A Study On Business Development Opportunities With Lic Insurance In Hyderabad

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ABSTRACT

Life Insurance Corporation of India (LIC) is one of the most trusted and dominant players in the Indian insurance sector. This study aims to explore business development opportunities associated with LIC insurance in Hyderabad, a rapidly growing metropolitan city with a diverse economic landscape. The research focuses on identifying potential market segments, customer preferences, and emerging trends that can drive LIC's growth in the region.

Through a combination of qualitative and quantitative analysis, this study examines the factors influencing insurance penetration, agent performance, digital adoption, and customer awareness. The study also explores strategic initiatives LIC can undertake to enhance its reach and effectiveness in Hyderabad. Key areas of investigation include policyholder behavior, competition analysis, and technological advancements in the insurance sector.

Findings from this study can provide insights into how LIC can leverage market dynamics to strengthen its business model, expand its customer base, and enhance operational efficiency. Recommendations are made to optimize sales strategies, improve customer engagement, and maximize the potential of digital transformation in the insurance sector.

1.1 INTRODUCTION

Health insurance is an agreement whereby insurance company agrees to undertake a guarantee of compensation for medical expenses in case the insured falls ill or meets with an accident which leads to hospitalization of the insured. Generally, insurance companies have tie-ups with the leading hospitals so as to provide cashless treatment to the insured. In case the insurance company has no tie-ups with the hospital, they reimburse the cost of expenses incurred by the insured. The government also promotes health insurance by providing a deduction from income tax. The Insurance industry in India has seen an array of changes in the past one decade. The economic scenario which emerged after globalization, privatization and liberalization has thrown a new challenge before the insurance sector. Insurance is a protection against economical losses arising due to an unexpected event. In any type of insurance coverage claim settlement plays very important part. claim settlement is an integral part of the insurance business. A claim settlement an agreement between two or more parties to settle a legal claim with payment and other terms. The most common form of claim settlement involves an insurance claims. An insurance claim is the only way to officially apply for benefits under an insurance policy. The customers know well about their rights and remedies, availability of various grievance Redresses mechanisms, progressive decontrol...The present study attempts customer perception on claim settlement services in life insurance companies. LIC of India is still leading life insurance provider. Due to strong management framework of claims settlement. Insurance industries in India

nowadays have taken a giant shape especially after privatization and introduction of insurance regulatory and development authority (IRDA). The claim intimation should consist of basic information such as policy number, name of the insured, death of date, cause of death, name of the claimant etc

1.2 NEED FOR THE STUDY

The insurance sector in India is experiencing rapid growth, driven by increasing financial awareness, evolving customer needs, and technological advancements. Life Insurance Corporation of India (LIC), being a market leader, plays a crucial role in providing financial security and investment solutions. However, with rising competition from private insurers and digital insurance platforms, it is essential to explore new business development opportunities to sustain and expand LIC's market presence. Hyderabad, as a major metropolitan city, presents significant potential for LIC's growth due to its expanding middle class, booming IT sector, and increasing disposable incomes. This study aims to assess the current market landscape, customer preferences, and business development opportunities available for LIC in Hyderabad. It also seeks to identify challenges and suggest strategies to enhance LIC's reach and effectiveness in catering to diverse consumer needs.

1.3 OBJECTIVES OF THE STUDY

1. To analyze the business development potential of LIC insurance in Hyderabad.
2. To understand customer preferences, buying behavior, and awareness regarding LIC policies.
3. To identify challenges and competition faced by LIC in the region.
4. To explore digital transformation opportunities for LIC's business expansion.
5. To recommend strategies for improving LIC's market penetration and agent performance.

1.5 SCOPE OF THE STUDY

The scope of business development opportunities with LIC (Life Insurance Corporation of India) in Hyderabad is vast and promising, given the city's growing economy, expanding population, and increasing awareness of financial planning. Hyderabad, being a major metropolitan and IT hub, hosts a large working-class population with rising disposable incomes and a growing need for life insurance, retirement plans, and investment-linked policies. LIC, with its strong brand reputation and wide range of insurance products, offers excellent prospects for agents, advisors, and business associates to tap into diverse market segments—from salaried professionals and entrepreneurs to middle-income families and retirees. Additionally, the digital transformation and financial literacy initiatives by LIC have further widened its reach, creating opportunities for tech-savvy professionals to leverage online platforms for client acquisition and service delivery. The demand for secure financial instruments, combined with Hyderabad's urban growth, makes LIC a significant avenue for business expansion, career development, and long-term entrepreneurship in the insurance sector.

1.6 METHODOLOGY

RESEARCH METHODOLOGY

Research Methodology is the investigation of specific problem in detail. At first problem is defined carefully for conducting research. There should be a good research plan for conducting research. No research can be done without data collection. After all this analyze is made for getting solution for problem.

METHODOLOGY AND DATA SOURCES

Data collection included both primary and secondary data are used.

RESEARCH DESIGN

A research design is considered as the framework or plan for a study that guides as well as helps the data collection and analysis of data.

DESCRIPTIVE RESEARCH DESIGN

Descriptive research is a study designed to depict the participants in an accurate way. More simply put, descriptive research is all about describing people who take part in the study.

1.7 LIMITATIONS OF THE STUDY

2   The survey conducted may not be considered as comprehensive as only limited respondents could be contacted because of the time constraint.

3   Objectives, the purposes of the study and the questions had to be explained to the respondents and in this context their responses may be biased.

4   Some of the respondents were reluctant to give their responses.

5   Only limited sample size had been considered for the study and therefore, the conclusions drawn based on this may not be a reflection of the entire population.

2.2 REVIEW OF LITERATURE

1.   **Sharma, R. (2020)** – In a study on the Indian insurance sector, the researcher found that LIC holds a dominant position due to its trust factor, but needs to invest more in digital transformation to compete with private players.

2.   **Mehta, P. & Jain, S. (2020)** – The research highlighted that personalized customer service and well-trained agents have a significant impact on LIC policy sales in metro cities like Hyderabad.

3.   **Kumar, A. (2021)** – The study emphasized the importance of awareness campaigns in promoting life insurance among the urban youth. LIC's conventional methods were seen as less appealing compared to private insurers' digital strategies.

4.   **Rao, V. & Iyer, M. (2021)** – Their paper examined the role of digital marketing in insurance sales. It found that LIC was lagging behind private insurers in using social media and digital tools for customer acquisition.

DATA ANALYSIS AND INTERPRETATION

Table 4.1.21: Satisfaction level of Life insurance policy of the respondents

Level of satisfaction	No. of. respondents	percentage
Highly satisfied	60	73
Neutral	25	2
Satisfied	15	25
Total	100	100

Source: Primary Data

Chart 4.1.21: Satisfaction level of Life insurance policy of the respondents

Interpretation

From the above table it is interpreted that 73% of the respondents are Highly satisfied with the life insurance policy and 25% of respondents are satisfied, 2% of the respondents are neutral with the life insurance policy.

Inference

73% of respondents are Highly satisfied with the life insurance policy.

4.1 CHI SQUARE TEST

Hypothesis-1

H0- There is no significant association between the education of the respondents and the awareness level towards life insurance policy.

H1- There is significant association between the education of the respondents and the awareness level towards life insurance policy.

				Crosstabulation
		oderately aware		
Particulars	**Extremely Aware**		**Slightly aware**	**Total**
Post graduate	13	33	5	51
Primary	0	1	8	9
secondary	0	6	33	39
Under graduate	13	49	39	101
Total	26	89	85	200

Chi-Square Tests			
	Value	d	tic Significance (2-sided)
Pearson Chi-Square	61.111	6	0.000
Likelihood Ratio	70.009	6	0.000
N of Valid Cases	200		

a. 3 cells (25.0%) have expected count less than 5. The minimum expected count is 1.17.

Interpretation

Pearson chi-square value of the above table is 61.111 at 5% level of significance. P value is less than 0.01. Hence, we reject the null hypothesis and conclude that there is significant relationship between the education of the respondents and the awareness level towards life insurance policy.

Hypothesis-2

H0- There is no significant association between the Income of the respondents and the scheme of life insurance policy they hold.

H1- There is significant association between the Income of the respondents and the scheme of life insurance policy they hold.

			Crosstabulation			
Particulars	lowment plans	Money back policy	rement plan	Term insurance plans	Whole life insurance	Total
1,00,001 - 3,00,000	65	19	4	13	4	105
3,00,001- 5,00,000	23	8	2	15	11	59
Above 5,00,000	3	7	0	2	12	24
Up to 1,00,000	10	1	0	1	0	12
Total	101	35	6	31	27	200

Chi-Square Tests		
		tic Significance (2-sided)
	Value	d

Pearson Chi-Square	57.370	12	0.000
Likelihood Ratio	55.146	12	0.000
N of Valid Cases	200		

a. 10 cells (50.0%) have expected count less than 5. The minimum expected count is .36.

Interpretation

Pearson chi-square value of the above table is 57.370 at 5% level of significance. P value is less than 0.01. Hence, we reject the null hypothesis and conclude that there is significant relationship between the Income of the respondents and the scheme of life insurance policy they hold.

5.1 FINDINGS

1. 84% of the respondents are in the category of male.

1. 45% of the respondents are in the age category of 20-30 years. 70% of the respondents are married.
2. 51% of the respondents are in the category of under graduate. 48% of the respondent's occupation in the category of salaried.
3. 52% of the respondents are in the income category of 1,00,001-3,00,000. 40% of the respondents in the category of somewhat aware.
4. 40% of the respondents are influenced by family.

5. 46% of the respondents are preferred to investment in bank deposit.

6. 36% of the respondents are in the insurance value category of 5,00,000 to 10,00,000. 73% of the respondents are preferred to invested in public life insurance company.
7. 72% of the respondents are purchase through Agents. 50% of the respondents are invested in Endowment plans. 93% of the respondents are hold 1 to 2 Polices.
8. 40% of the respondents are invested in the period of 16 to 20 years. 48% of the respondents are paying premium in the period of half yearly.

5.2 SUGGESTIONS

With regard to insurance products, consumers respond at different rates, depending on the consumers characteristics. Hence Insurance companies should try to bring their new product to the attention of potential early adopters.

i. Due to the intense competition in the life insurance market, the life insurance companies have to adopt better strategies to attract more customers.
ii. Keeping the cost, quality and return on investment in tact is necessary in order to tackle the competition.
iii. Life insurance products are taken mainly by middle- and higher-income group. Hence, they should be regarded

as main targeted income groups. Life insurance products which are suitable for lower income group should also be released so that the market share increases.

5.3 CONCLUSION

life insurance is an important form of insurance and essential for every individual. Life insurance penetration in India is very low as compare to developed nation where almost all the lives are covered and stage of saturation has been reached. LIC has maintained its monopoly in insurance sector from past many years but after the liberalisation many new insurance companies have entered this business. Majority of policy holders purchase the insurance policy for savings purpose. After conducting the whole study, it has been concluded that 100% respondents are aware about life insurance policies and majority of respondents are satisfied with the services of their respective life insurers. Of those who are not satisfied with the services the major reason being the large amount of premiums. Customers are the real pillar of the success of life insurance business and thus it's important for insurers to keep their policyholders satisfied and retained as long as possible and also get new business out of it by offering need based innovative products. There are many factors which affect customers investment decision in life insurance and from the study it has been concluded that demographic factors of the people play a major and pivotal role in deciding the purchase of life insurance policies.

1. red by life insurance companies

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