

# Life Insurance - Growth Engine of Society

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## ABSTRACT

Life insurance is an agreement between policy holder and insurance company, which gives assurance to the rest of the family members to survive best. Dreams come fulfill in the absence of policy holder when policy holders have taken sufficient insurance of their human life value. There are number of plans with life insurance companies like endowment plan, term plan, pension plan, health plan, retirement plan, child education plan etc. Plan may be taken by an individual based on age criteria and their future planning.

**Key words:** Life insurance, Policy, Policy holder.

## INTRODUCTION

Life insurance plays a major role to serve better to the society for survival of rest of the member in absence of the principle or primary member of the family. Every individual who is a principle member of family needs to take life insurance at least 50% of the HLV (Human Life Value), because in absence of principal member life insurance plays role of principal member and serve better to rest of the family member. No doubt to say it is growth engine of the society. Life insurance fulfills the dreams of policy holder in absence of the principle. Policy holders have many dreams pertains to child education, child marriage, child career, child education is most important dreams of policy holder. At present, it is very difficult for intermediary to present life insurance product due to tough competition prevailing in life insurance market. It is very difficult to survive for the rest of the members of the family, if sufficient insurance not taken by the principle family member.

### Meaning of life insurance:

Life insurance provides guarantees to pay as sum of money to policy holder as per the terms of contract.

*Age Publi* In India life insurance has become more popular with introduction of several policy companies. Life is precious and now people are more aware of importance of life insurance. This is important not only in terms of better investment opportunity rather fulfillment of secured life risks. The major life insurance provider in India is Life Insurance Corporation of India owned by Govt. of India having headquarter in Mumbai. There are other life insurance companies like Max life insurance, ICICI Prudential Life Insurance, Bajaj Allianz Life Insurance etc.

Life insurance sector has become more secure and successful with setting up of the Insurance Regulatory and Development Authority of India (IRDAI) which is an autonomous, statutory agency tasked with regulating and promoting the insurance and re-insurance industries in India.

This sector has become more competitive and transparent with the functioning of Insurance Regulatory and Development Authority of India (IRDAI). Both public and private insurance sectors provide customer friendly services.

Public sector banks and Private Banks have come up with their insurance agencies and collaborations. Broking and corporate agency has their own way of doing the business. Individual and institution as corporate agents has helped agency to increase the revenue.

## LITERATURE REVIEW

Life insurance (or life assurance, especially in the Commonwealth of Nations), is a contract between an insurance policy holder and an insurer or assurer, where the insurer promises to pay a designated beneficiary a sum of money (the benefit) in exchange for a premium, upon the death of an insured person. <sup>[1]</sup>

However, with the good, comes the bad and there are a lot of weaknesses and threats that contradict the strengths and opportunities of the industry, bringing the high down by a considerable notch. State-governed insurers dominate the market rampantly and drown the industry into a web of bureaucratic red-tapism that is hard to break out of. Also, in spite of being the largest in the life-insurance sector, the industry lags behind when it comes to the non-life insurance sector with a very minor percentage of the entire Indian population actually insured for their health and lives. The political environment of the country also makes adaptation to change in the industry difficult, leading to stagnation of the insurance sector in the nation. Also, the market for insurance hasn't been growing as rapidly as expected due to the density of life being low in the country. The rural poor, constituting more than half of the nation's population still don't have the monetary means to invest in the luxury of insurance. <sup>[2]</sup>

Due to bad fooding habit and busy life style, life of individual becomes stuck and more dangerous. Life insurance premium depends on how much risk involved in individuals.

Advances in technology and regulation have played a major role in transforming the Life Insurance Industry

over the past several years. Insurers have had to adapt with new rules and constantly shifting cost models.

In this ever-changing environment, it's difficult to pinpoint a "best practice" scenario and even harder to follow one. This is why customers still see over-complicated and badly designed processes when it comes to taking up life insurance.

Both technology and regulation play an integral role for almost all insurance company operations. These factors change how insurers market their products and roll-out strategies. <sup>[3]</sup>

Girish Kumar and Eldhose (2008) in their paper entitled "customer perception on life insurance services: a comparative study of public and private sectors", published in insurance chronicle ICFAI monthly magazine in august 2008 explained the importance of quality services and its significance in raising customer satisfaction level. Public and private sectors help in understanding the customer perception, satisfaction and awareness on various life insurance services. <sup>(4)</sup>

Narayan. H. Jai in one research paper has made an emphasis on importance of customer in the business of insurance. This paper has explained growing market competition. Higher efficiencies in customer service require understanding the customer's needs. Insurance sector focuses around the customer and fair treatment to customers is need of an hour to win their loyalty and trust. In a service based organizations, customer service is the most dominating feature that differentiate and gives good return to the insurers. Proper dealing with customer complaints, effective customer grievances handling mechanism and fast claim settlement procedure are some of the ways through which satisfaction level of customers can be increased. Hence to serve the customers promptly and effectively is the key success of a life insurance business. <sup>(5)</sup>

Jayakar (2003) in his article explained that new products innovation; distribution and better use of technology are

helping the new private life insurers to take market share away from Life Insurance Corporation of India, Public Sector Company. With advances in technology and various good schemes provided by private insurance companies, now public sector companies are facing competition with private sector. <sup>(6)</sup>

#### **Benefits of Life Insurance:**

- Risk cover is the most important benefit.
- Dream fulfillment
- Tax Saver
- Return giver

#### **CONCLUSION**

Customer who holds this plan of action and accept current changes of life insurance will result in success in future.

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