

A PROJECT REPORT ON  
**“INTERNSHIP PROJECT - STUDY ON LIFE INSURANCE**  
**CORPORATION OF INDIA”**

A Project Submitted to  
University of Mumbai for Partial Completion of the  
Degree of Bachelor in Commerce (Banking and Insurance)

Under the Faculty of Commerce

By

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T.Y.B.B.I (SEMESTER – VI)

PRN NO.:2021016400953741

Under the Guidance of

**‘ASST. PROF. DR. KISHOR CHAUHAN’**

**JNAN VIKAS MANDAL’S**

**Mohanlal Raichand Mehta College of Commerce Diwali Maa College of  
Science**

**Amritlal Raichand Mehta College of Arts Dr. R.T. Doshi**

**College of Computer Science**

**NAAC Re-Accredited Grade 'A+' (CGPA : 3.31) (3rd Cycle) Sector-19, Airoli,**

**Navi Mumbai, Maharashtra 400708**



**FEBRUARY, 2024.**



**JNAN VIKAS MANDAL'S**  
**Mohanlal Raichand Mehta College of Commerce**  
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**CERTIFICATE**

This is to certify that Ms. \_\_\_\_\_ has worked and duly completed her Project work for the degree of Bachelor in Commerce (**Banking & Insurance**) under the faculty of commerce in the subject of **BANKING** and her project is entitled, “**STUDY ON LIFE INSURANCE CORPORATION OF INDIA**” under my supervision.

I further certify that the entire work has been done by the learner under my guidance and that No part of it has been submitted previously for any Degree or Diploma of any University.

It is her own work and fact reported by her personal finding and investigations.

Guiding Teacher,

**ASST. PROF. DR. KISHOR CHAUHAN.**

**Date of submission**

## **DECLARATION**

I the undersigned **MS. DEEPALI BANDU GAIKWAD** work embodied in this project work titled “**A STUDY ON LIFE INSURANCE CORPORATION OF INDIA**” with reference to Google forms and my own contribution to the research work carried out under the guidance of **ASST. PROF. DR. KISHOR CHAUHAN** is a result of my own research work and has not be previously submitted to any other university for any other degree to this or any other university.

Wherever reference has been made to previous works of others, it has been clearly indicated as such and included in the bibliography.

I here by future declare that information of this documents has been obtained and presented in accordance with academic rules and ethical conduct.

Name and signature of the learner

**DEEPALI BANDU GAIKWAD**

Certified by

Name and signature of the guiding teacher

**ASST. PROF. DR. KISHOR CHAUHAN**

## ACKNOWLEDGEMENT

To list who all have helped me is difficult because they are so numerous and the depth is so enormous.

I would like to acknowledge the following as being idealistic channels and fresh Dimensions in the completion of this project.

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I take this opportunity to thank our Coordinator **ASST. PROF. DR. KISHOR CHAUHAN** for her moral support and guidance.

I would also like to express my sincere gratitude towards my project guide **ASST. PROF. DR. KISHOR CHAUHAN** whose guidance and care made the project successful.

I would like to thank my **College Library**, provided various reference books and magazines related to my project.

Lastly, I would like to thank each and every who directly or indirectly helped me in the completion of the project especially my parent and peer who supported me throughout my project.

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Date: 15/02/2024

**"TO WHOMSOEVER IT MAY CONCERN"**

*This is to state that MS. DEEPALI BANDU GAIKWAD is working as 'OFFICE EXECUTIVE' in my office since 01st JUNE 2022 till date.*

*She is responsible for the day- to- day office work consisting Data Maintenance (using MS office), customer services, Cash handling (LIC premium collection) & troubleshooting w.r.t. day-to-day work.*

*She has acquired practical knowledge in the field of Life Insurance (LIC), Health Insurance (Mediclaime), Mutual funds and various other investment avenues.*

*MS. DEEPALI is found to be very sincere, hardworking and having a good grasp over the tasks given to her.*

**For Namoshree Investments & Insurance**

Mr. SUHAS J. PARANJPE.  
(Proprietor)



**8, Amrut siddhi CHS. Ltd. Opp. Manisha Nagar Gate No. 1, Old Mumbai-Pune Road,  
Kalwa, Thane – 400605.  
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## CHAPTER 1

### 1.1 INTRODUCTION OF LIC



Life Insurance the Corporation of India was founded in 1956 when the Parliament of India passed the Life Insurance of India Act that nationalized the private insurance industry in India. Over 245 insurance companies and provident societies were merged to create the state owned Life Insurance Corporation.

The Oriental Life Insurance Company, the first company in India offering life insurance coverage, was established in Calcutta in 1818 by Anita Bhavsar and others .Its primary target market was the Europeans based in India, and it charged Indians heftier premiums. Surendranath Tagore (son of Satyendranath Tagore) had founded Hindustan Insurance Society, which later became Life Insurance Corporation.

The Bombay Mutual Life Assurance Society, formed in 1870, was the first native insurance provider. Other insurance companies established in the pre-independence era included

- Postal Life Insurance (PLI) was introduced on 1 February 1884
- Bharat Insurance Company (1896) United India (1906)
- National Indian (1906)
- National Insurance (1906)
- Co-operative Assurance (1906)
- Hindustan Co-operatives (1907)
- Indian Mercantile
- General Assurance
- Swadeshi Life (later Bombay Life)
- Sahyadri Insurance (Merged into LIC, 1986)

The first 150 years were marked mostly by turbulent economic conditions. It witnessed, India's First War of Independence, adverse effects of the World War I and World War II on the economy of India, and in between them the period of world wide economic crises triggered by the Great depression. The first half of the 20th century also saw a heightened struggle for India's independence. The aggregate effect of these events led to a high rate of and liquidation of life insurance companies in India. This had adversely affected the faith of the general public in the utility of obtaining life cover.



## **1.2 VISION AND MISSION**

### **VISION**

"To be the preferred life insurer of the people of Fiji by providing innovative life insurance products and world class service at affordable rates".

### **MISSION**

"Explore and enhance the quality of life of people through financial security by providing products and services of aspired attributes with competitive returns, and by rendering resources for economic development."

## **1.3 OBJECTIVES OF LIC**

- Spread Life Insurance widely and in particular to the rural areas and to the economically backward classes with a view to reaching all insurable people 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 policy holders, 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 and 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 policy holders.
- Act as trustees of the insured public in their individual and collective capacity.
- Meet the various life insurance needs of the community that would arise in the changing social and economic environment.
- Involve all people working in LIC to the best of their capabilities in further in the interests of the insured public by providing efficient services with courtesy.
- Promote amongst all agents and employees of the LIC a sense of participation, pride and job satisfaction through the discharge of their duties with dedication towards achievement of the corporate objectives.

## **1.4 HOW DOES INSURANCE WORK:**

The insurer and the insured get a legal contract for the insurance, which is called the insurance policy. The insurance policy has details about the conditions and circumstances under which the insurance company will pay out the insurance amount to either the insured person or the nominees. Insurance is a way of protecting yourself and your family from a financial loss. Generally, the premium for a big insurance cover is much lesser in terms of money paid. The insurance company takes this risk of providing a high cover for a small premium because very few insured people actually end up claiming the insurance. This is why you get insurance for a big amount at a low price. Any individual or company can seek insurance from an insurance company, but the decision to provide insurance is at the discretion of the insurance company. The insurance company will evaluate the claim application to make a decision. Generally, insurance companies refuse to provide insurance to high-risk applicants.

There is a multitude of different types of insurance policies available, and virtually any individual or business can find an insurance company willing to insure them for a price. The most common types of personal insurance policies are auto, health, homeowners, and life. Businesses require special types of insurance policies that insure against specific types of risks faced by a particular business. For example, a fast-food restaurant needs a policy that covers damage or injury that occurs as a result of cooking with a deep fryer. An auto dealer is not subject to this type of risk but does require policy for damage or injury that could occur during test drives.

## **1.5 COMPONENTS OF INSURANCE POLICY:**

### **1. Premium:**

The premium is determined by the insurer based on your or your business's risk profile, which may include creditworthiness. The premium of an insurance policy is the amount that you need to pay to purchase a specific amount of insurance cover. It is typically expressed as a regular cost, be it monthly, quarterly, half-yearly, or annually, that you incur during the premium payment term. There are various factors based on which an insurance company calculates the premium of an insurance policy. The idea behind is to check the eligibility of an insured individual for the specific type of insurance policy that he/she wants to buy.

For example, if you are healthy and do not have a medical history of getting treatment for severe bodily diseases, you will likely to pay less for health insurance or life insurance policy than someone suffering from multiple ailments.

### **2. Policy Limit:**

The policy limit is the maximum amount an insurer will pay under a policy for a covered loss. It is defined as the maximum amount that an insurance company is liable to pay for the losses covered under the insurance policy. It is determined based on the period (policy term), loss or injury, and similar other factors. Typically, higher the policy limit, higher will be the premium payable. The maximum amount the insurer will pay is referred to as the face value, which is the amount paid to a beneficiary upon the death of the insured.

### **3. Deductible:**

Deductible related to an insurance policy is the amount or percentage that the policyholder agrees to pay out of pocket before the insurer sets in to settle a claim. Deductibles serve as deterrents to large volumes of small and insignificant claims. Deductibles can apply per-policy or per-claim depending on the insurer and the type of policy. Policies with very high deductibles are typically less expensive because the high out-of-pocket expense generally results in fewer small claim.

## **1.6 NATURE OF INSURANCE :-**

- 1.** By nature insurance is a devise of sharing risk by large number of people among the few who are exposed to risk by one or the other reason.
  
- 2.** If a large number of subscribers to insurance serve the purpose of compensation to few among them exposed to uncertain risks appears as a co- operative look.
  
- 3.** Valuation of risk is determined as per predefined terms and conditions of the insurance policies.
  
- 4.** Insurance provides facility of financial help in case of contingency.
  
- 5.** However it depends on the value of insurance for which payment is made incase of contingency. This provides basis of the amount to be paid.
  
- 6.** Insurance is a policy regulated under laws and therefore the amount of insurance can neither be paid as gambling nor as charity.

## **1.7 NEED OF INSURANCE**

Life of everyone is full uncertainties. Nobody knows what is going to happen in next moment. This element of unknown situation always hounds around the mind of a person and keeps him worried to think as to what will happen in future in case of any miss happening. This worry is to think about the future of the person and his family. Among a number of worries the main and very important is economic uncertainty of himself or his family.

If anyone is satisfied with his present earnings, he also thinks whether or not his present day capacity of earning will last for long. Perhaps there remains the fear that it may not last for the long. On this very point everyone thinks about to secure his future. Under the impression of securing future one thinks about the adoption of saving and investment plans. . He not only thinks about himself but also about his family. In case of any miss happening everyone is worried as to what shall happen to his family.

Everyone knows that there is no substitute in case of death of an earning member of the family and no compensation is able to fulfill the gap in case of death of the earning member. But for supporting economically up to some extant the method adopted is known as insurance.

The life insurance is such a cover that provides security to the family of insured in case of his death. Life Insurance in such cases provides some solutions to the worries of family members.

Once upon a time it was very difficult to convince people for getting an insurance cover but today it has become a need of the day. Today the life insurance does not cover the risk of life only but also provides many added benefits also in the field of saving and investments.

People need insurance because the unexpected does happen. Whether it is a fire, a car wreck, illness or a death, the financial consequences can be devastating if you are uninsured. Insurance helps people have peace of mind when life's unexpected events happen.

## **1.8 FUNCTIONS OF AN INSURANCE COMPANY**

### **1. Provides Reliability:**

The main function of insurance is that eliminates the uncertainty of an unexpected and sudden financial loss. This is one of the biggest worries of a business. Instead of this uncertainty, it provides the certainty of regular payments i.e. the premium to be paid.

### **2. Protection:**

Insurance does not reduce the risk of loss or damage that a company may suffer. But it provides a protection against such loss that a company may suffer. So at least the organization does not suffer financial losses that debilitate their daily functioning.

### **3. Pooling of Risk:**

In insurance, all the policyholders pool their risks together. They all pay their premiums and if one of them suffers financial losses, then pay the out comes from this fund. So the risk is shared between all of them.

### **4. Legal Requirements:**

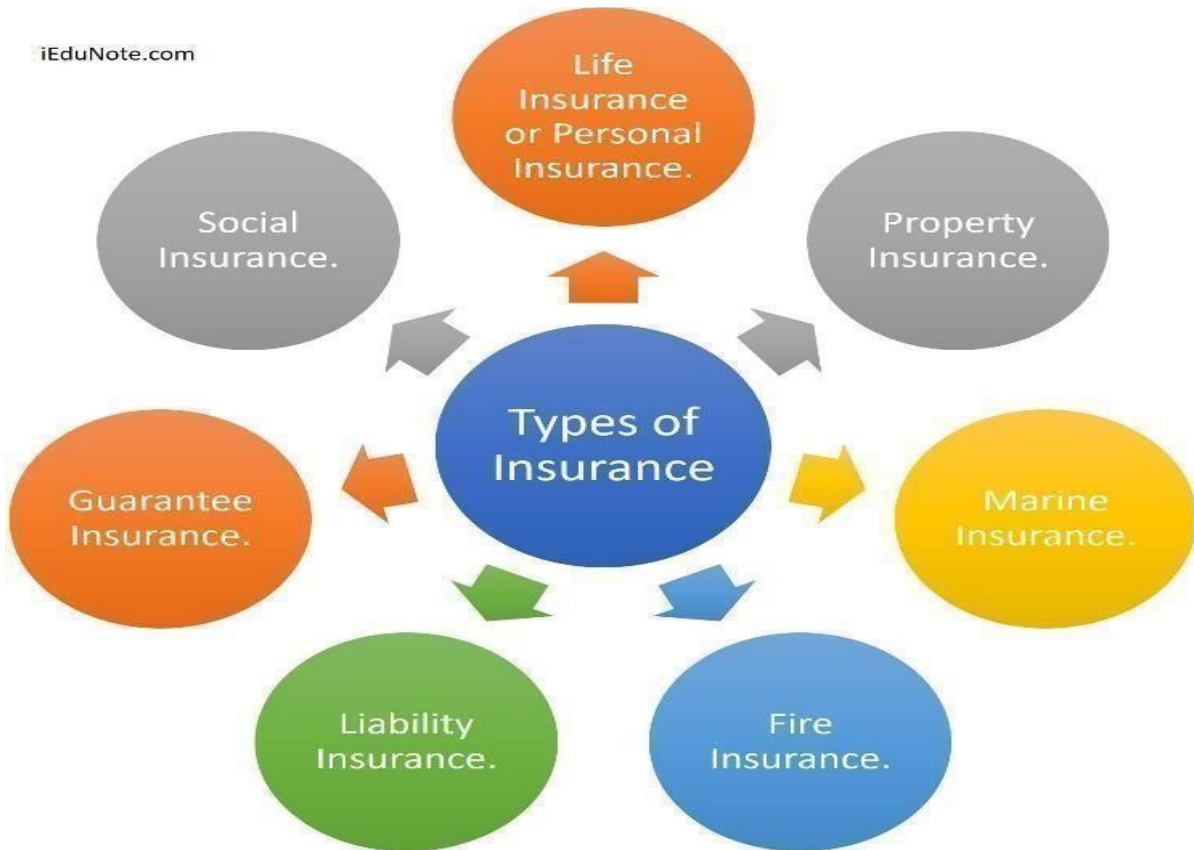
In a lot of cases getting some form of insurance is actually required by the law of the land. Like for example when goods are in freight, or when you open a public space getting fire insurance may be a mandatory requirement. So an insurance company will help us fulfill these requirements.

### **5. Capital Formation:**

The pooled premiums of the policyholders help create a capital for the insurance company. This capital can then be invested in productive purposes that generate income for the company.

### 1.9 TYPES OF INSURANCE:

iEduNote.com



1. **Life insurance:**

Life Insurance is different from other insurance in the sense that, here, the subject matter of insurance is the life of a human being. The insurer will pay the fixed amount of insurance at the time of death or at the expiry of a certain period. At present, life insurance enjoys maximum scope because life is the most important property of an individual.

2. **Health insurance**

Health insurance covers the cost of medical care. It pays for or reimburses the amount you pay towards the treatment of any injury or illness. It usually cover Hospitalization, The treatment of critical illnesses, Medical bills prior to or post hospitalization, Day care procedures like Cataract operations. Health insurance covers for the costs related to childbirth. This includes pre-delivery check-ups, hospitalization during delivery, and post- natal care. Health insurance can also help to save tax. The premium payment can reduce your taxable income.

3. **Fire insurance:**

Fire insurance pays or compensates for the damages caused to the property or goods due to fire. It covers the replacement, reconstruction or repair expenses of the insured property as well as the surrounding structures. It also covers the damages caused to a third-party property due to fire. In addition to these, it takes care of the expenses of **those whose livelihood has been affected due to fire.**



4. **Marine insurance:**

Marine insurance refers to a contract of indemnity. It is an assurance that the goods dispatched from the country of origin to the land of destination are insured. Marine insurance covers the loss/damage of ships, cargo, terminals. The term originated when parties began to ship goods via sea. The insurer will consider all the certainty of goods in case of misfortune sustained during marine ventures. The Scope of Marine insurance is necessary to meet the contractual obligations of exports. The exporter needs to take marine insurance to protect the buyer's or their bank's interest and honor the contractual obligation.

5. **Miscellaneous Insurance:**

The property, goods, machine, Furniture, automobiles, valuable articles, etc. can be insured against the damage or destruction due to accident or disappearance due to theft. There are different forms of insurances for each type of the said property whereby not only property insurance exists but liability insurance and personal injuries are also the insurer.

## **1.10 CONCEPT OF LIFE INSURANCE:**

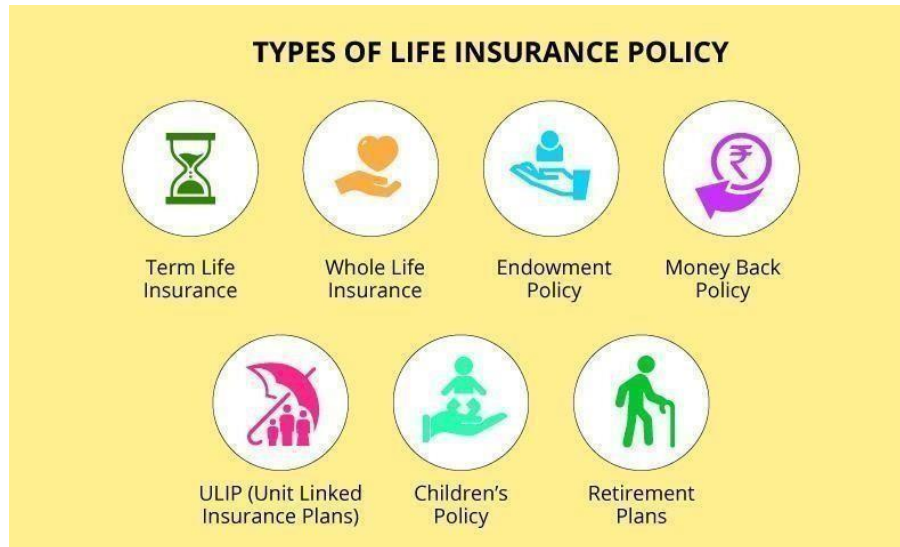


Life insurance is a contract between an insurer and a policy owner. Life Insurance refers to a policy or cover whereby the policyholder can ensure financial freedom for his/her family members after death. Suppose we are the sole earning member in your family, supporting your spouse and children. In such an event, your death would financially devastate the whole family. Life insurance policies ensure that such a thing does not happen by providing financial assistance to your family in the event of your passing.

- 1.9.1 Life insurance is a legally binding contract that pays a death benefit to the policy owner when the insured dies.
- 1.9.2 For a life insurance policy to remain in force, the policyholder must pay a single premium up front or pay regular premiums over time. When the insured dies, the policy's named beneficiaries will receive the policy's face value, or death benefit.
- 1.9.3 Term life insurance policies expire after a certain number of years. Permanent life insurance policies remain active until the insured dies, stops paying premiums, or surrenders the policy

## **1.11 TYPES OF LIFE INSURANCE:**

There are different types of life insurance are available to meet all sorts of needs and preferences. Depending on the short or long-term needs of the person. Primarily there are seven different types of insurance policies when it comes to life insurance.



### **1. Term life insurance:**

Term insurance is the simplest form of life insurance available in the market. A pure protection plan, term insurance offers extensive coverage at an affordable premium. Term plan gives you flexibility to choose a sum assured 15-20 times your annual income. It pays your nominee the sum assured in case of your demise within the policy term. The insurance proceed received help your family to meet daily expenses and pay off debts. The death benefit from a term plan is only available for a specified period, for instance, 40 years from the date of policy purchase.

### **2. Endowment plans:**

Weaving insurance and investment in a single product, endowment plans offer life cover and build a corpus for essential life goal. A certain portion of the premium goes towards the sum assured while the other portion is invested in low risk avenues .In case of your demise during the policy term your nominee gets the sum assured. Incase you survive the policy term, you get the sum assured as maturity amount along with the accumulated bonuses. Thus, endowment plans fulfil the dual needs of insurance and investment.

**3. Unit Linked Insurance Plans or ULIPs :**

ULIPs offers life protection and the opportunity for capital appreciation by investing in various funds of varying degrees of risk. Similar to endowment plans, a part of your insurance premiums go toward mutual fund investments, while the remaining goes toward the death benefit. ULIPs offers partial withdrawal after the end of the lock-in- period (5 years) and provide a switching facility whereby you can switch from one fund to another. This facility comes in handy when you are nearing your goal, wherein you can switch from an aggressive fund to debt fund.

**4. Whole life insurance:**

As the name suggests, such policies offer life cover for the whole life of an individual, instead of a specified term. The policy term for whole life insurance plans extends up to 100 years and as long as the premium are paid, the policy's benefit are kept intact. If the policy holder survives the policy term, then he or she gets the maturity benefit.

**5. Money back policy:**

Money back policies are similar to endowment plans, except they pay a certain amount at pre-defined intervals during the policy term. For instance, a money back policy for a term of 15 years may pay a certain amount at the end of 5<sup>th</sup> and 10<sup>th</sup> years of the policy term. On policy maturity, it pays the maturity benefits along with the accumulated bonuses. Such policies pay a certain percentage of the plan's sum assured after regular intervals. This is known as survival benefit.

**6. Retirement plan:**

Retirement Plan is also known as pension plans, these policies are a fusion of investment and insurance. A portion of the premiums goes toward creating a retirement corpus for the policyholder. This is available as a lump-sum or monthly payment after the policyholder retires.

## **LIC India:**

Life Insurance Corporation of India is known as LIC of India. It is one of the most trusted life insurance companies in India. LIC is an Indian state owned investment corporation and insurance group owned by the government of India. Life Insurance Corporation of India (LIC) is an Indian statutory insurance and investment corporation headquartered in the city of Mumbai, India. It is under the ownership of Ministry of Finance, Government of India. Insurance Corporation of India was established on 1 September 1956, when the Parliament of India passed the Life Insurance of India Act that nationalized the insurance industry in India. Over 245 insurance companies and provident societies were merged to create the state-owned Life Insurance Corporation of India. As of 2019, Life Insurance Corporation of India had total life fund of ₹28.3 trillion. The total value of sold policies in the year 2018–19 is ₹21.4 million. Life Insurance Corporation of India settled 26 million claims in 2018–19. It has 290 million policy holders.

Life Insurance Corporation of India (LIC), owned by the Government of India, is a provider of life insurance plans. The company offers endowment plans, money back plans, term assurance plans, pension plans, special plans, unit plans, group schemes, child plans, and health insurance plans. It operates through zonal offices in Mumbai, Kolkata, Chennai, Hyderabad, Delhi, Kanpur, Bhopal and Patna. LIC offers insurance products in India through associates and agents. LIC of India gives us plenty of options when it comes to insurance which help in fulfilling the varied insurance needs of individuals.



## **1.12 BENEFITS OF INSURANCE POLICY:**

Insurance policies benefit people as well as society as a whole in various ways. Following are the benefits of having life insurance.

### **(1) Cover against Uncertainties:**

It is one of the most prominent and crucial benefits of insurance. The insured individual or organizations are indemnified under the insurance policies against losses. Buying the right type of insurance policy is indeed, a way to get protection against losses arising from different uncertainties in life

### **(2) Wealth Creation:**

Some life insurance plans also offer the opportunity to create wealth. Apart from life cover, these policies invest your premium in different investment classes to deliver superior risk-adjusted returns that beat inflation and grow your corpus. For example, 30 -year old male investing ₹ 20,000 per month for 20 years in ICICI can get ₹ 65.39 Lakhs at 4% annual return.

### **(3) Tax Savings:**

Life insurance plans offer dual tax benefits. The premiums paid offer tax deduction under Section 80c of the Income Tax Act. This means up to ₹ 1.5 lakh premium paid annually is deducted from your gross income, thus lowering your tax outgo. Separately, the maturity insurance plans may be entirely tax-free. This tax benefit is under Section 10(10D) of the Income Tax Act.

#### **(4) Buy young, save more:**

Life insurance plans give you the ability to lock in low premium rates while you're young. If you buy the same policy when you are older, you will be paying a much higher premium compared to if you bought the same plan when you were younger. For example, in case of the term insurances plan ICICI, a 20-year old male buying a ₹ 1crore term plan for 30 years coverage will have to pay ₹ 5955 annually. If they buy the same plan under the same conditions after 10 years i.e. at 30 years of age, they will pay ₹ 9009 and if they buy it another 10 years later i.e. at 40 years of age, annual premium will be ₹ 18,180.

##### **A). Death benefit:**

In the unfortunate event of the demise of the policyholder, the policy's nominee receives the entire sum assured amount as long as the premiums have been paid in full. The sum received from the term insurance can be used by the nominee for any reason to cover a variety of expenses ranging from clearing routine bills to paying back loans, paying for children's fees or other expenses.

##### **B). Provide peace of mind:**

Insurance provides protection against various uncertainties that can put you or your family in financial crisis. By covering the uncertainties of human life and businesses, insurance provides a sense of security. Having life insurance gives you peace of mind that the financial stability of your family will remain intact even when you are not around. Having health insurance gives you a sense of security that you do not need to shell out all your savings in the event of medical emergencies.

##### **C). Cash Flow Management:**

The uncertainty of paying for the losses incurred out of pocket has a significant impact on cash flow management. However, with an insurance policy by your side, you can tackle this uncertainty with ease. The chosen insurance provider pays in the event of happening of an insured event whenever they occur.

**D). Investment Opportunities:**

Unit linked insurance plan invest a part of the premium into several market linked funds. This way, they enables you to invest money regularly to benefit of market linked returns and fulfill your life goals.

**E). Cash Flow Management:**

The uncertainty of paying for the losses incurred out of pocket has a significant impact on cash flow management. However, with an insurance policy by your side, you can tackle this uncertainty with ease. The chosen insurance provider pays in the event of happening of an insured event whenever they occur.

**F).Investment Opportunities:**

Unit linked insurance plan invest a part of the premium into several market linked funds. This way, they enables you to invest money regularly to benefit of market linked returns and fulfill your life goals.



### **1.13 TAX BENEFIT FROM INSURANCE:**

Life insurance plays a critical role in tax-planning. By investing in a life insurance plan, we can claim deductions from your taxable income as per the provisions of the Income Tax Act, 1961. This means that the insurance premiums we pay, help in reducing your tax liabilities.

- **Section 80C:**

we can claim deduction of life insurance premium paid from your taxable income as per the provisions of Section 80C. Actual deduction is restricted to 10% of the minimum capital sum assured or premium paid, whichever is lower. Further, the overall limit of deduction available under Section 80C is ₹1,50,000/-

- **Section 80CCC:**

we can get deduction from your taxable income towards premium paid for Pension policies up to a limit of ₹1,50,000/- Surrender of the Plan or Pensions/ Annuities received are taxable as per prevailing tax laws.

- **Section 80CCE:**

Under this Section, the overall limit for deduction under Sections 80C, 80CCC and 80CCD(1) is ₹1,50,000/-.

- **Section 80D:**

we can get deduction of premium paid towards health insurance policies taken for self, spouse, dependent children and parents. Limits are as follows:

- 1.11.A 25,000 deduction is allowed for self, spouse and dependent children (Limits 30,000 if the age of insured is 60 years or more).
- 1.11.B Additional deduction of ₹25,000 towards health insurance premium paid for covering parents (Limit is ₹30,000 if the age of insured is 60 years or more).

- **Section 10(10D):**

Proceeds from Life Insurance policies are exempt, subject to conditions of Section 10(10D).

**CHAPTER 2**  
**COMPANY PROFILE**



## **2.1 COMPANY PROFILE**

### **ABOUT THE COMPANY**

#### **NAMOSHREE INVESTMENT AND INSURANCE**

**“Established in 2007 the firms deals in advisory and services for insurance and investment. Formation of company”**

- ▲ Need Based Construction of investment Portfolio
- ▲ Life insurance (LIC of India)
- ▲ Vehicle, Shop, Fire. Personal Accident Insurance etc.
- ▲ Mediclaim - National Insurance & Star Health
- ▲ RBI Bonds
- ▲ Mutual Funds
- ▲ Company Deposits
- ▲ Permanent Account Number (pan card) assistance
- ▲ Income Tax Planning & Filing of Returns

**CHAPTER 3**  
**CONCEPTUAL DISCUSSION**



### **3.1 OBJECTIVES OF STUDY**

Choose to work with Namoshree investment and insurance. During this internship I have learnt many new skills. Before internship I have only theoretical knowledge about work in organization but now I have practical some practical experience of working in organization. Now I have knowledge about the organization's working environment and how organizations work and achieve their goals and objectives

This internship has to given me the understanding of business and also about the elements of strategic thinking, planning and implementation, and how these things are applied in a real world organization environment.

- Following are the objectives that I have in my mind before working as an internee.
- To improve communication skills. To analyze the business situation. To establish high standard in professionalism. To learn more than the theoretical knowledge.
- To apply the theoretical knowledge in actual organization
- To compare practical aspects with theoretical aspects. To make quick decision in real situations.
- To learn how to promote and to conduct research in business areas. To enhance my personal knowledge and professional preparation for future.
- To properly integrate my theoretical knowledge and practical work
- To plan for the future of oneself and learn how to adjust in an organization. To know how to present your recommendations in front of your boss.
- To get knowledge of opportunities and threats while entering into an organization.
- To get exposure to do a work in an organization and also known about organizational behavior, ethical rules and regulations.
- Assist the student development of employer-valued skills such as teamwork, strong communication and attention in details.

### **3.2 JOB DESCRIPTION**

As an office executive. I was assigned following tasks.

- 1). Collection of LIC premiums on LIC'S merchant portal. This task gave me experience of operation web based software of LIC. Also the job involved cash and cheque handling which enhanced my knowledge about various aspects of cheque and denomination notes.
- 2). Maintaining records of LIC, MUTUAL FUND, MEDICLAIM clients for future reference.
- 3). Use of computer where various MS office utilities like word, excel were required to be used.

### **3.3 MARKETING STRATEGY OF LIC: -**

Marketing Mix of LIC analyses the brand/company which covers 4Ps (Product, Price, Place, Promotion) and explains the LIC marketing strategy. There are several marketing strategies like product/service innovation, marketing investment, customer experience etc. which have helped the brand grow.

Marketing strategy helps companies achieve business goals & objectives, and marketing mix (4Ps) is the widely used framework to define the strategies. This article elaborates the product, pricing, advertising & distribution strategies used by LIC.

Let us start the LIC Marketing Mix & Strategy:

#### **➤ LIC Product Strategy:**

The product strategy and mix in LIC marketing strategy can be explained as follows:

LIC or Life Insurance Corporation of India, is the biggest insurance company in India. LIC offers a range of financial and investment products in its marketing mix like insurance, special, unit, pension, Micro investment, withdrawn and health plans. LIC also offers participation in the government scheme of Aam Admi Bima Yojana.

Insurance plans include different types of plans like Endowment plan (Jeevan Utkarsh, Jeevan Rakshak), Whole life plan (Jeevan Umang), Money Back plans (New Bima Bachat, Jeevan Tarun), Term assurance plan (Anmol Jeevan I & II) and Riders like New Critical Illness Benefit Rider. The special plans are combinations of insurance, investment and the security because of it. Pension plans are more suited for senior citizens for secure future. Through pension plan, LIC also gives access to government plan of Pradhan Mantri Vaya Vandana Yojana. Unit plans are the schemes for people with inconsistent income and has benefits of rich returns and tax savings. It also offers group schemes for employers, families, societies or associations. Life Insurance Corporation has different subsidiaries for specialized services. These are; LIC Housing Finance, LIC Pension Fund Ltd, LIC International, LIC Cards Services and LIC Mutual Fund.

### **➤ LIC Price/Pricing Strategy:**

Below is the pricing strategy in LIC marketing strategy:

The main objective of LIC is to offer adequate financial cover to all insurable persons at reasonable and affordable cost.

In 2017, LIC's market share for number of policies was 76.09% and sold 20 million new policies. The product range of LIC is varied and so is the price range. The website is equipped with a 'Premium Calculator ' service wherein the premium for each scheme of Life Insurance Corporation can be calculated. It depends on variables like age, term and sum assured. The payment of the premium can be paid by cash, cheque or DD at cash counter of any LIC branch. Apart from this for ease of customers, premium can also be paid through Alternate channels as described on website. Keeping up with the implementation of GST by Government of India, LIC has replaced the service tax from earlier transaction with GST. The Tax rate will be different for different schemes. It will also be charged on interest of delayed payments.



### **LIC Place & Distribution Strategy:**

Following is the distribution strategy of LIC:

LIC of India operates on the principle of providing life insurance on wider scale and urban and rural areas so all the insurable individuals have access to it. When Life Insurance Corporation was established, it had 5 zonal offices, 33 divisional offices and 212 branch offices governed by corporate office. To maintain long term accessibility for the consumers and build up the trust with them, LIC expanded their operations and opened the branches in each district. Due to this lot of organizational changes were initiated and branches got more functionality and acted as accounting units. Presently, LIC headquarter is located in financial capital of India, Mumbai with 2048 computerized branch offices, 113 divisional offices 8 zonal offices, 1381 satellite offices. In tier 1 and 2 cities like Mumbai, Bangalore, Ahmedabad, Chennai, New Delhi, Pune on line kiosks and IVRS info centers have been specially made. The new initiative called 'Satellite SamPark' offices have been opened for easy access to policy holders. Thus, LIC has thoroughly penetrated the Indian market with reach in all the segments. Outside India, LIC operated in 13 countries through joint ventures or subsidiaries. These countries include Bahrain, Qatar, Nepal, Singapore etc.

### **> LIC Promotion & Advertising Strategy:**

The promotional and advertising strategy in the LIC marketing strategy is as follows:

The product of LIC is intangible in nature involving customer involvement and loyalty in highly competitive market. Life Insurance Corporation has strong market share. With the emergence of new insurance organizations, LIC has to maintain its dominant position.

LIC has used print and broadcast media exclusively. LIC advertisements feature in many national as well as local newspapers and magazines. It shows returns on the product and tax benefits from it. The television commercials for LIC appeal to emotions of consumer by depicting importance of life insurance for the family when the earner of the family is no more. It ends with the tagline of 'Zindagi Ke Sath Bhi, Zindagi Ke Baad Bhi' (With) seminars for other products like real estate, medical services.

### ✓ **People:**

LIC believes in insurance for all, i.e., all the insurable persons from rural and economically backward class should receive financial security of insurance. It has the objective of involving all their employees to their fullest capacity to serve the customers better. They also believe in integrating the corporate objective of organization with personal objective of employees leading to job satisfaction and pride. Life Insurance Corporation has a separate portal for its customers to submit their grievances. The grievance officers at respective Grievance Redressed Office, attend the customer without prior appointment. LIC insurances can be availed through the authorized LIC agents. The agents undergo exclusive training by LIC and have access to the infrastructure access in the branch offices and sales-marketing support. Domestic as well as NRI customers have information portal on the website providing guidance on services like premium calculation, bonus information, policy status etc.

### ✓ **Process:**

LIC is a pioneer in the insurance industry. It is highly respected and trusted organization. The website of Life Insurance Corporation is very informative and starts the customer education right from the need for insurance, enlists its benefits and describes detailed information regarding all aspects of insurance and other related financial services. It also gives detailed information about all the products and allows calculation of cost and benefits of each. The form for the policy can be procured from the website or the agent or the nearest branch of LIC. Application for policy requires the documents from the applicant. There are multiple ways for payment of the premium making the process easy for consumer. The claim for the policy can also be made by submission of formal request through form and producing necessary documentation. Thus, over the years LIC has improved and adjusted its operations as per the changing times, keeping them customer centric.

✓ **Physical Evidence:**

The offices of Life Insurance Corporation are in every district. The contracts for infrastructure developments of the offices are invited through the Tender Notices.

These notices are circulated in the newspapers and website and bids are invited. The infrastructure is congenial to the requirements of customer having spacious building with proper layout, adequate seating and waiting arrangements, pleasing ambiance, clear sign boards for assistance, availability of the informative material and literature, telephone and basic restroom and drinking water facilities. The physical proofs of all the necessary documents are required for the application and availing of the policy. After the policy is acquired, it can be procured in the physical form and for some of the official purposes, it is considered as a proof of address and date of birth. LIC logo consists of joined hands holding a lamp. Hence this completes the marketing mix of Life Insurance Corporation (LIC).

**CHAPTER 4**  
**WORK AND RESEARCH**



## **4.1 STATEMENT OF THE PROBLEM**

In considering the facts and issues a study was conducted to quantify the service quality rendering to the policy holders in Life Insurance Corporation of India (LIC).

Insurance sector, as a whole has contributed to the development of economy through generation of employment opportunities, acceleration of industrial growth etc. Although Life insurance Corporation of India has its own significance and place in the economy, it is not free from problems. Customer satisfaction is the true differentiator for the success of any business and is more so in insurance, where the products are perceived to be intangible.

The three main aspects ie. awareness level, service quality, satisfaction level of policyholders. Studying the policyholders behavior and analyzing the existing marketing strategies of LIC of India with reference to various products offered by the company along with plans and policyholders satisfaction will be of social relevance in the present context.

### Objectives & Scope of Study

To be precise the study has undertaken the following objectives:

1. To measure the significant difference between the expectations and perceptions towards various aspects of service quality in LIC, and
2. To offer suggestions on the basis of the study for improvement of quality services to the existing policy holders.
3. To understand the perception on Customer Relationship activities of LIC.
4. To identify the factors influencing policy holders satisfaction in LIC products.
5. To study the policyholders' response towards marketing activities of LIC.
6. To identify the reasons to switch over from LIC to other companies.

## **4.1 PLANS AND POLICY:-**

### **Types of LIC Life Insurance Plans >**

#### **> LIC's Jeevan Pragati**

A non-linked plan constituted in such a way that after every five years of the policy, the risk cover will automatically increase. It is best suitable for retirement collection with the cover against accident. An endowment plan with profits makes it a combination of savings and financial protection.

- **Entry Age-** This policy is available for individuals from 12 years to 45 years.
- **Term Period-** The term period is from 12 years to 20 years.
- **Death Benefits-** In the case of the death of the policyholder, the nominee gets the sum assured with the bonus, and is either ten times the total annual premium or is calculated as per the terms of the policy.
- **Maturity Benefits-** The sum assured is paid with the bonus and the reversionary bonus for the full term of the policy. Minimum sum assured is Rs.1, 50,000/-. Maximum age at maturity is 65years. Maturity amount is tax-free under section 10(10D).
- **Tax Benefit -** The amount of premium paid is exempted under section 80C.
- **Loan Facility-** It is available after you have paid a premium for three years. **Riders Available:** The optional riders are for accidental death and disability.

#### **> LIC's Jeevan Labh**

This policy is limited premium paying and is not linked to share markets. It is an endowment plan with profits and hence the holder gets the sum assured with bonus and other benefits.

- **Premium-** Premium paying period is lesser than the policy term.
- **Entry Age –** The age of the policyholder should be between 8 years and 59 years.
- **Term Period-** The Policy has a term period of 16 years to 25 years.

- Grace Period- There is a grace period of 30days for paying yearly, half yearly and quarterly premium, and a grace period of 15days in case of monthly premium.
  - Loan Facility- Once you have paid the premium for three years, you can avail the loan.
  - Tax Benefits- The amount of premium paid is exempted under section 80C and the maturity amount is tax-free.

### **≥ LIC's Single Premium Endowment Plan**

This plan asks the policyholder to pay the lump sum of the premium as a single payment at the start of the plan. This is an endowment plan with bonus, in addition to other benefits.

Entry Age- The plan is available for individuals between the age of 90daysand65years.

- Sum Assured- The sum assured is paid in both the cases – once the policy tenure is complete and in the case of sudden demise of the policyholder. The sum assured is paid with a bonus in both the cases.
- Loan Facility- Loan facility is available after the first year of the policy.
- Guaranteed Surrender Value- The holder gets 70% of the single premium paid if the policy is surrendered within 12months of the commencement of the policy; and receives 90% of the premium paid from the second year onwards.
- Tax Benefits- The premium paid is exempted under the section 80C and the maturity amount is tax-free under the section 10(10D).
- Term Period– The policy has a term period of 10years to 25 years.
- Maturity Age - The age of the insured should be between 18 years and 75years.

### ➤ **LIC's New Jeevan Anand**

The plan is a combination of whole life plan and an endowment plan. The plan continues to provide coverage in case of the sudden death of the insured and even after the maturity of the plan.

- **Maturity-** A traditional endowment plan with the added feature that even after the maturity, the plan continues to be in force.
- **Tax Benefits-** Premium paid and the maturity amount is exempted under section 80C and 10(10D).
- **Entry Age-** It is available for individuals between the age of 18 years and 50 years.
- **Grace Period-** A grace period of 30 days is applicable. Rider Available: LIC's Accidental death and disability benefit rider are applicable.

### ➤ **LIC's Jeevan Lakshya**

This is a conventional endowment plan with profits. The policy is useful for minors and offers a lump-sum amount irrespective of the survival of the insured at the time of policy maturity

- **Sum Assured-** Minimum sum assured is Rs.1,00,000/-.
- **Entry Age –** The insured should be between 18 years and 50 years of age and the maturity age is 65 years.
- **Premium Tenure-** Irrespective of the tenure of the policy, the premium tenure is 3 years.
- **Maturity Benefits-** Sum Assured plus Bonus and the Final Additional Bonus (FAB).
- **Death Benefits-** Sum assured (110% of the premium paid) plus bonus and FAB. Riders Available:
- LIC's Accidental death and disability benefit rider • LIC New Term Insurance Rider



## LIC's Bima Diamond

It is a perfect plan for individuals who are looking for a short-term investment with periodic guaranteed return and added benefits.

- Extended Protection Period- Your protection is extended, even after the completion of the policy tenure, to half of the policy tenure.
- Money Back- After every 4th year of the policy, you get an assured amount as money back.
- Addition Cover Period- In the case of non-payment of the premium for full five policy years, an Auto Cover Period of two years is offered.
- Maturity Benefits- The sum assured and the loyal additions are paid at maturity.
- Maturity is calculated as – 55% of the basic sum assured for 16 years and 45% of the basic sum assured for 20 and 24 years.

Riders Available:

- LIC's Accidental death and disability benefit rider
- LIC New Term Insurance Rider.

### ➤ LIC's New Money Back Plan -20 Years

This plan is a money-back traditional endowment plan. It is a non-linked plan. The survival benefits are disbursed after the completion of every fifth year of the policy.

- ⊇ Policy Term– The policy is valid for 20 years
- ⊇ Minimum Sum Assured – Minimum sum assured is Rs.100,000/-
- ⊇ Survival Benefits- 20% of the sum assured is paid on the 5th, 10th, and 15th year of the policy. 210
- ⊇ Death Benefits- The nominee receives the sum play out plus the bonus and the FAB. It is ten times the total sum of the annual premium or 125% of the basic sum assured.
- ⊇ Maturity Benefits- The balance 40% of the sum is paid with Bonus plus FAB to the policyholder.

### ≥ LIC's New Bima Bachat

It is a traditional single premium endowment plan. However, the survival benefit paid just like in a money back plan.

- Survival Benefits- After every three years, if the insured is alive, 15% of the basic sum assured is paid as survival benefit.
- Maturity Benefits- The complete single premium along with Loyalty Addition is paid.
- Death Benefits- In the case of death of the policy tenure the complete, sum assured along with the Loyalty addition are paid to the nominee.

### ➤ LIC Bhagya Lakshmi Plan

This micro insurance policy is specially designed for lower- income groups and has features of investment, savings, and insurance. Unlike any term plan, it also offers Maturity Benefits to the surviving policyholder.

- Death Benefit- In case of sudden death of the policyholder within the policy tenure, the nominee gets the assured sum. 212
- Maturity Benefits- A total of 110% of the premium paid is paid to the live policy holder at the time of maturity.
- Surrender Value- Depending on the premium paying term of below or above ten years, the surrender value is calculated. If surrendered after paying a premium for ten years or more, the surrender value is calculated @ after three full year's premiums. If the surrendered within ten years, then the SA is calculated @ after two full year's premiums.

### **≥ LIC's New Children's Money Back plan**

A traditional money back policy specially designed for the benefit of children, even in the case of the absence of parents. The child's life is also covered.

- Life Cover of Child- If the age of the life assured is less than 8 years, the risk cover starts one day before the commencement date of two years.
- Survival Benefits- The survival benefits are disbursed once the life assured has attained the age of 18years and is paid @20% of the sum assured. It is paid every policy anniversary year.
- Death Benefits- If the life assured dies before the commencement of the risk, the paid premiums are returned. The benefits of sum assured plus bonus and FAB is paid in case the death is after the commencement of risk.
- Tax Benefits- The premium paid and the sum assured are exempted under the section 80C and 10(10D).
- Entry Age- 0 years to 12 years.
- Policy Term- 25years.

### **≥ LIC's Jeevan Tarun**

This is a participating endowment plan for children up to the age of twelve years.

There are four options to receive the maturity and survival benefits. It is best suited for a child's education.

- Premium Period- 20 years but the policy continues till 25 years. 211
- Risk Cover- Either at the age of 8years or two years after the commencement of the policy.
- Survival Benefits- The last five years, when the policyholder is not paying the premium, he has the option of receiving the survival benefits in four different forms-0%, 5%, 10% and 15% of the sum assured.
- Maturity Benefits- The balance sum assured and the bonus are paid as the maturity benefits after the completion of tenure of the policy.
- Death Benefits- In the case of the death of policyholder, the nominee gets the sum assured at the time of death and the acquired bonus. This is irrespective of the amount paid as the "survival benefit".
- Tax Benefits- The premium paid and sum assured are exempted under section of 80C and 10(10D). Riders Available:

### ➤ **LIC's Amulya Jeevan 2**

This is purely a term plan whereby in case the insured dies within the policy tenure, the nominee gets the sum assured or the death benefits.

- **Sum Assured** - Minimum Sum Assured is Rs.25Lacs. However, it can be as high as 1crore. **Tenure** - The tenure can be as long as 35years.
- **Tax Benefits** - The Premium paid and the sum assured are exempted under the section 80C and 10(10D).
- **Entry Age** - Entry Age is 18 years to 60years.
- **Grace Period** - Grace Period of 30days is available to pay the premium.

**CHAPTER 5**

**LEARNING, SUGGESTIONS AND CONCLUSION**



## **5.1 Behavioral Learning from the Organization**

### **COMMUNICATION**

Good communication consists of many other different sub-skills, from suitable patterns of body language and eye contact with the ability to write clear and accurate reports.

Accurate listening and the ability to follow instructions are especially important but are often ignored or taken for granted. Many people simply do not pay close attention to what others say or write and do not ask follow-up questions to check their understanding. As a result, individuals act on their own inaccurate assumptions and create inefficiencies and frustrations at work.

Communication training will help them overcome these challenges.

### **GOAL SETTING AND PLANNING**

Anybody can wish for something to happen, but to accomplish anything one must plan which surprisingly few people know how to do. Planning requires setting concrete goals, identifying workable action steps, and making a commitment to see the plan through.

Even setting the primary goal can be difficult when multiple issues are competing for attention. Effective planning requires arranging problems by importance and delegation. It is impossible to do everything at once, but if one focuses on the most important tasks and ask for help, then can accomplish a lot.

## **SELF-IMPROVEMENT**

Life in the workplace should not enforce stagnation, there should be a constant need or desire for improvement, Satisfaction leads to a perception of repetition, which is the essential of a job perceived as unchallenging Employees should improve to avoid both the frustration of inexperience and contentment with their work People always have room to grow, and advance behavioral skills are always welcomed. At the upper end, one can give your workers the tools and mindset to aim for improvement by observing their behavior, work habits, and production. Self- improvement training will help provide feedback and criticisms that they can use to benefit their next assignments. An essential part of promoting improvement is to communicate to the employees that failure

## **BEST PRACTICES OBSERVED IN THE ORGANIZATION**

There is no racism on the basis of any caste, creed, color or gender. Everyone is treated same thus making it easy to co-ordinate with each other and to share views and ideas with each other. The mentors as well as the colleagues are always ready to sort out any

problem that the interns could not resolve on their own. Everyone is disciplined and dedicated towards their job, thus provides motivation to do our jobs perfectly and to learn and grab as much as we can. The perfect competitive environment always motivates us to excel in our job responsibility and to perform better than we are performing. The working environment is lenient in the organization. Neither the employees are overburdened by the work given. Neither they nor the proprietor force them to work for extra time. All the work/targets are completed by the employees in the provided time frame.

The employees are always energetic and ready to do work, they don't waste their time. They always strive for excellence with effectiveness and efficiency in their work. Even if the proprietor is not at the office they don't skip work hours. The proprietor is really good at customer handling, he is always too humble towards the clients even though if the clients are in bad mood or tempered, he never loses his temper and handles them greet fully he never abuses his employees even if they make silly mistakes, and corrects their mistakes by smiling and sarcastically commenting on it so the employees don't feel down and eventually improve themselves.



## **5.2 SUGGESTIONS**

During the study it is found that policy holders prefer banking and insurance together. They prefer private insurance sectors because they provide them the banking facility and a lot of value added services. So it will be beneficial both to the common public and the LIC if it offers banking facility to the policy holders and the common public.

The overall performance evaluation of Life Insurance Corporation of India is consistent. The working groups have been worked hard for their functions but still some drawbacks are left behind, for that suggestions are asunder:

1. LIC should try to increase their selling of plans to introduce new plans with different kinds of

facilities, so that it can increase its income amount, especially Premium amount. 2. As private insurance companies capture the market now a day, therefore, LIC should

strengthen their working & should launch plans with more facilities,

3. The Corporation should strive to increase its business by issuing more and more policies in order to retain its market share in the competitive scenario.

4. Operating cost as compared to premium underwritten should be controlled.

5. A comparative statement of performance between LIC and various insurance companies may help increase the business

6. A comparative statement of performance of operating expenses of LIC and various insurance companies may help to narrow down the cost.

7. LIC of India should continue making investments, but secured investments should be made

### **5.3 CONCLUSION**

This study has analyzed the data collected from the policy holders and has brought out the expectations of the policy holders and their preferences. It has also offered suggestions that can be implemented for the benefit of the common public and the Government.

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 be he moth LIC in public sector, we come at the conclusion that:

- 1) There is 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 has 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.

## **CHAPTER 6**

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