

## Preference and satisfaction of life insurance customers in rural based Muzaffarnagar district (U.P.)

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### ABSTRACT

Life insurance firms need to constantly innovate in terms of product development to meet ever changing consumer need and competition compels to offer additional consumer choice through the introduction of new products, services and options in payment of insurance premiums. The heightened awareness and consumers education in cash crop rich areas like Muzaffarnagar, life insurance is viewed by quite a few as an integral part of the financial portfolio. It is not purchased hurriedly or forcefully for tax savings but with specific rational and emotional needs with clear benefits in mind. The study highlights the important facts of untapped life insurance market and enough room for private players besides LIC to establish themselves if they deliver best value for the money to the consumer.

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Insurance in India can be traced back to the Vedas. For instance, Yogakshema, the name of Life Insurance Corporation of India's corporate headquarters, is derived from the Rig Veda. The term suggests that a form of "community insurance" was prevalent around 1000 BC and practiced by the Aryans. Burial societies of the kind found in ancient Rome were formed in the Buddhist period to help families build houses, protect widows and children. Bombay Mutual Assurance Society, the first Indian life assurance society, was formed in 1870. Other companies like Oriental, Bharat and Empire of India were also set up in the 1870-90s. It was during the Swadeshi movement in the early 20th century that insurance witnessed a big boom in India with several more companies being set up.

The Insurance Act was passed in 1912, followed by a detailed and amended Insurance Act of 1938 that looked into investments, expenditure and management of these companies' funds. By the mid-1950s, there were around 170 insurance companies and 80 provident fund societies in the country's life insurance scene. However, in the

absence of regulatory systems, scams and irregularities were almost a way of life at most of these companies (Agarwala, 1961).

As a result, the government decided to nationalize the life assurance business in India. The Life Insurance Corporation of India was set up in 1956 to take over around 250 life companies. For years thereafter, insurance remained a monopoly of the public sector. It was only after seven years of deliberation and debate - after the RN Malhotra Committee Report of 1994 became the first serious document calling for the re-opening up of the insurance sector to private players — that the sector was finally opened up to private players in 2001. The Insurance Regulatory and Development Authority, an autonomous insurance regulator set up in 2000, has extensive powers to oversee the insurance business and regulate in a manner that will safeguard the interests of the insured.

### Nationalization of life insurance:

The first step towards nationalisation of life insurance was taken on 19 January 1956 by the promulgation of the Life Insurance (Emergency Provisions) Ordinance, 1956. Before nationalization, the insurance industry was organized into 243 autonomous units, each with its own separate administrative structure of office and field staff, its own separate set of agents and of medical examiners. Their offices concentrated in the large cities and their field of operation was confined to the major urban areas. Out of 145 Indian insurance companies, as many as 103

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