing mix variables. The result is shown is Table 5.33

Table 5.33**Attitude of Sample Respondents (overall) towards Marketing Mix**

Sl. No	Marketing Variables	Notation	Elasticity Co-efficient	Standard Error	t - Value	Level of Significance
	Constant	b ₀	5.633	0.307	18.357	1% level
1	Product	X ₁	0.017	0.119	0.141	Insignificant
2	Place	X ₂	-0.056	0.117	-0.478	Insignificant
3	Price	X ₃	0.673	0.104	6.483	1% level
4	Process	X ₄	0.296	0.105	2.825	1% level
5	Promotion	X ₅	-0.891	0.097	9.199	1% level
6	People of the Organisation	X ₆	0.316	0.077	4.083	1% level
7	Physical evidence	X ₇	0.114	0.122	0.932	Insignificant

Source : Primary Data

R ² Value	F- test	Significance
0.690	22.880	1%

From the Table 5.33 the regression equation is inferred, that is, satisfaction level of overall respondents towards marketing mix strategies of LIC (Y) = 5.63 +0.02 (Product) -0.02(Product) -0.06 (Place) +0.67 (Price) + 0.3(Process)-0.89 (Promotion) + 0.32 (People) + 0.11 (Physical Evidence).

While constructing the regression equation it is presumed that the increase in independent variables by one unit, will lead to increase in satisfaction level of overall respondents by the value of that independent variables that is, regression co-efficient value (B). The analysis revealed that the one unit increase in product, price, process, people and physical evidence results in increase in the satisfaction

level of overall respondents by 0.02, 0.67, 0.3, 0.32 and 0.11 units respectively.

Though the increase in promotion by one unit results in decrease in satisfaction level by 0.89 unit, it is statistically significant. But at the same time, the increase in the variable place decreases the satisfaction level by 0.06 unit which may not be sensible. It is also statistically insignificant. Therefore, it need not be used to interpret regression because it may not be used to interpret regression because it may lead to wrong conclusion. Hence, it is inferred that product, price, process, promotion, people and physical evidence can be considered to explain the regression value.

From Table 5.33 it is inferred that R^2 value is 0.690 and the t-test for significance of individual independent variable indicates that at one per cent level (equivalent to a confidence level of 99 per cent), the independent namely, price, process, promotion and people of the organization are statistically significant. The other independent variables product, place and physical evidence are not significant and have no impact on the satisfaction level of respondents. The multiple regression dependent variables are found statistically a good fit as R^2 value is 0.690. It shows that the four independent variables which are significant contribute about 69 per cent on the respondents attitude towards marketing mix. Hence the four variables of marketing mix, price, process, promotion and people of the organization are the better predictors for the satisfaction of policyholders.

5.5 Effective Measures to Increase the Customer Base – Respondents View

The LIC of India is competing in complex Business Group environment characterized by continuous change in economic, social, political, legal and regulatory factors. The life 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. In order to satisfy the

customer every company is trying to implement a successful marketing mix program. Keeping this in mind it is decided to get the opinion of the respondents regarding a few key measures, the LIC can opt for. For this purpose fourteen effective measures are identified and the respondents are asked to rate them on five point scale. The responses regarding the measures are analysed with the help of factor analysis. "Principal Component Analysis" is used to extract factors with Eigen value of one or more. In order to assign Varimax rotated factor matrix is used.

In order to find the appropriateness of this analysis Kaiser Meyer Olkin (KMO) and Bartlett's test of sphericity is used and the results are shown below.

KMO and Bartlett's Test

KMO Measure of sampling adequacy Bartlett's Test of Sphericity	0.642
Application of Chi-square value	2463.149
Degrees of freedom	91
Significance	0.000

KMO value is very high (0.642). Similarly the Bartlett's test rejects the null hypothesis that the variables are not related as the approximate chi-square value is 2463.149 at 91 degrees of freedom which is significant at one per cent level. This factor analysis may be considered as an appropriate technique.

Table 5.34 presented below gives the Rotated Component Matrix table found by using Varimax method which is used to assign factors which have higher loadings.

Table 5.34**Effective Measures to Improve Marketing of LIC Products**

Measures	Promotional Measures (F1)	Awareness Programs (F2)	Additional Benefits (F3)	Better distribution network (F4)	Follow up measures (F5)
Film stars and sports personalities to promote LIC products	0.894	0.108	0.171	0.030	0.057
More advertisement in visual media	0.790	0.155	0.070	0.059	0.303
More advertisement in print media	0.768	0.153	0.040	0.171	0.021
Distribution of track, display boards	0.527	0.387	0.116	0.120	0.080
Through corporate social Responsibility	0.210	0.803	0.042	0.027	0.298
Targeting Rural Area	0.109	0.743	0.117	0.103	0.215
Awareness Programs at colleges, Schools and offices	0.137	0.678	0.090	0.053	0.053
Training for Agents	0.160	0.084	0.873	0.097	0.066
Linking insurance with mutual fund	0.091	0.020	0.682	0.047	0.205
Providing more riders	0.214	0.186	0.515	0.174	0.078
Micro insurance through SHG	0.199	0.103	0.247	0.816	0.180
Tie-up with nationalized Banks	0.090	0.257	0.067	0.752	0.121
Improve grievance redressal measures	0.114	0.053	0.085	0.305	0.893
Better handling of default policies.	0.204	0.175	0.130	0.087	0.581

The findings of the principal component analysis which is used to extract the number of variables by using the Eigen value is given in Table 5.35.

Table 5.35

Principal Component Analysis – Variance Explained

SL. No	Effective Measures	Number of Variables	Reliability Co- Efficient	Eigen Value	Per Cent Variation	Cumulative Per Cent
1	Promotional measures	4	0.861	4.050	28.928	28.928
2	Awareness programs	3	0.738	2.387	17.053	45.981
3	Additional benefits	3	0.619	1.442	10.299	56.280
4	Better distribution network	2	0.733	1.211	8.648	64.928
5	Follow-up measures	2	0.816	1.093	7.810	72.738

Source : Primary Data

Five factors can be extracted which amount to cumulative percentage of 64.2 per cent losing the remaining 27.24 per cent of data can be inferred from the Table 5.35. Thus five factors which are key measures to market LIC products are extracted from 14 factors. These extracted factors are known as promotional measures, awareness programs, alternative distribution network and follow-up measures.

Table 5.35 clearly shows the important measures that can be effectively implemented based on the opinion the respondents to improve the market for LIC products. The first factor which is named as promotional measures is the combination of four variables with high factor loadings of 0.894 for promotion through film stars and sports personalities, 0.790 for more advertisement in visual media, 0.768 for more advertisement in print media and 0.527 for distribution of tracts, display boards.

The next three factors namely, impact through corporate social responsibility, targeting rural areas by involving panchayats and village offices and awareness programs at colleges, schools, and offices with high factor loadings 0.803, 0.743 and 0.678 respectively are combined together and named as awareness programs.

The third factor is the combination of training for agents (0.873), linking insurance with mutual fund (0.682) and providing more riders such as accidents, illness benefits (0.515) and named as additional benefits.

The variables micro insurance through Self Help Group (SHG) with the loading of 0.816 and tie-up with national banks and post offices with the loading of 0.752 are combined and named as alternative distribution network.

The last factor follow-up measures comprises two factors namely, improve grievance redressal measures and better handling of default and lapsed policies with the loadings of 0.893 and 0.581 respectively.

Thus, it can be concluded that promotional measures, awareness programs, additional benefits, alternative distribution network and follow-up measures are the effective measures that can be used to increase the market base for LIC products. These measures can be effectively used in the marketing mix strategy of LIC of India

5.6 Conclusion

This chapter has analysed the perception of the sample policyholders towards the different dimensions of marketing mix strategies of LIC. The analysis has revealed the importance of marketing mix strategies namely, product mix, price mix, place mix, process mix, promotion mix, people mix and physical evidence mix of the LIC. It is interesting to know from the study that the variables price, process, promotion and people of the organization are the better predictors of the satisfaction level of policyholders. Based on the feedback from the sample respondents it is found out that promotional measures, awareness program, additional benefits given, alternative distribution network and follow-up procedure are the effective measures that can be used to increase the market base for LIC products.

CHAPTER - VI

SUMMARY OF FINDINGS AND SUGGESTIONS

6.1 Introduction

This chapter highlights the results of the present study based on policyholders' perception towards the seven dimensions of marketing mix strategy of LIC of India in the study area Kanyakumari District. This study has helped the researcher to give a few suggestions for the sustained growth of LIC.

6.2 Findings

The following are the main findings based on the data collected from the policyholders and LIC of India.

6.2.1 Preferential Attitude of Policyholders towards LIC Plans and Schemes

The popular plans among policyholders are money back and basic life insurance plans such as endowment and whole life policies. Among the daily wage earners (73.81 per cent) group micro insurance policy such as Jeevan Madhur and Jeevan Mangal are very popular. The salaried class policyholders have a preference for pension plans such as Jeevan Akshay and Jeevan Suraksha. The business group prefer Term Assurance plan namely, Amulya Jeevan and Health insurance. Agriculturists prefer specific plans namely, Jeevan Anurag and Money back policies.

The Garrett Ranking score reveals that while selecting a particular scheme of policy under a plan, the policyholders consider mainly three factors namely, maximum benefits to dependents (62.57), money back facility (31.42) and better risk coverage (60.68). They give lesser weightage to three factors namely, choice and amount of premium payable (49.25), terms and conditions (50.75) and age

factor (51.95). It is clear that the policyholders give more weightage to benefits and risk coverage than to the amount of premium payable.

With reference to the periodicity of the policy 56 per cent of the policyholders prefer 10-15 years as the period for taking LIC products. Today LIC gives many options to its customers to pay premium. It was found out that 36 per cent of the respondents prefer to pay premium through banks, the next options being through agents with 26.75 per cent and directly into the LIC office with 21.25 per cent. Therefore, the best option among the policyholders is payment through banks. When it comes to the mode of payment of premium, the best choice is monthly and quarterly payment with 46 per cent each. On the basis of their occupational status, the best choice for salaried class is quarterly payment but for the other three categories of policyholders' business group, agriculturists and daily wage earners, the best choice is the monthly payment of premium.

6.2.2 Purchase Decision of Policyholders

When a consumer wants to buy a life insurance product, his mind processes many factors and finally he makes the purchase decision. This study reveals that the most influential factors which contributes to his decision process, based on the mean score are lesser risk involved in LIC with the mean score of 4.16, money back facility with 4.01 and the influence of agent with 3.93. The least influential factors are pension facility with a score of 2.52, special schemes targeting women and differently abled with 3.16 and aid to thrift with 3.22. This shows that people prefer to invest money in secured institutions like LIC which provides money back facility. The agents also play a major role in influencing the potential consumers.

The key factors which influence the purchase decision play an important role in formulating the marketing mix strategies. Therefore, the key factors are identified with the help of factor analysis. It identified five factors namely, product features, benefits for dependents, mode of investment, promotional factors and financial security as the key drivers of purchase decision. The product features and benefits for dependents have very high loadings. Therefore, it can be concluded that product mix which covers product attributes and benefits play a vital role in deciding the marketing mix strategy of LIC of India.

The impact of key factors on the purchase decision of the policyholders is assessed through multiple linear regression analysis. It is concluded that product features, promotional factors and financial security contribute 74.9 per cent of the purchase decision of respondents who belong to the agricultural class. In case of business group product features, benefits for dependents and financial security are the important contributors that is 67.6 per cent of the purchase decision. In case of agriculturists' product features, mode of investment and financial security contribute 67.8 per cent of the purchase decision. The main predictors for the purchase decision in case of daily wage earners are mode of investment, promotional factors and financial security which contributes 73 per cent. With regard to overall respondents the better predictors of the purchase decision are product features, mode of investment and financial security which contribute 64 per cent of their decision making. Hence it can be concluded that the key drivers of the purchase decision of policyholders are product feature and financial security.

The socio-economic status also affect the purchase decision of the respondents. It is found out that purchase decision of the respondents is influenced

by the socio-economic factors namely, age, education, occupation, number of members in the family, monthly income and monthly savings to the extent of 71 per cent. Gender and marital status do not have any impact on the decision to buy life insurance products of LIC by the sample respondents.

The post purchase behaviour shows a mixed response from the policyholders. Though 71 per cent of the respondents are ready to recommend LIC products to others, 68 per cent are not willing to make repeat purchase.

6.2.3 Problems Faced by Respondents While Availing the Services of LIC

When a consumer buys an insurance product he may have to overcome many problems such as unfriendly approach of agents, unfriendly attitude of employees, lack of follow up service, communication gap and technology, non - availability of infrastructure and branch facility, delay in claim settlement and sanctioning of loan against policy. According to the study, the respondents agree that there is problem regarding the attitude of employees, lack of communication and non availability of branch facility. Other in addition to that other problem namely, claim settlement, technology and approach of agents, also need to be taken care of by LIC.

When the above nine problems are analyzed with its 36 critical elements individually, the researcher found out that a few elements in the main problems have a score above 3.4 which the researcher considered as critical point. These critical elements are non-availability of required branches, improper location of branches, and lack of computer trained employees.

The study also reveals that the perception of the respondents who belong to salaried class, business group, agriculturists and daily wage earners vary towards some of the critical elements involved while availing the services of LIC.

There is a significant variation among different category of respondent towards the infrastructure problems such as need for convenient waiting hall, drinking water and toilet facilities. These problems have significant impact on the attitude of the respondents.

The study revealed that there is variation in the perception of different group of respondents regarding unfriendly approach of agents such as pressurizing customers, uninformative behaviour and unfriendly nature.

Based on the study it is inferred that there is variation among the different groups of respondents regarding the problem, lack of follow up services such as failure to inform about the new products and irregularities in issuing gifts and diaries. These two aspects certainly affect purchase behaviour of respondents.

With reference to the aspects regarding the attitude of the employees namely, unapproachable, no response to enquiries and lack of good rapport with customers, there is variation in the perception of different category respondents. These problems affect the purchase behaviour.

The study reveal that there is significant variation in the perception of different category respondents towards the communication problem such as failure to send reminders, delay in sending premium receipts, irregularities in informing the maturity of the policy and failure to respond to the enquiries. Therefore, communication affect the purchase behaviour of policyholders.

It was found out that there is variation in the perception of different category respondents towards the aspects of lesser number of branches and no parking facility in the problem of non-availability of proper branch facility.

With regard to claim settlement there is variation in the perception of different category respondents towards delay in settlement of claims on maturity and this factor affect the purchase behaviour of policyholders.

It is inferred that with regard to the problem of technology in online payment and lack of computer trained employees, there is variation in the perception of different category respondents. These two aspects influence the purchase behaviour of policyholders.

Finally, regarding the problem of sanctioning loan against LIC policies, the low per cent of loan value is the significant variant which impacts the purchase behaviour of the policyholders.

6.2.4 Perception of Respondents towards Different Dimensions of Marketing Mix of LIC

The attitude of the respondents towards the marketing strategies of LIC represented by seven Ps of marketing mix is analysed as it is essential for LIC to understand the perception of the consumers. The analysis of the attitude or the satisfaction level of sample respondents towards the marketing mix strategy of LIC has resulted in the following findings.

This study which is based on occupational status of sample respondents reveal that there is variation or difference in the way in which the respondents view the 7 Ps of marketing mix strategies of LIC. It is inferred that salaried class respondents consider place mix as the most important variable to determine their

attitude. In case of agriculturists product mix, process mix, physical evidence mix and people mix are very important to determine their attitude towards LIC products. With regard to daily wage earners, price mix and promotion mix are very important to determine their attitude. With regard to business group, there is no specific marketing mix which influences their attitude. It can be concluded that the agriculturists have more perception towards the marketing mix strategies than the other three categories of respondents. Another interesting finding is that there is no significant difference in the way in which all the four category of respondents view the physical evidence mix strategy of LIC. All the respondents give more or less same weightage to physical evidence mix.

It is inferred from the study that the respondents are satisfied with the price mix variable and physical evidence mix variable of LIC of India. Comparatively the satisfaction level is low regarding process mix and product mix.

The study proves the relationship between the socio-economic profile of the policyholders and their level of satisfaction towards the marketing mix strategies of LIC. It is found out that occupation is highly significant and it is a main factor which influences the satisfaction level of the respondents. Secondly, the amounts of savings play an important role in deciding the satisfaction level. Apart from this, age, size of the family, number of policies taken, education, marital status, and monthly income also impact the satisfaction level of the respondents. Gender, residential status and type of the house do not influence the satisfaction level of respondents.

The study also proves the impact of seven Ps of marketing mix on the satisfaction level of the respondents. In case of salaried class respondents, product,

price, promotion and people of the organization constitute 68.37 per cent of the marketing mix that play an important role in deciding their satisfaction level.

With regard to the business group, place, price, process and promotion are the four variables that constitute 72 per cent of the marketing mix and these four variables are the better predictors of satisfaction level of the respondents of business group.

It is known from the study, the five marketing mix variables product, place, price, promotion and physical evidence contribute 67.3 per cent of the marketing mix and it is proved that these five variables are the better predictors of the satisfaction level of respondents engaged in agriculture.

In respect of daily wage earners, product, process, promotion and people of the organization are the main variables that constitute 59.1 per cent of the marketing mix and it is proved that these four variables are the main influencers of the satisfaction level of the respondents who earn daily wages.

In case of overall respondents the four variables namely, price, process, promotion and people of the organization constitute 69 per cent of the marketing mix and it is considered as the better predictor of the satisfaction level of the policyholders.

6.2.5 Effective Measures to be used to Increase the Customer Base – Respondents View

The customers are the real king of market and their views and ideas are important for designing marketing strategies of an organization therefore the researchers asked the sample respondents to identify a few effective measures that would help the LIC to expand their market. They have identified a few measures

that can be practiced by LIC to increase its market share. The principal component analysis extracts five key measures to market the LIC products. These key measures such as promotional measures, awareness programs, and additional benefits such as riders, better distribution network and follow – up measures can be used to increase the market base for LIC products. These measures can be effectively used in the marketing mix strategy of LIC of India.

6.2.6 Performance of LIC of India

Though there is a decline in the market share of LIC from monopolistic market position in 2001-02, in premium, new business, renewal premium and total policies to 70 per cent, 65 per cent, and 73 per cent respectively in 2009-10, it has shown slight increase during the year 2010-11 with 71 per cent, 69 per cent, 77 per cent respectively. It shows that LIC can withstand the competition from private players.

It is revealed that during the year 2008-09 there is a decrease in the growth at the national, state and the district level with regard to the number of policies issued. During the year 2011-12, there is an increase in the growth at all the three levels. It shows that the performance of LIC at all the three levels has been improved. The compound Growth Rate at the national, state and district level is 6.03 per cent, 12.07 per cent and 14.48 per cent respectively. It can be concluded that the performance at the district level is better than national and state level over the past ten years from 2002-03 to 2011-12.

With regard to the fresh premium income there is a decrease in the growth during the year 2008-09 at national, state and district levels, but again it has started to pick up and during the year 2011-12, the growth at three levels are at 11.99 per cent, 11.25 per cent and 16 per cent respectively. The average annual growth for the past

ten years from 2002-03 to 2011-12 is better at the national, state and district level with 23.48 per cent, 19.09 per cent and 28.85 per cent respectively. The district level performance is comparatively better.

It is known from the study that during 2011-12, there is a decrease growth at national, state and district level with regard to agency service. The average annual growth for the past ten years at national, state and district level is 8.67 per cent, 5.61 per cent and 13.86 per cent respectively. This reflects that agency network of distribution is facing competition from alternative channels.

The LIC's performance regarding the sum assured shows an increase in the growth during 2011-12 at national and state level with 19.64 per cent and 38.97 per cent respectively. The district level performance during the same period shows a decrease of 0.09 percent in the growth, though during the previous year it shows a better performance at district level than at the national and state level. The average annual growth over the past ten years at national, state and district level 12.4 per cent, 13.9 per cent and 9.4 per cent respectively.

The contribution of LIC to the economic growth of India is immense. Since the year of its initiation, it has been contributing crores of money to the five year plans of India. With every 5 year plan, its contribution has been increasing significantly. During the second five year plan, its contribution was ₹184 crores and it has been increased to ₹5,28,390 Crores during the eleventh plan.

The profit before tax of LIC from the year 2005-06 to 2010-11 shows fluctuations inside and outside India. Except for the slight decline in the profit before tax outside India during the year 2009-10, LIC has maintained a sustained growth in its profit before tax.

6.2.7 Performance of LIC at the Four Branch Level in Kanyakumari District

Kanyakumari District has four branches namely, Nagercoil I, Nagercoil II, Thuckalay and Kuzhithurai. With regard to the number of policies issued Kuzhithurai branch has shown a better growth of 29.3 per cent when compared to the growth rates of other three branches which shows the growth rates at 15.3 per cent, 15.84 per cent and 12.11 per cent respectively during the year 2011-12. The average annual growth of the Kuzhithurai branch over the past eight years stood at 8.3 per cent, which is better when compared to the other compound growth rate of other three branches which stood at 1.63 per cent, 2.07 per cent and 0.83 per cent respectively.

The performance of the four branches regarding the sum assured shows that during the year 2011-12 except Nagercoil I branch, all the other three branches registered a positive growth. The average annual growth over the past eight years of the four branches stood at 5.79 per cent, 9.8 per cent, 10.6 per cent and 10.56 per cent respectively. It is clear that the performances of the Thuckalay and Kuzhithurai branches are comparatively better than others. In this area the Nagercoil I branch has to improve.

In respect of the first premium income which is the main indicator of the performance Nagercoil I branch shows a very good growth of 180.09 per cent during 2011-12 over the previous year, while the other three branches Nagercoil II, Thuckalay and Kuzhithurai showed a growth of 6.09 per cent, 5.74 per cent and 46.78 per cent respectively. The average annual growth of four branches over the past eight years registered a growth of 27.78 per cent, 24.14 per cent, 23.7 per cent

and 22.74 per cent respectively. The average annual growth rate is lowest at the Kuzhithurai branch.

The average annual growth of number of agents of the branches Nagercoil I, Nagercoil II, Thuckalay and Kuzhithurai are 5.28 per cent, 8.29 per cent, 4.12 per cent and 11.96 per cent respectively. The performance of Kuzhithurai branch is better with regard to the recruitment of agents.

During the year 2010-2011 all the four branches have shown a decrease in the growth regarding the number of proposals. The average annual growth achieved by the four branches stood at 6.8 per cent, 2.05 per cent, 2.1 per cent and 6.44 per cent respectively. The performance of Nagercoil II and Thuckalay branches are comparatively low.

On the basis of the performance indicators namely, number of policies, sum assured, first premium income, number of agents and number of proposals, Kuzhithurai branch ranks first, Nagercoil I branch comes second, followed by Nagercoil II branch and Thuckalay branch. It shows that Thuckalay branch needs to be improved in the areas of first premium income, number of agents and number of proposals to be made.

6.3 Suggestions

Since the findings revealed that the promotion mix, process mix, price mix and people mix are the better predictors of the satisfaction level of policyholders to the extent of 70 per cent the researcher has given the following suggestions based on that and the feedback of the respondents.

6.3.1 Based on Promotion Mix

- The awareness about the need and true value of life insurance is very limited especially with the uneducated population of India. In order to create awareness among the uneducated and the younger generation, All India and FM radio can be used as instruments to conduct awareness campaign through Jingles.
- Film actors and sports personalities can be engaged to promote the products of LIC of India. Attractive and colourful television advertisements should be made to popularize LIC products.
- Village libraries where people gather can be used to publicize life insurance products. Video clips can be screened to create awareness among the rural public.
- The social security scheme of LIC such as Jeevan Madhur, Jeevan Mangal can be popularized through Self Help groups. The women members of Self Help Groups can be entrusted with the task of popularizing micro insurance products of LIC, among rural population.
- LIC can appoint field employees to popularize worksite marketing. Under this strategy LIC should send the field employees to explain the suitable LIC products to the target group at their place of work. The target group may be the employees of a particular company or organization or educational institution.
- The LIC may introduce gifts, prizes and contests to motivate the policyholders to invest more in life insurance policies.

- LIC should try to adopt tribal and backward villages under Corporate Social Responsibility. This would help them to create awareness about their products especially micro insurance products among the socially and economically weaker section of India.

6.3.2 Based on Process Mix

- Complex procedure involved in renewing the lapsed policies and claim settlements should be simplified. The speed and accuracy of payment is very important. Therefore, the procedure should provide total ease and convenience to the customers.
- The policyholders may be issued ID cards by the LIC with an ID number and the particulars of the policyholders. Whenever an additional policy is taken this number can be used. The use of this number should help the policyholders to get all the details of his policies namely, premium received, bonus upto date credited, the latest bonus rates, the number of policies in his name, maturity date, amount, payable on maturity, nominee details and the money back year. This would help the LIC to identify the number of policyholders registered with them. This may also simplify renewal of lapsation and claim settlement procedures.
- LIC should take more efforts to resolve the grievances of customers quickly and effectively for this purpose. LIC can set up special cells at branch offices and these cells should be allowed to handle the grievances of customers quickly and effectively.
- Suggestion boxes should be kept in the branch offices to enable the policyholders to provide their valuable suggestions, views and opinions.

6.3.3 Based on Price Mix

- LIC should try to reduce the rate of interest on loan and the interest on default premium.
- Extra amount charged for the renewal of lapsed policies can be minimized.
- Policies with minimum amount of premium can be designed to target socially and economically weaker section.
- The additional premium charged to the differently abled persons should be waived.

6.3.4 Based on People Mix

- Socialized and competent employees and agents are the backbone of the LIC. Compulsory training with time frame should be given to regarding the effective use of technology.
- Employees should be given training in customer relationship management to make them customer friendly.
- Interested employees can be given training to operate as work site field official.
- Basic computer knowledge should be made compulsory for both employees and agents.

6.3.5 Other Suggestions

- Customer friendly documentation of the policy is necessary. Badly designed document and incompleteness of the description given the document leads to biased interpretation by different readers. Therefore, the LIC should draft the documents in the regional languages accordingly to overcome the linguistic barrier.

- LIC of India should study the feasibility of introducing short term policies with a minimum maturity period of five years.
- Instead of introducing pre-determined plans, the LIC should assess the needs, requirements and the attitude of potential policyholders. The LIC can also introduce regional policies, taking into consideration the tradition and culture basis of the different states of India.
- India's middle class population which is rapidly increasing has a strong tendency to save money. In order to reach this target group LIC should introduce new attractive schemes with loan facility to make them policyholders. This would help LIC to withstand the competition from private insurers.
- The LIC needs to improve the ambient facilities of their offices especially the branches situated in semi-urban and rural areas.
- LIC should try to expand their alternative channel distribution net work through tie-ups with Post Offices, Non Government Organisations, Self Help Groups, Banks, and Co-operative Societies.
- LIC of India needs to open more branches in rural areas in order to maintain touch with the policyholders and to reach out the potential consumers. Areas where the population is low, service centers can be opened with minimum manpower.

The continuous loss in the market share of LIC and the strong presence of private players in the life insurance market is a threat to LIC. Therefore, to retain its market leader status, LIC needs to acquire more competitiveness in terms of

customer awareness, customer service, product innovation, communication process, technology and promotional strategies.

6.4 Learning

This project has given the researcher good opportunity to learn about the life insurance sector especially LIC of India. The researcher has acquired an enriching experience while interacting with the policyholders. The researcher also had a chance to share the experiences of a few LIC employees and agents. It has thrown a light about the basic technicalities involved in selling the products of LIC and the process of marketing strategies followed to transform a potential consumer into actual policyholders.

6.5 Concluding Remarks

The major contribution of this study is the identification of the marketing mix variables which predicts the attitude of the policyholders. With the sudden growth of private players, LIC is under tremendous pressure to keep its customer base. LIC must modify their marketing strategies to overcome this challenge. It has to constantly study the emerging needs of the market arising due to the change in the demographic structure and social values among the population. There is also a need for diversification of life insurance products to meet the needs of the customers. The contribution of LIC to the economy of the country is immense and its sustained growth is essential for the growth of India. Therefore, the LIC of India has to revamp their marketing strategies to develop an ideal marketing mix to tackle competition and to expand its customer base.

The Present Study will be a Stepping Stone for Future Studies in the Following Areas

- (i) A comparative study on the Marketing Mix strategies of LIC of India and anyone of the five main competitors of LIC.
- (ii) An analytical study based on the promotional mix strategies of LIC of India.
- (iii) A comparative study on the product mix of LIC and its competitors.
- (iv) Critical issues of marketing life insurance products in Kanyakumari District.
- (v) A study on the scope of using alternative channels in marketing life insurance products at the state level.

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APPENDIX

MAREKETING MIX OF LIFE INSURANCE CORPORATION OF INDIA IN KANNIYAKUMARI DISTRICT A STUDY WITH REFERENCE TO POLICY HOLDERS

Questionnaire

I SOCIO – ECONOMIC PROFILE

1. Age:

- (i) 20-30 (ii) 30-40 (iii) 40-50 (iv) 50-60 (v) 60 & Above

2. Gender:

- (i) Male (ii) Female

3. Taluk

- (i) Agasteeswaram (ii) Kalkulam
(iii) Thoivalai (iv) Vilavancode

4. Marital Status:

- (i) Married (ii) Unmarried

5. No. of family members: -----

6. Educational Qualification:

- (i) upto Std. VIII (ii) SSLC (iii) Diploma
(iv) HSC (v) Graduation (vi) Professional

7. Occupational Status:

- (i) Salaried Class (ii) Business group
(iii) Agriculturist (iv) Daily wage earners

8. Monthly income:

- (i) upto 5,000 (ii) 5,001-10,000 (iii) 10,001-20,000
(iv) 20,001-30,000 (v) 30,001-40,000 (vi) Above 40,000

9. Ownership of the house:

- (i) Rented house (ii) Lease (iii) Owned House

10. State the type of house

- (i) Thatched (ii) Tilled (iii) Concrete

11. Do you have monthly savings?

- (i) Yes (ii) No

If yes,

- (i) Upto 1000 (ii) 1001-2000 (iii) 2001-3000
(iv) 3001-4000 (v) 4001-5000 (vi) above 5000

II. PREFRENTIAL ATTITUDE OF POLICYHOLDERS TOWARDS THE POLICY

12. State the schemes against which you have insured

- 1.
- 2.
- 3.
- 4.

13. Premium amount payable per annum

- (i) 0 – 5,000 (ii) 5,000 – 10,000 (iii) 10,000 – 15,000
(iv) 15,000 – 20,000 (v) above 20,000

14. State the factors that influenced you to select particular scheme of policy (Rank)

Sl.No	Particulars	Rank
1.	Money back facility	
2.	Suitable terms	
3.	Choice and amount of premium payable	
4.	Optional riders like critical illness and accident benefits	
5.	Age factors	
6.	Maximum benefits to dependents	
7.	Early and higher rate of survival	
8.	Better risk coverage	
9.	Future needs like education, marriage taken care of	
10.	Insurance cover with the flexibility of partial withdrawal	

15. Sum assured for the policy taken by you

(i) 0 – 50,000

(ii) 50,000 – 1, 00,000

(iii) 1, 00,000 – 2, 00,000

(iv) 2, 00,000 – 3, 00,000

(v) above 3, 00,000

16. State your mode of payment of premium

(i) Monthly

(ii) Quarterly

(iii) Half yearly

(iv) Annually

17. State the period which you have taken policy

(i) 5 – 10 years

(ii) 10 – 15 years

(iii) 15 – 20 years

(iv) above 20

18. State the ways through which you pay the premium

(i) Online Payment

(ii) Through Banks

(iii) Through Franchisees

(iv) Through Agents

(v) Directly into LIC office

19. Which of the following Life Insurance plans have you taken? Please tick if applicable

- (i) Endowment Assurance Plans (ii) Children Plans
 (iii) Money Back Plans (iv) Whole Life Plans
 (v) Joint Life Plan (vi) Term Plans
 (vii) Pension Plans (vii) Special Plans

III PURCHASE DECISION

20. Name the factors that have influenced to buy LIC Policy

Sl. No	Factors	Highly Influential	Influential	No opinion	Not Influential	Highly not Influential
1	To claim tax relief					
2	Rate of return / Bonus Payment					
3	Less riskier compared to private companies					
4	Accident / Disability benefits (riders)					
5	Pension facility					
6	Financial security to dependents					
7	Future needs like education, marriage of children					
8	Investment cum insurance					
9	Special schemes for women/ differently abled					
10	Joint risk coverage of husband and wife					
11	Money back facility					
12	Availability of loan facility					
13	Aid to thrift					
14	Influence of agent					
15	convenient option for premium payment and terms					

21. Would you recommend the policy which you have taken?

- (i) Yes (ii) No

22. If you want to purchase another policy, would you purchase from LIC?

- (i) Yes (ii) No

23. Which of the following sources motivated you to take life insurance policy?

- (i) Friends (ii) Spouse (iii) Agents
 (iv) LIC employees (v) Television advertisements
 (vi) Print media advertisements

24. Give the problems which you face while availing the service of LIC.

Sl. No	Particulars	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree
I	Infrastructural Problem					
1	Unsuitable working hours					
2	No convenient waiting hall					
3	No Drinking water facility					
4	No toilet facility					
II	Unfriendly Approach of Agents					
1	Uninformative					
2	Pressuring Customers					
3	Unfriendly and non co-operative					
4	No proper follow up services					
III	Lack of Follow up Services					
1	Delay in sending policy documents					
2	Renewal of lapsed policies take time					
3	Failure to inform customers about new policies					
4	Irregularity in issuing gifts, diaries					

IV	Unfriendly Attitude of Employees					
1	Unapproachable					
2	No. response to enquiries					
3	Lack of knowledge					
4	Lack of good rapport with customers					
V	Communication / Correspondence Problems					
1	Failure to send reminders					
2	Irregularity in intimating the maturity of policy					
3	Delay in sending premium payment receipts					
4	No. response to enquiries					
VI	Non-Availability of Proper Branch Facilities					
1	Improper location					
2	Non-availability					
3	Lesser number of branches					
4	No. parking facility					
VII	Problems in Claim Settlement					
1	Delay in settlement of claim on maturity					
2	Complex formalities					
3	Delay in payment of death or accident benefits					
4	Unclear rules for nominees					
VIII	Lack of Technology					
1	Inadequate facility of Online payment of premium					
2	Non-availability of Web-cameras					
3	Lack of computerization					
4	Lack of computer trained employees					

IX	Problems in Sanctioning Loan against LIC Policies					
1	Low per cent of loan value					
2	Long period taken to sanction the loan					
3	High rate of interest on loan					
4	Difficult Procedure					

25. What is your satisfaction level towards the following marketing mix strategies of LIC?

Sl.No	Particulars	Highly Satisfied	Satisfied	No Opinion	Dissatisfied	Highly Dissatisfied
I	Product Mix					
1	For different marketing segment					
2	New schemes					
3	Suitable terms					
4	Security against risk on life					
5	Value of policy worthy					
II	Place Mix					
6	Location of branches					
7	Availability of transport facility					
8	Collection centers of premium					
9	Easy to contact agents					
10	Tie – up with banks					
III	Price Mix					
11	Moderate premium					
12	High rate of bonus					
13	Mode of Premium payment					
14	Lesser interest on loan					
15	High rate of return of investment					

IV	Promotion Mix					
16	Effective Advertisement					
17	canvassing by Agency					
18	Word of mouth promotion					
19	Public relation					
20	Awareness program					
V	Process Mix					
21	Less documents required					
22	Minimum time taken for processing					
23	Proper communication process					
24	Speedy and accurate settlement					
25	Renewal of lapsed policy					
VI	Physical Evidence Mix					
26	Document					
27	Service delivery					
28	Physical facility					
29	Brand image					
30	Atmosphere					
VII	People Mix (of the Organization)					
31	Interpersonal skill of employees					
32	service knowledge					
33	Friendly Approach					
34	Effective training given					
35	Good attitude of employees towards customers					

26. What in your opinion would be the effective measures improve the marketing of LIC products?

Sl. No	Particulars	Highly effective	Effective	No Opinion	Not effective	Highly not Effective
1	Film stars and sports personalities to promote LIC products					
2	More advertisement in visual media					
3	More advertisement in print media					
4	Distribution of track, display boards					
5	Through corporate social Responsibility					
6	Targeting Rural Area					
7	Awareness Programs at colleges, Schools and offices					
8	Training for Agents					
9	Linking insurance with mutual fund					
10	Providing more riders					
11	Micro insurance through SHG					
12	Tie-up with nationalized Banks					
13	Improve grievance redressal measures					
14	Better handling of default policies.					