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GRT MICRO STUDY OF PROBLEMS & SUGGESTIONS FOR MARKETING OF L.I.C. JEEVAN AKSHAY (VI) PLAN(TABLE 189)



Natwargopal M. Mapawala

Associate Professor & head Commerce Board SMV Nagpur

Abstract:Problems of Marketing

a)It is only one plan, some other similar plans are not available, people not satisfied. Very many similar plans were introduced earlier but these were withdrawn.

Jivan Dhara plan (96) issued on (10.10.87) & withdrawn on 16.2.2000 no. pension 1% per month i.e. 12% P.A. single & Annual both premiums allowed. It is deferred annuity (Pension) plan in which pension is not payable immediately but after vesting date which is opted by the policy holder which may be in between 2 to 35 years.

Key words: Micro Study , Marketing Of L.I.C , policy .

INTRODUCTION:

Immediate Annuity Without profit (Bonus) plan (115) introduced on 1.10.89 & withdrawn 16.2.2000 it was like existing Jivan Akshay plan (189).

Deferred Annuity (without profit) plan (116) introduced 1.10.89 & withdrawn 16.2.2000 it was like Jeevan Dhara (96) plan but not exactly similar.

Jeevan Suraksha (122) introduced 4.6.98 & withdrawn 24.12.01. It was deferred Annuity plan Available with or without Risk cover with guaranteed Addition & Loyally Addition. Single & Regular both premium facility was available.

New Jeevan Dhara (145) was withdrawn on 14.12.01

Varishtha pension Bima Yojna was introduced on 14.7.03 & withdrawn on 08.07.04. it was immediate pension plan which was 9.4% Annually.

Future plus (172) introduced 4.3.05 & withdrawn on 01.07.06. it was unit link (Ulip) plan with single or Regular Premium with or without risk cover. pension payable 40 to 75 Age.

Market plus (1) plan (191) introduced 17.06.08 & withdrawn 01.09.10. it was like future plus (172) plan.

a)Not suitable for Agents because Commission is 2% only & policy holders compares it with 35% for Return of Commission purpose.

Future business channel becoming lesser because premium is paid at one stroke.

For becoming, corporate club member, mdrt, cot, & Tot, only 6% credit is given. for example on Rs. 1 Lac premium.

Premium mode	Amt.	Credit	Commission credit
Single	1 Lac	6000	2000
Regular	1 Lac	1 lac	35000

Production Requirement for mdrt- 2014

Condition	First year Commission	Premium
Mdrt	8,36,100	33,44,400
COT	25,08,300	1,0033,200
TOT	50,16,600	2,00,66,400

C) L.I.C. branch & divisional officials, D.O. (Development Officers) C.L.I.A. (Chief life insurance Advisories) & agents are not updated during July 2013. I met very many of above but they were not up dated. From most of the branch office I only got 1 leaf-late which too was out dated & modified features of plan dated 16.5.12 were not there. If such is the case then how proper marketing is possible?

d) Agents are not aware about various options available in the plan so that they can not suggest suitable option to the policy holder.

e) for most of the options SAP (Standard Age proof is required which is not available specially at old age.)

i) 3 yrs IT returns are required, also not available in most of cases.

g) Servicing for pension for whole India is from Mumbai central office.

Branch office, Agents & policy holders are not satisfied.

h) Existing certificates of policy holder are required at intervals. Agents & policy holders are not happy with the provision.

i) Any type of modification in the options not permitted.

j) Loan facility not available.

k) Policy can not be surrendered.

l) Pension is taxable under income tax & heavy services tax is charged by L.I.C. if Rs. 10 lacks are invested in this plan & pension @7% P.A.

Pension PA. 70000	Premium 10 Lacks		Service tax. 30900
Income tax Rate on pension	10.3%	20.6%	30.9%
Income tax	7210	14440	21630
Net Pension	Premium + Service tax		Net pension%
IT 10.3% 62790	1030900		6.1%
20.6% 55560	1030900		5.39 pension
30.9% 48370	1030900		4.69%

After considering service tax & income tax on pension, net Pension is in between 4.69% to 6.10% such low pension is not Acceptable to policy holders.

Current service tax chargeable rates by L.I.C. is 3.09%, before 2 Years It was 1.545%. It is beyond my knowledge & under standing that how the L.I.C. & C.B.E.C. has arrived at above rates of service tax for L.I.C. & also when service tax for L.I.C. was proposed in 2013 union budget w.e.f. 1.10.2013, how it is charged since 2009 on this plan & plan No.807 for Children.

Normal Rate	L.I.C. rates.
12	3.09
10	1.545

12% means 12.36% inclusive of 3% Education (cess) 10% menace 10.3%. 3.09% means 3% & 1.545% menace 1.5%

When normal rate was 10 the L.I.C. rate was 1.5 How this rate was calculated, I don't know. But it is again surprise that if 10% is equal to 1.5% then how 12% is Equal to 3% such heavy service tax is not acceptable to policy holders.

SUGGESTION FOR MARKETING OF JEEVAN AKSHAY PLAN (189)

One Another Pension plan should be introduced by L.I.C. it may be combination of all plans which were withdrawn by L.I.C. from time to time & discussed under 10 (III) salient features of plan may be as follows.

It should be deferred annuity plan in which pension should be payable at age 60 & onwards, premium may single or regular, it should be with or without risk cover, Provision for bonus & fab or L.A. Should be there, Riders like Dab, disability, term rider, CIR & PWB for CIR in case of regular premium should also be allowed.

(b) Agent commission for single Premium is 2%. It can not be increased but in some other single premium mode 40% bonus premium is paid.

On 2% i.e. 2.8% this 40% bonus is in force in plan No. 152, 153, 154, 157, 160, 162, 167, 168, 173, 174, 178 (existing) 179, 180, 184, (No. Existing) 185 (existing) 186, 187, 188, 190, 192, 901, 902, 194, 196, 197, 801 & 802 etc.

For becoming corporate club member, mdrt., Cot & TOT etc. existing 6% single premium credit should be increased up to 33.33% or at least 20%.

In 5 years existing plans credit is 100% & in some withdrawn plans having 3 years premium paying term credit is also 100%, accordingly it should be 33.33% or at least 20%.

C) LIC Field force should be given up to date knowledge through special training sessions & seminars etc.

D) Various options available should be first explained to the field force & field force should Clearly disclose provisions of all options. Specially out of so many options in 2 options only purchase price is retuned to the nominee of policy holder after his death. during meeting with policy holders in Nagpur city, most of them were angry for not disclosing this material fact. It should be explained to the field force by some expert that even if Purchase price is not retuned to nominee, return on investment may be still higher.

For example at age 85 pension under Different Options will be as follows. These are already mentioned under head 10 (II) (Premium Rs. 10 Lacks)

1) Pension P.A. will be 228850. It is highest pension in the world but the option should be explained to the investor clearly & Properly. He will Receive Pension whole life it may be For unlimited time. 10.15 or 20 & So on years. But it may nil year. for example policy Starts on 15th July 13 & in case of YLY mode Pension becomes due on 15th July 14. If policy holder dies before this date, No pension at all & no Payment to (Rs.10 Lacks) Nominee. If He alives for 20 Year, Total Pension will be 45,77,000 & if 3rd Option is opted then pension will be only 8.065% only but on death Rs. 10 Lacks will be payable to nominee.

What will be compound effect of difference of pension rate i.e. (22.89-8.07= 14.81) & for which category of investors this option is suitable & advisable will be discussed in details with calculations in my project work.

2) Pension is guaranteed for 5.10.15 or 20 years & there after whole life but purchase price is not payable to nominee after death. For example under 15 year. Option pension per P.A. will be 1,09,750 even if policy holder dies second day, nominee will be paid pension for 15 years Certain & if he (Policy holder) alives for 20.25 or so on years. Pension will be continued. suitability of option will be discussed in details during my project work.

3) It is the option in which purchase price is paid to the nominee on death of policy holder. maximum pension P.A. for whole life is 8.065%. Suitability of option will be discussed in details during my project work.

4) Pension is payable whole life increasing at simple rate of 3% P.A., example of increasing pension rates are given under 10C(II)CCX 4d (3). On death of policy holder purchase price is not payable to nominee. suitability of this option will also be discussed in detail during project work.

5) Pension P.A. for whole life of policy holder is 1,82450 & after death 50% i.e 91225 P.A. will be paid to the spouse for whole life, but No payment of Rs. 10 lacks to nominee. suitability of option will be discussed in detail during my project work.

6) Pension P.A. for whole life of policy holder is 151850 & after death same pension i.e 100% to spouse for whole life but No payment of Rs. 10 lacks to nominee suitability of option will be discussed in details during my project work.

7) Pension P.A for life of policy holder is 78250 & after death 100% i.e 78250 pension to spouse for life. The purchase price Rs. 10 lacks will be returned on the death of last survivor. Suitability of option will be discussed in details during my project work.

e) L.I.C. should not emphasize upon SAP . pan card should be accepted for the purpose.

f) 3 years income tax returns are required for any premium in Jivan Akshay Policy (Minimum Premium 1 lack) but it should not be emphasized for below 5 lacks premium.

g) Servicing of the policy should be decentralized. It may be at divisional level, for example servicing of Nagpur. divisional Branches will be at Nagpur divisional office.

h) existence certificates should be required to be filled at the interval of 5 yrs.

i) Any changes required by the policy holder in option should be allowed by L.I.C. because this will be beneficial for all i.e L.I.C., policy holder & Agent.

L.I.C- L.I.C. may fix some charges for change, for example 25% on premium. if any one wants change then first he has to surrender the policy & again pay premium as new policy is taken. it will also increase the single premium income of the L.I.C. without any loss.

Policy holder – Policy will be satisfied because now if any wrong option is explained by agent than policy holder has not any option expect to continue that option.

Agent : he can correct his mistact of suggesting wrong option to policy holder. His number of policy, premium & commission will also be increased.

(J) Loan facility should be allowed by LIC. There will not be any loss but on the other hand earning of interest will be extra income for LIC.

(K) Surrender of policy should be permitted by LIC at existing surrender rules. LIC will be not in any loss. On the other hand policy holder will be satisfied with the LIC.

(L) All life insurance companies (24) including LIC should request to 1) Government of India to exempt pension from income tax 2) Central excise department who looks after service tax also through govt. of India a) to exempt LIC Premium from service tax, if not accepted than b) To exempt at least pension policy premium, if not accepted then c) to exempt at least single premium on pension policy if not accepted then d) to reduce rate & it should be flat 1%, if not accepted than e) To maintain it at previous 2 years level i.e. 1.545% if not accepted than f) To alter it at current rate on previous level i.e. 1.854%. (Previous level 1.545%, Preious rate 10.3 and current Rate 12.36%) $(1.545 / 10.3 \times 12.36)$

(M) incentive for high purchase price is 3.75 to 4.35 Rs. Per thousand. It Should be increased and reconstituted & 15days cooling off period not sufficient it should be at least 1 year.



Natwargopal M. Mapawala

Associate Professor & head Commerce Board
SMV Nagpur

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