

## INDIAN LIFE INSURANCE INDUSTRY: SCOPE FOR SUSTAINABLE GROWTH

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### Abstract

The Indian insurance industry has undergone transformational changes since 2000 when the industry was liberalised. With a one player market to 24 players in 13 years, the industry has witnessed phases of rapid growth along with extent of growth moderation and intensifying competition. There have also been number of product and operational innovations necessitated by consumer need and increased competition among the players. Changes in the regulatory environment also had path-breaking impact on the development of the industry. While the insurance industry still struggles to move out of the shadows cast by the challenges posed by economic uncertainties of the last few years, the strong fundamentals of the industry augur well for a road map to be drawn for sustainable long-term growth.

Key words: Housing loan, Policy holders, Policy loan, Security, Utilization

### INTRODUCTION

Ever since its inception in 1956, the Life Insurance Corporation of India has been providing better service to the society which is highly insecure. The policyholders, once they become a part of the LIC, feel free about the safety of their wards. The families of the non-policyholders meet out uncertainty on the death of the breadwinner. So there is an attraction towards life insurance. People who care much about them and their families become policyholders of Life Insurance. The tastes and preferences of policyholders are indifferent. The LIC of India has been introducing variety of policies suiting the tastes and preferences of the policyholders.

In Life Insurance contracts, generally, the lump sum assured is payable with bonus either on the death of the policyholders or on the maturity of the policy, whichever happens earlier, whereas in other forms of savings, had the policyholder invested, the investor would get only the amount saved with interest. Life Insurance facilitates long-term savings through easy installments called premium. Policy lo can be taken on the surrender value of the policies for meeting urgent financial stringencies. Interim Survival Benefits can be obtained if the policyholder prefers Money Back Policies. Housing loans can be availed of from the Life Insurance Housing Finance Limited (a sister concern of LIC, providing housing loan) on the security of life policies. There are schemes in the LIC to bear the educational and marriage requirements of the wards of policyholders. The LIC offers pension linked life insurance plans for those who are desirous of keeping their savings to provide for their old age requirements. Unit- linked plans are offered by the LIC for giving an opportunity for the discerning investor to benefit from the returns available in the capital market without going for direct investment in the capital market. Special policies are available in the LIC for handicapped

children. Health insurance is also available in the LIC today. Tax assesses can avail of tax relief for the amount paid by way of premium for life insurance, subject to the income tax rules in force. In such cases, the assured, in effect, pays a lower premium for his/ her insurance than he/ she would have to pay otherwise. Likewise, the utilization of LIC is different from individual to individual.

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### **OBJECTIVES OF THE STUDY**

1. To ascertain the factors responsible for utilization of housing loan
2. To measure the extent of utilization of policy loan
3. To know the factors that influence the utilization of policy loan
4. To find out the purposes of using LIC Bond
5. To analyse the factors responsible for utilization of LIC of India

### **COLLECTION OF DATA**

The secondary data were collected from the annual reports of the IRDA and LIC, statistical Hand books of Tamilnadu and Kanyakumari District. Books, reports, publications of LIC and the websites belonging to the major Indian and foreign insurance companies also form the basis for secondary data. The questionnaire was prepared in consultation with research experts and officials of LIC. Thus the rough draft of questionnaire was prepared. This draft was pre-tested with 60 policyholders. The purpose of the pilot study was to test the quality of the questions and to confirm the feasibility of the study. Taken into account the suggestions from the pre-test, the restructured questionnaire was prepared and used for collecting primary data.

## SAMPLE DESIGN

All the 4 branches of the LIC in Kanyakumari District are selected for the study. The policyholders belonging to the four taluks namely Thovalai, Agasteeswaram, Kalkulam and Vilavancode have insured with the four branches of Kanyakumari District. The sample respondents were selected by stratified random sampling method. For the purpose of the study, ten percent of the policyholders from each taluk were considered. Out of 3517 policyholders, 703 were randomly selected. As 3 respondents did not respond, only 700 samples were selected for further analysis.

## DATA ANALYSIS AND INTREPRETATION

### HOUSING LOAN

The extent of utilization of the services of the LIC could be realized from the angle of making use of the housing loan facility offered to the policyholders by the LIC Housing Finance Ltd., (LICHFL) a subsidiary of the Life Insurance Corporation of India. Loan schemes offered by the LICHFL are usually backed up with the life insurance cover as a collateral security.

#### Factors Responsible for Utilization of Housing Loan

The utilization of the LICHFL loan has been identified by many variables.

In observation, it has been identified that 15 variables are having their role in the utilization of housing loan from the LICHFL. They are,

1. Liberal legal formalities.
2. Less rate of interest on housing loan.
3. Easy repayment of installments.
4. Sufficient amount of loan granted.
5. Shorter period of sanction and disbursement.
6. Publishing the names and photos of defaulters in the dailies.
7. Strict adherence to procedures in sanctioning loan.
8. Encouragement to early settlement of loan.
9. Reasonable monthly installment.
10. Sanctioning of loan in installment.
11. Income tax exemption.
12. Simple and easy security.
13. Agents' assistance in getting loan.
14. Less penalty for delay in repayment of installment.
15. Absence of bribing.

In order to evaluate the factors' responsible for the utilization of the housing loan offered by the LICHFL and to identify whether they are positively or negatively influencing the policyholders for the utilization, Factor Analysis is employed. In factor analysis, each variable is assigned with a factor loading. The correlation – co-efficient between a variable and the underlying factor is known as factor loading. The rotated factor matrix of the identified 15 variables is calculated to show the inter-relationship among the variables and their influence on the housing loan. The factor analysis model in matrix notation is given as :

$$\begin{array}{lcl}
 X & = & Af + e \\
 \text{where } X & = & [x_1 + x_2 + x_3 \dots xp] \\
 f & = & [f_1 + f_2 + f_3 \dots fm] \\
 e & = & [e_1 + e_2 + e_3 \dots ep] \\
 m & = & \text{Number of factors} \\
 p & = & \text{Number of variables}
 \end{array}$$

On applying the rotated factor matrix, the identified 15 variables fall under the following five headings known as the factors.

- F<sub>1</sub> - Liberal system
  - i) Liberal legal formalities
  - ii) Less rate of interest on housing loan
- F<sub>2</sub> - Shorter period of sanction and repayment
  - i) Easy repayment of installments
  - ii) Sufficient amount of loans granted
  - iii) Shorter period of sanction and repayment
- F<sub>3</sub> - Strict Adherence
  - i) Publishing of names and photos of defaulters in the dailies.
  - ii) Strict adherence to procedures in sanctioning loans.
- F<sub>4</sub> - Effective utilization
  - i) Encouragement to early settlement of loan.
  - ii) Reasonable monthly installment.
  - iii) Sanctioning of loan in installments.
- F<sub>5</sub> - Easy Accessibility
  - i) Income Tax exemption.
- F<sub>6</sub> - Agents' Assistance
  - i) Simple and easy security.
  - ii) Agents' assistance in getting loan.

Table 1 portrays the Rotated Factor Matrix for the 15 selected variables with regard to the utilization of the housing loan by the policyholders in Kanyakumari district.

**Table 1**  
**ROTATED FACTOR MATRIX – VARIABLES OF HOUSING LOAN**

Sl. No.	Variable	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5	Factor 6	h <sup>2</sup>
1.	Liberal legal formalities	0.873	0.142	0.063	0.002	0.022	0.063	0.791
2.	The rate of interest on housing loan is comparatively less	0.846	-	0.008	0.039	-	-	0.771
3.	Easy repayment of installments	-	0.806	0.071	0.026	0.117	-	0.574
4.	The amount of loan granted is quite sufficient	0.061	0.722	-	-	-	0.057	0.676
5.	The period for sanction and disbursement is short	0.098	0.581	0.071	0.066	0.198	0.174	0.609
6.	Publishing the names and photos of defaulters in the details is not advisable	-	0.024	0.833	-	-	0.112	0.737
7.	Each installment of the loan is sanctioned adhering to strict procedures	0.055	0.029	0.821	0.077	0.134	-	0.715
8.	Early settlement of loan is encouraged	0.050	0.008	0.135	0.059	0.059	0.177	0.678
9.	Equated monthly installments is reasonable in LIC HFC	-	-	0.171	-	0.073	0.337	0.552
10.	Loan is sanctioned in installments	0.103	0.168	0.146	0.604	0.492	-	0.578
11.	It is beneficial for income tax exemption	-	0.065	0.146	0.552	0.039	0.194	0.731
12.	Security demanded for the loan is not burdensome	0.050	0.168	0.093	0.133	0.798	0.170	0.676
13.	Agents are assisting much in getting the loan	0.170	0.235	-	0.053	0.333	0.656	0.506
14.	Less penalty for days while repaying installments	-	-	0.098	-	0.029	0.616	0.632
15.	Absence of bribing	0.295	0.163	0.160	0.408	0.316	-	0.392
	Percentage of explained variance	0.314	0.026	0.279	0.296	-	0.491	
	Percentage of explained cumulative variance	-	0.078	0.279	0.296	0.416	0.200	
		0.435						
	Percentage of explained variance	12.85	11.43	10.80	10.63	9.25	9.16	64.13
	Percentage of explained cumulative variance	12.85	24.28	35.08	45.72	54.97	64.13	64.13

**Source** : Primary Data. Kaiser – Meyer – Olkin (KMO) Measure of sampling Adequacy 523 Bartlett's Test of Sphericity 609.841

Extraction method : Principal Component Analysis Rotation Method : Varimax with Kaiser normalization.

Table 1 reveals that the first factor F<sub>1</sub>- Liberal system accounts for a variation of 12.85 percent in the total variable set. It includes liberal legal formalities and less rate of interest on housing loan. There is a positive correlation between these two variables and the utilization of housing loan. It gives the result that

these two variables influence the policyholders positively towards the utilization of the housing loan of the LIC.

The second factor  $F_2$ - Shorter period of sanction, accounts for a variation of 11.43 percent in the total variable set. This factor includes easy repayment of installments, sufficient amount of loans granted and shorter period of sanction and repayment. All these factors are showing a positive correlation with the utilization of housing loan. Thus, these factors also influence the policyholders towards the utilization of the LIC housing loan.

Similarly, the third factor  $F_3$ - Strict Adherence, accounts for a variation of 10.80 percent in the total variable set. It includes the variables such as publishing the name and photos of defaulters in the dailies and strict adherence to procedures in sanctioning the loan. There is a positive correlation between these two variables and the utilization of the LIC housing loan. Today, almost all the lending agencies are having the practice of publishing the names of the defaulters through the press media after exhausting all other means of collecting the dues. Hence this variable has been loaded with a small value (0.821). The result of positive correlation implies that these two variables influence the policyholders for the utilization of the housing loan from LICHFL.

The fourth factor  $F_4$ - Effective Utilization, accounts for a variation of 10.63 percent in the total variable set. This factor contains the variables such as encouragement of early settlement of loan, reasonable monthly installment of loan.

The fifth factor  $F_5$ - Easy accessibility, shows a variation of 9.25 percent in the total variable set. It includes only one variable that is, income tax exemption. There is a positive correlation between this variable and utilization of housing loan. The result implies that this factor also influences the policyholders in Kanyakumari district for the utilization of housing loan from LICHCF.

The last factor –  $F_6$  Agents Assistance, shows a variation of 9.16 percent in the total variable set. It includes the variables such as simple and easy security and agents' assistance in getting the loan. There is a positive correlation between these two variables and the utilization of housing loan from the LICHFL. It implies that these variables influence the policyholders positively in the utilization of the LIC housing loan.

## **POLICY LOAN**

The extent of utilization of the LIC could also be assessed from the policyholders' point of view of making use of the policy loan facility offered by the LIC of India by the policyholders in Kanyakumari district. The policy loan has been offered by the LIC in order to satisfy the urgent financial needs of the policyholders. They are eligible to take loan to the extent of 82 percent of the surrender value of their policies by pledging the policy bond. At present, the LIC is charging 9 percent rate of interest on policy loan, payable half yearly. A policyholder can repay the loan amount either in part or in full, any time during the term of the policy. If loan is not repaid during the lifetime of the policy or early claim, the amount of loan plus interest calculated on compound rate basis are deducted from the claim amount and the balance is repaid. Out of 700 respondents, only 209 respondents (29.85 percent) have availed the policy loan facility. Table 2 depicts how far the policy loan in the LIC has been utilized by the policyholders in Kanyakumari district.

**TABLE 2**  
**UTILIZATION OF POLICY LOAN BY POLICYHOLDERS**

S.No.	Amount of policy loan (₹)	Number of Respondents	Percentage
1	Upto 100000	110	52.63
2.	100000- 200000	30	14.35
3.	200000- 300000	3	1.44
4.	300000- 400000	0	0.00
5.	Above 400000	66	31.58
	Total	209	100

**Source :** Primary Data

Table 2 reveals that out of 209 respondents who have availed policy loan from the LIC, 110 of them (52.63 percent) have availed loan upto ₹ 100000, 30 of them (14.35 percent) between ₹ 100000 and ₹ 200000, 3 of them (1.44 percent) have availed policy loan between ₹ 200000 and ₹ 300000. No one has availed policy loan between ₹ 300000 and ₹ 400000 and 66 of them (31.58 percent) have availed loan above ₹ 400000. It indicates that the policyholders avail policy loan from the LIC for meeting out their emergency needs. The reasons for such utilization are many. Some of the factors which influence the utilization of policy loan are

- i) Reasonable rate of interest
- ii) Liberal procedures
- iii) Better branch officers
- iv) Absence of bribing
- v) Encouragement to settle the loan
- vi) Quick sanctioning of the loan
- vii) Assistance of the agents in getting the loan.
- ix) Periodical information about the outstanding balance.
- x) Compulsion for repayment

Factor Analysis has been employed to assess the important factors responsible for the utilization of policy loan by the policyholders in Kanyakumari district.

On applying the Rotated Factor Matrix, the identified 10 variables fall under the following five headings known to be factors.

- F<sub>1</sub> - Reasonable interest
- i) Reasonable rate of interest
  - ii) Liberal procedures
- F<sub>2</sub> - Better Services
- i) Better branch officer
  - ii) Absence of bribing
- F<sub>3</sub> - Easy clearance
- i) Encouragement to settle the loan
  - ii) Quick sanctioning of the loan
  - iii) Easy clearance of loan
- F<sub>4</sub> - Assistance of the Agent
- i) Assistance of the agent in getting the loan.

ii) Periodical information about the outstanding balance.

F<sub>5</sub> - Compulsory repayment

i) Compulsion for repayment

Table 3 portrays the Rotated Factor Matrix for the 10 selected variables with regard to the utilization of the policy loan by the policyholders in Kanyakumari district.

**TABLE – 3**  
**ROTATED FACTOR MATRIX – VARIABLES OF POLICY LOAN**

Sl. No.	Variable	Factor 1	Factor 2	Factor 3	Factor 4	h <sup>2</sup>
1.	Reasonable rate of interest	0.861	-0.041	-0.079	-0.003	0.743
2.	Liberal Procedures	0.828	-0.062	0.099	-0.238	0.755
3.	Better branch Officers	0.009	0.810	0.069	0.020	0.661
4.	Absence of bribing	-0.129	0.806	-0.118	0.055	0.682
5.	Encouragement to settle the loan	-0.050	-0.127	0.727	0.290	0.632
6.	Quick sanctioning of the loan	0.401	-0.104	0.591	0.070	0.526
7.	Easy clearance of Loan	-0.133	0.431	0.548	-0.278	0.581
8.	Assistance of the agent in getting the loan	-0.006	-0.151	0.176	0.741	0.602
9.	Periodical information about the outstanding balance	-0.155	0.268	-0.081	0.686	0.573
10.	Compulsion for repayment	-0.375	0.151	0.427	-0.218	0.393
	Percentage of explained variance	17.88	16.40	14.33	12.94	61.55
	Percentage of explained cumulative variance	17.88	34.28	48.61	61.55	61.55

**Source:** Primary Data. Kaiser – Meyer – Olkin (KMO) Measure of sampling Adequacy 523 Bartlett's Test of Sphericity 609.841

Extraction method : Principal Component Analysis Rotation Method : Varimax with Kaiser normalization.

Table 3 reveals that the first factor F<sub>1</sub>- Reasonable Interest, accounts for a variation of 17.88 percent in the total variable set. It includes reasonable rate of interest and liberal procedures. There is a positive correlation between these two variables and the utilization of policy loan. It gives the result that these two variables influence the policyholders positively towards the utilization of policy loan of the LIC.

The second factor F<sub>2</sub>- Better services, accounts for a variation of 16.40 percent in the total variable set. This factor includes better branch officers and absence of bribing. These two factors are showing a positive correlation with the utilization of policy loan. Thus, these two factors also influence the policyholders towards the utilization of the LIC policy loan.

Similarly, the third factor F<sub>3</sub> – Easy clearance, accounts for a variation of 14.33 percent in the total variable set. It includes the variables namely encouragement to settle the loan, quick sanctioning of the loan and easy clearance of loan. There is a positive correlation between these three variables and the utilization of the LIC policy loan. Thus these factors also influence the policyholders towards the utilization of the LIC policy loan.

The fourth factor F<sub>4</sub> – Assistance of the agent, accounts for a variation of 61.55 percent in the total variable set. It includes assistance of the agent in getting loan and periodical information about the

outstanding balance. These two factors show a positive correlation with the utilization of policy loan. Thus these factors also influence the policyholders towards the utilization of the LIC policy loan.

The last factor  $F_5$  – compulsory repayment, shows a variation of 12.94 percent in the total variable set. It includes only one variable, that is, compulsion for repayment.

## UTILIZATION OF THE LIC BOND

The LIC bond is an authentic document justifying the originality of the policy taken by the policyholders, which is being used by them for various purposes, in addition to make the claim from the LIC. All the 700 respondents use the LIC bonds for various purposes. Table 4 shows the classification of the respondents on the basis of the purposes for which the LIC bond has been used.

**TABLE 4**  
**PURPOSES OF USING LIC BOND**

S.No.	Purpose	Number of Respondents	Percentage
1.	Security for Education Loan	58	8.29
2.	Evidence for age proof	159	22.71
3.	Security for Housing Loan	212	30.29
4.	Security for loan from banks	169	24.14
5.	Security for policy loan from LIC	49	7.00
6.	As address Evidence	24	3.43
7.	Any others	29	4.14
	Total	700	100

Source : Primary Data

Table 4 exhibits that out of 700 respondents, who have utilized the LIC bond for various purposes, 58 (8.29 percent) have used it as a security for education loan, 159 (22.71 percent) as evidence for age proof, 212 (30.29 percent) as security for housing loan, 169 (24.14 percent) as security for loan from banks, 49 (7.00 percent) as security for policy loan from LIC, 24 (3.43 percent) as address evidence and 29 (4.14 percent) have used the bond for some other purposes.

## FACTORS RESPONSIBLE FOR THE UTILIZATION OF THE LIC OF INDIA

This part deals with the various factors which are responsible for the inclination of the policyholders towards buying the products and utilising the varied services of the LIC of India. It is observed that there are five groups of factors comprising of 35 individual variables responsible for the different levels of utilization of the LIC services. Since each variable has influenced the utilization of the LIC at different levels, each respondent is expected to give his rank to each variable. In such cases of ranking, Garrett's Ranking Principle is the most fitting tool for further analysis. Hence, it has been used.

### Ranking of variables responsible for utilization of LIC

Garrett's Ranking principle has been applied to rank the variables, which have greater impact on the utilization of the LIC of India. The variables responsible for the utilization of the LIC of India have been ranked in the order of merit. The most influencing variable is being influential variable being ranked last in each

group. By means of percentage position formula,  $[100 (R-0.5)/N]$  Table, it is possible to convert any set of ranks into 'scores', if data are assumed of normal distribution.

The variables responsible for the utilization of the LIC of India by the policyholders are identified and their responses are obtained for thirty five statements. The statements with reference to the variables, responsible for the utilization of the LIC of India are listed. The scores [Garrett's Scores] obtained by the respondents for each statement are averaged. The average score obtained for each statement is shown in Table 5.

TABLE 5

## AVERAGE SCORE FOR THE FACTORS RESPONSIBLE FOR THE UTILIZATION OF LIC OF INDIA

S.No.	Statement	Mean Score
1.	Annual surplus income of the policyholders from main occupation	0.37
2.	Annual surplus income of other family members	0.30
3.	Additional income from secondary occupation	0.54
4.	Annual income from investment	0.62
5.	Remedy for income tax	0.62
6.	Amount of family expenditure	0.51
7.	Amount of assets and liabilities	0.48
8.	Size of the family	0.41
9.	Better educational qualification	0.49
10.	Nearness to agents	0.47
11.	Age of the policyholders	0.56
12.	Number of male children	0.43
13.	Number of female children	0.48
14.	Annual savings	0.47
15.	Annual medical expenses	0.56
16.	Period of service in employment/business	0.46
17.	Need for housing loan	0.50
18.	Need for policy loan	0.46
19.	Number of accidents faced	0.49
20.	Number of educated family members	0.26
21.	Amount of initial premium paid by the agent	0.25
22.	Number of installments of premium paid by the agent	0.62
23.	Amount spent on charitable activities	0.60
24.	Aim for educating the ward	0.50
25.	To meet out the marriage expenses of the ward	0.39
26.	Planning to meet out old age problems	0.42
27.	Generation of assets in future	0.45
28.	Service from the LIC agents	0.48

29.	Life security	0.50
30.	LIC being a government undertaking	0.51
31.	Greater choice from variety of the LIC policies	0.47
32.	Popularity of LIC	0.42
33.	Liquidity character of the investment	0.42
34.	Non-Compulsion to repay the policy loan	0.46
35.	Safer investment	0.43

**Source:** Primary data

It is inferred from Table 5 that the average score is high for the following statements:

- i) Annual income from investment (0.62)
- ii) Remedy for income tax (0.62)
- iii) Number of installments of premium paid by the agent (0.62)
- iv) Amount spent on charitable activities (0.60)
- v) Age of the policyholders (0.56)
- vi) Annual medical expenses (0.56)
- vii) Amount of family expenditure (0.51)
- viii) LIC being a govt. undertaking (0.51)
- ix) Need for housing loan (0.50)
- x) Aim for educating the ward (0.50)

The average score is low for the following statements:-

- i) Amount of initial premium paid by the agent (0.25)
- ii) Number of educated family members (0.26)
- iii) Annual surplus income of other family members (0.30)
- iv) Annual surplus income of policyholders from main occupation (0.37)
- v) To meet out the marriage expenses of the ward (0.39)
- vi) Size of the family (0.41)
- vii) Popularity of LIC (0.42)
- viii) Liquidity character of the investment (0.42)

On observing the 35 variables, it is found that there are certain similarities among some variables. The variables, which have some relevance with one another, are categorized into a separate group. Thus, all the 35 variables are categorized into five major groups as mentioned below:-

- I. Income based variables
- II. Shifting of burden variables
- III. Demographical variables
- IV. Convenience variables
- V. Service-Oriented variables

A detailed discussion on the five groups and the most influential variable under each group has been analysed with the help of Garrett's Ranking Technique. The discussion on each specific statement (Variable) in each group is given below.

#### **Group - I      Income Based Variables**

The basic requirement for purchasing the products of the LIC is the income position of the people. To become a policyholder of the LIC of India, the income, particularly the net disposable income is the significant factor. The first group responsible for the utilization of the LIC of India includes the annual income from investments, additional income of other family members, annual savings, generation of assets in future, safer investment, liquidity character of the investment, annual surplus income of the policyholder from main occupation and annual surplus income of other family members. The percentile ranks for the first group are shown in Table 6.

**TABLE 6**  
**PERCENTILE RANKS OF THE FACTORS RESPONSIBLE FOR THE UTILIZATION OF THE LIC OF INDIA**  
**GROUP I - INCOME**

S. No.	Statement	Mean Scores	Rank	Percentage Position	Score	
					Scale (100)	PRs
1.	Annual Income from Investment	0.62	1	6.25	81	93.75
2.	Additional income of other family members	0.54	2	18.75	68	81.25
3.	Annual savings	0.47	3	31.25	60	68.75
4.	Generation of assets in future	0.45	4	43.75	53	56.25
5.	Safer investment	0.43	5	56.25	47	43.75
6.	Liquidity character of the investment	0.42	6	68.75	40	31.25
7.	Annual surplus income of the policyholder from main occupation	0.37	7	81.25	33	18.75
8.	Annual surplus income of other family members	0.30	8	93.75	21	6.25

Source Primary data

\*\*PRs - Percentile Ranking

It is inferred from Table 6 that the most influential variable perceived by the sample policyholders in the first group is annual income from investment. The second and third prominent variables are additional income of other family members and annual savings respectively.

#### **Group - II Shifting of Burden Variables**

Shifting is the other major variable responsible for the utilization of the LIC of India by the policyholders. The second group of variables includes remedy for income tax, huge annual medical expenses, lesser amount of family expenditure, education of the ward, housing loan, better educational qualification, lower amount of family expenditure, policy loan, meeting out the old age problems, size of the family and marriage expenses of the ward. These variables directly influence the utilization of the LIC of India. The percentile ranks for the statements included in Group II are shown in Table 7 given below.

**TABLE 7**  
**PERCENTILE RANKS FOR FACTORS RESPONSIBLE FOR THE UTILIZATION OF THE LIC OF INDIA**  
**GROUP - II SHIFTING OF BURDEN**

S. No.	Statement	Mean Scores	Rank	Percentage Position	Score	
					Scale (100)	PRs
1.	Remedy for income tax	0.62	1	4.55	84	94.45
2.	Huge annual medical expenses	0.56	2	13.64	72	86.36
3.	Lesser amount of family expenditure	0.51	3	22.73	65	77.27
4.	Education of the ward	0.50	4	31.82	59	68.18
5.	Housing loan	0.50	5	40.91	59	59.09
6.	Better educational qualification	0.49	6	50.00	50	50.00
7.	Lower amount of family expenditure	0.48	7	59.09	50	40.91
8.	Policy loan	0.46	8	68.18	41	31.82
9.	Meeting the old age problems	0.42	9	77.27	35	22.73
10.	Size of the family	0.41	10	86.36	29	13.64
11.	Marriage expenses of the ward	0.39	11	95.45	18	6.55

**Source:** Primary data

\*\*PRs - Percentile Ranking

It could be seen from Table 7 that the remedy for income tax has assumed the first rank with 95.45 percentile ranks in the group of shifting of burden. The other variables perceived as important under the group of 'shifting of burden' for the utilization of products of India are huge annual medical expenses and lesser amount of family expenditure with the second and third ranks respectively.

#### **Group III- Demographical Variables**

The demographical variables are also responsible for the utilization of the LIC of India by the policyholders. These variables highly influence the utilization of life insurance products and services of the LIC by the policyholders to a remarkable extent in India. The demographical variables include the age of the policyholder, number of accidents faced, number of female children, lengthy period of service in employment, number of male children and more number of educated family members. The percentile ranks for the statements included in Group III are shown in Table 8 given below.

**TABLE 8**  
**PERCENTILE RANKS OF THE FACTORS RESPONSIBLE FOR THE UTILIZATION OF THE LIC OF INDIA**  
**GROUP - III DEMOGRAPHICAL VARIABLES**

S. No.	Statement	Mean Scores	Rank	Percentage Position	Score	
					Scale (100)	PRs
1.	Less age of the policyholder	0.56	1	8.33	77	91.67
2.	More number of accidents faced	0.49	2	25.00	63	75.00
3.	No of female children	0.48	3	41.67	54	58.33
4.	Lengthy period of service in employment	0.46	4	58.33	46	41.67
5.	No of male children	0.43	5	75.00	37	25.00
6.	More number of educated family members	0.26	6	91.67	23	8.33

**Source:** Primary data

\*\*PRs - Percentile Ranking

It is evident from Table 8 that the most influential variable perceived by the sample policyholders of the LIC of India is lesser age of the policyholder with 91.67 percentile ranks. The variables ranking second and third are more number of accidents faced and number of female children.

#### Group - IV - Convenience Variables

The impact of liberalization, privatization and globalization (LPG) policy of the Government poses break - neck challenges to the insurance sector, particularly to the LIC of India. The convenience of customers plays a significant role in selecting the insurance company to invest in this LPG era. The fourth group of convenience variables includes more number of installments of premium paid by the agent himself, lesser amount spent on charitable activities, nearness to agent and amount of initial premium paid by the agent himself. These variables have much impact on the utilization of the products and services of the LIC of India. The percentile ranks for the statements included in Group IV are shown in Table 9 given below.

**TABLE 9**  
**PERCENTILE RANKS FOR FACTORS RESPONSIBLE FOR THE UTILIZATION OF LIC OF INDIA**  
**GROUP - IV CONVENIENCE**

qqq	Statement	Mean Scores	Rank	Percentage Position	Score	
					Scale (100)	PRs
1.	More number of installments of premium paid by the agent himself	0.62	1	12.50	73	87.50
2.	Lesser amount spent on charitable activities	0.60	2	37.50	56	62.50
3.	Nearness to agent	0.47	3	62.50	44	37.50
4.	Amount of initial premium paid by the agent himself	0.25	4	87.50	28	12.50

Source: Primary data

\*\*PRs - Percentile Ranking

It is inferred from Table 9 that the major variable ranking first in Group IV, which has influenced the utilization of the products and services of the LIC of India with 87.50 percentile ranks is more number of installments of premium paid by the agent himself. The second and third ranking variables are lesser amount spent on charitable activities and nearness to agent respectively.

#### Group V - Service Oriented Variables

Service oriented variables are significantly responsible for the utilization of the products and services of the LIC of India by the policyholders. When better services are offered by the competitive institutions, the attraction towards such institutions would be greater when compared to the institutions, which offer less service. The service oriented variables include (LIC is a government undertaking) life security, services from LIC agent, greater choice among the variety of LIC policies, non-consumption to repay the policy loan and popularity of the LIC. The percentile ranks for the statements included in Group V are shown in Table 10 as below.

**TABLE 10**  
**PERCENTILE RANKS FOR FACTORS RESPONSIBLE FOR THE UTILIZATION OF THE LIC OF INDIA**  
**GROUP - V SERVICE**

S. No.	Statement	Mean Scores	Rank	Percentage Position	Score	
					Scale (100)	PRs
1.	LIC is a Government under taking	0.51	1	8.33	77	91.67
2.	Life Security	0.50	2	25.00	63	75.00
3.	Services from agent	0.48	3	41.67	54	58.33
4.	Greater choice among variety of policies	0.47	4	58.33	46	41.67
5.	Non consumption to repay the policy loan	0.46	5	75.00	37	25.00
6.	Popularity of LIC	0.42	6	91.67	23	8.33

**Source:** Primary data

\*\*PRs - Percentile Ranking

It could be assessed from Table 10 that the variable 'LIC is a Government undertaking' is the major reason for the utilization of the products and services of the LIC by the sample policyholders under the group of service variables. The offer of life security and the services from agents are the second and third important variables responsible for the utilization of the LIC of India in the service group.

## CONCLUSION

Factor Analysis has been employed for evaluating the factors responsible for the utilization of housing loan. Garrett's Ranking Technique has been adopted for assessing the variables responsible for the utilization of the products and services of the LIC and the policy loan in the LIC. The overall results of the analysis reveal that the policyholders in Kanyakumari District have made an effective utilization of the LIC under various focal points. Further, the LIC authorities are required to offer more attractive schemes than those offered by the private insurers to continue the effective utilization of the LIC in this competitive era.

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