

## MARKETING STRATEGIES OF LIC IN LIFE INSURANCE AND ITS IMPACT ON BUSINESS

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### **Abstract:**

Marketing strategies and channel adopted by life insurance companies plays an important role in luring the target segment. As insurance in as an intangible product therefore to differentiate the product and afterwards to make consumer understand the USP of their product is a challenging task, only strong relationships with customers and word of mouth publicity help them to compete successfully. Companies require a strong focus on the basics of effective marketing, with the changing needs and awareness of consumer, companies required to address consumer in all possible new ways of technological advancement along with existing distribution channel As far as case of LIC is concern still it dominate the market with approx 70 percent market share but facing stiff competition from private players in the market

This paper is mainly focused on the marketing strategies practices by LIC and its attempt to retain its position in the market by staying close to consumer

**Keywords : LIC of India, Marketing Strategies, Impact on Business**

### **Introduction**

Through marketing strategies every company want to sustain and grow and to do this companies marketing strategies keep changing with the pace of time LIC main objective is to 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 Therefore the main focus of LIC marketing strategies is to cover all with vast product portfolio catering the needs of all segment of the society

### **Objectives of the Study:**

- 1 To know the various marketing strategies practices by LIC in India.
- 2 To suggest and recommend possible strategies to improve its competitive position
3. To study the impact of strategies on business of LIC

### **Scope of the Study:**

The study is directed to gain knowledge about market strategies of the LIC in life insurance Industry.

### **Hypothesis**

- H1 Products of the LIC are customized
- H2 Products of LIC are over Priced
- H3 Agents play a key role in purchasing Life Insurance Plan
- H4 LIC claim settlement process is complicated
- H5 Frequency of advertising has more impact on middle age and old age customers.
- H6 There is no relationship between awareness about products and different age groups.

### **Research Gap and Motivation**

With the pace of time and technological advancement Marketing Strategies of the organization keep on changing. There are studies which shows factor affecting on purchase of Life Insurance, some of the studies talk about marketing strategies but recently there is no significant work has been done on aggressive Marketing Strategies adopted by LIC to cope with competition and retain its market share. This study especially Endeavour to focus on dynamic strategies adopted by LIC keeping in mind that technological advancement and traditional way of selling Life Insurance will go hand in hand to have synergy impact on the market .

### **Review of Literature**

The important findings during the review are cited as follows.

- **Jyoti.M.Goudar, Dr. S SHugar, (2019)**

This paper focus on updating skills of agent for improving business of LIC apart from it as per finding of research scholar more offices of LIC . LIC of India must increase their agent's base to retain its dominating market share because agents are the backbone of the corporation. This paper focus too much on one factor only and ignore other facts like promotion, pricing , process etc.

- **TripathiPravaNaliniandPalPravir(2006)**

Tripathi Pravarand Pal Pravir study focuses on benefits of insurance as a social and economic tool. According to them insurance can be seen as a protection against the uncertain calamities like death, theft or damage of property due to accidents, fire etc. Covering financial losses not only maintain the economic viability of an organization but also strengthen the society at large.

**Kahneman & Tversky, (1984)** has revealed that most people lack an adequate understanding of probability and risk concepts. Dhar, (1997) Greenleaf and **Lehmann, (1995) Tversky and Shafir, (1992)** have shown that in insurance if there is variety of products, leads to state of indecision. Michael L. Smith (1982) said that a life insurance covers provides a package of options or rights to the policy owner that is not precisely available by offering of any other financial product acts. Viewed from this perspective, life insurance has its unique proposition in the field of investments.

#### **SharmaKrAshwine,AryaBhushanParam(2005)**

As per their findings, Insurance is the safest financial instrument for society. Insurance protects the mortgaged property. It reduces financial dependency at old age.

#### **ShikhaSharma(2008)**

According to her, Indian life insurance industry is growing leaps and bounds .growth rate of Insurance industry is high. In the first quarter of 2008-09, the industry grew over 14%. This research paper also lays stress upon the point that insurance is an effective financial planning tool and a vast market still remains untapped.

#### **Research Methodology**

The study performed is of exploratory in nature and is mainly based on primary data secondary data. The primary data have been collected by executing well-structured questionnaire to the respondents i.e., existing LIC customers. Secondary data was collected from annual reports of LIC magazine & IRDA report and various insurance websites.

Sample Size 100 respondent is taken

Sampling Type Purposive Sampling because most of the consumers are known that they have taken Life Insurance Plan

### **Marketing Strategies**

Marketing strategies are tools for company to achieve the sales as planned by successfully coping competition. It's lead to achieve goals effectively and efficiently. By synchronizing target segment and service marketing mix organisation select best course of action to sustain and grow

### **LIC Overview**

Life Insurance Corporation of India was established with lofty ideals of the development of life insurance to the best advantage of the community. This fledgling Corporation established in the year 1956 has now evolved into a mammoth financial conglomerate, catering to every financial need of every generation of the Indian population, be it Life insurance, Housing Finance, Pension, Mutual Fund, Banking, Credit Cards and more. This transformation is not a single instance phenomenon but an arduous process spanning over six and a half decades and fueled by generations of human endeavour and passion.

LIC has always strived to be both, a business as well as a public service organisation. This has been mirrored in many socially responsible projects as well as in its work culture. Expeditious settlement of COVID-19 death claims is one such indicator of the sensitivity with which LIC serves their customers. As on 14th August 2020, 293 COVID claims under 693 Policies amounting to Rs. 21.15 Crore were settled.

In the month of April 2020, LIC donated Rs. 105 Crore to PM Cares Fund to express its solidarity in the fight against this national calamity.

Now a days as you all know that Life Insurance Corporation of India is the most search organization on the internet because this mammoth organization recently came up with its IPO for which investors were waiting and now its investment in ADANI GROUP, whatever the case is trust of customer on LIC shows that in last six decades LIC successfully live up the expectation of consumer.

### **Components of Service Marketing Mix of LIC**

Insurance is an intangible product hence element of marketing mix(given by Zeithaml)relevant to life insurance are

### **Product**

Product portfolio of LIC for life insurance

- Endowment Plans
- Whole life Plans
- Money Back Plans
- Child Plan
- Term Plans
- Health Plans
- Pension Plans
- Ulip Plans
- Micro Plans

### **Price**

**Price (premium)**= Mortality Charges+ cost

### **Promotion**

Electronic channel  
Print Media  
Direct Marketing

### **Place**

Distribution channel of LIC is

Agents under Development Officer  
Direct Agents  
Career Agents  
Bancassurance  
Corporate Agents  
Online

### **People**

As we all know that Insurance is a subject matter of solicitation means somebody has to make feel consumer the need of insurance then only consumer think of purchasing. In general practice

no consumer moves to Insurance company office to have Insurance, it is the vast team of dedicated agents who serves a pioneer role in penetrating LIC product

**Process**

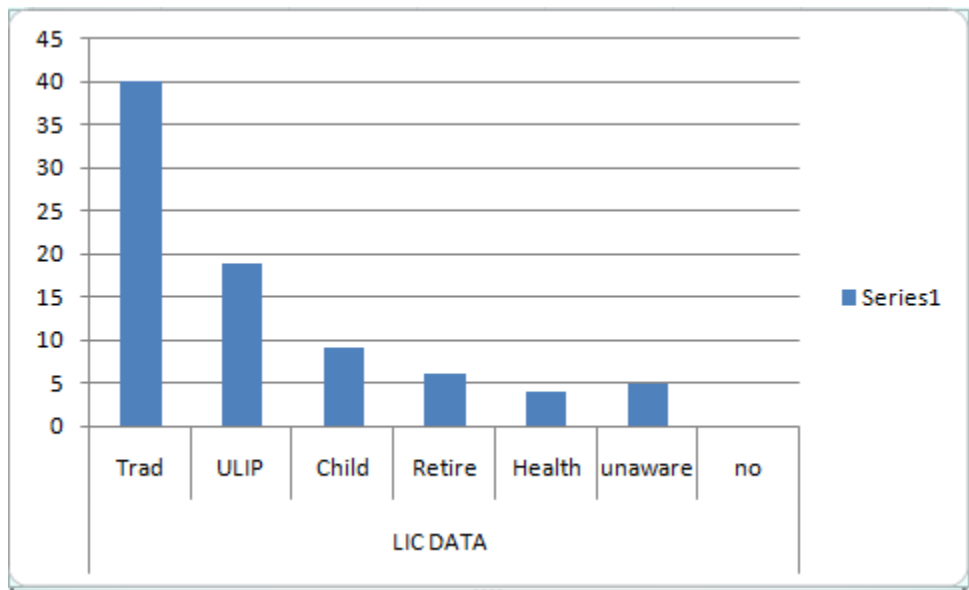
LIC recently launches ANANDA APP for agents to login policy, In terms of policy assignment for loan, nomination, and surrender, paid up there is simple process which is well assisted by agents of LIC.

**Physical Evidence**

Insurance is an intangible product therefore it is very important to tangibles the intangible. IRDA report, previous return, policy bond containing all details plays a vital role in convincing customers.

**ANALYSIS AND INTERPRETATION**

(A)Category of product that the respondent has invested in

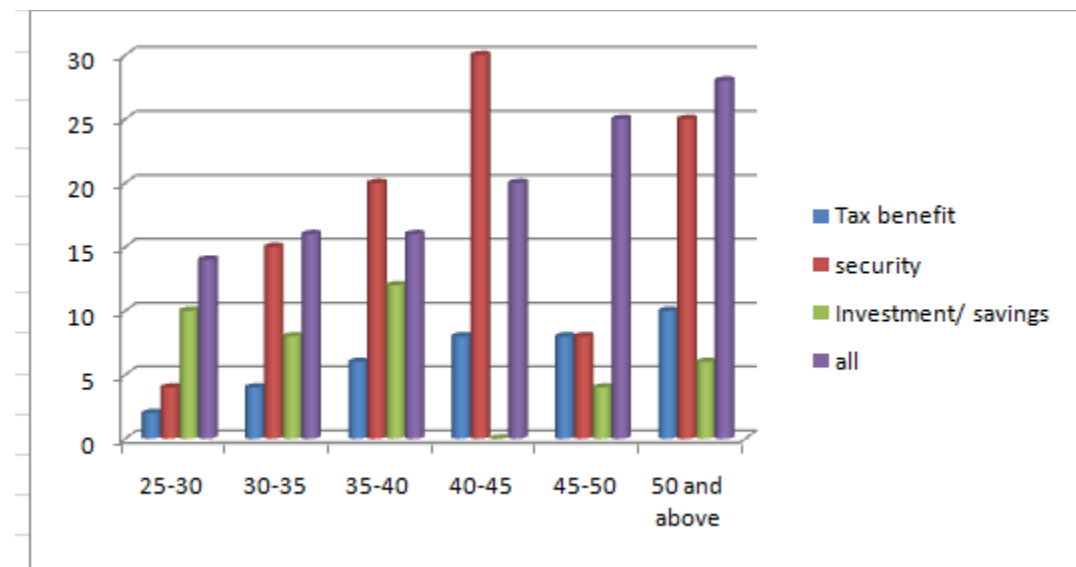


%age	Trad	ULIP	Child	Retire	Health	unaware	no
LIC	40	19	9	6	4	5	0

Traditional plans are the preferred one in each age category. In the age group of 25-30 yr, some of the consumers were unaware about the product

as they said that their investments were managed by their parents.

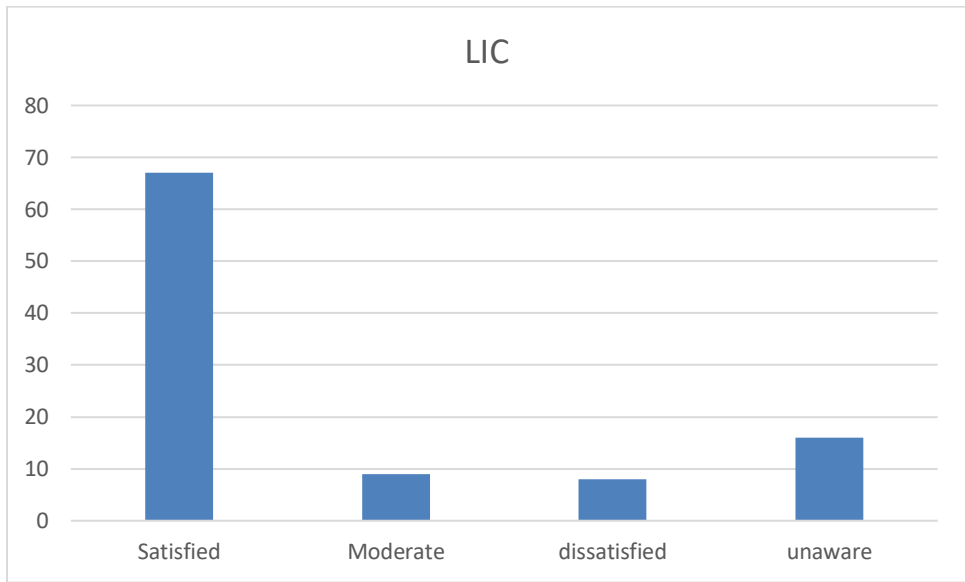
**(B) Main concern for taking an insurance policy**



	Tax benefit	security	Investment/ savings	all
25-30	2	4	10	14
30-35	4	15	8	16
35-40	6	20	12	16
40-45	8	30	0	20
45-50	8	8	4	25
50 and above	10	25	6	28

Insurance is a measure tool for availing Tax benefit, financial security against uncertainty, investment and savings i.e., Insurance product are purchased keeping in mind composite of all benefits but among its security is the major concern for purchasing insurance.

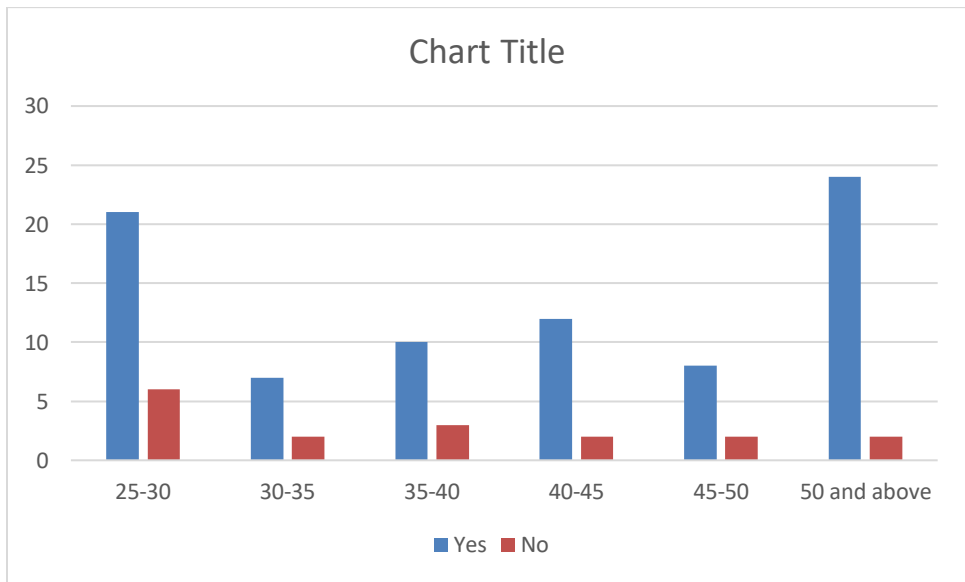
**(C) Satisfaction with the returns on the investments made in insurance products**



Correct	Satisfied	Moderate	dissatisfied	unaware
LIC	67	9	8	16

It is clearly depicted from the above data that most of the consumers are satisfied with the insurance plan they have taken, those who are moderate satisfied or dissatisfied though they have taken plan but they do not understand the complete benefits of the product.

**(D) Services of LIC improved after the entry of the private players or not**



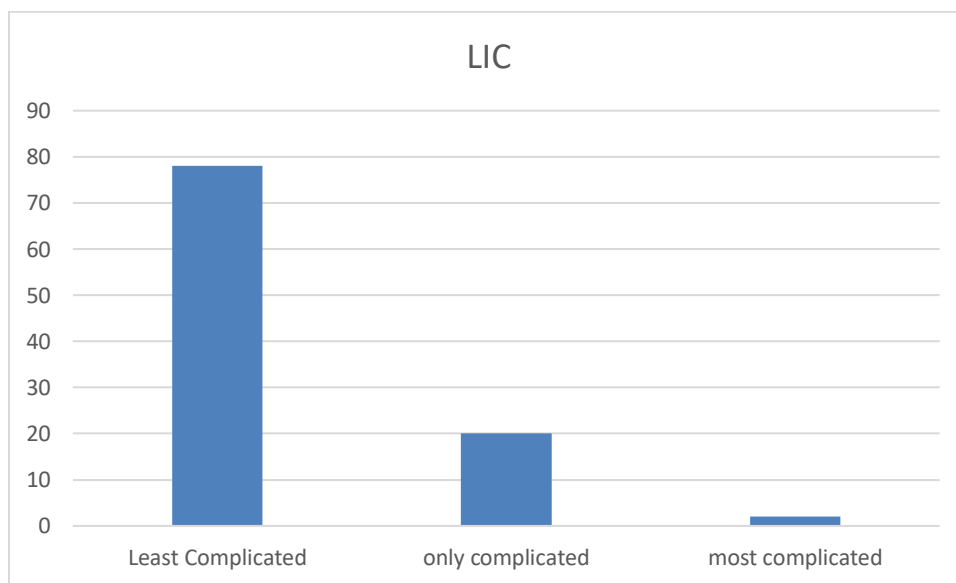


Age group	Yes	No
25-30	21	6
30-35	7	2
35-40	10	3
40-45	12	2
45-50	8	2
50 and above	25	2

Total 83% respondents said that the services of LIC have improved while 17% denied the improvement.

Perception upon improvement of services have been build by LIC through synchronization of advertising and providing services in real to consumer

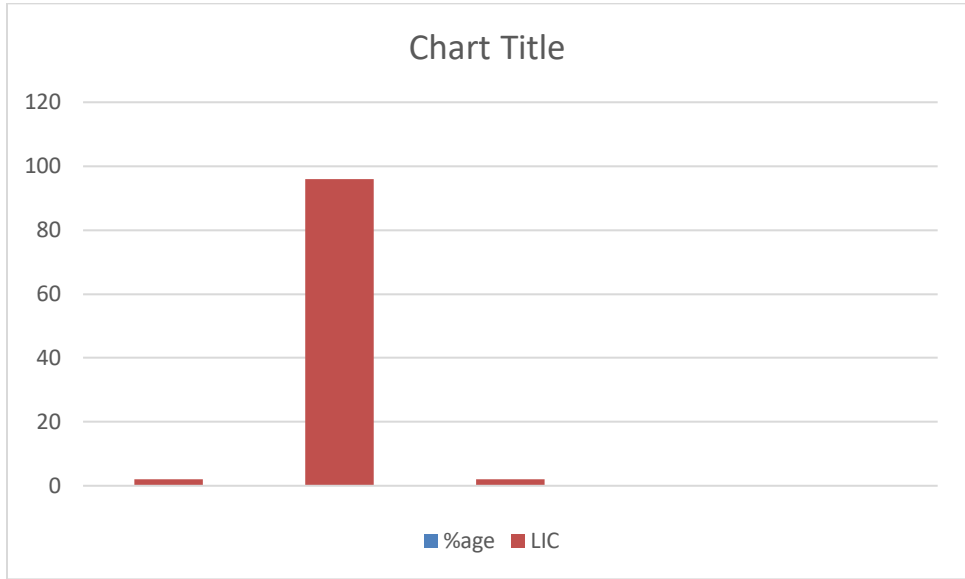
(E) Ease of claim settlement



	<b>LeastComplicated</b>	<b>Onlycomplicated</b>	<b>Mostcomplicated</b>
<b>LIC</b>	78	20	02

78 percent consumer feel that claim settlement process is quite simple and easy, main reason for this is in general agent provide the whole service to customer and in most of the cases customer need not to visit LIC office.

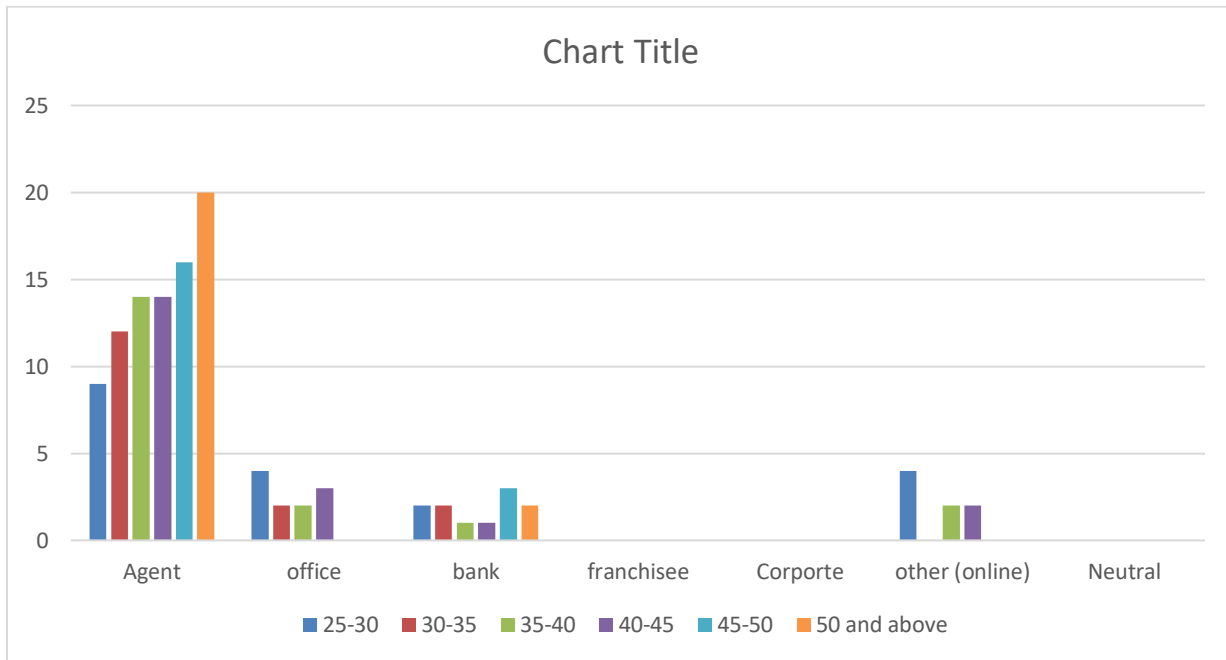
(F) Channel adopted for buying current policy



	%age	office	agent	bank	franchisee	Corporate
LIC	2	2	96	0	0	0

As insurance is subject matter of solicitation, agent play an important role in persuading consumer to buy insurance making him realise the need of insurance, above there is practice of offering rebate to consumer by agent in first premium, which serve as a major factor in buying insurance from agent.

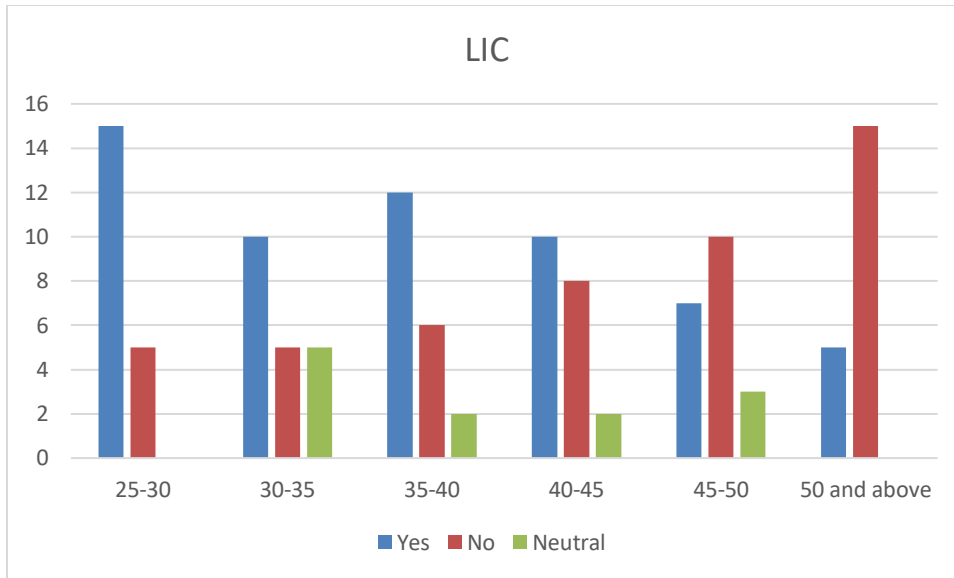
(G) Rating of a channel as best



	Agent	office	bank	franchisee	Corporate	other (online)	Neutral
25-30	9	4	2	0	0	4	0
30-35	12	2	2	0	0	0	0
35-40	14	2	1	0	0	2	0
40-45	14	3	1	0	0	2	0
45-50	16	0	3	0	0	0	0
50 and above	20	0	2	0	0	0	0

Service and rebate make the agency channel most attractive.

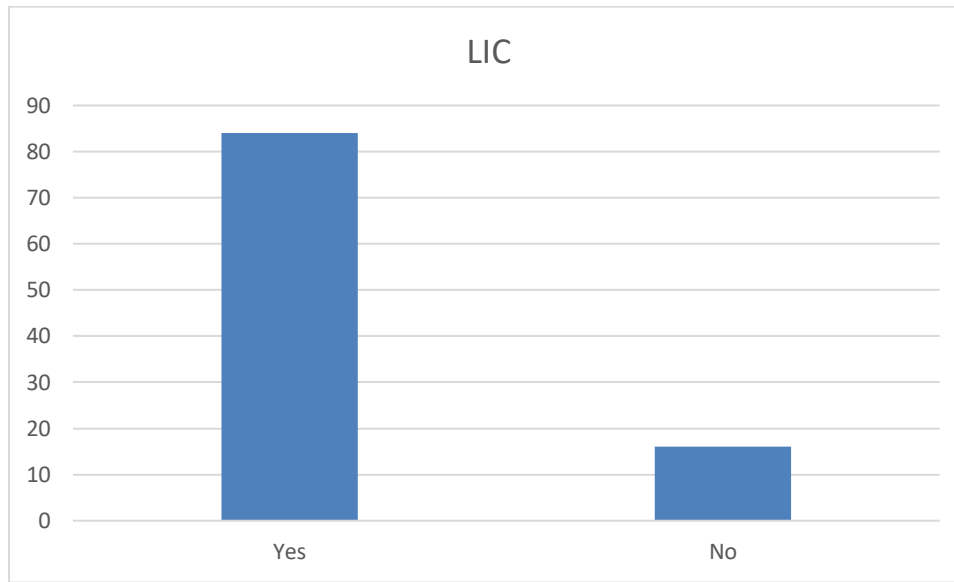
(H) Impact of promotion activities on the preferences of the consumer.



LIC	Yes	No	Neutral
25-30	15	5	0
30-35	10	5	5
35-40	12	6	2
40-45	10	8	2
45-50	7	10	3
50 and above	5	15	0

From the above figure it is clearly specified that young generation is influenced by promotional activities.

(I) Choice of repeat purchase



%age	Yes	No
LIC	84	16

Looking at the graph it can be easily said that in total LIC customer are supposed to make purchase again

### Hypothesis and Findings

The study depicts the market practices adopted by LIC and their impact on the performance of the business of Life Insurance Corporation of India in terms of the advertising and promotion impact, customer preference and awareness, satisfaction towards the product features, premium rate, claim settlement, channels of distribution, after sales services.. The research methodology adopted included both primary and secondary sources of data collection. Primary data has been collected from the customers who are insured by LIC. Following are the hypotheses that were proposed after making a review of the secondary data.

#### H1 Products of the LIC are more customized

LIC	HIGHLY AGREED	AGREED	MODERATE	HIGHLY DISAGREED	DISAGREED	CAN'T SAY
25-30	2	7	3	1	0	7
30-35	5	5	3	2	1	3
35-40	4	4	3	3	1	1
40-45	3	4	0	1	1	1

<b>45-50</b>	<b>6</b>	<b>2</b>	<b>4</b>	<b>1</b>	<b>1</b>	<b>0</b>
<b>50 AND ABOVE</b>	<b>6</b>	<b>10</b>	<b>6</b>	<b>1</b>	<b>0</b>	<b>0</b>
	<b>26</b>	<b>32</b>	<b>7</b>	<b>9</b>	<b>4</b>	<b>12</b>

## H2 Products of LIC are over Priced

Similarly opinions about the premiums paid were also studied as they also form an important feature of the life insurance products. The answers were to be marked even on the basis of general awareness.

<b>LIC</b>	<b>HIGHLY HIGH</b>	<b>HIGH</b>	<b>MODERATE</b>	<b>HIGHLY LOW</b>	<b>LOW</b>	<b>CAN'T SAY</b>
<b>25-30</b>	<b>2</b>	<b>2</b>	<b>7</b>	<b>0</b>	<b>2</b>	<b>7</b>
<b>30-35</b>	<b>1</b>	<b>3</b>	<b>5</b>	<b>0</b>	<b>1</b>	<b>3</b>
<b>35-40</b>	<b>0</b>	<b>3</b>	<b>3</b>	<b>0</b>	<b>1</b>	<b>1</b>
<b>40-45</b>	<b>0</b>	<b>2</b>	<b>4</b>	<b>1</b>	<b>1</b>	<b>1</b>
<b>45-50</b>	<b>0</b>	<b>2</b>	<b>4</b>	<b>1</b>	<b>1</b>	<b>0</b>
<b>50 AND ABOVE</b>	<b>2</b>	<b>4</b>	<b>6</b>	<b>1</b>	<b>0</b>	<b>0</b>

## H3 Agents play a vital role in purchasing Life Insurance Plan

<b>LIC</b>	<b>HIGHLY AGREED</b>	<b>HIGH</b>	<b>MODERATE</b>	<b>HIGHLY LOW</b>	<b>LOW</b>	<b>CAN'T SAY</b>
	<b>89</b>	<b>20</b>	<b>11</b>	<b>0</b>	<b>0</b>	<b>0</b>

## H4: LIC claim settlement process is complicated

Another important feature of insurance products given by the insurance companies is promptness and ease in Claim settlement process. The table for ease of claim settlement is as under:

%age	Least Complicated	Moderate complicated	Highly complicated
	80	30	10

##### H5 There is no relationship between awareness about products and different age groups.

To find out that is there any relationship between awareness of the products and different age groups the respondents were enquired through the sample survey The data was tabulated company wise i.e. the awareness level of the companies were tabulated separately and the following figures were revealed.

LIC to find out the acceptability of the hypothesis and check the relationship between age group and product awareness particularly of LIC, chi square test was applied.

LIC	AWARE	UNAWARE	
25-35	30	6	36
35-45	21	5	26
45 AND ABOVE	33	5	38
	84	16	100

O	E	O-E	(O-E) <sup>2</sup>	(O-E) <sup>2</sup> /E
30	30.24	0.24	.0576	.0019
6	5.76	-0.24	.0576	0.010
21	21.84	0.84	0.7056	.0323
5	4.16	.16	0.0256	0.005
33	31.92	.92	0.8464	0.025
5	6.08	1.08	1.1664	0.233

Degree of freedom= (R-1) (C-1) =(3-1)(2-1)=2 Table value at degree of freedom 2 and 5% level of significance is 5.991 chi square < table value therefore there is no relationship between age group and product awareness (in case of LIC).

## Findings & Conclusion

- Traditional plans of LIC are the most popular products in each agecategory and the next product in choice is ULIP plans. For health plans people looks for other options
- Traditional plans are preferred by customers for following reason.
  - First is that the traditional plans are not based upon market conditions and have fixed maturity
  - Secondly customer LIC plan are considered good for long term planning and financial security against uncertainty of life, which is main selling point of Insurance
  - Thirdly, the customer can avail the loan facility against their policies. Another important reason of its attractiveness is that it provides long term risk cover as compared to shorter investment plans(as perceived by the customer ) and it through insurance customer can avail tax benefit under sec80c at the time of investment and maturity is tax free under sec 10(10D).
- In the age group of 25-30 yr, some of the respondents are unawareabout the insurance plan need as they said that their investments were managed by their parents
- LIC has vast portfolio in terms of products which covers all age groups. Means LIC successfully customized its products to cater the need of all age group and gender.
- The customers of LIC are well satisfied with the returns they receive on the investments made. Maximum numbers of satisfied customers (returns from the investments made in insurance) are the LIC customers from the age group of 50 and above.
- When enquire that whether LIC has improve its overall working after the entry of private players, it was found that customer says ‘Yes’LIC has improved. This shows that Marketing Strategies, product and process of LIC has been vastly improved



- Customer's sensing the improvements because of better focus on advertising thus building its reach and awareness towards its products. Younger generation have also kept on hearing about the LIC for long by their parents and relatives, so they also feel that LIC was already better and promotions and creating brand awareness have made it still better reaching the younger age groups as well. Past goodwill is paying it everywhere moreover LIC has been rated as an insurance company which is most prompt in claim settlement
- Majority of the respondents were satisfied with the claim settlement process of LIC this again reflect that process of LIC are user friendly.
- In Promotional activities and to educate customer regarding plan more focused approach is required though present promotional efforts suffice the purpose.
- Online platform is growing more popular among the youngsters group whereas in most of the cases the reference group or the primary influence is of the parents while making investments at a younger age
- Majority of customers would like to buy insurance through AGENTS because time to time different kinds of services are required which customer believe that only agent can provide them moreover it is rare that customers themselves make up their mind to purchase Insurance, it is the agents of LIC who persuade them to buy and also provide rebate which is lucrative factor for most of the customers.
- Regarding choice of repeat purchase of the insurance, most of the consumers would like to buy again from LIC as per their need.

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