

## **CHAPTER VI**

### **INNOVATIONS**

Innovations are the introduction or adoption of new ideas, process, product or services, developed internally or acquired from external environment. The adoption of innovation flows from and is contingent upon an organization's repertoire of technical, strategic and administrative skills. Liberalization has given way for establishment of new companies in Insurance sector and consequently competition is leading to innovation. Therefore this chapter of the thesis examines new innovations visible in the wake of insurance sector's liberalization.

This chapter of innovation is discussed under the following headings

- 6.1) Product
- 6.2) Quality of customer services
- 6.3) Technology
- 6.4) Marketing Strategies
- 6.5) Conclusion

#### **6.1) Product:**

Products offered before liberalization and after liberalization are given in this section. Before liberalization, the range of product available was very limited. India has an enormous middle class that can afford to buy life insurance product as per their need. However after the liberalization, there was a major change in the insurance product offered by the insurance companies and insurance services covers opted for by the customers. It is difficult to specify exact number of policies or product that LIC or others have, since time to time; some products were introduced or withdrawn with small variation of time and may be counted

as new product. Table 6.1 shown is the number of products offered by life insurance companies per year. Of the 18 life insurance companies taken together, 4 companies were offering more than 10 products per year on an average, and only two companies have offered less than 5 products per year. The remaining 12 companies have on average offered more than 5 but less than 10 products per year. The number of product offered was varied irrespective of the year and there was no trend of either increasing or decreasing for all the companies. As of now, the relationship between the number of product offered and the growth of the company is not looking into but it is important to mention here that the number of product available in the market has increased tremendously in the wake of liberalization. In table 6.2 the number of riders attached with insurance policies is shown. 4 insurance companies have more than 20 riders attached with, in total and 8 companies have more than 10 riders taken altogether. Remaining 6 insurers out of 18 insurers taken together have less than 10 riders in total.

A thorough analysis showed that there was a shift from the traditional life insurance product to unit linked insurance policies as shown in Table 6.3. The unit link insurance plans constituted more than 70% of the total industry's plans in 2007-08. The private insurers offered more than 90% of their plans in unit link plans in 2007-08.

Table-6.1: Number of products offered by life insurers in India

Company	Number of Products offered during the financial year									Com pany - wise total	1	Firm' s aver age	Ra nk
	200 1-02	200 2-03	200 3-04	200 4-05	200 5-06	200 6-07	200 7-08	200 8-09	200 9-10				
LIC	07	13	05	06	06	08	06	09	08	68	9	7.56	9
Aviva		18	10	04	02	24	18	12	16	104	8	13.0 0	2
Max NY	03	03	05	07	06	06	14	03	10	57	9	6.33	13
HDFC	06	02	07	04	05	11	04	13	19	71	9	7.89	8
ICICI	06	14	10	16	08	27	10	13	17	121	9	13.4 4	1
Met	03	12	07	06	02	08	07	05	16	66	9	7.33	11
SBI life	06	05	09	02	04	09	13	05	14	67	9	7.44	10
Tata AIG	21	07	11	02	01	08	11	09	19	89	9	9.89	5
Birla Sun	07	05	01	02	06	18	09	06	14	68	9	7.56	9
Bajaj Al	08	05	13	10	06	15	14	16	22	109	9	12.1 1	3
ING Vys	06	05	04	04	05	09	07	03	10	53	9	5.89	14
Reliance*	05	00	11	03	00	09	05	15	31	79	7	11.2 9	4
Kotak	07	09	05	10	04	17	07	09	16	84	9	9.33	6
Sahara				06	03	06	02	03	05	25	6	4.17	16
Shriram					03	08	06	02	13	32	5	6.40	12
Bharti Ax						08	05	05	17	35	4	8.75	7
Future G							04	13	11	28	3	9.33	6
IDBI life							02	06	06	14	3	4.67	15
Year-wise total	85	98	98	82	61	191	144	147	264	117 0	--	--	--
2	12	12	13	14	14	16	18	18	18	18	--	--	--
Industry Average	7.08	8.16	7.54	5.86	4.36	11.9 4	8.00	8.17	14.6 7	65	--	--	--

\*Formerly called AMP Sanmar

(1 is the number of years taken for average calculation.2 is the number of companies taken for average calculation. Data are from IRDA's annual report .The number of new product launched in each year is mentioned here irrespective of whether withdrawn or not. The company wise average is calculated for the year product was launched. In case of the year where no product or riders were launched then that year is excluded from the average calculation.)

Table 6.2: No of riders attached to life insurance policies in India

Company	NUMBER of RIDERS									Comp -any total	1	Ave rage
	2001 -02	2002 -03	2003 -04	2004 -05	2005 -06	2006 -07	2007 -08	2008 -09	2009 -10			
LIC	01	00	02	00	01	02	02	01	00	09	6	1.5
Aviva		03	00	01	02	00	02	06	00	14	5	2.8
Max NY	02	04	02	03	00	00	00	07	00	18	5	3.6
HDFC	09	00	01	00	00	04	00	00	00	14	3	4.7
ICICI	00	07	04	00	00	05	02	00	00	18	4	4.5
Met	03	03	07	00	00	02	00	02	00	17	5	3.4
SBI Life	02	02	02	00	00	00	00	00	15	21	4	5.3
Tata AIG	08	03	01	01	00	00	01	03	00	17	6	2.8
Birla Sun	07	01	03	01	00	01	06	00	00	19	6	3.2
Bajaj Al	05	04	02	00	02	05	02	01	04	25	8	3.1
ING	04	00	01	01	00	00	00	00	00	06	3	2
Reliance*	02	06	00	01	00	00	03	00	03	15		3
Kotak	10	05	00	00	00	00	00	01	09	25	4	6.3
Sahara				01	02	01	00	00	00	04	3	1.3
Shriram					02	04	01	00	01	08	5	2
Bharti Ax						02	00	00	02	04	2	2
Future G							15	01	05	21	3	7
IDBI Life							04	03	00	07	2	3.5
Total	53	38	25	09	09	26	38	25	39	262	-	3.4
2	11	10	10	7	5	9	10	9	7	18	-	--
Average	4.8	3.8	2.5	1.3	1.8	2.9	3.8	2.8	5.6	14.6	-	--

Table 6.3: Trends in life insurance business-unit linked insurance plans

Year	lic	Pvt	industry
Unit linked business (%)			
2005-06	29.76	82.30	41.77
2006-07	46.31	88.75	56.91
2007-08	62.31	90.33	70.30
Non- linked business (%)			
2005-06	70.24	17.70	58.23
2006-07	53.69	11.25	43.09
2007-08	37.69	9.67	29.70

Source: IRDA's annual report-2007-08

Table 6.4 and 6.5 represent the link and non linked life insurance business in force within India in terms of number of policies and their

percentage to total business in force for the year 2005-06 to 2009-10. Link businesses are the insurance policies that combine risk coverage with investing in stock/ debt markets. The non linked business taken includes life business and General annuity and pension business. Health business in force is not considered in the linked as well as non- linked business. In case of private insurers, the percentage of linked business increased from 46.82 percent in 2005-06 to 76.38 in 2009-10 and that in case of LIC was 2.10 to 17.76. Both private and public insurers have shown an increasing trend throughout the years taken. For the life insurance industry, the percentage of linked business to total business stood at 25.11 in 2009-10. So for obvious reason, the percentage of non linked business to total business showed decreasing over the years for both private and LIC of India. Only 23.62 percent constituted the non linked business of private insurers and 82.24 % for LIC in 2009-10. The percentage of non- linked business to total business was decreasing over the years. Overall it can be concluded that the dominance of linked business to non linked was increasing in case of private insurers, however in case of LIC, traditional policies still dominated the linked business but its percentage was decreasing.

Table 6.4: Individual business within India-business in force (Number of policies in 1000)

Year	Insurer	Life business(LB)	Gen annuity ( GA)	Non Linked Business, NLB=LB +GA	Linked business(L)	Grand Total=L+NLB
2005-06	Pvt.	3545	263	3808	3352	7160
	LIC	179564	2923	182487	3914	186401
	total	183109	3186	186295	7266	193561
2006-07	Pvt.	4745	284	5029	8438	13467
	LIC	189419	2909	192328	20240	212568
	total	194164	3193	197357	28678	226035
2007-08	Pvt.	5741	306	6047	17532	23579
	LIC	192428	2829	195257	38582	233839
	total	198169	3135	201304	56114	257418
2008-09	Pvt.	7530.66	371.83	7902.49	25264	33166.49
	LIC	210154.04	2788.78	212942.8	44682	257624.8
	total	217684.70	3160.61	220845.3	69946	290791.3
2009-10	Pvt.	9006.99	403.82	9410.81	30427.87	39838.68
	LIC	226057.89	2779.84	228837.7	49434.28	278272
	total	235064.88	3183.66	238248.5	79862.15	318110.7

Table 6.5: Link and non linked business to total business in force (percent)

Linked Business	2005-06	2006-07	2007-08	2008-09	2009-10
Pvt	46.82	62.66	74.35	76.17	76.38
lic	2.10	9.52	16.50	17.34	17.76
total	3.75	12.69	21.80	24.05	25.11
Non Linked Business					
Pvt	53.18	37.34	25.65	23.83	23.62
lic	97.90	90.48	83.50	82.66	82.24
total	96.25	87.31	78.20	75.95	74.89

## **6.2) Quality of Customer Services:**

With liberalization of insurance sector, it has become very important for insurers to improve customer satisfaction and loyalty. In fact, service quality is an important means of differentiation and path to achieve business success in the competitive environment. Customer service is a derivative of a mix of human reactions influenced by a host stimuli emanating from within and outside the organization. Any improvement in customer services cannot be attained in isolation, unless the entire gamut of factors affecting it is taken into account and managed properly. Customers and employees need active participation in the process of developing a healthy relationship which involves a thorough overhaul of the approach of insurance company towards customer relations management.

Service quality is an abstract concept, difficult to define and measure. The quality of customer services can be viewed from various sources. Most widely used service quality measurement tools include SERVQUAL and SERVPERF. SERVQUAL scale measures service quality, based on difference between expectation and performance perception of customers using 22 items and five -dimensional structure. In the SERVPERF scale, service quality is operationalised through performance only based on the same 22 items and five dimensional structure of SERVQUAL.

The customer's perception of service quality varies. Often there is a disconnection between what customers want and what service providers offer. This is particularly true in case of services like life insurance because of the intangibility element associated with it. However there are

some important dimensions of overall expectation of service quality. To name some of these dimension in particular, the life insurance industry are assurance, competence, and corporate image, tangibles and technology etc. Assurance implies that the agent will be prepared to deliver in the terms of the life insurance policy when it is redeemed. The life insurance policyholders have primarily defined assurance in terms of well trained and informed agents, who understand intimately specific needs, approach from customer's point of view show clarity in explaining policy's terms and conditions and thereby inspire trust and confidence. Therefore, it is imperative for the service providers to provide adequate training to their agents to improve their customer interaction skills and knowledge. Competence implies that the agent will be prepared to deliver on the terms of the life insurance policy when it is redeemed. Competence also means that the customer can count on the agent to resolve any problems should they arise, and that too promptly. Within the purview of this attribute the policyholders accord the highest priority to 'efficient claims settlement'. Beyond this, the service providers need to focus on promptness in 'grievance handling', that too by efficient and dependable staff.

Keeping in view the two important dimensions of customer's perceived quality service viz. assurance and compliance, the quality of customer service is examined on the point of a) the claim settlement of the life insurance firms b) status of grievances and c) the performance of Ombudsman i.e .in terms of complaints received and dissolved.

**a) Status of claim: Death**

Claim records of the insurance company give a fair idea of their payment history. Claim settlement ratio, claim repudiation ratio and claim



pending ratio are three important parameters which would make us understand the quality of company's trustworthiness. Claim settlement ratio is the number of claims settled for every 100 claims received by the life insurance company. For example if an insurance company has received 100 claims in a year and it has settled 98 claims out of it, then the claim settlement ratio will be 98%. Higher is the claim settlement ratio for the company, the better. Likewise claim repudiation ratio or claim pending ratio are the number of claims repudiated or pending for every 100 claims received by the life insurance company. Companies with lower claim repudiation or claim pending ratio are considered good.

The payment history of private as well public insurer in case of death claim-both in policy number as well as benefit amount are put here for three years from 2007-08 to 2009-10. The claim record of 15 life insurers in four parameters viz. claim settled, claim repudiated, claim written back and claim pending are examined here.

Table 6.6 shown is the total death claims (claim pending at start of year +claims initiated) in number of policies from the year 2007-08 to 2009-10. In individual category for private sector, the total death claim was highest for Bajaj in terms of policies in all the years. In group, SBI has got the highest claims in 2007-08 and 2009-10 and was replaced by Bajaj in 2009-10. In total, SBI has highest death claim in 2007-08 and in the remaining two years Bajaj got the highest claims in terms of number of policies. For overall life insurance sector, LIC obviously stood top in all category and all the years as highest claim receiver. For the industry, the number of death claim was increasing over the years.

Table 6.6: Total death claims (claim pending at start of year +claims initiated) in number of policies

company	2007-08			2008-09			2009-10		
	individual	Group	Total	individual	Group	Total	individual	Group	Total
Aviva	947	1841	2788	1438	2819	4257	50	4579	4629
Bajaj	6529	4908	11437	12011	14368	26379	23040	39387	62427
Birla	1460	278	1738	2757	542	3299	5921	911	6832
HDFC	2062	182	2244	2898	215	3113	3837	288	4125
ICICI	6632	290	6922	10743	1207	11950	16057	2007	18064
ING	942	253	1195	1523	153	1676	1926	246	2172
Kotak	703	875	1578	1300	894	2194	2280	1265	3545
Max	2347	567	2914	3938	475	4413	6019	11488	17507
Met	341	693	1034	729	735	1464	1346	1039	2385
Reliance	1015	900	1915	3701	1049	4750	8754	1911	10665
Sahara	186	17	203	439	5	444	731	7	738
SBI	2311	9546	11857	4260	17541	21801	7232	26630	33862
Shriram	396	00	396	791	2	793	1166	94	1260
Tata	1664	1043	2707	2700	1111	3811	3495	985	4480
LIC	577322	141428	718750	591097	222845	813942	677374	215909	893283
Pvt									
Total	27535	21393	48928	49228	41116	90344	81854	90837	172691
TOTAL	604857	162821	767678	640325	263961	904286	759228	306746	1065974

Table 6.7 and 6.8 shows the company wise total death claim paid in number of policies and their percentage to total death claim in policy number. The number of death claim paid was highest for LIC in all years in all the three categories. Among private insurers, the number of death claim paid was highest for ICICI in 2007-08 and then Bajaj in remaining two years in individual claim. SBI stood first in number of group claim paid for two years which was being replaced by Bajaj in 2009-10. In total, SBI stand as insurer with highest claim paid in policy number in 2007-08 and replaced by Bajaj in the remaining two years. However in terms of Percentage of death claims paid to total claims in number of policies, LIC stood first among the insurers in all three years in individual, followed by Birla in 2007-08, Max in 2008-09 and HDFC in

2009-10. In Group, Sahara has go 100 percent claim paid in all the three years followed by LIC and then max in 2007-08, Shriram and then LIC in 2008-09 and finally LIC then Aviva in 2009-10. In total, LIC then Reliance in 2007-08, LIC then Birla in 2008-09 and in 2009-10, Aviva then LIC were the insurers with highest percentage of claim paid in number of policies.

Table 6.7: Total death claims paid in number of policies

Company	2007-08			2008-09			2009-10		
	individual	Group	Total	individual	Group	Total	individual	Group	Total
Aviva	654	1769	2423	1032	2759	3791	24	4550	4574
Bajaj	5065	4339	9404	10484	13300	23784	20316	38988	59304
Birla	1334	270	1604	2457	540	2997	5275	900	6175
HDFC	1665	174	1839	2549	212	2761	3497	286	3783
ICICI	5831	276	6107	9298	1104	10402	14479	1863	16342
ING	526	217	743	1180	97	1277	1720	230	1950
Kotak	414	619	1033	1002	729	1731	1983	1157	3140
Max	2121	557	2678	3545	434	3979	3943	10421	14364
Met	162	466	628	422	617	1039	1111	954	2065
Reliance	925	867	1792	3204	995	4199	7797	1869	9666
Sahara	82	17	99	198	5	203	461	7	468
SBI	1883	7949	9832	3262	16387	19649	6022	25817	31839
Shriram	155	00	155	312	2	314	461	82	543
Tata	929	553	1482	1652	912	2564	2732	809	3541
LIC	553408	141258	694666	564389	222307	786696	653909	215485	869394
Pvt Total	21746	18073	39819	40597	38093	78690	69821	87933	157754
TOTAL	575154	159331	734485	604986	260400	865386	723730	303418	1027148

Table 6.8: Percentage of death claims paid to total claims in number of policies

Company	2007-08			2008-09			2009-10		
	individual	Group	Total	individual	Group	Total	individual	Group	Total
Aviva	69.06	96.09	86.91	71.77	97.87	89.05	48.00	99.37	98.81
Bajaj	77.58	88.41	82.22	87.29	92.57	90.16	88.18	98.99	95.00
Birla	91.37	97.12	92.29	89.12	99.63	90.85	89.09	98.79	90.38
HDFC	80.75	95.60	81.95	87.96	98.60	88.69	91.14	99.31	91.71
ICICI	87.92	95.17	88.23	86.55	91.47	87.05	90.17	92.83	90.47
ING	55.84	85.77	62.18	77.48	63.40	76.19	89.30	93.50	89.78
Kotak	58.89	70.74	65.46	77.08	81.54	78.90	86.97	91.46	88.58
Max	90.37	98.24	91.90	90.02	91.37	90.17	65.51	90.71	82.05
Met	47.51	67.24	60.74	57.89	83.95	70.97	82.54	91.82	86.58
Reliance	91.13	96.33	93.58	86.57	94.85	88.40	89.07	97.80	90.63
Sahara	44.09	100.00	48.77	45.10	100.00	45.72	63.06	100.00	63.41
SBI	81.48	83.27	82.92	76.57	93.42	90.13	83.27	96.95	94.03
Shriram	39.14	0.00	39.14	39.44	100.00	39.60	39.54	87.23	43.10
Tata	55.83	53.02	54.75	61.19	82.09	67.28	78.17	82.13	79.04
LIC	95.86	99.88	96.65	95.48	99.76	96.65	96.54	99.80	97.33
Pvt Total	78.98	84.48	81.38	82.47	92.65	87.10	85.30	96.80	91.35
TOTAL	95.09	97.86	95.68	94.48	98.65	95.70	95.32	98.92	96.36

Table 6.9 show the company wise total death claim in benefit amount for three years from 2007-08 to 2009-10. The total claim is the sum of claim pending at the start of the year and claim initiated in the year. The death claim is shown in individual and group categories and also their total for each year and each insurance company. The total individual claim exceeded the total group claim for private as well public insurer in all the three years. Company wise too, the total individual claim in benefit amount was greater than group claim except for SBI, Met and Reliance in 2007-08. In case of SBI, the group claims exceeded individual claim in

all the three years. The company wise total claim for each category was seen increasing over the year.

Table 6.9: Total death claims (claim pending at start of year +claims initiated) in benefit amount for all firms

(Rs Crores)

Company	Individual			Group			Total		
	2007-08	2008-09	2009-10	2007-08	2008-09	2009-10	2007-08	2008-09	2009-10
Aviva	15.86	30.93	31.71	5.06	6.63	11.58	20.92	37.56	43.29
Bajaj	108.92	212.50	353.11	41.95	48.07	68.31	150.87	260.57	421.42
Birla	38.13	74.50	130.21	18	7.87	11.31	56.13	82.37	141.52
HDFC	33.86	49.24	79.75	2.15	2.84	2.48	36.01	52.08	82.23
ICICI	60.39	127.98	248.52	7.32	26.36	38.35	67.71	154.34	286.87
ING	13.62	27.77	29.68	2.51	2.17	3.89	16.13	29.94	33.57
Kotak	25.03	25.66	67.97	18.53	23.46	39.74	43.56	49.12	107.71
Max	47.69	78.11	126.55	4.55	6.92	22.90	52.24	85.03	149.45
Met	14.45	32.42	76.62	18.61	21.30	27.66	33.06	53.72	104.28
Reliance	15.13	46.29	103.47	53.51	22.08	26.42	68.64	68.37	129.89
Sahara	1.84	3.61	7.10	0.07	0.03	0.03	1.91	3.64	7.13
SBI	33.75	61.57	103.35	161.12	175.73	183.65	194.87	237.3	287
Shriram	6.04	11.12	17.42		0.08	2.11	6.04	11.2	19.53
Tata	28.28	44.15	75.56	19.30	26.04	17.86	47.58	70.19	93.42
LIC	4182.23	4444.17	5049.43	761.10	1008.62	1202.09	4943.33	5452.79	6251.52
Pvt Total	442.99	825.85	1451.02	352.68	369.58	456.29	795.67	1195.43	1907.31
TOTAL	4625.22	5270.02	6500.45	1113.78	1378.2	1658.38	5739	6648.22	8158.83

Table 6.10: Total death claims paid in benefit amount by all insurance firms

(Rs Crores)

compnay	Individual			Group			Total		
	2007-08	2008-09	2009-10	2007-08	2008-09	2009-10	2007-08	2008-09	2009-10
Aviva	6.99	22.38	25.37	4.81	6.49	11.53	11.8	28.87	36.9
Bajaj	79.46	174.42	294.92	39.38	43.64	66.05	118.84	218.06	360.97
Birla	31.06	59.11	102.76	17.63	7.72	11.06	48.69	66.83	113.82
HDFC	23.27	37.83	66.58	1.84	2.71	2.36	25.11	40.54	68.94
ICICI	44.37	101.69	218.04	6.89	22.34	33.34	51.26	124.03	251.38
ING	7.42	17.18	24.91	2.36	1.65	3.46	9.78	18.83	28.37
Kotak	19.76	16.21	55.91	13.35	18.68	35.62	33.11	34.89	91.53
Max	41.51	66.74	78.07	4.32	6.16	19.87	45.83	72.9	97.94
Met	5.44	17.13	40.50	12.94	17.83	25.82	18.38	34.96	66.32
Reliance	13.00	35.06	79.61	52.67	20.61	25.59	65.67	55.67	105.2
Sahara	0.66	1.78	4.73	0.07	0.03	0.03	0.73	1.81	4.76
SBI	25.96	46.99	92.44	129.05	151.63	170.32	155.01	198.62	262.76
Shriram	1.95	4.12	5.47		0.08	1.89	1.95	4.2	7.36
Tata	15.27	28.36	52.00	8.60	20.76	13.96	23.87	49.12	65.96
LIC	3918.72	4165.10	4799.55	759.82	1005.15	1195.28	4678.54	5170.25	5994.83
Pvt	316.12	629	1141.31	293.91	320.33	420.9	610.03	949.33	1562.21
Total									
TOTAL	4234.84	4794.1	5940.86	1053.73	1325.48	1616.18	5288.57	6119.58	7557.04

Table 6.11: Percentage of death claims paid to total claims in benefit amount

(Rs Crores)

Company	2007-08			2008-09			2009-10		
	individual	Group	Total	individual	Group	Total	individual	Group	Total
Aviva	44.07	95.06	56.41	72.36	97.89	76.86	80.01	99.57	85.24
Bajaj	72.95	93.87	78.77	82.08	90.78	83.69	83.52	96.69	85.66
Birla	81.46	97.94	86.75	79.34	98.09	81.13	78.92	97.79	80.43
HDFC	68.72	85.58	69.73	76.83	95.42	77.84	83.49	95.16	83.84
ICICI	73.47	94.13	75.71	79.46	84.75	80.36	87.74	86.94	87.63
ING	54.48	94.02	60.63	61.87	76.04	62.89	83.93	88.95	84.51
Kotak	78.95	72.05	76.01	63.17	79.62	71.03	82.26	89.63	84.98
Max	87.04	94.95	87.73	85.44	89.02	85.73	61.69	86.77	65.53
Met	37.65	69.53	55.60	52.84	83.71	65.08	52.86	93.35	63.60
Reliance	85.92	98.43	95.67	75.74	93.34	81.42	76.94	96.86	80.99
Sahara	35.87	100.00	38.22	49.31	100.00	49.73	66.62	100.00	66.76
SBI	76.92	80.10	79.55	76.32	86.29	83.70	89.44	92.74	91.55
Shriram	32.28	0.00	32.28	37.05	100.00	37.50	31.40	89.57	37.69
Tata	54.00	44.56	50.17	64.24	79.72	69.98	68.82	78.16	70.61
LIC	93.70	99.83	94.64	93.72	99.66	94.82	95.05	99.43	95.89
Pvt Total	71.36	83.34	76.67	76.16	86.67	79.41	78.66	92.24	81.91
TOTAL	91.56	94.61	92.15	90.97	96.17	92.05	91.39	97.46	92.62

Table 6.10 to table 6.12 shows the total claim paid in benefit amount, its percentage to total claims and the top 5 insurers with the highest percentage of claim paid. LIC remained top spot in the claim paid in all the years. Among private insurers Bajaj remained as top insurer in claim paid in individual category while SBI stood first in Group category. Mention may be made here that this was because the total claim of SBI was higher in group category than the individual category. While amount

of claim paid were dependent on the amount of total claim asked for, the percentage of claim paid to total claim was discussed in table 6.11 and further ranked insurers according to their respective percentages in the table 6.12. Overall, LIC remains top insurer in terms of percentage of individual claim paid in all three years taken.

Table 6.12: Top 5 in the highest percentage of claim paid in benefit amount

individual	2007-08		2008-09		2009-10	
	insurer	percentage	insurer	percentage	insurer	percentage
1	LIC	93.70	LIC	93.72	LIC	95.05
2	Max	87.04	Max	85.44	SBI	89.44
3	Reliance	85.92	Bajaj	82.08	ICICI	87.74
4	Birla	81.46	ICICI	79.46	ING	83.93
5	Kotak	78.95	Birla	79.34	Bajaj	83.52
Group						
1	Sahara	100	Sahara	100	Sahara	100
2	LIC	99.83	Shriram	100	Aviva	99.57
3	Reliance	98.43	LIC	99.66	LIC	99.43
4	Birla	97.94	Birla	98.09	Birla	97.79
5	Aviva	95.06	Aviva	97.89	Reliance	96.86
total						
1	Reliance	95.67	LIC	94.82	LIC	95.89
2	LIC	94.64	Max	85.73	SBI	91.55
3	Max	87.73	SBI	83.7	ICICI	87.63
4	Birla	86.75	Bajaj	83.69	Bajaj	85.66
5	SBI	79.55	Reliance	81.42	Aviva	85.24

It also remained among the top five players in group claims as well as total claims in all the three years taken. After LIC, only SBI consistently remained among the top 5 insurers in overall claim paid percentage.



However it was not among the top 5 insurer in group category in all the three years despite being the highest claim paid insurer amount wise in group category. Sahara stood at top for all the three years in group claim paid.

Table 6.13 and 6.14 shows the company wise total death claim repudiated in number of policies and their percentage to total death claim in policy number respectively. The number of death claim repudiated was highest for LIC in individual and in total. Among private insurers, the number of death claim repudiated was highest for Bajaj in all the three years and lowest for Sahara in 2007-08 and 2008-09 and Aviva in 2009-10 for individual claim repudiated. SBI top in number of group claim repudiated and was lowest for Sahara in all the years. In total, SBI stood as insurer with highest claim repudiated in policy number in all years and Sahara stood as lowest claim repudiated insurer in the first two years then replaced by Aviva in 2009-10. However in terms of Percentage of death claims repudiated to total claims in number of policies, LIC remained lowest claim repudiated insurers in all three years in individual as well as in total. In Group, Sahara and Shriram has got 0.00 percent claim repudiation in all the three years. In total, Kotak in 2007-08, Sahara in 2008-09 and 2009-10 has got highest percentage of claim repudiation while HDFC, Bajaj and Aviva has got lowest percentage of claim repudiation in 2007-08, 2008-09 and 2009-10 respectively.

Table 6.13: Death claim repudiated in number of policies

Company	2007-08			2008-09			2009-10		
	individual	Group	Total	individual	Group	Total	individual	Group	Total
Aviva	121	23	144	278	53	331	22	25	47
Bajaj	689	23	712	1003	113	1116	1197	26	1223
Birla	109	8	117	286	2	288	629	11	640
HDFC	87		87	139	1	140	179	1	180
ICICI	436	2	438	559	48	607	525	92	617
ING	132	24	156	119	23	142	82	7	89
Kotak	178	148	326	120	93	213	100	10	110
Max	221	10	231	306	31	337	741	420	1161
Met	73	66	139	166	21	187	80	25	105
Reliance	86	26	112	210	10	220	617	6	623
Sahara	9	00	9	54	00	54	50	00	50
SBI	164	835	999	643	887	1530	1067	779	1846
Shriram	76		76	192		192	230	00	230
Tata	413	66	479	750	101	851	452	80	532
LIC	9027	9	9036	7846	13	7859	8227	21	8248
Pvt Total	2794	1231	4025	4825	1383	6208	5971	1482	7453
TOTAL	11821	1240	13061	12671	1396	14067	14198	1503	15701

Table 6.15 to 6.17 shows the total claim repudiated in benefit amount, its percentage to total claims and the top 5 insurers with lowest percentage of claim repudiated. In individual category, Bajaj remained top private insurer with highest claim repudiated amount for the first two years which was replaced by Birla in 2009-10. Sahara remained with lowest claim repudiated amount in all three years. In group category, claim repudiated amount was highest for SBI in all three years while it was lowest by Sahara and Shriram in all three years with claim repudiated amount of Rs 0.00 Crores. Overall, industry total of claim repudiated amount was highest for LIC and for private insurers; the trend was same

as the case of individual category. The amount of claim repudiated as percentage of total claims and company's ranking accordingly is given in table 6.16 and 6.17. No company is at par with LIC except Sahara as they were the only two insurers which remained among the top 5 insurers with the lowest percentage of claim repudiated in all the years and in the three entire categories.

Table 6.14: Percentage of claims repudiated to total claims in number of policies.

Company	2007-08			2008-09			2009-10		
	individual	Group	Total	individual	Group	Total	individual	Group	Total
Aviva	12.78	1.25	5.16	19.33	1.88	7.78	44.00	0.55	1.02
Bajaj	10.55	0.47	6.23	8.35	0.79	4.23	5.20	0.07	1.96
Birla	7.47	2.88	6.73	10.37	0.37	8.73	10.62	1.21	9.37
HDFC	4.22	0.00	3.88	4.80	0.47	4.50	4.67	0.35	4.36
ICICI	6.57	0.69	6.33	5.20	3.98	5.08	3.27	4.58	3.42
ING	14.01	9.49	13.05	7.81	15.03	8.47	4.26	2.85	4.10
Kotak	25.32	16.91	20.66	9.23	10.40	9.71	4.39	0.79	3.10
Max	9.42	1.76	7.93	7.77	6.53	7.64	12.31	3.66	6.63
Met	21.41	9.52	13.44	22.77	2.86	12.77	5.94	2.41	4.40
Reliance	8.47	2.89	5.85	5.67	0.95	4.63	7.05	0.31	5.84
Sahara	4.84	0.00	4.43	12.30	0.00	12.16	6.84	0.00	6.78
SBI	7.10	8.75	8.43	15.09	5.06	7.02	14.75	2.93	5.45
Shriram	19.19	0.00	19.19	24.27	0.00	24.21	19.73	0.00	18.25
Tata	24.82	6.33	17.69	27.78	9.09	22.33	12.93	8.12	11.88
LIC	1.56	0.01	1.26	1.33	0.01	0.97	1.21	0.01	0.92
Pvt Total	10.15	5.75	8.23	9.80	3.36	6.87	7.29	1.63	4.32
TOTAL	1.95	0.76	1.70	1.98	0.53	1.56	1.87	0.49	1.47

Table 6.15: Death claim repudiated in benefit amount by all firms

(Rs Crores)

	Individual			Group			Total		
	2007-08	2008-09	2009-10	2007-08	2008-09	2009-10	2007-08	2008-09	2009-10
Aviva	3.80	6.19	4.57	0.10	0.13	0.03	3.9	6.32	4.6
Bajaj	14.18	23.87	25.79	0.48	0.46	0.20	14.66	24.33	25.99
Birla	4.28	14.62	26.48	0.37	0.16	0.25	4.65	14.78	26.73
HDFC	2.76	3.24	5.89	0.00	0.01	0.02	2.76	3.25	5.91
ICICI	9.11	9.39	10.98	0.02	1.26	1.99	9.13	10.65	12.97
ING	2.26	5.59	1.58	0.02	0.17	0.17	2.28	5.76	1.75
Kotak	3.65	4.20	3.61	2.57	2.59	1.23	6.22	6.79	4.84
Max	5.75	9.55	18.16	0.23	0.68	1.37	5.98	10.23	19.53
Met	3.50	7.88	18.48	0.60	0.36	0.91	4.1	8.24	19.39
Reliance	1.99	4.09	15.80	0.63	0.56	0.16	2.62	4.65	15.96
Sahara	0.12	0.01	0.25	0.00	0.00	0.00	0.12	0.01	0.25
SBI	2.42	6.50	5.93	11.70	14.49	12.17	14.12	20.99	18.1
Shriram	1.43	3.39	4.10	0.00	0.00	0.00	1.43	3.39	4.1
Tata	6.66	5.08	12.03	1.40	2.87	1.68	8.06	7.95	13.71
LIC	90.54	72.45	80.36	0.15	0.13	0.28	90.69	72.58	80.64
Pvt Total	61.91	103.6	153.65	18.12	23.74	20.18	80.03	127.34	173.83
TOTAL	152.45	176.05	234.01	18.72	23.87	20.46	170.72	199.92	254.47

Table 6.16: Percentage of claims repudiated to total claims in benefit  
amount by all firms (Rs Crores)

	2007-08			2008-09			2009-10		
	individual	Group	Total	individual	Group	Total	individual	Group	Total
Aviva	23.96	1.98	18.64	20.01	1.96	16.83	14.41	0.26	10.63
Bajaj	13.02	1.14	9.72	11.23	0.96	9.34	7.30	0.29	6.17
Birla	11.22	2.06	8.28	19.62	2.03	17.94	20.34	2.21	18.89
HDFC	8.15	0.00	7.66	6.58	0.35	6.24	7.39	0.81	7.19
ICICI	15.09	0.27	13.48	7.34	4.78	6.90	4.42	5.19	4.52
ING	16.59	0.80	14.14	20.13	7.83	19.24	5.32	4.37	5.21
Kotak	14.58	13.87	14.28	16.37	11.04	13.82	5.31	3.10	4.49
Max	12.06	5.05	11.45	12.23	9.83	12.03	14.35	5.98	13.07
Met	24.22	3.22	12.40	24.31	1.69	15.34	24.12	3.29	18.59
Reliance	13.15	1.18	3.82	8.84	2.54	6.80	15.27	0.61	12.29
Sahara	6.52	0.00	6.28	0.28	0.00	0.27	3.52	0.00	3.51
SBI	7.17	7.26	7.25	10.56	8.25	8.85	5.74	6.63	6.31
Shriram	23.68	0.00	23.68	30.49	0.00	30.27	23.54	0.00	20.99
Tata	23.55	7.25	16.94	11.51	11.02	11.33	15.92	9.41	14.68
LIC	2.16	0.02	1.83	1.63	0.01	1.33	1.59	0.02	1.29
Pvt									
Total	13.98	5.14	10.06	12.54	6.42	10.65	10.59	4.42	9.11
TOTAL	3.30	1.64	2.97	3.34	1.73	3.01	3.60	1.23	3.12



Table 6.17: Top 5 in the lowest percentage of claim repudiated in benefit amount

individual	2007-08		2008-09		2009-10	
	insurer	percentage	insurer	percentage	insurer	percentage
1	LIC	2.16	Sahara	0.28	LIC	1.59
2	Sahara	6.52	LIC	1.63	Sahara	3.52
3	SBI	7.17	HDFC	6.58	ICICI	4.42
4	HDFC	8.15	ICICI	7.34	Kotak	5.31
5	Birla	11.52	Reliance	8.84	ING	5.32
Group						
1	Sahara	0	Sahara	0	Sahara	0
2	HDFC	0	Shriram	0	Shriram	0
3	Shriram	0	LIC	0.01	LIC	0.02
4	LIC	0.02	HDFC	0.35	Aviva	0.26
5	ICICI	0.27	Bajaj	0.96	Bajaj	0.29
total						
1	LIC	1.83	Sahara	0.27	LIC	1.29
2	Reliance	3.82	LIC	1.33	Sahara	3.51
3	Sahara	6.28	HDFC	6.24	Kotak	4.49
4	SBI	7.25	Reliance	6.8	ICICI	4.52
5	HDFC	7.66	ICICI	6.90	ING	5.21

Table 6.18 and 6.19 shown are the company wise total death claim pending in number of policies and their percentage to total death claim in policy number. The number of death claim pending was highest for LIC in individual and in total for all the years. Among private insurers, the number of death claim pending was highest for Bajaj, ICICI and again Bajaj in 2007-08 2008-09 2009-10 respectively for individual claim. SBI, Bajaj and Max top in number of group claim pending for 2007-08, 2008-

09 2009-10 respectively and was lowest for Sahara and Birla with 0.00 repudiation in all the years. In total, Bajaj stood as insurer with highest claim pending in policy number in the first two years then replaced by Max in 2009-10. However in terms of Percentage of death claims pending to total claims in number of policies, Sahara and Birla remained lowest claim pending insurers in all three years in group with 0 .00 percent claims pending. However interestingly, Sahara has got highest percentage of claim pending in 2007-08 and 2008-09 in individual as well in total category which was replaced by Sahara in 2009-10. The percentage of claim pending was shown decreasing over the years for private as well as the whole industry. All the insurers on an average have decreasing trend of percentage claim pending. Max was the only insurer whose percentage of claim pending was seen increasing over the years.

Table 6.20 to 6.22 shows the total claim pending in benefit amount, its percentage to total claims and the top 5 insurers with lowest percentage of claim pending. LIC in public while Bajaj in private sector has got highest claim pending in individual category in all three years. Group –wise, Birla and Sahara were the two insurers with 0.00 amount of claim repudiated in all the three years. SBI remained on the top for claim pending in group category for the first two years which was substituted by LIC in 2009-10. In total, LIC was on top of the list of claim pending in whole industry while in private sector, SBI in 2007-08, ICICI in 2008-09 and Bajaj in 2009-10. In the life insurance industry, Sahara has highest percentage of claim pending in individual category in the first two years which was replaced by Shriram in 2009-10 as shown in table-6.21. In group category, Tata stood as highest death claim pending insurer in 2007-08 and 2009-10 while ING stood highest in 2008-09.

Table 6.18: Death claims pending at the end of the year in number of policies

Company	2007-08			2008-09			2009-10		
	individual	Group	Total	individual	Group	Total	individual	Group	Total
Aviva	172	49	221.00	128	7	135	4	4	8
Bajaj	775	546	1321.00	524	955	1479	1527	373	1900
Birla	17	00	17.00	14	0	14	14	0	14
HDFC	310	8	318.00	210	2	212	161	1	162
ICICI	365	12	377.00	886	48	934	1053	41	1094
ING	281	12	293.00	216	33	249	112	8	120
Kotak	111	108	219.00	178	72	250	197	98	295
Max	5	00	5.00	87	10	97	1335	647	1982
Met	106	161	267.00	139	39	178	152	54	206
Reliance	4	7	11.00	287	44	331	334	34	368
Sahara	95	00	95.00	187	0	187	220	0	220
SBI	263	728	991.00	355	261	616	142	34	176
Shriram	165	0	165.00	287	0	287	475	12	487
Tata	322	424	746.00	298	98	396	306	96	402
LIC	14548	161	14709.00	13076	525	13601	9527	403	9930
Pvt Total	2991	2055	5046.00	3796	1569	5365	6032	1402	7434
TOTAL	17539	2216	20978.36	16872	2094	18966	15559	1805	17364



Table 6.19: Percentage of death claims pending to total claims in number of policies

Company	2007-08			2008-09			2009-10		
	individual	Group	Total	individual	Group	Total	individual	Group	Total
Aviva	18.16	2.66	7.93	8.90	0.25	3.17	8.00	0.09	0.17
Bajaj	11.87	11.12	11.55	4.36	6.65	5.61	6.63	0.95	3.04
Birla	1.16	0.00	0.98	0.51	0.00	0.42	0.24	0.00	0.20
HDFC	15.03	4.40	14.17	7.25	0.93	6.81	4.20	0.35	3.93
ICICI	5.50	4.14	5.45	8.25	3.98	7.82	6.56	2.04	6.06
ING	29.83	4.74	24.52	14.18	21.57	14.86	5.82	3.25	5.52
Kotak	15.79	12.34	13.88	13.69	8.05	11.39	8.64	7.75	8.32
Max	0.21	0.00	0.17	2.21	2.11	2.20	22.18	5.63	11.32
Met	31.09	23.23	25.82	19.07	5.31	12.16	11.29	5.20	8.64
Reliance	0.39	0.78	0.57	7.75	4.19	6.97	3.82	1.78	3.45
Sahara	51.08	0.00	46.80	42.60	0.00	42.12	30.10	0.00	29.81
SBI	11.38	7.63	8.36	8.33	1.49	2.83	1.96	0.13	0.52
Shriram	41.67	0.00	41.67	36.28	0.00	36.19	40.74	12.77	38.65
Tata	19.35	40.65	27.56	11.04	8.82	10.39	8.76	9.75	8.97
LIC	2.52	0.11	2.05	2.21	0.24	1.67	1.41	0.19	1.11
Pvt Total	10.86	9.61	10.31	7.71	3.82	5.94	7.37	1.54	4.30
TOTAL	2.90	1.36	2.73	2.63	0.79	2.10	2.05	0.59	1.63

Table 6.20: Death claims pending in benefit amount at the end of the year  
(Rs Crores)

Company	Individual			Group			Total		
	2007-08	2008-09	2009-10	2007-08	2008-09	2009-10	2007-08	2008-09	2009-10
Aviva	5.07	2.36	1.77	0.15	0.01	0.02	5.22	2.37	1.79
Bajaj	15.27	14.21	32.39	2.10	3.97	2.06	17.37	18.18	34.45
Birla	2.79	0.77	0.67	0.00	0.00	0.00	2.79	0.77	0.67
HDFC	7.83	8.16	7.28	0.31	0.12	0.10	8.14	8.28	7.38
ICICI	6.91	16.90	19.50	0.41	2.74	2.27	7.32	19.64	21.77
ING	3.92	4.75	2.88	0.12	0.34	0.26	4.04	5.09	3.14
Kotak	1.62	5.25	8.45	2.61	2.19	2.88	4.23	7.44	11.33
Max	0.43	1.82	30.32	0.00	0.08	1.66	0.43	1.9	31.98
Met	5.50	7.40	17.54	5.07	1.14	0.78	10.57	8.54	18.32
Reliance	0.14	7.14	8.02	0.21	0.91	0.67	0.35	8.05	8.69
Sahara	1.06	1.82	2.13	0.00	0.00	0.00	1.06	1.82	2.13
SBI	5.36	8.08	4.98	19.79	9.61	1.16	25.15	17.69	6.14
Shriram	2.67	3.61	7.85	0.00	0.00	0.22	2.67	3.61	8.07
Tata	6.35	10.71	11.53	9.30	2.41	2.21	15.65	13.12	13.74
LIC	141.37	148.53	118.45	1.13	3.34	6.53	142.5	151.87	124.98
Pvt Total	64.92	92.98	155.31	40.07	23.52	14.29	104.99	116.5	169.6
TOTAL	206.29	241.51	273.76	41.2	26.86	20.82	247.49	268.37	294.58

Table 6.21: Percentage of death claims pending to total claims in benefit amount

Company	2007-08			2008-09			2009-10		
	individual	Group	Total	individual	Group	Total	individual	Group	Total
Aviva	31.97	2.96	24.95	7.63	0.15	6.31	5.58	0.17	4.13
Bajaj	14.02	5.01	11.51	6.69	8.26	6.98	9.17	3.02	8.17
Birla	7.32	0.00	4.97	1.03	0.00	0.93	0.51	0.00	0.47
HDFC	23.12	14.42	22.60	16.57	4.23	15.90	9.13	4.03	8.97
ICICI	11.44	5.60	10.81	13.21	10.39	12.73	7.85	5.92	7.59
ING	28.78	4.78	25.05	17.10	15.67	17.00	9.70	6.68	9.35
Kotak	6.47	14.09	9.71	20.46	9.34	15.15	12.43	7.25	10.52
Max	0.90	0.00	0.82	2.33	1.16	2.23	23.96	7.25	21.40
Met	38.06	27.24	31.97	22.83	5.35	15.90	22.89	2.82	17.57
Reliance	0.93	0.39	0.51	15.42	4.12	11.77	7.75	2.54	6.69
Sahara	57.61	0.00	55.50	50.42	0.00	50.00	30.00	0.00	29.87
SBI	15.88	12.28	12.91	13.12	5.47	7.45	4.82	0.63	2.14
Shriram	44.21	0.00	44.21	32.46	0.00	32.23	45.06	10.43	41.32
Tata	22.45	48.19	32.89	24.26	9.25	18.69	15.26	12.37	14.71
LIC	3.38	0.15	2.88	3.34	0.33	2.79	2.35	0.54	2.00
Pvt Total	14.65	11.36	13.20	11.26	6.36	9.75	10.70	3.13	8.89
TOTAL	4.46	3.70	4.31	4.58	1.95	4.04	4.21	1.26	3.61

Overall, Sahara remained top for the first two years and then by Shriram in 2009-10 as insurer with highest percentage claim pending. As seen in table-6.22, LIC and Birla were among the top 5 insurers with lowest percentage of claim repudiated in individual category. In group, LIC, Sahara and Birla were among the top 5 insurers with lowest percentage of claim repudiated. Birla and LIC remained in top 5 lowest percentage of claim repudiated in total.

Table 6.22: Top 5 in the lowest percentage of claim pending in benefit amount

individual	2007-08		2008-09		2009-10	
	insurer	percentage	insurer	percentage	insurer	percentage
1	Max	0.90	Birla	1.03	Birla	0.51
2	Reliance	0.93	Kotak	2.33	LIC	2.35
3	LIC	3.38	LIC	3.34	SBI	4.82
4	Kotak	6.47	Bajaj	6.69	Aviva	5.58
5	Birla	7.32	Birla	7.63	Reliance	7.75
Group						
1	Sahara	0.00	Birla	0.00	Birla	0.00
2	Shriram	0.00	Sahara	0.00	Sahara	0.00
3	Max	0.00	Shriram	0.00	Aviva	0.17
4	Birla	0.00	Aviva	0.15	LIC	0.54
5	LIC	0.15	LIC	0.33	SBI	0.63
total						
1	Reliance	0.51	Birla	0.93	Birla	0.47
2	Max	0.82	Max	2.23	LIC	2.00
3	LIC	2.88	LIC	2.79	SBI	2.14
4	Birla	4.97	Aviva	6.31	Aviva	4.13
5	Kotak	9.71	Bajaj	6.98	Reliance	6.69

**b) Status of grievances-life insurers**

The IRDA has established the in house Consumer Grievance Cell (CGC) since 2002 to protect the interest of policyholders' in every possible way. The CGC has been constituted with the sole responsibility of taking up the complaints of the insurance customers- irrespective of

the nature of the complaints-with the insurance companies and to ensure early action on the part of the insurers for their early resolution.

Table 6.23 shows the status of complaints or grievances for the life insurers. Over the years the percentage of complaints resolved was seen increasing on an average for the industry total. The percentage of complaint resolved by private total was always higher than public insurer except in 2008-09. This may be because private insurers were relatively new and do not have many complaints as the number of policies issued by them were also comparatively low. The number of complaint received by public insurer was greater than private total till 2006-07 but was reversed since 2007-08 onwards. The year to year percentage change in number of complaint was shown decreasing or negative over the years for LIC of India. The private insurers have shown a greater increase in the number of complaints over public insurers in all years except in 2008-09.

**c) The performance of Ombudsman:**

For providing protection to Indian consumers against malpractices and gullible brokers who are out to fleece the customers by raking in quick profits, IRDA has appointed Ombudsman in 12 cities across India to specifically deal with Insurance Grievances and speedy disposal of such cases. Complaints received from policy holders, insurance intermediaries and various other sources against different life insurance companies are being registered and tracked by the IRDA as they provide significant inputs to the marketing practices and settlement procedures adopted by insurers. These complaints primarily pertain to issues relating adjustment of premium, policy servicing, payments of claims, mis-selling

and complaints received from the agents. If a policyholder is dissatisfied by the outcome or the decision taken by the Insurance Company, such an individual has the liberty to approach the Insurance Ombudsman as a last resort after exhausting various available options. Each Ombudsman has been empowered to redress customer grievances in respect of insurance contracts on personal lines where the insured amount is less than Rs. 20 lakh, in accordance with the Ombudsman Scheme.

Table 6.23: Status of grievances-life insurers

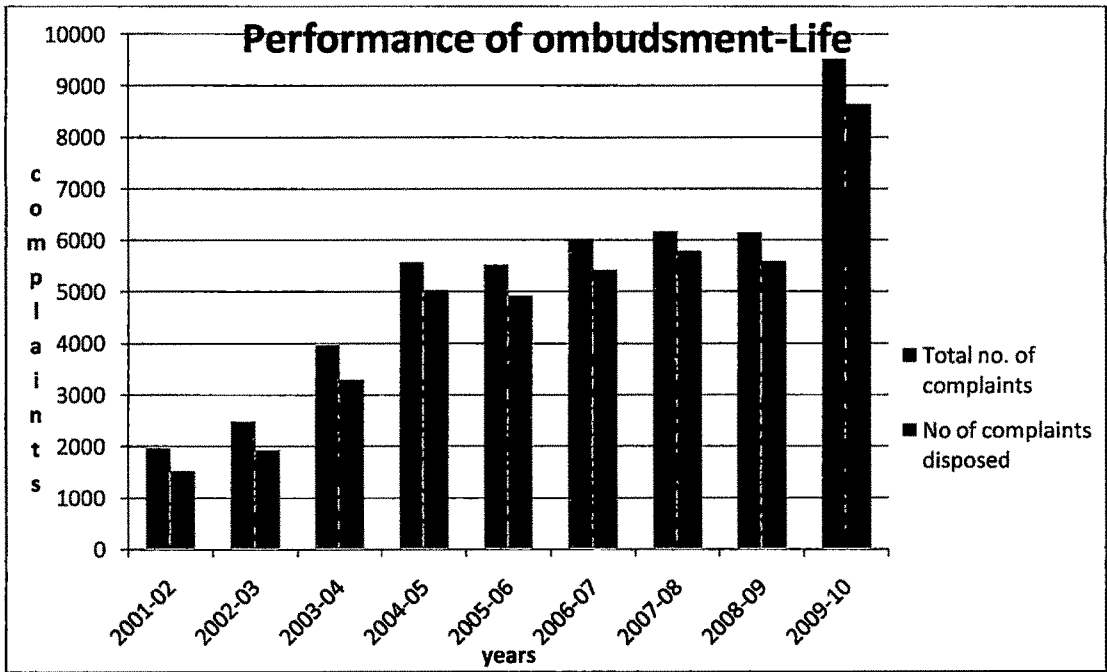
Year	Insurers	Outstanding at the beginning of the year	Grievances received during the current year	Total	Resolved during the year	Outstanding at the end of year	% of complaint resolved to total complaint	% change in number of complaint
2004-05	Public	498	704	1202	210	992	17.47	--
	Pvt	36	195	231	98	133	42.42	--
	<b>Total</b>	<b>534</b>	<b>899</b>	<b>1433</b>	<b>308</b>	<b>1125</b>	<b>21.49</b>	<b>--</b>
2005-06	Public	992	851	1843	467	1376	25.34	53.33
	Pvt	133	540	673	270	403	40.12	191.34
	<b>Total</b>	<b>1125</b>	<b>1391</b>	<b>2516</b>	<b>737</b>	<b>1779</b>	<b>29.29</b>	<b>75.58</b>
2006-07	Public	1376	354	1730	1533	197	88.61	-6.13
	Pvt	403	507	910	808	102	88.79	35.22
	<b>Total</b>	<b>1779</b>	<b>861</b>	<b>2640</b>	<b>2341</b>	<b>299</b>	<b>88.67</b>	<b>4.93</b>
2007-08	Public	197	651	848	163	685	19.22	-50.98
	Pvt	102	1406	1508	1176	332	77.98	65.71
	<b>Total</b>	<b>299</b>	<b>2057</b>	<b>2356</b>	<b>1339</b>	<b>1017</b>	<b>56.83</b>	<b>-10.76</b>
2008-09	Public	685	481	1166	980	186	84.05	37.50
	Pvt	332	1313	1645	1373	272	83.47	9.08
	<b>Total</b>	<b>1017</b>	<b>1794</b>	<b>2811</b>	<b>2353</b>	<b>458</b>	<b>83.71</b>	<b>19.31</b>
2009-10	Public	186	606	792	642	150	81.06	-32.08
	Pvt	272	1843	2115	1870	245	88.42	28.57
	<b>Total</b>	<b>458</b>	<b>2449</b>	<b>2907</b>	<b>2512</b>	<b>395</b>	<b>86.41</b>	<b>3.42</b>

Table 6.24: Performance of Ombudsman –life insurance

Particular	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-8	2008-09	2009-10
Total complaints	1967	2481	3968	5567	5526	6021	6168	6143	9524
Complaints disposed	1506	1917	3289	5020	4925	5418	5778	5586	8636
% of complaint dissolved	76.56	77.27	82.89	90.17	89.12	89.99	93.68	90.93	90.68

(Total Complaint is the complaint outstanding at the end of the year plus complaints receive during the year.

Chart 6.1: Chart showing performance of Ombudsman-Life insurance industry



### **6. 3) Technology:**

Technology is one of the major domains of innovation. Where there is a lot of scope for innovation, it can clearly highlight the difference between leaders and follower. Historically the investment in technology by the insurance sector has been low. However in the last three years, this has changed with public and private players making investments in automation, connectivity, and business intelligence solutions. Indian insurance companies are now using information technology (IT) in one form or the other at various levels. Innovative development of centralized distributed solutions, e-channels and mobile computing technologies, to provide IT based operational services to customers; employees, agents as well as development officers, are some of the explored areas in the field of technology. Internet is becoming an important medium for marketing as well as for claims management and insurance companies are exploring similar innovative ways to ramp up customer services. IT adoption is taken up by the sales and distribution teams, customer service, marketing. Now the adoption of business intelligence, customer analytics, and other advanced tools are on the horizon. Imaging and workflow automation are also being widely adopted by many insurance companies to ensure better customer service, and facilitate better policy and claims processing. Mobile computing with the help of hand-held devices is another initiative that the insurance industry is fast adopting to improve their customer services, and to improve connectivity of the sales force even in the remote locations.

While LIC has been in a completely different league when it comes to IT adoption; there are many other prominent insurance players who have had some very well IT success stories. Table 6.25 gives an overview



of the insurance companies' operating expenses on information technology. The expense of four company's viz. Shriram, HDFC, ING and LIC were not available so not included here. The average expense of 6 years (5 in case of not available) is calculated for each company. Bajaj followed by Reliance and then ICICI has highest spending in IT on an average.

Table 6.25: Information technology and related expenses, Rs. 000's

	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	average
Aviva	NA	61970	95074	157593	151491	152017	123629
Bajaj	NA	110982	227693	532772	557559	542950	394391.2
Birla	22569	20367	32076	122717	168501	252917	103191.2
ICICI	NA	129232	232175	389950	264476	273010	257768.6
Kotak	41310	33254	51526	74144	107519	90890	66440.5
Max	NA	99322	150891	198676	252439	493792	239024
Met	17991	24615	87231	150291	108334	13783	67040.83
Reliance	71637	72757	160370	351871	584343	569117	301682.5
Sahara	xx	28328	28723	40781	49032	46175	38607.8
SBI	35025	89287	101727	188652	203303	212960	138492.3
Tata	63300	107935	109028	199745	446580	461793	231396.8

Source: operating expense schedule, L-6. Public disclosure of insurance companies  
(Operating expenses are for the year ended 31 March)

On the part of IRDA, IT infrastructure facilities have been significantly enhanced and exploring the possibility of use of IT in key areas of functioning in order to cater to the growing needs of the industry. In order to improve the current grievance redressal procedure in the insurance sector, IRDA has initiated the process of development of Integrated Grievance Management System (IGMS). This will ensure speedy settlement of genuine claims. IRDA has also set up Insurance Grievances Call Center (IGCC). The Call Center has been made

operation from July 2010. This will enable nationwide consumer service help line supported by back office activity and will also provide single window system to policyholders to lodge their complaints with their respective insurers.

#### **6.4-Marketing Strategies: The Rising Importance of Alternative Distribution Channels**

Marketing includes all those activities carried on to transfer goods and services from manufacturer to consumer. Marketing channels are sets of interdependent organizations involved in the process of making a product or services available to customers. Marketing mix is a unique combination of basic ingredients of marketing viz. product, price, and place i.e. channels of distribution and promotion. Insurance being a service business requires marketing department to play a key role in delivery of services. Private sector entry has brought with it a transformation not only in product choice but also in the way life insurance is distributed. Previously, agents provided the primary method of acquiring new policies in India as they originated almost all of the LIC's business. This trend is an Asia-wide phenomenon as most of the business of life insurers in Asia is originated by agents.

Distribution has a key role to play in enlarging a domain like insurance. Although tied agency style of distribution has been largely successful in the monopolistic regime, the introduction of brokers, corporate agents and other alternate channel distribution have also contributed to the growth achieved in the competitive era. Table 6.26 shows the new business acquisition through different channels of distribution. Individual agents still dominated to the contribution of new

business underwritten, but its share has decreased tremendously from 95 % in 2003-04 to 60 % in 2009-10. Among others, corporate agents including bank also give a large junk of business especially for private insurers.

Table 6.26- New Business underwritten (Life) through various intermediaries - in percent

Year	Life Insurers	Individual agent	Corporate agent		Brokers	Direct selling	Referrals	Total New businesses
			Banks	Others				
2003-04	Pvt T	60.39	10.57	6.86	0.31	14.37	7.50	100
	LIC	99.78	0.11	0.09	0.02	0.00	0.00	100
	Industry Total	95.32	1.30	0.86	0.05	1.63	0.85	100
2004-05	Pvt T	59.30	15.42	7.75	1.23	10.05	6.25	100
	LIC	98.79	0.87	0.3	0.04	0.00	0.00	100
	Industry Total	88.65	4.61	2.21	0.35	2.58	1.60	100
2005-06	Pvt total	59.71	16.87	8.92	0.83	6.61	7.06	100
	LIC	98.37	1.25	0.32	0.06	0.00	0.00	100
	Industry Total	85.67	6.38	3.15	0.31	2.17	2.32	100
2006-07	--	--	--	--	--	--	--	--
2007-08	Pvt total	53.46	18.20	9.92	1.61	16.81	100	6.96
	LIC	82.68	1.15	0.27	0.05	15.85	100	--
	Industry Total	72.17	7.28	3.74	0.61	16.20	100	2.51
2008-09	Pvt total	47.44	19.19	9.54	1.96	21.87	100	8.05
	LIC	76.90	1.56	0.55	0.37	20.63	100	0.03
	Industry Total	65.45	8.41	4.04	0.99	21.11	100	3.14
2009-10	Pvt total	41.85	22.02	9.34	3.16	23.63	100	6.57
	LIC	71.14	1.17	0.46	0.37	26.86	100	0.12
	Industry Total	60.91	8.46	3.56	1.34	25.73	100	2.37

## **6.5-Summary:**

As far as innovation in product is concerned, there is a trend of unit linked insurance product blooming in the wake of privatization. Both private and public insurers have shown an increasing trend of linked business throughout the years taken. The dominance of linked business over tradition product was more in private insurance compare to LIC.

Concerning customer services, on average more than 80% of the complaints were dissolved by Ombudsman cell over the years taken. The percentage of complaint dissolved to total complaint in grievances cell was increasing over the years except in 2007-08. The percentage of complaint dissolved was more for private insurance companies compare to LIC. However the raise in the number of complaint was more in case of private insurers. Following claim data, the industry witnessed a claim pending to total claim in benefit amount at a percentage in the range of around 4% while claim repudiation ratio was around 3 % and the claim paid was at around 92 %. Percentage of death claims paid to total claims in number of policies for the industry stands around 95% while claim repudiation and claim pending was at approximately 2 % each.

Indian insurance companies were using information technology in one form or the other at various levels. While LIC has been in a completely different league when it comes to IT adoption; there were many other prominent insurance players such as ICICI who have had some very well IT success stories . Looking at the expense of insurers in information technology, the average expense of Bajaj followed by Reliance and then ICICI was highest. On the part of IRDA, IT infrastructure facilities have been significantly enhanced and

exploring the possibility of use of IT in key areas of functioning in order to cater to the growing needs of the industry.

As far marketing is concerned, individual agents still dominated to the contribution of new business underwritten, but its share has decreased tremendously from 95 % in 2003-04 to 60 % in 2009-10. Among others, corporate agents including bank also give a large junk of business especially for private insurers.