

## TODAY'S ISSUES OF INSURANCE BUSINESSES : ATTITUDES OF PREMIUM HOLDERS, AGENTS AND INSURANCE COMPANIES WITH SPECIAL REFERENCE TO LICHF

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### **Abstract**

*As we all know that anything which can be marketable among the human communities for the money and money related values circulation is also business. In insurance, fear of people is made as a business. Of course fear is a risk of human community. In the world there are around 228 countries having their own conditions to establish the nations. Among the constitutions insurance also is one among them. India is one of the leading and fast developing countries in the world. In India, there are 28 states and 7 Union territories. Every state and union territory has a huge number of populations. They are also called customers. To do any business we need customers. So, our population is our customers which is important for the domestic goods and services economy. Thus, the attitudes of the policy holders, agents and insurance companies must be looked for the further development of the insurance business. In India, there are around 1.25 billion population there.*

*Everybody should get an insurance in their risk areas so that it will be and develop the economy in a moral way. Risk or poor, need insurance. In India, rich is becoming richer and poor is going to jail. Since these kinds of attitudes are there it is now showing the justice into the insurance business. We can also take the insurance systems from the developed countries and implement for our country where there is necessary. The authors aim is to identify the problem through the study. It is all our observation however the ideas came from also through the texts and notes. Although there are good things in the insurance business identify the problems is also research which is important to solve the problem for the further improvement. So, policy holders, agents and insurance companies attitudes must be looked to identify the problems which will help to get the suggestions and recommendations to improve the insurance business further.*

**Key words:** *business, insurance, economy*

**JEL Classification:** *G 22, K22*

### **I. INTRODUCTION**

As we all know that anything which can be marketable among the human communities for the money and money related values circulation is also business. In insurance, fear of people is made as a business. Of course fear is a risk of human community. In the world there are around 228 countries having their own conditions to establish the nations. Among the constitutions insurance also is one among them. India is one of the leading and fast developing countries in the world. In India, there are 28 states and 7 Union territories. Every state and union territory has a huge number of populations. They are also called customers. To do any business we need customers. So, our population is our customers which is important for the domestic goods and services economy.

In India, there are public and private insurance companies which are doing the insurance businesses. There are numerous insurance can be made by these companies out of our human fear which is also uncertain or risk. The common insurance are life insurance, health insurance, motor insurance, property insurance, travel insurance, crop insurance, policy holder insurance, engineering insurance, fire insurance, ombudsman, re-insurance, education insurance, etc. Still we can make a different types of insurance which has a human fear and which also multiply the money in our country.

Although there are insurance policy holders, agents and insurance companies, will be all participating in this business actively, enthusiastically and ethically is the questions of the authors. The authors would like to bring the attitudes of the Policy Holders, Insurance Agents and Insurance Companies. So that it will help the insurance business in a well manner at justification manner.

Now Let us see one by one of them.

**Policy Holders:**

Policy holders are the customers. These kind of customers always have a fear in their life and the fear is multiplying among them in periods to periods. Let us see some of the attitudes of them. They are taking the insurance policy through the agent. Every term they are paying the premiums so that they can be compensated by any risk by their insurance companies. Some people do not work hard they take a policy and expecting a fat money in the future. But the economist says everybody has to work till the age of 60 so that it will work for the economic development. Suppose, parents or the policy holders are paying the premium at the age of 20. In 40 years their policy is expireid. So, they get the fat money with that they are depositing into the bank or lending money to others for the interest and sleeping in the life. Another example, medical insurance, although they do not have a appropriate diseases, hospitals are making a wrong documents to make a profit. Their attitudes also to exempt from tax. These kind of attitudes must be changed among the policy holders.

**Insurance Agents:**

The another hurdle which affect the ethical values of the business is agents. They are always identify the person who is does not have a knowledge about the insurance business. They tell 101 stories among the customers and attract them and drag into the insurance business with the first premium for the commission and the target. After that they never every bother about the customers. Even they take loan and they deal loan and expecting some commission from the policy holders and insurance companies. Most of the times, they are always expecting one or another money from the policy holders to meet their day today expenditure apart from the commission given by the insurance companies. If the commission is not talked by the policy holders they will not take any necessary steps for the loan or final money. Like that we can identify the several attitudes among our insurance agents. If our customers have a good knowledge in the information technology and spending of time this may be reduced.

**Insurance Companies:**

In India, there are private and public insurance companies are overwhelming now. They are doing the business because of the numerous customers. If more customers are there, we can get a more business for the money circulations. Some of the genuine policy holders are not getting their final money or the compensation. They are confusing them and hijacking from one to another to do their business. For example, Government is favour to their own nepotism and redtapisum group to carry out the business. One time one government is having one insurance companies next time it is another. When the policy holders ask their compensation, it was told government changed so that insurance does not have a value. Like this unsystematic business are happening among the insurance companies for the policy holders. They kind of problems must be looked into and solve the problem of them.

Now let us take a one sector which is the housing sector which plays a vital role in our Indian economy. As finance is very essential for the growth of the housing sector, a good number of housing finance companies have been set out in the country. The sector is also one of the highest employment generators. It provides jobs to around 8.5 million persons in India. It registers a sustained growth of 3.5% of Gross Domestic Product (GDP). It supports about 280 others industries or services in the economy by generating employment and other commercial opportunities in a large scale. It has been noticed in India that out of every Rs.100 spent on housing a sum of Rs.11.40 goes to the exchequer by way of stamp duty and registration charges taxes and so on.

The state housing board was established with the aim of creating housing colonies and lay out and seen to general public at reasonable rates. Further the Government gives many tax concessions for promoting this sector. It declared housing for all on priority area and set a target of constructing two million houses additionally every year with stress on rural housing. As a result, the National Housing and Habitat Policy was formulated to ensure the objective of housing for all by 2020.

The impressive growth of housing sector in urban areas could be attributed to a combination of various factors namely increase in the level of disposal income, rapid urbanization etc., The growth of Indian population at about 1.76% per annum is also contributing to the increase the demand for dwelling units in India. Indian housing industry is divided in the organized and unorganized sector, organized sector have only 25 percent share in comparison to total requirement of mortgage in India and large portion is fulfilled by the unorganized sector like the personal saving, loan from the local private financers, loan from the finance industry in India still in infancy stage only the 30 year old because after the formation of Housing and Urban Development Corporation, it came into existence in the formal way. Presently different players in the housing sector are providing services to cater the need of market. They are Housing Development Finance Corporation

limited(HDFC), Housing and Urban Development Corporation(HUDCO),Life Insurance Corporation (LICHFL),General Insurance Corporation(GIC),Commercial bank and Finance Housing Companies. Let us look out the problem in performance. Demand for new housing units is expected to grow at the rate of two million units per year requiring an investment to the tune of Rs.45, 000 crores.

The demand for dwelling units increases in India as a result of rapid urbanization, population growth, increase in the level of disposal income and breakdown of joint family system. In particular the demand for housing increases mainly because of fall in interest rate due to deregulation, tax concession and change in customer attitude. Despite this situation, the success of any housing finance company depends largely on the understanding of the broad business dynamics. It is true that in the era of deregulation of interest rates, entry barriers have been removed, until 1990's the industry was dominated by Housing Co-operatives, HDFC and LIC-HFL. In 1998 the Reserve Bank of India (RBI) allowed public sector undertaking banks to lend directly the loan in the retail segment.

The entry of a large number of banks and other NBFIs into the Indian housing sector makes it highly competitive. The increasing competition in the housing finance industry compels the fund provide to introduce innovative products and selling strategies to meet customers funds requirements. The people are also adequately aware of the existence of various financing institutions and of various products. In this context several questions arise. (i)How many individual households were financed by the LICHFL? (ii)To what extent they were financed? (iii) What are its share in market? (iv)What are the problems faced by them as housing loan providers? (v) What factors contributed for the selection of LICHFL by the borrowers?(vi) What is their socio-economic profit? (vii)Are the borrowers really satisfied with the services offered by the LIC HFLs? (viii)What is the pattern of their borrowing? (ix)Are they satisfied with the services? (X) What are the problems faced by them? To answer the above and other queries an empirical study is required. Hence this study "A study on the performance of LIC Housing Finance Limited". The results of such studies will help in understanding the performance of LIC HFL and to identify the problems faced by the institutions as well as borrowers. Like this we can see in every product of Insurance companies.

## **II. RECOMMENDATIONS**

Every insurance companies must keep the steering, scrutining and inspection committee to inspect each and every events of the insurance business which must have a link with the ministry too in the country and have a proper computerized system to follow possible transparency for the business events and activities.

## **III. CONCLUSION**

Thus, the attitudes of the policy holders, agents and insurance companies must be looked for the further development of the insurance business. In India, there are around 1.25 billion population is there. Everybody should get a insurance in their risk areas so that it will be and develop the economy in a moral ways. Risk or poor, need insurance. In India, rich is becoming richer and poor is going to jail. Since these kind of attitudes are there it is now showing the justice into the insurance business. We can also take the insurance systems from the developed countries and implement for our country where there is necessary.

The authors aim is to identify the problem through the treaty. It is all our observation however the ideas came from also through the texts and notes. Although there are good things in the insurance business identify the problems is also research which is important to solve the problem for the further improvement. So, policy holders, agents and insurance companies attitudes must be looked to identify the problems which will help to get the suggestions and recommendations to improve the insurance business further.

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