



Recent trends in the Marketing Strategies of Life Insurance Corporation of India

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Abstract

Life Insurance Corporation of India (LIC) is a monolithic company from last few decades. After the successful implementation of economic reforms in life insurance sector in India, LIC of India has made several positive efforts to triumph the hearts of the people. To achieve that LIC of India have adopted a number of new trends in marketing strategies for introducing innovative technologies. This study is an attempt to know about the recent trends followed by LIC of India in order to make their products available to each and every forthcoming customer in the life insurance market. The present research paper is a comprehensive study to know whether the implemented strategies have truly helped LIC of India in the changing trends of the society and will also suggest how these recent trends have helped LIC of India as a whole to manage the existing leading position in the life insurance market.

Keywords: *Economic reforms, Marketing strategies, Insurance sector, corporate communication, International Joint ventures, Alternate Channels.*

Introduction

The insurance sector in India has completed a full circle from an open competitive market to nationalization and then back to liberalized open market. LIC of India has been the bystander of the entire transformation from one phase to another. In 2000, when Insurance Regulatory and Development Authority (IRDA) was set up in India, 23 more private life insurance companies entered till date into the Indian market other than one already existing public life insurance operator LIC of India. Table1.give details about total number of life insurance companies operating in India after execution of Economic Reforms in the country.

Facilities to their existing employees LIC of India believes and functions on the principle that if they have to continue as a market leader then it is imperative that the employees of the organization should be satisfied. LIC of India have worked thoroughly and introduced many new

strategies as a part of marketing tool to satisfy their employees. LIC of India provides amenities to their employees such as:

Housing Loan to Agents

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

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

Sports

The employees of LIC of India are encouraged to take part in several sports activities for physical fitness and overall



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

Employees' Training

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

Increasing the number of individual Agents: LIC of India is the number one service provider and agents are a pioneer field force in the procurement of the LIC's business. LIC of India have more than 23378 authorized Agents across the country, which can collect the premium (including ULIP but excluding HI Policies) in CASH or CHEQUE and can issue a valid receipt instantly

Introduced Life-Plus Offices: LIC of India has introduced a new and unique system in May 2009 as Life-Plus office to lower down the heavy rush on Branch offices cash centres. Life-Plus office is being maintained by LIC of India and managed by the top Development officers

of the corporation known as Senior Business Associates (SBAs). At Life-Plus counter one can deposit premium, new policy insurance, I. T. certificate, and loan / surrender value policy status etc. which has become a most successful channel and reduce burden of Branch offices and somehow working as Mini Branch offices of LIC of India.

Increase in Women employees: LIC of India was finding difficulty in providing services for women especially in rural and semi urban locations. Henceforth, LIC of India has planned to recruit many women employees in the organization. At every stage in the Corporation, women officers/employees have contributed significantly. In the Corporation, Committees for prevention of sexual harassment are formed at the workplace. These committees are functioning effectively at Central Office, Zonal Office and Divisional Office level so that the working of female employees must not get affected and can thoroughly

Life Insurance

In 1870two British life insurance companies entered in Indiaand attempted to do life insurance business on Indian lives.After that many Indian & foreign companies started business in India and by the year 1955 there were 255 insurance companies operating in India and transacting the business to the extent of Rs 200 crores. Due to the following reasons the Government decided to nationalize the life insurance industry w.e.f 1/7/1956.

1. No full guarantee to the Policyholders (who are insured).
2. The concept of trusteeship (confidence) was lacking.
3. Many insurance companies went into liquidation (bankrupt).



4. There was malpractice in the business.
5. Non-Spreading of life insurance.
6. No insurance in rural areas.
7. No group insurance
8. No social security

To overcome the abovementioned problems the life insurance business was nationalized and formed Life Insurance Corporation with following features:

1. The Central Govt. guaranteed the Policyholders through the LIC.
2. Being a Corporation formed under Special Act Passed by the Parliament therefore the public can trust.
3. The LIC cannot be liquidated without the order of the Central Govt.
4. Under the LIC Act, all day-to-day functions of the Corporation and the method of Investment in Govt. Securities were defined. Therefore, the malpractices were eliminated. After the nationalization the life insurance business has grown substantially in very first year i.e. from Rs 200 crore upto 1956 to Rs 328 crores in 1957 and till privatization in 2000 the business was transacting worth Rs 73436 crores.

General Insurance

Prior to nationalization of the General Insurance Business in 1972 by enactment of the General Insurance Business Nationalization Act 1972 (GIBNA 1972) there were 55 Indian Companies and 52 non-Indian Companies carrying of the business of General Insurance in India. Before the nationalization the total premium written by these companies was Rs.170 crores as on 1971. At that time the "key Economic indicators" were as follows: Gross Domestic Product Rs. 36503 Crores Per Capita Income Rs. 675 Crores Population 541 mns To

understand the why of nationalization in the first place it is sufficient to read the following excerpts from the speech of the then Finance Minister Mr.Y.B.Chavan. "The primary objective of nationalization of general Insurance was to make it meaningful to the common man, to carry its message to the remotest corner of the country and to give it its rightful place in the economy of the country. When it was in the private sector it was a mere handmaid to trade and industry and served to cater to the interests of a limited clientele. Worse still it functioned in a manner favoring the interests of a few at the expense of, needless to say, the majority. There were allegations of malpractices on a big scale." "It was the objective of nationalization to remove these malpractices and usher in an era of Insurance run on sound business principles and functioning on healthy and egalitarian lines. The emphasis should be on spreading the message of Insurance as widely as possible and on ensuring that it gives the right weightage to the weaker sections of the society. The principle of competition must have its useful role to play, but not at the expense of unhealthy rivalry." "General Insurance is a service and proper and efficient service is due to the policyholder as a matter of right. The Corporation exists for the benefit of the policyholder." "Business must cease to work under purely mercenary motives.

Whenever, one feels the need for protection against an unpredictable contingency, a suitable Insurance cover should be available. No excuse should be given that a particular cover is not conventionally given or that other markets of the world do not give it." "Healthy employer-employees relationship is of vital importance to achieve the main objectives of nationalization." "It will be necessary for



the Corporation to review the rating structure in order to ensure that all classes of the policyholder receive a fair deal and the equitable rate of premium.” The Act led to the formation of the General Insurance

Corporation (GIC) and the shares of the Indian Insurance Companies and the units of other Insurance Companies operating in India along with the General Insurance business of LIC were transferred to the GIC. The Indian companies became subsidiaries of GIC and the non-Indian Companies were transferred to 4 companies selected as flag companies to operate from 4 zones as under:

1. National Insurance Co. Ltd., with its Head Office at Calcutta.
2. The New India Assurance Co. Ltd. with its Head Office at Mumbai.
3. The Oriental fire & Insurance Co. Ltd., with its Head Office at New Delhi (from 1974) (now named as The Oriental Insurance Co. Ltd.)
4. United India fire & General Insurance Co. Ltd., with its Head Office at Madras (now named United India Insurance Co. Ltd.) The basis of allocation of the 107 companies was the geographical areas of operation i.e. south based companies were allotted to United India, the North based to the Oriental Insurance, the West based to the New India Assurance and East based National Insurance. The 4 flag companies became the subsidiaries of

General Insurance Corp. with effect from 1/1/1973. The total business has gone from Rs 1145 crores in 1973 to Rs 9522 crores in 2000.

Conclusion

In this study we can conclude that India insurance sector is having increasing growth rate. From the above trend analysis we can observe that trend percentages are increasing, so we can conclude it is improving year to year and it is so sad to say that still India has less density percentage in the world wide when compared, it might be the reasons we discuss above. Now India is also improving its density percentages year to year. So let us hope better that India can also improve in insurance sector.

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