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Micro Study of Problems, Importance & Suggestions for Marketing of L.I.C. Jeevan Akshay (VI) Plan (Table 189)

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Abstract

In India insurance has a deep rooted history. It finds mention in the writing of Manu (Manusmrithi) yagnavalkya (Dharamshastra) and kautilya (Arthasastra). The writing talk in terms of pooling of resources that could be redistributed in times of calamities such as fire. floods, epidemics and famine. This was probably a pre-cursor to modern day insurance. Ancident Indian history has preserved the earliest traces of insurance in the form of marine trade loans and carrier's contracts insurance in India has evolved over time heavily drawing from other countries, England in particular.

Keywords: *L.I.C. Jeevan Akshay, Micro Study of Problems, Marketing.*

Introduction

- 1818 saw the advent of life insurance business in India with the establishment of the Oriental life insurance Company in Calcutta. This Company however failed in 1834, In 1829, the Madras Equitable had begun transacting life insurance business in the Madras Presidency. 1870 saw the enactment of the British Insurance Act and in the last three decades of the nineteenth century, the Bombay Mutual (1871), Oriental (1874) and Empire of India (1897) were started in the Bombay Residency. This era, however, was dominated by foreign insurance offices which did good business in India, namely Albert Life Insurance, Liverpool and London Globe Insurance and the Indian offices were up for hard competition from the foreign companies.

- The Insurance Amendment Act of 1950 abolished Principal Agencies. However, there were a large number of insurance companies and the level of competition was high. There were also allegations of unfair trade practices. The Government of India. Therefore, decided to nationalize insurance business.

Pension plans – Jeevan Akshay VI (UIN -512N23V04)

Features

About

It is an Immediate Annuity plan, which can be purchased by paying a lump sum amount. The plan provides for annuity payments of a stated amount throughout the life time of the annuitant. Various options are available for the type and mode of payment of annuities.

Options Available:

The following options are available under the plan

- **Type of Annuity:-**

1. Annuity payable for life at a uniform rate.
2. Annuity payable for 5 , 10 , 15 , or 20 years certain and thereafter as long as the annuitant is alive.
3. Annuity for life with return of purchase price on death of the annuitant.
4. Annuity payable for life increasing at a simple rate of 3 % p.a.
5. Annuity for life with a provision of 50% of the annuity payable to spouse during his /her lifetime on death of the annuitant.
6. Annuity for life with a provision of 100% of the annuity payable to spouse during his /her lifetime on death of the annuitant.
7. Annuity for life with a provision of 100% of the annuity payable to spouse during his /her lifetime on death of the annuitant. The purchase price will be return on the death of last survivor.

You may choose any one. Once chosen, the option cannot be altered.

Mode:-

- Annuity may be paid either at monthly, quarterly, half yearly or yearly Intervals. You may opt any mode of payment of Annuity.

Salient features:-

- Premium is to be paid in a lump sum.
- Minimum purchase price :

1. Rs. 100,000/- for all distribution channels except online.
2. Rs.150, 000/- for on line sale.

- No medical examination is required under the plan.
- No maximum limits for purchase price, annuity etc.
- Minimum allowed age at entry is 30 years (completed) and Maximum allowed age at entry is 85 years (completed).
- Age proof necessary.

Annuity Rate:-

Amount of annuity payable at yearly intervals which can be purchased for Rs. 1 lakh under different options is as under:

	Yearly annuity amount under option						
Age last brithday	(i)	(ii) (15 year certain)	(iii)	(iv)	(v)	(vi)	(vii)
30	7190	7160	6890	5250	7080	6970	6860
40	7510	7440	6930	5610	7310	7120	6890
50	8140	7950	7000	6280	7760	7420	6930
60	9350	8790	7110	7530	8640	8030	7010
70	12080	9830	7260	10220	10560	9370	7130
80	17880	10440	7480	15890	14600	12340	7290
85	22450	10540	7630	20380	17810	14950	7390

If your purchase price is Rs. 2.50 lakh or more, you will receive higher amount of annuity due to available incentives. In addition of this, for policies sold online, a rebate of 1% by way of increase in the annuity rate shall also be available.

Service tax:-

Service tax, if any, shall be as per the Service Tax Laws and at the rate of service tax as applicable from time to time.

The amount of service tax as per the prevailing rate shall be payable by the policyholder along with the purchase price.

Paid up value:-

The policy does not acquire any paid – up value.

Surrender value:-

No surrender value will be available under the policy.

Loan:-

No loan will be available under the policy.

Cooling – off period: If you are not satisfied with the Terms and conditions of the policy, you may return the policy to us within 15 days from the date of receipt of the policy Bond . On receipt of the policy we shall cancel the same and the amount of premium deposited by you shall be refunded to you after deducting the charges for stamp duty.

Hypothesis

If suggestion made are understood, followed, accepted & implemented by LIC, 23 other life insurance compliance, LIC field force i.e. D.O.(Development Officer), agents, C.L.I.A. (Chief life insurance advisors.), Govt. of India with 1) Central excise department who also looks after service tax department for exemption

of service tax on LIC premium & 2) Income Tax department for exemption of pension income of policy holders, LIC can achieve its first year premium market share equal to market share in number of policy i.e. 83.24%. (2012-13 first year premium share was only 71.25%) through Jeevan Akshay VI (189) and other single & non single plans.
LIC can also face cut thought competition from 49% FDI (Union cabinet Decision dated 17 July 2013.)

Methodology

The entire research work is done by keeping in view hypotheses, problems, importance & suggestions for marketing Jeevan Akshay Single Plan (189)

Data Collection

Primary Data: Data is collected from all 113 LIC divisions Throughout India.
1) 5 Development Officers of each division i.e. 565 whose first premium income is above 50 millions.
2) 15 Agents of each division whose first premium income is above 20 millions. (Total-1695)
3) 15 Policy holders from each division who have paid Rs. 10 Lacks first premium or whose average first premium for previous 5 years is 2 lacks.

Secondary Data:

1) Various books
2) Various Magazines & research journals
3) Life insurance companies annual Records & Reports
4) Life insurance companies Agent manuals, Office rules & Ready recknors
5) Govt. Rules & Regulations
6) Various web-sites of life insurance companies, IRDA, Business news paper, business TV news channels & life insurance news bulletins.

Origin of the Research Problem

Each & every citizen of India whether four or rich wants old age financial security, this security through Jeevan Akshay Plan is Provided by LIC since 1988 as per changing needs of people time to time this is clean from the fat that offer 1988 the plan was changed 8 times & averting plan was also modified.

Matter of rejeonon is marketing of this Plan from LIC to policy holder vja its officials Development officers & Agents. All the 7 withdrawn & and one existing Jeevan Akshay is single premium plan single premium menace Permian is plan once at the commencement of policy, Letter on any Premium is not replied to be paid.

Interdisciplinary Relevance

- Out of around 40 existing plans, only 3 are pension plans (L.I.C.)
- No other immediate Pension Plan except this i.e. Jeevan Akshay.
- Out of most of other 23 companies, either such immediate Pension Plans not available or Pension is much lower than L.I.C.
- Other investments like PF, PPF, BANK, POST OFFICE etc. do not provide any pension facility.

Review of Research and Development in the Subject

- This millennium has seen insurance come a full circle in a joumey extending to nearly 200 years. The process of re-opening of the sector had begun in the early 1990s and the last decade and more has seen it been opened up substantially. In 1993 the Government set up a committee under the chairmanship of RN Malhotra, former Governor of RBI, to proposes recommendations for reforms in the insurance sector. The objective was to complement the reforms initiated in the financial sector. The committee submitted its report in 1994 wherein, among other things, it recommended that the private sector be permitted to enter the insurance industry. They stated that foreign companies be allowed to enter by floating Indian companies, preferably a joint venture with Indian partners.
- Following the recommendations of the Malhotra Committee report, in 1999, the

Insurance Regulatory and Development Authority (IRDA) was constituted as an autonomous body to regulate and develop the insurance industry. The IRDA was incorporated as a statutory body in April, 2000. The key objectives of the IRDA include promotion of competition so as to enhance customer satisfaction through increased consumer choice and lower premiums, while ensuring the financial security of the insurance market.

- The IRDA opened up the market in August 2000 with the invitation for application for registrations. Foreign companies were allowed ownership of up to 26%. The Authority has the power to frame regulations under Section 114A of the Insurance Act 1938 and has from 2000 onwards framed various regulations ranging from registration of companies for carrying on insurance business to protection of policy holder interests. On 17 July 2013 49% FDI allowed.
- In December, 2000, the subsidiaries of the General Insurance Corporation of India were restructured as independent companies and at the same time GIC was converted into a national re-insurer. Parliament passed a bill de-linking the four subsidiaries from GIC in July, 2002.

International Status

- In developed Countries 1) Such types of pension plans are not at all introduced because pension is responsibility of respective Government. 2) Mostly terms plans where no maturity is there, are Preferred.
- In developing Countries such types of plans are need of hour but suitable pension plans are not at all introduced by life Insurance Companies.

National Status and Conclusion

- Today there are 24 general insurance companies including the ECGC and Agriculture Insurance Corporation of India and 24 life insurance companies operating in the country.
- The insurance sector is a colossal one and is growing at a speedy rate of 15-20%. Together with banking services, insurance services add about 7% to the country’s GDP A well-developed and evolved insurance sector is a boon for economic development as it provides long-term funds for infrastructure developed at the same time strengthening the risk taking ability of the country.
- J. After nationalization in 1956 there was continuous demand for attractive pension plan by non government employees, (Specially from non organized sector) Business community, industry & politicians etc, accordingly after 3 decades in 1988 on 8th Feb Jeevan Akshay Plan was introduced (table 99) and with drawn on 16/02/2000.
- Letter on in 2000 on 16th June New Jeevan Akshay Plan (Table 144) introduced and was withdrawn on 24/12/01.
- On 1st Feb 02 New Jeevan Akshay-II was introduced & Letter on with drawn on 20/12/04.
- On 20/12/04 Jeevan Akshay-III was introduced & letter on with drawn on 17/03/06.
- On 17/03/06 Jeevan Akshay-IV was introduced which was letter on withdrawn on 20/09/06.
- On 20/09/06 Jeevan Akshay-V was introduced which was letter on with drawn on 10/0907.
- On 10/09/07 Jeevan Akshay-VI was introduced which was modified on 16/05/12.

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