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Balancing Diversity Among Indian Life Insurers Looking Back and Looking Ahead

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ABSTRACT

Today, insurance business has proved rapid growth and sizeable gain among all service sectors. Both LIC and private players did a commendable job in developing their market penetration. With impressive achievements in hand there are also few fresh challenges likely to be faced in the immediate future like how successful have been the enacted reforms? How do the insurers, intermediaries and insured customers feel that their interests and concerns have been fairly served by each of the other stakeholders at the market place? What are the shortcomings in their expected performance? The entire organized insurance system exists only to serve the ultimate interests of the consumers, with the Government as an indirect beneficiary of insurers' acting as social security net for those who can afford insurance and for funds to be generated to develop national economy.

There is always a debate about who serves best the interest of the economy, whether the public giant LIC or the private players? Each segment has its Unique Selling Proposition and this causes diversity in sense of understanding, information, reporting, perception, and quality of service between public and private insurers. This study is an attempt to identify where the gap arises and what actually differentiates or diversifies the private and public life insurance companies in India and what according to them is their area of preference in providing service to the Indian customers. The analysis was made on the basis of five crucial determinants namely Understanding, Information, Reporting, Perception and Quality using Likert's scaling technique on the basis of which mean, standard deviation and variance were calculated. Z-test was used to find the mean differences among private and public life insurance sector. The findings reveal the positive and negative gaps among the life insurer's in India.

Keywords: Diversity, Understanding, Information, Reporting, Perception, Quality of service and Gaps.

INTRODUCTION

"Looking back at the progress in insurance reforms in the last decade is a good thing; but looking ahead is more purposeful".

The looming challenges of the next decade and the points of action required for meeting them by the industry need to be addressed. What are the future challenges? First let us examine the impressive achievements.

A look back

The liberalization of the markets by the entry of the private players, most of them with foreign collaboration, has posed challenges of reorientation and rationalization to the existing set of insurers operating in a monopolistic environment. Some of the new players have performed

beyond expectations garnering 20% of the market. In addition, the enactments of IRDA 1999 presented a unique challenge to the regulatory Authority not only to protect consumer interests, while watching over the financial safety of insurers, but to take up regulatory steps to develop the market to make insurance available to the needy insurable public in the rural areas. Enactments of regulations for protection of policy holders' interests are another noteworthy addition to the list. Regulations that stipulate a minimum percentage of business, by insurers, from rural and social sectors are special efforts made at spreading the message of insurance to the rural needy. Micro insurance for development of rural health insurance is remarkable for its innovativeness enabling the creation of new agency cadre and enlarging the number of insurance providers both life and non-life.

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