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INSURANCE AS A TOOL FOR INVESTMENT AND TAX PLANNING

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ABSTRACT
Investment in insurance is one of the best and most important financial decisions. Insurance company should conduct proper market research before introducing insurance policies. So that the sale of the policy is easy and policy holder are also well satisfied when their needs are fulfilled. A well developed and evolved insurance sector is needed for economic development as it provide long term funds for infrastructure development and at the same strengthen the risk taking ability. Life insurance acts as a tool and source for saving money. Investors can take up a variety of policies to secure future and save money lifelong. There are various policies which will benefits investors when they invest in them as early as possible. Life insurance helps to get profit through a vast number of policies if the investors invest in such a profitable policy, at the end of the term they get benefits of it. Therefore it is an instrument which helps the investors for a long time and achieves their goals.

This paper focus on the role of insurance as an investment and tax saving strategy for the insured , review of previous studies, and the various schemes introduced by Life Insurance Corporation. It also includes the major findings of the study and also the attempt is made to provide some of suggestions.

KEYWORDS: *Insurance Policy, Investment, Life Insurance, IRDA, LIC.*

1.1 INTRODUCTION

Insurance is a means of protection from financial loss. It is a form of risk management primarily used to hedge against the risk of a contingent, uncertain loss. In D.S.Hamsell words insurance is defined as a social device providing financial compensation for the effect of misfortunes the payment being made from the accumulated contribution from the all parties participating in the scheme. In simple term "insurance is a co-operative device to spread the loss caused by a particular risk over a number of person, who are exposed to it and who agree to insure them self against the risk". An entity which provides insurance is known as insurer or insurance company. A person or entity who buys the insurance is known as insured or policy holder.

The insured received a contract called the insurance policy which details the condition and circumstance under which the insured will be financially compensated. The amount of money charged by the insurer to the insured for the coverage set for thin the insurance policy is called premium. The premium to be paid will depend upon the amount of risk to be covered the duration of the policy, the age of the person and other attendant risk. For a life insurance policy, advance premiums are to be paid monthly, quarterly half-yearly or yearly. In case of the premature death, the nominee will be paid the amount covered or promised or due. If the person does not die, the maturity value of the policy will be given at the end of the term of the policy, along with bonus amounts due to the insured person. All the promised amounts of the policies are paid periodically (as in pay-back policy) or at the end of the term as promised. In case of insured person fails to pay certain number of premiums the policy can be revived after paying the fine or interest due and, if necessary, after getting a fresh medical report about the health of the person. If the insured experience a loss which is potentially covered by the insurance policy, the insured submit a claim to the insurer for processing by a claim adjuster.

The history of Indian insurance sector, a decade back LIC was the only life insurance provider. Other public sector companies like National Insurance, United India Insurance, Oriental Insurance and New India Assurance provided non-life insurance or say general insurance in India. So for as the industry goes, LIC, New India, National Insurance, United insurance and Oriental are the only government ruled entity that stands high both in market share as well as theire contribution to the insurance sector in India. The government also strives hard to provide insurance to individuals' by introducing schemes like Pradhan Mantra Suraksha Bima Yojana (PMSBY), Rashtiya Swasthya Bima Yojana (RSBY), Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY). Introduction of these schemes would help the lower and lower-middle income categories to utilize the new policies with lower premiums in India. With the several regulatory changes in the insurance sector in India the future looks pretty awesome and promising for the life insurance industry.

1.2 REVIEW OF LITERATURE

Dr. Arnika Srivastava, Dr. Sarika Tripathi, Dr Amit Kumar (April, 2012) made a study on **"Indian life insurance industry the changing trends"** in their article they stated that Indian insurance industry has modified itself with passage of time by introducing customized need, through innovative distribution channel. Changing government policy and guideline of the regulatory authority, IRDA have also played a very vital role in the growth of the sector.

Dr. Adgaonkar Ganesh (2015) made a study on **"Insurance awareness of India",** he examined that insurance occupies an important place in the complex modern world since risk which can be insured has increased enormously in every walk of life. The insurance sector act as mobilize of savings and financial intermediary and is also promoter of investment activities .It can play a significant role in the economic development of a country ,while economic development itself can facilitate the growth of the insurance sector.

Dr Neelam Gulati (March, 2014) made a study on **"Analysis of the productivity of life insurance Corporation (LIC) of India"**, in his article he stated that After liberalization of Indian insurance sector and advent of private player in the market LIC realized that it should do marketing initiatives and marketing strategies were devised to raise customer satisfaction .In the every first year of the entry of new insurance companies .LIC introduced many new schemes and products ,backed by advertisements and publicity campaigns.

Babita Yadav, and Dr Anshuja Tiwari (July, 2012) in their article **"A study of factors affecting customer investment towards life insurance policies"** in theire article they stated that life insurance is an important form of insurance and essential for every individual. Life insurance penetration in India is very low as compared to developed nation where almost all the lives are covered and stages of saturation has been reached .Customers are the real pillars of the success of life insurance business and thus it's important for insurers to keep their policy holders satisfied and retained as long.

1.3 RESEARCH ISSUES

Insurance is best avenue for investment hence it assures lower return with lower risk .Insurance is not only considering as safety deposit but it also considering as best investment tool. This article is concentrated to examine the role of Insurance as better Investment plan

1.4 OBJECTIVES OF THE STUDY

- To evaluate the role of insurance on savings.
- To examine how insurance tool as an investment strategy
- To study the various investment strategies and its role in investment
- To study the effectiveness of insurance in investment pattern
- To study the comparative benefits of insurance as a mode of investment.

1.5 RESEARCH METHODOLOGY

The present study includes primary data the information collected by distributing the questionnaire to 50 respondents', the employees of private and public sectors working in surrounding of Shimoga District. And it also covers collecting information from different cadre personnel of insurance companies.

Secondary data through the various means such as books, reports of various committees', journals, various announcements, websites, committee reports, newspapers, magazines, Annual reports of IRDA, and the study scope covers impact of insurance on savings, it covers all types of insurances polices issued by LIC.

1.6 LIMITATIONS

- Time period is very limited for the study.
- Limited numbers of Respondents are chosen because of the time constraint.
- Study area is limited to shivamogga district only.
- Focused on different insurance avenues (plans) issued by LIC only.

1.7 INSURANCE AS AN INVESTMENT STRATEGY

Life of everyone is full of uncertainty nobody knows what is going to happen in next moment. This element of unknown situation always hounds around the mind of a person and keeps him worried to think as to what will happen in future in case of any miss happening. This worry is to think about the future of the person and his family. Among a number of worries the main and very important is economic uncertainty of himself and his family

Under the impression of securing future one think about the adoption of saving and investment plans. The person not only thinks about himself but also about his family. In case of any miss happening everyone is worried as to what shall happen to his family.

The life insurance is such a cover that provides security to the family of insured incase of his death .Life insurance in family and no compensation is able to fulfill the gap in case of death of the earning member such case provides some solution to the worries of family members. Today the life insurance does not cover the risk of life only but also provides many added benefits also in the field of saving and investment.

Every risk involves the loss of one or other kind .In older time the contribution by the person was made at the time of loss .Today, only one business that offers all walks of life, is insurance business owing to growing complexity of life, trade and commerce individual and business firm turning to insurance to manage various risks. Every individual in this world is subjected to unforeseen uncertainty which may make him and his family vulnerable. At this place not only to survive but also recover his loss and continue his life in normal manner

Insurance is an important aid to commerce and industry. Every business enterprise involves large number of risk and uncertainty .It may involve risk to premises plant and machinery raw material and other things .Goods may be damaged or may be destroyed due to fire or flood .Some risk can be avoided by timely precautions and some are unavoidable and are beyond the control of a business. These unavoidable risks can be protected by insurance. Insurance allows consumer and business the ability to protect themselves and their possessions from the risk of loss. Insurance policy holder is an investor or is protecting investment against loss.

In the event of death of the life insurer, the premium paid is savings and investment for his family. The insurer takes premiums as liabilities and creates assets by deploying the funds in different safe and liquid asset portfolios to earn profit and to be able to meet the liquid liabilities.

Insurance provides opportunities to the two direct parties of the contract. Insurer and insured ,both are gaining. Insurance business protects the investments of others .The funds obtained as premiums from the insured person are invested by the insurance companies. Insurance companies have their own guidelines where to place their funds. Fund manager in insurance companies do not take risky investments for the sake of maximization of profits .Treasury bills and safe bonds are first priorities of the insurance companies in placing their funds. By doing this investment activities insurance companies earn more profit with less risk.

On the other hand insurance policy holder can get various types of benefits like safety and security to the family members in case of sudden death or accident getting bonus, loan facilities from insurance companies and also get tax exemption. Insurance companies should not speculate in the secondary stock market. In some cases subsidies can be given to the insurance companies. If the government wants to extend insurance cover to the poorest of the poor families engaged in hazardous occupations, then the premiums can be paid either totally by the government or jointly by the government and the employers of such persons

Insurance companies are not banks and they do not lend money to everyone except to those who had deposited money with them. Insurance companies are non-banking financial intermediaries (NBFIs). The loans that the insurance companies can advance (may be for housing or for anything) to their policy holders must have securities and collaterals against them.

The insurance companies ask for information pertaining to many items and if any one of them comes out incorrect, the contract of insurance can be treated as null and void.
LIC offers a basket of schemes to meet the various needs of an individual and his family.

- **Endowment Assurance plans**
- **LIC,s New Endowment plan (plan No.814)**:

A regular premium with-profits plan which provides for applicable sum assured along with the accrued bonuses on maturity or on earlier death of the life assured

- **LIC's New Jeevan Anand (plan No 815)**

This is a unique with profit plan which combines the features of endowment and Whole Life Plan. On death during the policy term or on survival to the end of the policy term the applicable sum assured is payable along with the accrued bonuses. On death after the expiry of the policy term, sum assured is payable.

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- **LIC's Single Premium Endowment Plan (plan No 817**):

A single premium with- profits plan where the sum assured is payable along with the accrued bonuses on maturity or on earlier death of the life assured.

- **LIC"s Jeevan Rakshak (plan No 827)**

A regular premium with-profit plan which provides for applicable sum assured along with loyalty addition, if any, maturity or on earlier death of the life assured. This plan is available only to standard healthy lives without any medical requirement. The sum assured per life varies from Rs75000 to Rs 200000.

- **LIC's Limited Premium Endowment Plan(Plan No.830)**

A limited premium with-profit plan which provides for applicable sum assured along with accrued bonuses on maturity or on earlier death of the life assured.

- **LIC's Jeevan Lakshya (Plan No.833)**

A limited premium with -profits plan .on death during the policy term, the future premiums will be waived and an annual income benefit of 10 % of sum assured will be payable till the end of the policy term. On expiry of the policy term, applicable sum assured along with the accrued bonuses for full term shall be payable irrespective of survival of the life assured.

- **LIC's Jeevan Labh (Plan No.836)**

A limited premium with-profit plan which provides for applicable sum assured along with accrued bonuses on maturity or on earlier death of the life assured.

- **LIC's Aadhaar Stambh (Plan No . 843)**

This plan is designed for male lives having Aadhaar card issued by UIDAI. It is a regular premium non-linked with-profits endowment plan which provides for applicable sum assured along with loyalty addition, if any, on maturity or on earlier death of the life assured. It is available for standard healthy lives without any medical examination and the total sum assured per life varies from Rs 75000 to Rs 300000.

- **LIC's Aadhaar Shila (Plan No .844)**

This plan is designed for female lives having Aadhaar card issued by UIDA It is a regular premium non-linked with-profits endowment plan which provides for applicable sum assured along with loyalty addition ,if any, on maturity. The death benefit under this plan is 110% of sum assured along with loyalty addition if any. It is available for standard healthy lives without any medical examination and the total sum assured per life varies from Rs 75000 to Rs 300000.

- **LIC's Jeevan Umang (Plan No.845)**

This plan is a non-linked with-profit whole life assurance plan .It also provides for annual survival benefits from the end of premium paying term till maturity and a lump sum payment at the time of maturity or on death of the policy holder during the policy term

- **LIC's Jeevan Utkarsh (plan No 846)**

LIC's Jeevan Utkarsh is a single premium close ended plan for a policy term of 12 years. On death during the policy term death sum assured equal to 10 times the single premium is payable. On survival to the end of the policy term Maturity Sum Assured is payable. Loyalty addition if any, may also payable on exit

➢ **Term Assurance Plans**

- **LIC,s Anmol Jeevan-11 (Plan No .822):**

A pure term assurance plan where one can choose sum assured from Rs 6 Lakhs to Rs24 Lakhs.

- **LIC's Amulya Jeevan-11 (Plan No.823)**

A pure term assurance plan with a minimum sum assured of Rs 25 lakhs

- **LIC's e-Term Plan (Plan No.825)**

A pure term assurance plan which is available for online sale only. Under this plan, there are two categories of premium rates viz. Aggregate Category and Non- Smoker Category. Minimum sum assured for Aggregate category is Rs lakhs and for Non –Smoker Category is Rs 50 lakhs.

➢ **Children Plans**

- **LIC's New Children's Money Back Plan (Plan No.832):**

A regular premium with-profits money back plan. Besides providing life cover during the policy term, survival benefits as a percentage of the sum assured shall be payable after every two years starting from age 18 up to age 22 years .On maturity at the age of 25 years the balance sum assured along with the accrued bonuses shall be payable.

- **LIC's Jeevan Tarun (Plan No.834):**

A limited premium with-profits money back plan which provides for life cover during the policy term. Under this plan, the policy holder can choose one of the four available options to decide the proportion of survival benefits

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(i.e. 0%/ 5%/ 10%/ 15%) to be availed each years from age 20to 24 years. On maturity at the age of 25 years the balance sum assured along with the accrued bonuses shall be payable.

- **Pension Plan**
- **LIC's Jeevan Akshay-VI (Plan No.186)**

An immediate annuity plan with a number of annuity options including annuity certain and life thereafter, annuity with return of Purchase Price and Joint Life annuity etc..

- **LIC's New Jeevan Nidhi (Plan No 818)**

With-profits deferred pension plan which provides death cover during the deferment period .On vesting applicable sum assured along with the accrued bonuses shall be utilised to purchase annuity or a deferred pension plan.

- **Micro Insurance plans**
- **LIC's Bhagya Lakshmi (plan No 839**)

A with-out-profits limited payment protection oriented micro insurance plan. The available sum assured ranges from Rs 20000 to Rs 50000. 110% of total amount of premiums payable during the term of the contract is the maturity value.

- **LIC's New Jeevan Mangal (Plan No 840**)

A with- out profit micro insurance cum term insurance plan with in-built accident benefit. The available sum assured ranges from Rs 10000 to 50000.The Total premiums payable during the term of the contract is the maturity value.

- **Health Insurance Plan**
- **LIC's Jeevan Arogya (Plan No 904)**

A health insurance plan which provides for fixed benefits for hospitalization and various surgical procedures irrespective of actual cost incurred.

- **Unit liked Plan**
- **LIC's New endowment Plus (Plan No 835)**

A unit linked endowment plan which offers investment cum insurance during the term of the policy.

1.8 INSURANCE V/S TAX SAVING

Some of the important income tax benefits available under various plans of life insurance are
Deduction allowable from income for payment of life insurance premium (section 80 c).

- Life insurance premium paid in order to effect or to keep in force an insurance on the life of the assesses are on the life of the spouse or any child of assesses and in the case of HUF, premium paid on the life of any member thereof under an insurance policy issued on or before the 31st march 2012 shall be eligible for deduction only to the extent of 20 % of the actual capital sum assured or actual premium paid whichever is less.
- Life insurance premium paid in order to effect or to keep in force an insurance on the life of the assesses are on the life of the spouse or any child of assesses and in the case of HUF, premium paid on the life of any member thereof under an insurance policy issued on or after the 1st April 2012 shall be eligible for deduction only to the extent of 10 % of the actual capital sum assured or actual premium paid whichever is less.

Where the policy issued on or after the 1st April 2013, is for insurance on life of any person, who is

- ✓ A person with disability or a person with severe disability as referred to in section 80U ,or
- ✓ suffering from disease or ailments specified in the rules made under section 80DDB,
- Deduction under this section is allowed only to the extent of 15% of the actual capital sum assured or actual premium paid whichever is less.
- contribution to the deferred annuity plan in order to effect or to keep in force a contract for deferred annuity, on his own life or the life of his spouse or any child of such individual, provided such contract does not contain a provision to exercise an option by the insured to receive a cash payment in lieu of the payment of annuity is eligible for deduction.
- contribution to annuity plans – new Jeevan Dhara New Jeevan Dhara-1 and Jeevan Akshay-VI
- **Jeevan Nidhi Plan and Jeevan Suraksha plans(U/S.80CCC**)

A deduction to an individual for any amount paid or deposited by him from his taxable income in the above annuity plans for receiving pension is allowed.

(The aggregate amount of deduction under u/s 80C80CCC&80CCD (1) shall not in case exceed the one lakh fifty thousand Rupees.

- **Deduction under section 80D**
- Deduction allowable up to Rs 25000 – if an amount is paid to keep in force an insurance on health of assesses or his family (i.e. spouse and dependent children) or any contribution made to the central

Government health scheme or such other scheme as mat be notified by the central Government in this behalf or on account of Preventive health check-up of the assesses or his family.

- Additional deduction up to Rs 25000/- if an amount is paid to keep in force on insurance on health of parents or on account of Preventive health check-up of the parent of the assesses whether dependent or not.
- In case of HUF ,deduction allowable up to Rs 25000/-if an amount is paid to keep in force on insurance on health of any member of that HUF
- If the sum specified in (a) or (b) is paid to effect or keep in force an insurance on the health of any person specified therein who is a senior citizen/then the deduction available will be up to Rs 30000/-.senior citizen means the person who is of sixty year or more during the previous year.
- In case the amounts are paid in(a) or (b) or (c) on account of preventive health check-up, the deduction for such amount shall be allowed to the extent it does not exceed in aggregate Rs 5000
- For the purpose of deduction, the payment shall be made by
  - ✓ Any mode, including cash, in respect of any sum paid on account of preventive health check-up.
  - ✓ Any mode other than cash in all other cases
- The insurance as mentioned above shall be in accordance with the scheme framed by
  - ✓ The General Insurance Corporation of India as approved by the central Government in this behalf or ;
  - ✓ Any other insurer and approved by the insurance regulatory and development authority.
- **Jeevan Aadhar plan (Section 80DD)**

Deduction from total income up to Rs 75000 /- allowable on amount deposited with LIC under Jeevan Aadhar, Jeevan vishwas plan for maintenance of an handicapped dependent.

- **Exemption in respect of commutation of pension under Jeevan Suraksha and Jeevan Nidhi plan.**

Under section 10(10A) (iii) of the income-tax Act, any payment received by way of commutations of pension out of the Jeevan Suraksha and Jeevan Nidhi Annuity plans is exempt from tax.

- **Income tax exemption on maturity or death claims proceeds under section 10 (10D)**

As per section 10(10D) of the income tax act 1961 any some received or under a life insurance policy including the sum allocated by way of bonus on such policy is exempt from tax where the sum is received as a death benefit. To get exemption under above section for sum received other than death benefit fallowing condition to be satisfied.

- ✓ Policy shall not be issued under section 80DD(3),or
- ✓ Policy shall not be issued as a key man insurance policy .or
- ✓ Policy which has been issued on or after April 1 2003 and the premium paid in any of the years during the term of the policy not exceeding 20% of the actual capital sum assured.
- ✓ Policy which has been issued on or after April 1 2012 and the premium paid in any of the years during the term of the policy not exceeding 10% of the actual capital sum assured.

Where the policy, issued on or after the 1stApril 2013 is for insurance on life of any person who is

- ✓ A person with disability or a person with severe disability as referred to in section 80U,or
- ✓ Suffering from disease or aliments specified in the rules made under section 80DDB,

Exemption under this section shall be available only if the premium payable in any of the years is not more than 15 % of the actual capital sum assured.

1.9 ROLE OF INSURANCE IN INCREASING THE SAVING ATTITUDE OF EMPLOYEES.

LIC offers life insurance protection under group policies to various groups such as employer- employees, professionals, co – operatives, weaker sections of society ,etc. It also provides insurance coverage to people at subsidized rates under social security group schemes. Besides providing insurance coverage to employees the corporation also offers group scheme which provides funding of gratuity, Pension and leave Encashment liabilities of the employers.

- **LIC's New Group Superannuation cash accumulation plan**

LIC's New Group Superannuation plan Accumulation plan is a non-linked non –par fund based Variable Insurance Product .This plan is for employers having Defined contribution/Defined benefit Superannuation Scheme for their employees. The contribution can be paid at any time during the year. The contribution received under the scheme may include contribution towards the past service liability and the contribution in respect of that year. Contribution paid by the employer/trustee and interest amount will be credited to the policy account maintained in the name of employer/trustees. In case of defined contribution scheme, individual scheme, and individual member wise policy account will also be maintained.

- **LIC's New Group Gratuity cash accumulation plan**

LIC's New Group Gratuity cash accumulation plan is a non-linked non –par fund based Variable Insurance Product. This plan helps to meet the employer's obligation for statutory Gratuity Benefit to their employees. The

plan also offers Life cover benefit so that in case of death of a group member an amount equal to sum assured in respect of that member will be paid. The contribution received under the scheme may include contributions towards the past service liability and the contribution in respect of that year. The employer/ trustees may pay the contribution at any time during the year. All the contributions paid by the employer/trustees and interest amounts will be credited to the policy Account maintained in the name of employer / trustees.

- **LIC's New Group Leave Encashment Plan**

LIC's New Group Leave Encashment Plan i9s a non-linked non-par, fund based variable insurance product. This plan helps to meet the employer's Liability for providing Leave encashment facility to their employees. The plan also offers Life cover Benefit so that in case of death of a group member an amount equal to sum assured in respect of that member will be paid. The amount of life cover in respect of each member shall be guided by the scheme rules of employer. The contribution received under the scheme may include Contribution towards the past service liability and the contribution in respect of that year. The employer /trustees may pay the Contribution at any time during the year. All the contributions paid by the employer/trustees along with interest amounts will be credited to the Policy Account maintained in the name of employer/trustees

- **LIC's New One Year Renewable Group Term Assurance Plan**

LIC's New One Year Renewable Group Term Assurance Plan-1is a non-linked non-par yearly renewable group term insurance plan. It provides valuable life cover to the employees/members of a homogeneous group at attractive premium rates. The amount of life cover in respect of each member shall be guided by the scheme rules of the group. The total premium payable at commencement and subsequent renewals shall be equal to the sum of premium in respect of individual member of the group. Review of premium rates at each annual Renewal Date.

- **LIC's New One Year Renewable Group Term Assurance Plan-11**

LIC's New One Year Renewable Group Term Assurance Plan-11 is a non-linked non-par yearly renewable group term insurance plan. It provides valuable life cover to the employees/members of a homogeneous group at attractive premium rates. The amount of life cover in respect of each member shall be guided by the scheme rules of the group. The total premium payable at commencement and subsequent renewals shall be equal to the sum of premium in respect of individual member of the group. Review of premium is through profit sharing arrangement.

- **LIC's single Premium Group Insurance Plan**

LIC's Single premium group insurance plan is a non-linked non-par single premium group term assurance plan. Covering risk up to 7 years by collecting a single premium at the time of commencement of risk is the special feature of this policy. Maximum Sum assured under this is 10 lakh. It provides valuable life cover on the death of the group member during the policy term. It covers employees/members/lender-borrower groups at nominal premium rates. The amount of life cover in respect of each member shall be guided by the scheme rules of group. In case lender-borrower groups the claim amount to the extent of outstanding loan balance is payable in favour of lender and balance claim amount if any shall be payable to the nominees.

1.10 ANALYSIS AND INTERPRETATION

From the survey it is clear that higher earning group is male, they are the major investors, young generation are maximum stimulators in investing their funds in safety security such as in insurance, majority of the respondents are graduates and private employees who giving much importance to save their earnings in secured avenues such as in insurance, respondents prefers to pay premium yearly below Rs.5000 and prefer to invest their funds in Endowment Assurance Plan because investors are looking for dual benefit of long term investments and they believe that insurance is highest safety avenue compared to other avenues, Group insurance policies are good because Group Insurance assures comparatively higher return compared to individual insurance, respondents opined that role of insurance in enhancing saving attitude of employees is good because through insurance they save part of their income regularly, different policies offered by the LIC satisfied the needs of policy holders and it attracts more investors with e-services with its own portal for online premium payment and other services, experienced fund management in LIC is good because it has portfolio manager they know where to invest funds to get more return with less risk.

1.10.1 MAJOR FINDINGS

Insurance is one of the best avenues to invest funds and it is very important to get financial protection. This paper reveals the role of the insurance in savings and investment. The major findings are;

- Investment in insurance helps to meet the future uncertainties especially it helps in taken care of family during future uncertainties.
- Number of life insured are more, it may shows preference given by the employees to save money through insurance
- Some of the employees are not covered under group insurance scheme they are only buying life insurance policies.

- Prefer to invest funds in endowment assurance plan it may be because of the reason that this policy involves long term investment and receiving lump sum amount at the maturity date
- Wish to pay the premium yearly it may be because of avoiding interval visit to LIC branch.
- Role of insurance in enhancing saving attitude of employees is good as per majority of respondents because they save money by investing in Insurance.
- Investors prefer to invest in insurance because Insurance is safest avenue.
- Offering insurance affect positively towards employee's behavior and also it creates good employer-employee relationship.
- Group insurance policies are good and in case of group insurance scheme majority of the respondents are covered under LIC's single premium group insurance scheme.

1.10.2 SUGGESTIONS

- Offer some more insurance policies which satisfy the needs of the policy holder.
- Insurance company has to motivate employer to offer group insurance scheme to employees so organization employees are benefitted and also number of insured persons are increased and insurance company is also benefitted.
- Should improve the procedure of claim settlement and step should take to make it faster and easier.
- Though dealings of LIC by the customer are good it needs to be further improvement. Before making persons to be insured guide them the best policies and make them to know in which policy they are going to be involved.
- Tenure of premium payment on some insurance policies should be altered so that policy holder may shift their choice of yearly payment of premium to monthly or quarterly payment.
- Disinvestment is also entering in to the insurance sector so it is suggested to LIC to provide better service to customers to attract and retain the investors otherwise they are shifted.

1.10.3 CONCLUSION

Investment in insurance is one of the best and most important financial decisions. So insurance company should conduct proper market research before introducing insurance policies. So that the sale of the policy is easy and policy holder are also well satisfied when their needs are fulfilled. LIC must make some efforts to attract and motivate more investors to invest funds. So that LIC has mobilized the funds invested by the people in life insurance for the benefit of the community at large.

Group insurance provides supplement coverage to better ensure the physical mental financial health of insured members. A group should be homogeneous by nature of occupation. Insurance must be incidental and group must not be formed mainly for the purpose of obtaining insurance. There could be a variety of group schemes some are voluntary. The group gratuity scheme is one such scheme in which the legal liability of gratuity to employees can be insured by the employer with the insurer. Similarly superannuation liability of any employer can be met by ensuring it through a group insurance scheme.

Investment in insurance helps the policy holder to meet their future uncertainties. Life insurance protect the people who are financially depends on policy holder like parent, spouse, children or other loved ones. If earning member in a family died remaining members face financial hardship. So life insurance is a great tool for both protection as well as helping a consumer saves in a disciplined manner. The need for life insurance changes at different stages of customer's life cycle depending on the financial obligations and dependencies.

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