

Project report on life insurance corporation of india

[Business](#), [Company](#)



INTRODUCTION

Insurance is a social device where uncertain risks of individuals may be combined in a group and thus made more certain - small periodic contributions by the individuals provide a fund out of which those who suffer losses may be reimbursed. In addition to being a means to protect oneself, the insurance industry is an efficient conduit for the saving of people to be channelled towards economic growth. In India, the Insurance Industry is more than 150 years old. Today, it is monopolised by two PSU's in their respective fields of life and General Insurance.

However, with the successful passage of IRDA Bill through both houses of parliament in December 1999 the sector has been opened up to private players. This will provide much needed impetus to the industry and will improve the quality of service and products and will also increase employment opportunities. There are still some issues that need to be sorted out, particularly with regard to the status of intermediaries as envisaged by the Insurance Regulatory Authority.

RESEARCH OBJECTIVE

The report gives the brief background of the sector and proceeds to highlight the shortcomings of the existing setup and players. The benefits of liberalised sector are enumerated. The report also tries to identify the market potential for insurance products and the strategy that can be employed to exploit the same. The stress is also given on knowing the awareness level of general public.

INTRODUCTION OF THE COMPANY

LIFE INSURANCE CORPORATION OF INDIA (LIC)

Life Insurance Corporation of India (LIC) was formed in September, 1956 by an Act of Parliament, viz., Life Insurance Corporation Act, 1956, with capital contribution from the Government of India. The then Finance Minister, Shri C. D. Deshmukh, while piloting the bill, outlined the objectives of LIC thus: to conduct the business with the utmost economy, in a spirit of trusteeship; to charge premium no higher than warranted by strict actuarial considerations; to invest the funds for obtaining maximum yield for the policy holders consistent with safety of the capital; to render prompt and efficient service to policy holders, thereby making insurance widely popular. Since nationalisation, LIC has built up a vast network of 2, 048 branches, 100 divisions and 7 zonal offices spread over the country.

The Life Insurance Corporation of India also transacts business abroad and has offices in Fiji, Mauritius and United Kingdom. LIC is associated with joint ventures abroad in the field of insurance, namely, Ken-India Assurance Company Limited, Nairobi; United Oriental Assurance Company Limited, Kuala Lumpur and Life Insurance Corporation (International) E. C. Bahrain. The Corporation has registered a joint venture company in 26th December, 2000 in Kathmandu, Nepal by the name of Life Insurance Corporation (Nepal) Limited in collaboration with Vishal Group Limited, a local industrial Group. An off-shore company L. I. C. (Mauritius) Off-shore Limited has also been set up in 2001 to tap the African insurance market.

General Insurance:

General insurance business in the country was nationalised with effect from 1st January, 1973 by the General Insurance Business (Nationalization) Act, 1972. More than 100 non-life insurance companies including branches of foreign companies operating within viz., the National Insurance Company Ltd., the New India Assurance Company Ltd., the Oriental Insurance Company Ltd., and the United India Insurance Company Ltd. with head offices at Calcutta, Bombay, New Delhi and Madras, respectively. General Insurance Corporation (GIC) which was the holding company of the four public sector general insurance companies has since been delinked from the later and has been approved as the " Indian Reinsurer" since 3rd November 2000.

The share capital of GIC and that of the four companies are held by the Government of India. All the five entities are Government companies registered under the Companies Act. The general insurance business has grown in spread and volume after nationalisation. The four companies have 2699 branch offices, 1360 divisional offices and 92 regional offices spread all over the country. GIC and its subsidiaries have representation either directly through branches or agencies in 16 countries and through associate! locally incorporated subsidiary companies in 14 other countries. A wholly- owned subsidiary company of GIC, i. e. Indian International Pvt. Ltd. is operating in Singapore and there is a joint venture company, viz. Kenindia Assurance Ltd. in Kenya. A new wholly owned subsidiary called New India International Ltd.,

UK has also been registered. Read about emerging business environment in Nepal

NEW INSURANCE SCHEMES

Universal Health Insurance Scheme

The Universal Health Insurance policy is available to groups of 100 or more families. The policy provides for reimbursement of medical expenses upto Rs. 30000/- towards hospitalization floated amongst the members of the family, death cover due to an accident for Rs. 25000 to the earning head of the family and compensation due to loss of earning head of the family @ Rs. 50/- per day upto a maximum of 15 days, after a waiting period of three days, when the earning head of the family is hospitalised. The premium under the policy is Rs. 1/- per day (Le. Rs. 365/-per annum) for an individual, Rs. 1. 50 per day for a family of five limited to spouse and children (i. e. Rs. 548 per annum), and Rs. 2/- per day (i. e. Rs. 730 per annum) for covering dependent parents within the overall family size of seven. A subsidy of Rs. 100 per year towards annual premium for " Below Poverty Line" families is also provided under the Scheme. For purpose of this policy HOSPITAL means:

Any Hospital/Nursing home registered with the local authorities and under the supervision of a registered and qualified Medical practitioner. Hospital! Nursing Home run by Government. Enlisted hospitals run by NGOs/ Trusts/ selected private hospitals with fixed schedule of charges. Hospitalization should be for a minimum period of 24 hours.

However, this time limit is not applied to some specific treatments and also where due to technological advancement hospitalization for 24 hours may not be required.

Main

Exclusions:

All pre-existing diseases.

Corrective, cosmetic or aesthetic dental surgery or treatment. Cost of spectacles, contact lens and hearing aid.

Primarily diagnostic expenses not related to sickness/injury. Treatment for Pregnancy, Childbirth, Miscarriage, abortions etc.

Age

Limitations:

This policy covers people between the age of 3 months to 65 years. Floater Basis:

The benefit of family' will operate on floater basis i. e. the total reimbursement of Rs. 30, 000/- can be availed of individually or collectively by members of the family. For further details please refer the Prospectus or the Policy Document issued by the Insurance Company.

Varishtha Pension Bima Yojana

Scheme

Indian citizens aged 55 years (last birthday) and above are eligible (no upper age ceiling). Pension will be paid during the lifetime of the pensioner.

In the event of unfortunate death of the pensioner, purchase price will be paid to the nominee/ legal heir of the pensioner. Mode of payment of pension: Monthly, Quarterly, Half Yearly or Yearly. Minimum pension is Rs. 250/- per month

Maximum pension is Rs. 2000/- per month.

Only one person from a family can apply. The family for this purpose shall comprise of the pensioner, his/ her spouse and dependants. Age proof will be required. Where age is to be admitted on declaration basis, declaration on a stamp paper, signed in front of a notary shall be required.

Premium

Only single premium (purchase price) is payable i. e. premium is to be paid in one lump sum. Further, premium shall be accepted by cheques/ drafts payable on the Branch of the bank which is the member of the local clearing house.

OBJECTIVES OF LIC

Spread Life Insurance widely and in particular to the rural areas and to the socially and economically backward classes with a view to reaching all insurable persons in the country and providing them adequate financial cover against death at a reasonable cost. Maximize mobilization of people's savings by making insurance-linked savings adequately attractive. Bear in mind, in the investment of funds, the primary obligation to its policyholders, whose money it holds in trust, without losing sight of the interest of the community as a whole; the funds to be deployed to the best advantage of the investors as well as the community as a whole, keeping in view national priorities and obligations of attractive return. Conduct business with utmost economy and with the full realization that the moneys belong to the policyholders. Act as trustees of the insured public in their individual and collective capacities.

Meet the various life insurance needs of the community that would arise in the changing social and economic environment. Involve all people working in —the corporation to the' best of their capability in furthering the interests of the insured public by providing efficient service with courtesy. Promote amongst all agents and employees of the Corporation a sense of participation, pride and job satisfaction through discharge of their duties with dedication towards achievement of Corporate Objective.

PRODUCTS OF LIC

Whole Life With Profits Plan - 002

Features:

This plan is mainly devised to create an estate for the heirs of the policyholder as the plan basically provides for payment of sum assured plus bonuses on the death of the policyholder. However, considering the increased longevity of the Indian population, the Corporation has amended the above provision, thereby providing for payment of sum assured plus bonuses in the form of maturity claim on completion of age 80 years or on expiry of term of 40 years from date of commencement of the policy whichever is later.

The premiums under the policy are payable up to age 80 years of the policyholder or for a term of 35 years whichever is later. If the payment of premium ceases after 3 years, a paid-up policy for such reduced sum assured will be automatically secured provided the reduced sum assured exclusive of any attached bonus is not less than Rs. 250/-. Such reduced paid-up policy is not entitled to participate in the bonus declared thereafter

but the bonuses already declared on the policy will remain attach, provided the policy is converted in to a paid-up policy after the premiums are paid for 5 years. Suitable For:

This policy is suitable for people of all ages who wish to protect their families from financial crises that may occur owing to the policyholder's premature death.

BENEFITS

SURVIVAL

BENEFIT:

Sum assured plus accrued bonuses and the terminal bonuses, if any, on the policyholder attaining age 80 years or on expiry of term of 40 years from the date of commencement of the policy whichever is later. DEATH BENEFIT:

Sum assured plus accrued bonuses and the terminal bonuses, if any, on the death of the policyholder are paid to his/her nominees/heirs.

LIMITED PAYMENT WHOLE LIFE - PLAN 005 (WITH PROFITS)

Features:

This is the best form of life assurance for family provision since it enables the Life Assured to pay all the premiums during the ordinarily vigorous and most productive years of life. He need not pay any premium in the later stages of life if and when his conditions might become adverse. With Profits Limited Payments Policies do not cease to participate in profits after completion of the premium paying period but continue to share in the periodical Bonus Distribution until the death of the Life Assured. The Without-Profit option is available under Table no. 3. If the policyholder pays at least 3 years' premiums and then discontinues paying any more premium, a reduced paid-up assurance policy comes into force. Such a reduced paid-up Policy will not be entitled to participate in the profits declared. thereafter, but such Bonus

as has already been declared on the Policy will remain attached thereto. The premium paying term under this plan is five years minimum and 55 years maximum.

BENEFITS

Survival benefits

If the Life Assured survives the premium paying period and the policy continues in full force, provided all premiums have been paid, but no further premiums are required to be paid.

Death Benefits:

Sum Assured plus Bonuses accrued and vested in the policy.

Plan

Parameters:

MinimumMaximum

Entry age12 (nearer birthday)60

Sum assured (Rs.)50000NO LIMIT

Term (years)55 (Max. Premo ceasing age is 70)

Mode of Payment Maximum premium paying period Policy loan available Yearly,

half yearly, quarterly, monthly, salary saving scheme 80 yrs. of age or 40 yrs. of premium paying term from the date of commencement whichever is later.

ENDOWMENT WITH PROFIT PLAN - 014

FEATURES:

Moderate

Premiums

High bonus
High liquidity
Savings oriented

This policy not only makes provisions for the family of the Life Assured in event of his early death but also assures a lump sum at a desired age. The lump sum can be reinvested to provide an annuity during the remainder of his life or in any other way considered suitable at that time. Premiums are usually payable for the selected term of years or until death if it occurs during the term period.

Suitable For:

Being an endowment assurance policy, this plan is apt for people of all ages and social groups who wish to protect their families from a financial setback that may occur owing to their demise. The amount assured if not paid by reason of his death earlier will payable at the end of the endowment term where it can be invested in an annuity provision for the rest of the policyholder's life or in any other way he may think most suitable at that time.

BENEFITS

Disability Benefit:

In case policy holder becomes totally and permanently disabled due to an accident before reaching the age of 70 and the policy is in full force, he will not be required to pay further premiums, (the Disability Benefit is available in respect of the first Rs. 20, 000 sum assured on anyone life) and the policy will continue to be in force.

Accident**Benefit:**

By paying a small extra premium of Rs. 1 per Rs. 1000/- sum assured per year he or his family are entitled to the followin. benefits on death or permanent disability caused by accident. Even students above the age of 18 years can avail of this benefit.

Premium**Stoppage:**

If payment of premiums ceases after at least THREE years' premiums have been paid , a free paid-up policy for a reduced sum assured will be automatically secured provided the reduced sum assured, exclusive of any attached bonus, is not less than Rs. 250/-. The reduced sum assured will become payable on the event as stipulated in the policy. Bonus:

Is there anything extra payable besides the sum assured at the time of claim settlement? Yes, but only if it is a 'with profits' policy. Every year the Life Insurance Corporation distributes its surplus among policyholder to 'with profits' policies in the form of bonuses. Substantial bonuses have been declared in the past after each valuation of policy liabilities.

ANMOL JEEVAN - I (WITHOUT PROFITS)

BENEFITS

On Death during the Term of the Policy : Sum Assured On Maturity : Nil

RESTRICTIONS

- (A) Minimum age at entry: 18 years (completed)
- (B) Maximum age at entry: 55 years (nearer birthday)
- (C) Maximum age at maturity: 65 years
- (D) Minimum Term: 5 years

(E) Maximum Term: 25 years

(F) Minimum Sum Assured: Rs. Five Lakh

(G) Maximum Sum Assured: Rs. Three Crore (Inclusive of all term Assurance plans)

(H) Mode of Premium Payment: Yearly, Half- Yearly and Single premium.

(I) Rebates:

Sum Assured Rebate: NIL in case of regular premium policies and Re. 1/00 Sum

Assured for policies of Rs. 25 lakh and above in case of single premium policies. Mode Rebate: 1% of Annual premium for yearly mode and nil for Half-Yearly mode. Note: The policy would be issued in multiples of Rs. one lakh for Sum Assured above Rs. five lakh.

UNDERWRITING, AGE PROOF AND MEDICAL REQUIREMENTS:

The plan is available to Standard and Sub-standard lives (upto Class VI EMR).

This plan is also available to female lives (category I and II lives only) and to physically handicapped persons subject to certain conditions. Standard age proof will have to be submitted along with the Proposal Form.

PAID-UP AND SURRENDER VALUE:

The policy will not acquire any paid-up value.

No Surrender Value will be available under this plan.

LOAN: No loan will be granted under this plan.

GRACE PERIOD FOR NON-FORFEITURE PROVISIONS:

A grace period of 15 days will be allowed for payment of yearly or half-yearly premiums. If death occurs within this period and before the payment of the

premium then due, the policy will still be valid and the Sum Assured paid after deduction of the said premium as also unpaid premiums falling due before the next policy anniversary of the Policy. If the premium is not paid before the expiry of the days of grace, the Policy lapses.

REVIVAL :

If the Policy has lapsed, it may be revived during the life time of the Life Assured, but before the date of expiry of policy term, on submission of proof of continued insurability to the satisfaction of the Corporation and the payment of all the arrears of premium together with interest at such rate as may be prevailing at the time of the payment. The corporation reserves the right to accept or decline the revival of discontinued policy. The revival of the discontinued policy shall take effect only after the same is approved by the Corporation and is specifically communicated to the Life Assured. The cost of the Medical reports, including Special Reports, if any, required for the purposes of revival of the policy, should be borne by the Life Assured.

PAYMENT OF CLAIMS

No Claims concession will be applicable to this Policy.

BACK-DATING INTEREST

The policy can be back dated within the financial year. No dating back interest shall be charged. BENEFITS

Survival benefits:

If one or both the lives survive to the maturity date, the sum assured, along with the accumulated bonus, is payable.

Death**Benefits:**

In case either of the couple dies during the policy's term, two things happen. One, LIC pays to the surviving spouse the full sum assured. And, two, the policy continues on the life of the surviving partner without him/her having to pay any further premiums, i. e. the life cover on the survivor continues free of cost. The sum assured is again be payable on the death of the other partner in case both the husband and wife were to die during the term of the policy. Vested bonus would also be paid along with the sum assured on the second death.

GROWTH OF PRIVATE LIFE INSURANCE COMPANIES IN THE LAST 5 YEARS

The insurance industry recorded a booming growth of 35% in premium income during 2004-05 with the 13 private sector players walking away with an impressive 129% while the Life Insurance Corporation of India recorded a 21% growth. Thus the market share of state behemoth's dropped to 78% in 2004 05 from 87% a year ago. According to ASSOCHAM Eco Pulse (AEP) Study, the industry premium increased to Rs253. 42bn in 2004-05 from Rs187. 1bn in 2003-04. The LIC total premium for the year 2004-05 amounted to Rs197. 85bn as against the Rs162. 84bn during previous year. The figures for the first two months of the fiscal 2005-06 also speak of the growing share of the private insurers. The share of LIC for this period has further come down to 75%, while the private players have grabbed over 24% share. " With the huge potential the market has, the Government should, more seriously look into increasing the FDI cap in the sector" said Mahendra K. Sanghi, ASSOCHAM President.

During April-June 2005, the largest private company ICICI Prudential has increased its share from 6.25% in 2004-05 to 7.68% in current fiscal. The opening up of the sector has given some of the most innovative products like the customized insurance policies and now the unit linked policies that have gained much of customer attention. The sector has huge potential and certain other new and innovative areas can also be looked into for enhancing market share and premium income, said Sanghi. HDFC is next in the row with 2.91% market share which has increased from 1.92% last fiscal followed by TATA AIG which now shares 2% of the market from 1.18% last fiscal. Birla Sun life's share has dropped from 2.45% during FY'05 to 1.76% in first two months of FY'06. SBI life comes next with 1.72% share and has infact dropped a few percent points from last year. Max New York life and Aviva Life Insurance have captured more than 1% share each from less than 1% share during FY'05. Others like ING, AMP Sanmar, Met Life and Sahara India have less than 1 % share. The details of the market share of life insurance companies IS attached. The market share of the private players has doubled every year from 5.6% in 2002-03 to, 12% in 2003-04 and close to 22% in 2004-05. The state run insurance company has the biggest advantage of its huge network which the company can use to penetrate into rural market that is still lying untapped. Another option with the life insurance companies to capture more and more market share could be product innovation and constantly developing an insurance product in order to meet the ever-changing requirements of the customer. Quality customer service and education can be another area where a company can differentiate itself from other companies.

IT to boost life market growth?

THE LIFE Insurance Corporation of India (LIC) has turned to information technology in a bid to shed its image as a dinosaur among more nimble private sector companies. LIC, India's dominant life insurer, is encouraging policyholders to use its web site to pay premiums and make claims. Last month, it announced new mobile phone SMS (texting) services to alert policyholders of news about their plans. These moves, unmatched by most of LIC's smaller private sector rivals, are part of an effort to open new channels to increase the speed and quality of customer service - long seen as LIC's weakness after decades as India's monopoly life insurer. LIC's performance in the year to March 2004 suggests that these efforts are working. It sold 27 million new policies generating Rs85.7 billion (US\$1.9 billion) in premium income - an annual growth of about 11 percent. LIC's deployment of information technology may have helped it maintain its 88 percent market share of premium sales. Yet few believe that technology alone will drive the company's - and in effect, the Indian life industry's expansion. "Ultimately the growth of life insurance depends on growth of the economy," said TK. Banerjee, a board member of the Insurance Regulatory Development Authority.

India's economic growth rate in March 2004 hit double-digit figures to become Asia's fastest-growing economy. Most economists forecast growth to stabilise at around 7 percent to 2005. Banerjee said that this climate of rising economic prosperity is encouraging consumers to think more about insurance. Nonetheless, most life companies believe consumers still need Sanmar: "People still don't think that insurance is important. Most sales

happen after personal interaction." AMP Sanmar, a two-year old joint venture between south.-Indian based conglomerate Sanmar and Australia's AMP, has employed some 3, 000 sales agents w4o are targeting small and medium-sized towns that have low penetration rates of life insurance. India's life insurance penetration is less than three percent. " We're focussed on places where there is no other company - not even LIC," Subramaniam said, - remarking that unlike LIC, AMP Sanmar regards the internet and mobile phones as channels for promotion, not sales. He said that the internet is not widespread as a channel to sell consumer products in India, but Subramaniam has not ruled out deploying such technology in the future. Whatever the merits of new distribution channels, the industry fears a decline in sales following new taxes levied on single premium products. Single premium life insurance has been popular in India mainly because guaranteed returns were tax-free. This encouraged policyholders to pay large premiums with minimal risk cover, for payments at maturity that often exceeded the returns of more sophisticated financial products such as mutual funds. But last October, the government decided to tax premiums that paid

above 20 percent of the sum assured. The decision has reduced sales of single premium products, which is likely to restrain the overall growth of India's life industry. The industry regulator has forecast growth of life premiums to be around 20 percent to March -2004, about the same level as 1999, down from a burst of sales in 2002 of 43. 5 percent. India's life insurers have rallied to persuade the government to rescind the ruling later

this year, but any decision must wait for the end of parliamentary elections currently underway.

CURRENT STANDING OF PRIVATE LIFE INSURANCE COMPANIES IN URBAN SECTOR

Life insurance is possibly the most- retail of all financial services, and is required by people of all segments and in all locations. At a broad level, ICICI Prudential aims to secure the families of the middle and upper class working people in urban India. To this end, they have pursued a pan-India distribution strategy and backed it up with a range of products that meets the needs of a wide range of people, be they from rural or urban areas. Today, they have branches in 74 locations and rural presence in more than 15 states. Certainly, the majority of the business still comes from urban areas such as metros and mini-metros. However, they have seen rural business grow significantly and expect it to continue making greater contribution in the years to come.

ROLE OF FOREIGN COMPANIES IN INDIA

Government has allowed 26% foreign equity participation in the insurance sector. This has its limitations. While most foreign insurers planning to start their services in India were not pleased by this condition, they reluctantly agreed that this was expected in an opening economy and this will not change their outlook for India. After all no insurance company can afford to ignore a market of 1bn people. But the fact remains that they: Can not appoint majority directors on the company board;

Can not have say in the day to day workings of the company;

Can Affect Only Special Resolutions.

This cap, however, will have a great impact on the Indian counter part to raise 74% of the funds in their joint venture. To add to this if Indian partners like State bank of India, with over 9000 branches nationwide, will demand premium for their existing distribution network, we will see the foreign insurance companies demand hefty premiums for bringing in their global expertise and brand. Mr. Vaidya, Chairman of SBI, has recently stated that all it is looking for is a good and reliable partner and the question of a hefty premium to be charged to its foreign partner is not significant. The monolith has finally come to business senses Foreign companies are unhappy even about laws pertaining to repatriation of funds. The stipulated investment criteria is also something that all players in the sector, be it Indian or foreign, are closing watching.

The foreign players are essentially looking to tap their" global expertise in the variety markets and use that know-how to work in the Indian scenario. Designing of products, information systems, technical expertise, manpower planning etc is what one expects the foreign players to have a say in. Any venture of the joint kinds needs to be between equals. If this is not there then there are every chances that a partner in the venture will feel increasingly uncomfortable and would be looking to call the joint venture off.

IMPORTANCE OF JOINT VENTURES

HDFC STANDARD LIFE INSURANCE COMPANY LIMITED

HDFC

Incorporated in 1977 with a share capital of Rs. 10 crores, HDFC has since emerged as the largest residential mortgage finance institution in the

country. The corporation has had a series of share issues raising its capital to Rs. 119 crores. The net worth of the corporation as on March 31, 2000 stood at Rs. 2, 096 crores. HDFC operates through 75 locations throughout the country with its Corporate Headquarters in Mumbai, India. HDFC also has an international office in Dubai, V. A. E., with service associates in Kuwait, Oman and Qatar.

Standard

Life

Standard Life is Europe's largest mutual life assurance company. Standard Life, which has been in the life insurance business for the past 175 years, is a modern company surviving quite a few changes since selling its first policy in 1825. The company expanded in the 19th century from its original Edinburgh premises, opening offices in other towns and acquiring other similar businesses. Standard Life currently has assets exceeding over £70 billion under its management and has the distinction of being accorded "AAA" rating consequently for the past six years by Standard ; Poor. The Joint Venture

HDFC Standard Life Insurance Company Limited was one of the first companies to be granted licence by the IRDA to operate in life insurance sector. Each of the JV player is highly rated and been conferred with many awards. HDFC is rated 'AAA' by both CRISIL and ICRA. Similarly, Standard Life is rated 'AAA' both by Moody's and Standard and Poors. These reflect the efficiency with which DFC and Standard Life manage their asset base of Rs. 15, 000 Cr and Rs. 600, 000 Cr respectively. HDFC Standard Life Insurance Company Ltd was incorporated on 14th August 2000. HDFC is the majority

stakeholder in the insurance JV with 81.4 % stake and Standard Life has a stake of 18.6%. Mr. Deepak Satwalekar is the MD and CEO of the venture. HDFC Standard Life Insurance Products Money Back

Endowment

Term	Assurance	Plan
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Flexible	Bond	
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Development Insurance Plan

ICICI PRUDENTIAL LIFE INSURANCE COMPANY

ICICI

ICICI Ltd., was established in 1955 by the World Bank, the Government of India and the Indian Industry, to promote industrial development of India by providing project and corporate finance to Indian industry. Since inception, ICICI has grown from a development bank to a financial conglomerate and has become one of the largest public financial institutions in India. ICICI has thus far financed all the major sectors of the economy, covering 6,848 companies and 16,851 projects. As of March 31, 2000, ICICI had disbursed a total of Rs. 1,13,070 crores, since inception.

Prudential plc.

Prudential plc. was founded in 1848. Since then it has grown to become one of the largest providers of a wide range of savings products for the individual including life insurance, pensions, annuities, unit trusts and personal banking. It has a presence in over 15 countries, and caters to the financial needs of over 10 million customers. It manages assets of over US\$ 259 billion (Rupees 11,39,600 crores approx.) as of December 31, 1999.

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Prudential is the largest life insurance company in the United Kingdom (Source: S&P's UK Life Financial Digest, 1998). Asia has always been an important region for Prudential and it has had a presence in Asia for over 75 years. In fact Prudential's first overseas operation was in India, way back in 1923 to establish Life and General Branch agencies. The Joint Venture

ICICI Prudential Life Insurance Company Limited was incorporated on July 20, 2000. The authorized capital of the company is Rs. 2300 Million and the paid up capital is Rs. 1500 Million. The Company is a joint venture of ICICI (74%) and Prudential plc UK (26%). The Company was granted Certificate of Registration for carrying out Life Insurance business, by the Insurance Regulatory and Development Authority on November 24, 2000. It commenced commercial operations on December 19, 2000, becoming one of the first few private sector players to enter the liberalized arena.

ICICI	Pru	Life	Insurance	Products
ICICI	Pru		Forever	Life
ICICI	Pru	Single	Premium	Bond
ICICI	Save		'n'	Protect
ICICI		Pru		CashBak
ICICI	Pru		Life	Guard
ICICI	Pru	Assure		Investment
ICICI	Pru		Life	Link

ICICI Pru ReAssure

BIRLA SUN LIFE INSURANCE COMPANY LIMITED

The Aditya Birla Group

Aditya Birla Group is India's second largest , business house, with a turnover of over \$4. 75bn and an asset base of\$3. 8 bn. The Group is a well diversified conglomerate with 72, 000 strong workforce pning 40 Companies spread across 17 countries. The flagship companies of the Group - Grasim, Hindalco, Indian Rayon and Indo Gulf - holdleadershippositions in their respective areas of business.

Sun Life Assurance

Sun Life Assurance Co. of Canada, established in 1871, is licensed in Canada, the U. S., the Philippines, Hong Kong, and the U. K. Its major lines of business are life insurance, annuities and mutual funds and investment services. Sun Life's rating reflects extremely strong diversification of revenues and profitability, outstanding capitalization, good fundamental earnings, and high-quality investments. In Canada, the company is especially strong. in the corporate life and health insurance and savings markets. In the U. S., the company is a top 20 player in the variable annuity market and a significant force in the upscale individual insurance market. In the U. K., Sun Life is among top 20 life and health insurers.

The Joint Venture

Birla Sun Life Insurance Company, the 74: 26 joint venture between Aditya Birla Group and Sun Life financial Services --of Canada, has an equity capital of Rs. 150 crore. Birla Sun Life has Mr. Nalli B Javeri as its CEO.

A six member Board, with equal representation from each of the JV Companies has been constituted to run the Company. Mr. Donald A. Stewart, Chairman and CEO, Sun Life Financial Services will head the Board. Mr.

Kumar

Mangalam

Birla will be a director on the board. Other directors include Mr. Douglas Henck, Executive Vice President of Sun Life's Asian operations, Mr. Vijay Singh, Vice President India, Sun Life Financial Services, Mr. B. N. Puranmalka, Group Vice-Chairman, and Mr. S. K. Mitra, Group Director, Financial Services of the Aditya Birla Group.

The area of focus will be the rural segment as the company plans to leverage the network of the Aditya Birla Centre for Community Initiative and Rural Development in rural areas. Its multi-channel distribution set up comprises insurance advisors for life and an expert marketing team for group products.

Birla	Sun	Life	Insurance	Products
Money			Back	
Endowment				
Whole			Life	
Birla Sun Life Term Plant				

RESEARCH METHODOLOGY

RESEARCH METHODOLOGY

STATEMENT OF PROBLEM

To conduct the market research first of all it is necessary to create a research design. A research design is basically a blue print of how a research is to be conducted, it may include; 1. Choosing the approach

2. Determining the types of data needed.
3. Locating the source of data.
4. Choosing a method of data.

RESEARCH

DESIGN

Basically there are 3 types of approaches used during the any research : 1.

Exploratory

2. Descriptive

3. Experimental.

During this research Descriptive and Exploratory approach is taken into consideration because of the availability of relevant information to describe the relationships between the marketing problem and the available information.

Sampling

Technique

The sampling has been done on convenience.

Convenience sampling is used in exploratory research where the researcher is interested in getting an inexpensive approximation of the truth. Sample Size

The sample size for the survey was taken to be 80. All major age groups were taken into consideration. The data was heterogeneous. Sources of Data Collection

Both primary and secondary data is used in the research

Data Collection Methods

To conduct the market research the data is collected by two source.

SECONDARY

DATA

Secondary data is one which already exist and is collected from the published sources. The sources from which secondary data was collected are:

Newspapers and Magazines like Economic Times, Insurance Times, Insurance Post.

Internet

PRIMARY

DATA

The primary sources of data refer to the first hand information Primary data is collected during the survey with the help of Questionnaires.

DATA

ANALYSIS

AND

FINDINGS

FINDINGS

QUESTIONNAIRE ANALYSIS

Respondents

=

80

Respondents

Responded

=

60

Response Rate = 75%

Respondents are taken from private, government and business sectors.

1. According to you, which have played a major role in the field of life-insurance companies.

Insurance

Pvt.

Employees

Govt.

Employees

Business

Man

LIC

10

13

10

HDFC

5

3

5

ICICI

3

3

4

Others

2

1

1

After analyzing this data it is found that from the given three respective level of Pvt. Govt. and Business 10 out of 20 (30%), 13 out of 20 (39%) and 10 out of 20 (30%) are in favour of LIC, while 5 out of 20 (15%), 3 out of 20 (9%) and 5 out of 20 (6%), 1 out of 20 (30%) and 1 out of 20 (30%) are in favour of other Pvt. Companies. 2. Which insurance companies have been successful to make strong public base by advertisement?

Insurance

Pvt.

Employees

Govt.

Employees

Business

Man

LIC

12

14

12

HDFC

3

2

4

ICICI

4

3

3

Others

1

1

1

3. Which insurance company has gained massive public support in the

current

fiscal

year?

Insurance

Pvt.

Employees

Govt.

Employees

Business

Man

LIC

12

14

10

HDFC

3

2

5

ICICI

3

2

4

Others

2

2

1

From the above table, it is found that from the given three sector Private, Govt. and Business 12 out of 20 (36%), 14 out of 20 (42%), 10 out of 20 (30%), are in the favour of LIC 3 out of 20 (9%), 2 out of 20 (6%) and 4 out of 20 (12%) are in favour of ICICI, whereas only 2 out of 20 (6%), 2 out of 20 (6%) 1 and out of 20 (3%) favour others company. 4. Do you think insurance policy is in the direction of public welfare?

Pvt.

Sector

Govt.

Sector

Business

Man

Yes

13

16

12

No

7

4

8

The above table shows that from private sector 13 out of 20 (30%) agree and 7 out of 20 (21%) disagree, from govt. sector 16 out of 20 (48%) think it right but 4 out of 20 (12%) don't think it so and from business man 12 out of 20 (36%) are in favour of the above statement but 8 out of 20 (24%) don't favour it.

5. Is retirement bond or pension policy launched by the number of private player as well as public sector company in the direction of secured old age?

Pvt.	Sector
Govt.	Sector
Business	Man

Yes

15

18

13

No

5

2

7

It is obvious from the above table that 15 out of 20 (45%), 18 out of 20 (54%) and 13 out of 20 (39%) from the given three think retirement bend or pension policy a legitiment step in the diretion of secure old age but 5 out 20 (15%), 2 out of 20 (6%) and 7 out 20 (21%) don't agree with the opinion of the majority class. 6. Do you think that risk coverage factor included in Insurance policy attracts general public towards the policy?

Pvt.	Sector
Govt.	Sector
Business	Man
Yes	
12	
16	
11	
No	
8	
4	
9	

From the above table it is found that 12 out of 20 (36%) from Private sector 16 out of 20 (48%). From Govt. sector and 11 out of 20 (33%) thinks risk coverage factor attractive but rest 8 out of 20 (24%), 4 out of 20 (12%) and 9 out 20 (27%) from the above them sector don't think it so encouraging towards saving trend whereas 3 out of 20 (9%), 2 ot of 20 (6%) and 4 out of 20 (12%) don't think it so. 7. What according to you, the term plan that only covers risk and doesn't cover maturity benefit on survival at the end of the

term provides security cover over policy holders or a smart way of accumulative money from policy holders?

Pvt.	Sector
Govt.	Sector
Business	Man
Security	Cover
11	
15	
12	
Accumulative	Money
9	
5	
8	

It is obvious from the above data that 11 out of 20 (33%), from the Pvt. Sector, 15 out of 20 (45%) from Govt. sector and 12 out of 20 (36%) think term plan as a security cover but 9 out of 20 (27%), 5 out of 20 (15%) and 8 out of 20 (24%) from the three respective group think it as a way of accumulating money insurance company. 8. Do you think that the arrival of so many private companies in this insurance sector envisage a lot of choice to policy holder?

Pvt.	Sector
Govt.	Sector
Business	Man
Yes	

16

18

16

No

4

2

4

From analyzing the above data it is found that 16 out of 20 (48%) from Pvt. Sector, 18 out of 20 (54%) from Govt. sector and 16 out of 20 (48%) think that the arrival of private players envisage a lot of choice to policy holder. But 4 out of 20 (12%), 2 out of 20 (6%) and 4 out of 20 (12%) don't think it so. 9. Do you agree that customer-centricity and transparency are the buzzwords for success in this evolving industry?

Pvt.	Sector
Govt.	Sector
Business	Man

Yes

18

20

19

No

2

-

1

From this above data, it is found the 18 out of 20 (54%) from Pvt. Sector and 20 out of 20 (60%) from Govt. Sector 19 out of 20 (57%) from Business men agree with this statement whereas only 2 out of 20 (6%) from Pvt. Sector and 1 out of 20 (3%) from Business men do not agree with this statement.

CONCLUSION

CONCLUSION

After overhauling the all situation that boosted a number of Pvt. Companies associated with multinational in the Insurance Sector to give befitting competition to the established behemoth LIC in public sector, we come at the conclusion that

1) There are very tough competition among the private insurance companies on the level of new trend of advertising to lull a major part of Customers. 2) LIC is not left behind in the present race of advertisement. 3) The entry of the Pvt. players in the Insurance Sector have expanded the product segment to meet the different level of the requirement of the customers. It has brought about greater choice to the customers. 4) Private insurers have restricted reach to the customers.

5) LIC has vast market and very firm grip on its traditional customers and monopoly of life insurance products. 6) Bank assurance - that allows life insurers to leverage on the risk product through bank network, was adopted by private players. But LIC was also not left behind as picking up majority stake in the corporation Bank and large equity stake in the Oriental Bank of Commerce. IRDA, is also playing very comprehensive role by regulating

norms mandating to private players in this sector, that increases the confidence level of the customers to the private players. CONCLUSIONS GOT BY THE CONSUMER SURVEY ANALYSIS

1) Now a days also. insurance is most popular as more plain protection against death and people are unaware about the other aspects of insurance. 2) According to current scenario life and motor Insurance are the most popular ones followed by fire Insurance. 3) Majority of people consider the Insurance premium paid by them as reasonable. 4) Only few counted people are unaware about the entry of private players into. the insurance industry and a very high majority of people support their entry. By the entry of private players. Consumers are expecting the premium to. down which would be the biggest blessing

SUGGESTION

SUGGESTIONS

In the modernized well advanced hi-tech approach to the customer every possible facilities and effort to build up the confidence of the rising policy holders towards. Insurance companies, to complete one another nothing is left to recommend. But some recommendations that are intensely felt and highly required for insurers to sustain in the market. These are as follows :

a) More and more transparency should be ascertained between insurers and policy holders. b) Particularly, in the emerging boom in the insurance company, every insurance company should be customer centered, and well versed in the handling of problem and grievances of the policy holders. c)

Each and Every product launched by the Insurance company should be in favour of increasing need of policy holders.

IRDA should be more and more responsible to the insurance sector by determining some standard. It should be mandatory to every insurer to make more and more responsible and responsive to the policy holders so that comprehensive understanding may be developed among policy holders. It may be beneficial on both side.

LIMITATIONSLimitations of study

Due to the following unavoidable and uncontrollable factors the factors the result might not be accurate. Some of the problems faced while conducting the survey are as follows:-

Certain open-ended questions have been put in the questionnaire to give respondents freedom to express their perceptions.

Time and cost constraints were also their.

Chances of some biasness could not be eliminated.

A Samples size of fifty has been use due to time limitations.

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ANNEXURE

QUESTIONNAIRE

Name: _____

Age: _____

Address: _____

Contact No.: _____

Ques1. Source of Income:

Pvt. Sector

Govt.	Sector
Businessman	

Ques2. Do you agree that customer-centricity and transparency are the buzzwords for success in this evolving industry? Yes
No

Ques3. Do you think that the arrival of so many private companies in this insurance sector envisage a lot of choice to policy holder? Yes
No

Ques4. What according to you, the term plan that only covers risk and doesn't cover maturity benefit on survival at the end of the term provides security cover over policy holders or a smart way of accumulative money from policy holders? Security Cover

Accumulative Money

Ques5. Do you think that risk coverage factor included in Insurance policy attracts general public towards the policy? Yes
No

Ques6. Is retirement bond or pension policy launched by the number of private player as well as public sector company in the direction of secured old age? Yes
No

Ques7. Do you think insurance policy is in the direction of public welfare? Yes
No

Ques8. Which insurance company has gained massive public support in the current fiscal year? LIC

HDFC

ICICI

Others

Ques9. Which insurance companies have been successful to make strong public base by advertisement? LIC

HDFC

ICICI

Others

Ques10. According to you, which have played a major role in the field of life-insurance companies. LIC

HDFC

ICICI

Others