

# GLOBAL INNOVATIVE PRACTICES IN BUSINESS

2011

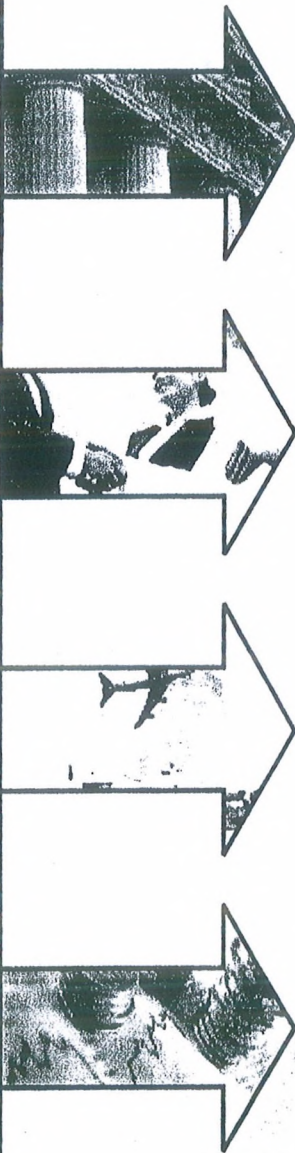


GLOBAL  
INNOVATIVE  
PRACTICES  
IN  
BUSINESS

Corporate  
Governance

Human Resources  
Management

FINANCIAL SERVICES



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belongs to below 50 years, and 2% of them belongs to the age of above 50. use courier when need arises.

#### **SUGGESSTIONS:**

- There are a limited number of collection centres. More number of customers could be attracted by increasing the number of collection centres.
- More businessmen make use of courier service. If the price charged by the first flight courier service is reasonable as that of postal services, more number of people belonging to various fields could be encountered and encouraged to use first flight courier service.
- A majority of the respondents came to know of first flight courier service through their friends and relatives. Thus adequate measures should be taken to attract people to use courier service through other sources.

#### **CONCLUSIONS:**

The researcher was able to find some interesting features of courier service. There is a great scope for increasing the services for the mutual benefit of the service providers and the users. With increased literacy and economic status and consequent higher standard of living, more and more people are likely to use courier services. Thus, in the opinion of the researcher, this service sector is poised for phenomenal growth in the near future.

## **CUSTOMER RELATIONSHIP MANAGEMENT FOR HEALTH INSURANCE WITH SPECIAL REFERENCE TO LIFE INSURANCE CORPORATION OF INDIA**

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### **INTRODUCTION:**

Human resource is the real wealth of a nation. Economic development coupled with human should be the primary objective of a nation. India is one of the success stories of globalization with an average GDP growth rate; it ranks 126 on human development index. The human development index provides a composite measure of three dimensions of human development living a long and healthy life, being educated and having a decent standard of living. India spends 4.8 per cent of GDP on health, of which the public health expenditure is 1.2 percent of GDP and private health expenditure is 3.6 per cent of GDP. The total health expenditure per capital in India is US\$82. This is quite low in comparison to other developed and developing countries. On one hand, the country is gripped with communicable and non-communicable diseases resulting out of changing life styles, while on other hand, health care costs are escalating making access to quality health care difficult, with government expenditure on health declining, health insurance has emerged as an alternative mechanism for financing health care.

### **HEALTH INSURANCE**

Health insurance or health cover, is defined in the Indian Insurance Companies Regulation Act 2000, as the effecting of contracts which provide sickness benefits or medical, surgical or hospital expense benefits, whether in-patient or out-patient, on an indemnity, reimbursement, service, prepaid, hospital or other plans basis, including assured benefits and long-term care.

### **SIGNIFICANCE OF CRM IMPLEMENTATION IN INSURANCE SECTORS**

The current scenario in the insurance industry is a complex and

institutions. The loans given by the banks have enabled the members to improve their standard of living. It has also inculcated financial discipline among members as revealed by the loan repayment pattern and also the study reveals that investment characteristics differ with respect to different investors.

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## **RISK MANAGEMENT IN FINANCE FOR BANKING SECTOR**

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### **INTRODUCTION**

The Financial service sector especially banks can not afford to ignore the risk in view of high cost involved not managing the same. Appropriate risk management not only instills confidence in the minds of investors / lenders, it is also enables comparisons of various institutions on uniform parameters. Also the banks with the views "No Risk No Gain." Bank risk includes all other risk also . Top management should evaluate business plans and risk exposure of different segments like Loan – Origination Limit, Credit Rating System, Risk-Raised Pricing and policies for efficient monitoring the compliance of rule are to the verified at different stage.

### **WHY RISK MANAGEMENT?**

The study of the issue finds that the cost of not managing the risk is much larger than that of managing it. The security scam in India and the high incidence of non-performing assets in financial organizations. The financial markets have opened up in recent times, which have magnified concomitant risk. The financial sector to the issue of Risk Management due to deregulation (interest rate and financial sector as whole) Volatility in markets, opening up of banking sector for private players resulting in increased competition and ever changing portfolios

For the risk management in banking the Reserve Bank of India issued a Guidance Note on Credit Risk management. The guidelines deals with only one of the various risk involved in banking viz. Credit Risk, though number of other risks are said to be indirectly covered in the said Guidance Note. The 'Security Risk' has not been touched upon by such Guidance Note. Credit Risk is basically the risk of default of the borrower to meet his commitments due to the inability as well as unwillingness. There are two determinants of credit risk viz., default risk and portfolio risk.

### **RISK MANAGEMENT**

In generic terms, risk Management can be defined as systematic identification and analysis of the various loss exposures faced by a firm / individuals and the best methods of treating the identified loss exposures

comprehensive database of information about customers could hold their insurance policies. i.e, choosing a customer centric strategy can go a long way in achieving this. CRM - Customer Relationship Management holds the key to this concept. CRM helps insurance companies to ensure that the customer is understood better.

#### **CUSTOMER RELATIONSHIP MANAGEMENT THROUGH INTERMEDIARIES:**

The success of insurance business depends on the role played by the intermediaries. In the Indian context, the role of intermediaries in insurance business is related to procurement of insurance business. Insurance Companies ability to develop a complete network of robust intermediaries is the key to success. Agents are just like retailers of any consumer product who help in selling and distributing the product.

#### **STATEMENT OF THE PROBLEM**

Health insurance is personal insurance that provides coverage for the cost of hospital and medical expenses arising from illness or injury. Benefits are paid as fixed lump sum or as a proportion of actual treatment costs. It includes individually hospital cash, critical illness and disability benefits. The prospects of health insurance are very bright in future as the cost of medical treatment is escalating although it is not gaining at present. The health care utilization increases with affluence of society. Customers are facing with a dizzying array of insurance products, expect customized offerings, value, ease of access, and personalization from insurers. High customer expectations and lower exit barriers could lead to increased customer attrition. "Insurance firms are taking baby steps, starting with operational CRM to increase sales force automation. To analyze the awareness level of the respondents about health insurance of LIC Coimbatore city and to understand the motivational factors caused for policy taken. Socio-economic factors of the respondents and the policy coverage for the life of the respondents (or) dependents and the problem faced by them are also taken into account for the study. Hence the study on "Customer Relationship Management for Health Insurance with special reference to Life Insurance Corporation of India" is taken up.

#### **OBJECTIVE OF THE STUDY**

- To understand the socio economic background of the respondents

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- To assess the need for Customer Relationship Management through socio economic profile of the respondents and insurance policies held by them.
- To know the awareness level of respondents about health insurance policies offered by LIC.

### LIMITATION OF THE STUDY

- The study is conducted in a single district; hence the overall performance of health insurance service cannot be determined.
- The sample size is restricted to 150 due to time constraint.

### RESEARCH METHODOLOGY

The study is conducted in Coimbatore city for the period of one month by a non-probability sampling procedure namely convenience sampling method was used to select sample respondents. The sample sizes of 150 health insurance policy holders of Life Insurance Corporation of India were selected. Descriptive Statistic, chi-square and Mann whitney (U test) were applied.

### RESULTS AND DISCUSSION

The data collected from the sample survey, has been analyzed and presented in the following heads.

- I. Socio –Economic profile of the respondents.
- II. Preference for Health Insurance of Life Insurance Corporation of India
- III. Assess the need for Customer Relationship Management
- IV. Awareness of the respondents about Health Insurance offered by LIC.

#### I. SOCIO-ECONOMIC PROFILE OF THE RESPONDENTS

TABLE - 1

Socio –Economic Profile Of The Respondents

VARIABLES	NO OF RESPONDENTS (120)	
	NUMBER	PERCENTAGE
1.Age (in years) Up to 25	37	25
26-35	53	35
36-45	33	21

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upto school	39	26
graduate	79	53
post graduate	18	12
technical education	14	9
<b>4. Marital Status</b>		
Married	107	71.3
Un - married	43	28.7
<b>4. Annual income ( in Rs.)</b>		
UPTO 50,000	7	4.6
50,001-1,00,000	20	13.3
1,00,001-1,50,000	75	50
1,50,000-2,00,000	24	16
ABOVE 2,00,000	24	16
<b>5. Nature of Family - Nuclear</b>		
Joint	20	13.3

It is shown in Table 1 that according to age-wise classification, it reveals that 35 percent of respondents were at the age group of 26 - 35 years. 52 percent of the respondents were female. The educational qualification of the respondents depicts that 53 percent were graduates and 71 percent were married. 50 percent of the respondent's annual income were between Rs.1, 00,001 – Rs.1,50,000. 86.7 percent of them live in nuclear family.

## II. PREFERENCE FOR HEALTH INSURANCE OF LIFE INSURANCE CORPORATION OF INDIA

### A. RANKING OF INVESTMENT OPTIONS

TABLE - 2 RANKING OF INVESTMENT AVENUES

INVESTMENT AVENUES	RANKING
Provident fund	VII
Post office savings	V
Bank deposits	IV
Gold	III
Shares and Securities	VI
Life insurance policies	II

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Majority of the respondents ranked health insurance policies as first among all other Investment options followed by life insurance policies, Gold, Bank deposits, post office savings etc.

**B. BENEFITS DERIVED FROM HEALTH INSURANCE - TABLE - 3**

BENEFITS	RANKING
Unexpected risk	VII
Tax benefits	II
Cover for specified diseases	VI
Security at the old age	III
Low cost health care	I
Domiciliary treatment benefit	IX
Medical cover for the entire family	VIII
Peace of mind	V
Electronic mode of settlement	IV

Majority of the respondents ranked low cost health care policies as first among all other benefits followed by tax benefits , security at the old age , electronic mode of settlement, peace of mind, cover for specified diseases unexpected risk, medical cover for the entire family were the next following options of benefits preferred by the respondents .

**C. REASON FOR TAKING INSURANCE POLICIES****REASON FOR TAKING INSURANCE POLICIES - TABLE - 4**

REASONS	NUMBER OF RESPONDENTS(150)	PERCENTAGE
Tax benefits	28	19
Long term investment	20	13
Contingencies	5	3
Support for old age	22	15
Savings	32	21
Risk cover	21	14
Future expected contingencies	13	9
Future unexpected	0	6

The prime reason for taking insurance policies is the savings and tax benefits. This followed by support for old age, risk cover and long term investment.

#### D.AWARENESS ABOUT HEALTH INSURANCE

TABLE - 5

SOURCES	NUMBEROF RESPONDENTS(150)	PERCENTAGE
Television advertisement	32	21
Other means of advertisement	16	11
News paper	39	26
Family members	15	10
Insurance agents	48	32

The major source of awareness about health insurance among the respondents was insurance agents. This followed by newspaper, television and advertisement.

#### E. REASON FOR SELECTING HEALTH INSURANCE OF LIC

TABLE - 6

REASONS	RANKING
Hospital tie up	VI
Reputed company	V
Agency service	II
Products excellence	I
Quick settlement of claims	III
Reasonable pricing	IV

It is explicitly known from the table that excellent products were ranked as first among all other reasons. Followed by agency service, quick settlement of claims, reasonable pricing, reputed company and hospital tie up were the next following option for selecting the company preferred by the respondents.

**HEALTH POLICES HELD BY THE RESPONDENT  
(INSURER WISE)**

**TABLE 7  
HEALTH POLICIES HELD BY THE RESPONDENT (INSURER  
WISE)**

NAME OF THE COMPANY	SELF	SPOUSE	CHILDREN
LIFE INSURANCE	72 (60)	85 (61)	63 (77)
BAJAJ ALLIANZ	10 (8)	10 (7)	12 (15)
BRILA LIFE	23 (19)	15 (11)	4 (5)
ICICI PRUDENTIAL	10 (8)	16 (11)	2 (2)
HDFC LIFE	5 (4)	14 (10)	1 (1)

Majority of the respondents 60 percent insured their health in Life Insurance. Further majority of the respondents 61 percent had insured the health of their spouse and 77 percent insured the health of children in health insurance companies.

**III. ASSESS THE NEED FOR CUSTOMER RELATIONSHIP  
MANAGEMENT:**

The need for Customer Relationship Management among the respondents is analysed through socio economic profile and the type of insurance policies held by them.

**A. GENDER AND INSURANCE POLICIES- TABLE - 8**

GENDER	HEALTH &LIFE INSURAN CE	HEALTH INSURANCE ONLY	HEALTH& GROUP INSURANC E	TOTAL
MALE	20 (13.3)	37 (24.6)	13 (8.5)	70 (46.6)
FEMALE	16 (10.6)	51 (33.4)	13 (8.6)	80 (53.3)
TOTAL	36 (23.9)	88 (58.0)	26 (17.2)	150 (100)

Source: primary data (Figures in brackets are percentages to the total).

In order study association between the gender of the respondents and policies held by them the following null and alternate hypothesis were framed. Ho: There is no distinction in insurance policies held by the respondents on the basis of the gender. The calculated Chi-Square value (1.8) is less than the table value (5.99) at five percent level of significance. Hence the null hypothesis is accepted. It is inferred that there is a significant difference between the insurance policies held by the respondents based on their gender.

### B. MARITAL STATUS AND INSURANCE POLICIES

TABLE - 9

MARITAL STATUS	HEALTH&LIFE INSURANCE	HEALTH INSURANCE ONLY	HEALTH & GROUP INSURANCE	TOTAL
MARRIED	25 (16.6)	62 (41.3)	20 (13.3)	107(71.3)
UNMARRIED	12 (7.5)	25 (16.6)	6 (4.0)	43 (28.6)
TOTAL	37 (24.1)	87 (57.9)	26 (17.3)	150 (100)

Source: primary data (Figures in brackets are percentages to the total).

Chi-Square value=4.26; df=2; Table value=5.99; Level of Significance=0.05

The Health Insurance was availed by 57.9 percent of the respondents. Of the respondents married constitutes 41.3 percent and unmarried 16.6 percent. The Health and Life Insurance policies were taken by 24.1 percent of the respondents and the remaining 17.3 percent were with both Health and Group Insurance. In order study association between the marital status of the respondents and policies held by them the following null and alternate hypothesis were framed.

Ho: There is no distinction in insurance policies held by the respondents on the basis of marital status. The calculated Chi-Square value (4.26) is less than the table value (5.99) at five percent level of significance. Hence the null hypothesis is accepted. It is inferred that there is a significant difference

C. NATURE OF FAMILY AND INSURANCE POLICIES - TABLE -  
10

NATURE OF FAMILY	HEALTH&LIFE INSURANCE	HEALTH INSURANCE ONLY	HEALTH &GROUP INSURANCE	TOTAL
NUCLEAR	27 (16.6)	81 (54)	22 (14.6)	130 (86.6)
JOINT	7 (4.6)	8 (5.3)	5 (3.3)	23 (13.3)
TOTAL	34 (22.1)	89 (59.3)	27 (17.9)	150 (100)

Source: primary data (Figures in brackets

are percentages to the total).

Chi-Square value=3.46; df=2; Table value=5.99; Level of Significance=0.05  
It is inferred that there is a significant difference between the insurance policies held by the respondents and the nature of family.

D. ANNUAL INCOME AND INSURANCE POLICIES

TABLE - 11

ANNUAL INCOME (Rs)	HEALTH &LIFE INSURANCE	HEALTH INSURANCE ONLY	HEALTH &GROUP INSURANCE	TOTAL
UPTO 1,00,00	7 (4.6)	14 (9.3)	6 (4)	27 (18)
1,00,000- 2,00,000	16 (10.6)	60 (40)	22 (14.6)	98 (65.3)
ABOVE 2,00,000	5 (3.3)	15 (10)	5 (3.3)	25 (16.6)
TOTAL	28 (18.5)	89 (59.3)	33 (21.9)	150 (100)

Chi-Square value=5.64; df=2; Table value=9.49; Level of Significance=0.05

It is inferred from the above analyze there is a significant difference between the socio economic profile of the respondents and insurance policies held by them. Each of the insurance policies caters to the specific need. The policies are generally designed as need based. The respondents with difference in gender, marital status, nature of family and annual income had

**IV. AWARENESS OF THE RESPONDENTS ABOUT HEALTH  
INSURANCE OFFERED BY LIC**

TABLE - 12

PARTICULARS	AWARENESS		UNWARENESS	
	NUMBER	%	NUMBER	%
<b>Age at entry</b>				
• Minimum age 18 years	75	50	75	50
• Maximum age 55 years	90	60	60	40
<b>unit Linked Group Policy</b>				
• Hospital Cash Benefit	131	87	19	13
• Major Surgical Benefit	85	57	65	43
• Domiciliary Treatment benefit	16	11	134	89
<b>Premium term</b>				
• yearly	136	91	14	9
• half yearly	139	93	11	7
• monthly	42	28	108	72
<b>Investment fund</b>				
• Not less than 50% in government securities	134	89	16	11
• Not more than 90% in money market	69	46	81	54
• 10% and 50% in equity shares	73	49	77	51
• Net asset value declared in daily basis	36	24	114	76
<b>Waiting period</b>				
• 180 days from date of commencement	133	89	17	11
• New born child included in policy	91	61	59	39
• 90 days from reinstallment no for HCB/MSB Payable	101	67	49	33
• No waiting period for HCB/MSB	21	14	129	86
<b>Benefits</b>				

The above table showed that about age at entry to the Health Insurance of LIC, 50 percent of the respondent aware of minimum age and 60 percent aware of maximum age at entry respectively. The features of Unit Linked Group insurance such as hospital cash benefits, major surgical benefit, domiciliary treatment benefit were known to 87 percent, 57 percent, 11 percent of the respondents respectively and the remaining were unaware of these features. The premium term of annual and half yearly were known to majority of the respondents. The health premium collected by Life Insurance Corporation of India is invested in government securities, money market, equity shares etc of the total respondents 89 percent aware about not less 50 percent in government securities compared to other forms of investments. The waiting period of the policy about 180 days is known to 89 percent of the respondents. The inclusion of newborn child to the existing policy was known to 61 percent of the respondents. Further to analyze the awareness of health insurance among respondents. Mann-whitney's (U-test) was applied. The following hypothesis was framed.

Ho: The respondents differ in their awareness about Health Insurance of LIC. The calculated value (1.39) is less than the table value (1.96) at five percent level of significance. Hence the null hypothesis is accepted. It is inferred that there is a significant difference among the respondents with respect to the awareness on aspects of Health Insurance policies offered by LIC.

#### FINDINGS

The respondents ranked Health Insurance policies as first and Life Insurance policies as second among all other investment options. The prime reason for taking insurance policies is the savings and tax benefits. The dominant factors which led to the selection of health insurance policy of Life Insurance Corporation to the respondents were product excellence and agency services. It was found that there is a significant difference between the Insurance policies held by the respondents based on gender, marital status, nature of family and annual income of the respondents. Thus there is a significant difference between socio economic profile of the respondents and insurance policies held by them. It was found that there is a significant difference among the respondents with respect to awareness of the respondents on various aspects of Health Insurance offered by LIC.

### SUGGESTIONS

- The advertisement for Health Insurance products of LIC shall be strengthened, since there is an advancement in the communication technology nowadays, especially television and radio communication.
- The study revealed that the respondents felt delay in getting their claims settled in time. It can be concentrated by the LIC-Health Insurance. So as to improve the satisfaction level of their clients.

### CONCLUSION

India is a nation with a huge population and large portion of this population living below the poverty line. People belonging to the lower income group may suffer because of high medical costs. So, the health insurance policy may be a useful scheme for all the people because it covers unexpected risk of hospitalization and medical expenses. Nowadays medical expenses are increasing, hence it becomes inevitable for public to take the policy to avoid risk and enjoy benefits of medi-claim. It has been understood from the study that the awareness level of the people about the health insurance products of LIC is high and well received and its is becoming popular. Thus from this study a comprehensive data base of information about customers and about their insurance policies is achieved through this Customer Relationship Management.

**“Health insurance is not simply the absence of sickness”**

**-Hannah green**

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## POLICYHOLDERS AWARENESS ON THE FACILITIES PROVIDED BY LIC

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### INTRODUCTION

Life Insurance Corporation of India (LIC) is an autonomous body and run on sound business principles with the object of providing insurance to all the insurable in India. It offers various plans to cater the diverse needs of different categories of people. LIC as a responsible corporate citizen is continuously fulfilling its social responsibilities. Most of its investments are geared towards industrial growth, infrastructure growth and national development.

### LIFE INSURANCE IN INDIA

The life insurance market was nationalised in 1956 by amalgamating 245 life insurance companies and LIC was charged with the task of making life insurance available throughout the country. It was a monopoly insurer till 22<sup>nd</sup> October 2000. Liberalisation and Globalisation allowed private and foreign players to enter into Indian Insurance Sector. Today, there are 23 players including LIC, transacting life insurance business in India.

**Table 1**  
**Market Share of Life Insurers (in %)**

Year(s)	LIC	Private Players
2001-2002	98.60	1.40
2002-2003	94.34	5.66
2003-2004	87.00	13.00
2004-2005	82.00	18.00
2005-2006	71.44	28.56
2006-2007	74.00	26.00
2007-2008	63.00	37.00
2008-2009	61.00	39.00
2009-2010	65.00	35.00

Source : Insurance Regulatory and Development Authority Reports