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UNETHICAL PRACTICE OF MIS-SELLING OF INSURANCE – IMPACT AND SOLUTIONS

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ABSTRACT
The Indian insurance sector which was de-regulated and thrown open to private competition has undergone tectonic shifts. Though the consumers have benefited because of the increasing competitive intensity in the sector, an area which is causing serious concern to the consumers, regulatory agencies and the government is the mis-selling of insurance policies. Mis-selling of insurance products has not only resulted in severe strain in the financial resources of the affected consumers but also wreaked havoc in their future financial planning. This paper discusses the current scenario of the insurance industry, the imperative for the orderly growth of the industry by gaining consumer trust, meaning of mis-selling, its various forms and impact and also suggests measures to be taken to curb this malady. The study is descriptive in nature and the scope includes the meaning of mis-selling, ramifications of mis-selling as well as suggestions to curb mis-selling of insurance products. Secondary data has been used and the sources of secondary data are newspaper, journal and magazine articles, company websites and other published sources of information. Valuable information was also collected through direct personal interaction with the customers, executives of insurance companies and members of consumer welfare organisations. The period considered for the study is 2000-01 to 2010-11. The growth of the insurance sector can happen in a sustained manner only if the sector functions in an ethical and transparent manner. The need of the hour is self regulation, adherence to prudent norms and continuous training of personnel.

KEYWORDS
Awareness, Ethics, Mis-selling, Regulation, Transparency.

INTRODUCTION
Insurance is an important pillar of the risk management system for individuals, businesses and the nation. The insurance products sold promising savings, health cover, pensions etc., are important components of the savings and investment portfolio of individuals. The insurance industry is an integral part of the financial system of a country and being an important source of long term finance contributes greatly to economic development. Insurance which acts as a risk mitigation device helps individuals and organisations to minimise the impact of risk and fosters entrepreneurship. The Indian insurance sector which was de-regulated and thrown open to private competition has undergone tectonic shifts. There has been paradigm shifts in terms of product design, service delivery, payment options, distribution channels, range of products and competitive strategies. Though the consumers have benefited because of the increasing competitive intensity in the sector, an area which is causing serious concern to the consumers, regulatory agencies and the government is the mis-selling of insurance policies. Mis-selling of insurance products has not only resulted in severe strain in the financial resources of the affected consumers but also wreaked havoc in their future financial planning. This paper discusses the current scenario of the insurance industry, the imperative for the orderly growth of the industry by gaining consumer trust, meaning of mis-selling, it's various forms and impact and also suggests measures to be taken to curb this malady.

LITERATURE REVIEW
Insurance plays an important role in the developmental process of an economy and its role is more pronounced in developing economies with their deficient social security mechanisms. (Hess Thomas, 2002, Bhat Ramesh, 2005). The period after the year 1999 saw a revolution in the Indian insurance sector, as major structural changes took place in the sector especially the competition, products and distribution channels. (Gupta P.K, 2009). It is a challenge for any insurance business to attract qualified and capable persons to join and work with them to sell insurance in the competitive environment. It requires capable people who could analyse the financial status, generate confidence among potential customers by giving the right advice and refrain from mis-selling. Knowledge about matching products to suit customer requirements over the entire life cycle is a key differentiator and would be a source of competitive advantage (Jap S, 2001, Beloucif, Kaxani Donaldson, 2004, Keith, J.E., Lee, D.J., Gravois Lee, R., 2004, Dagar S, Shalim, 2008, Maheswari Sunil, 2005, Mazumdar, A. 2009, Peppers Don et. al., 2008, Wiley Stepehen, 2005). The success of marketing insurance is dependent on understanding the social and cultural needs of the target population, tailoring products and services according to target market requirements and maintaining high standards of integrity. (Marwah, Sanjiv 2002, Mark L. Frigo, 2004, Schurr, Paul H. 2007, Rao GV, 2008)). In a service like insurance which promises in return for payment upfront, redemption of commitments has to be perfect at all times (Morgan R.M. and Hunt, S.D. 1994, Mony, S.V, 2003). Consumer education is the key to the growth of the insurance industry in India (Naren Joshi, 2004). Competition policy should ban the practice of tied sales whereby customers of large companies are forced to buy several services from the same group (Krishnaveni, 2008). To constantly differentiate themselves, insurers have to constantly raise the bar of customer service, weed out the menace of mis-selling and establish robust corporate governance standards (Mishra KK and et. al, 2005). Jagendra kumar (2008) stated that while insurance is a price competitive arena, trust and customer service play huge roles in attracting and retaining customers. Garg SC (2006), suggested that the orientation of insurance education today should be on developing a keen understanding of insurance customers, the benefits they seek and the aspiration they have of financial products and services, coupled with skills of customer cultivation, customer service and long term customer retention.

RESEARCH METHODOLOGY

The study is descriptive in nature and the scope includes the meaning of mis-selling, ramifications of mis-selling as well as suggestions to curb mis-selling of insurance products. Secondary data has been used and the sources of secondary data are newspaper, journal and magazine articles, company websites and other published sources of information. Valuable information was also collected through direct personal interaction with the customers, executives of insurance companies and members of consumer welfare organisations. The period considered for the study is 2000-01 to 2010-11.

CURRENT SCENARIO OF THE INDIAN INSURANCE INDUSTRY

The Indian life insurance industry is the fifth largest life insurance market in Asia, with a market size of US$ 41-billion and growing at a rapid pace of 32-34 per cent annually, according to the Life Insurance Council. Over the last five financial years, the overall insurance sector has grown by 202.09 per cent. Since the opening up of the insurance sector in India, the industry has received FDI to the tune of US$ 525.6 million. The government's proposal to reintroduce the Insurance Bill which proposes to increase the FDI cap in private sector insurance companies from 26 per cent to 49 per cent is expected to further boost FDI inflows into the sector. Currently 23 companies are operating in the life insurance sector and they have collected Rs 1,09,290 crore in fresh business premium during the fiscal 2009 – 10 which is 25 per cent higher when compared to the premium collections of the previous year.

INDIAN INSURANCE SECTOR – IMPERATIVE FOR ORDERLY GROWTH

A strong and competitive insurance sector is considered to be an imperative for the country's sustainable growth and economic development. In the case of deficient products in terms of coverage and scope, the economic activities would become high risk activities and in case of losses would place a huge burden on the government. It is a fact that only 8 per cent of the workforce in India is in the organised sector having some form of social protection leaving a vast majority of 92 per cent of the workforce without adequate or in some case even nil social security. According to the Old Age Social and Income Security (OASIS Report, 1999) there will be 113 million Indians over 60 years of age by 2016 and 179 million by 2026. The report, '2006 World Population Prospects' released by the UN Department of Economic and Social Affairs has projected that the country's life expectancy is set to increase from 64.7 years to 75.6 years The rise in life expectancy, break up of the joint family system with the youth taking care of their parents needs during their sunset years becoming a thing of the past, growing healthcare costs outstripping inflation consequently eroding retirees' purchasing power, decline in government spending on health which is just 1.5 per cent of GDP, etc., point out to the indispensability of insurance to provide for the life's needs.

The foundation of the insurance industry lies on providing assurance of safety and risk mitigation at an affordable cost. Since current payments are made with the hope of being compensated against uncertain events at a future date, trust is the prime component of this two way exchange. Customers expect high standards of integrity, transparency, financial soundness and fair dealings from their insurers.

MIS-SELLING OF INSURANCE - THE MEANING AND REASONS

Mis-selling of insurance has been the bug bear of the industry and inspite of the several steps taken by the regulator (IRDA), it is an area of serious concern. Since insurance penetration is already quite low in our country as compared to international standards, the mis-selling of insurance hampers the further growth of the industry and acts as a severe impediment to financial market deepening. It is important to understand that mis-selling is not confined to the mis-selling of insurance products by the agent, corporate broker, bank or through any other distribution channel. It also includes poorly designed products, lack of adequate explanation, inaccurate forecasting of risks, not being provided information of the available options which would suit a particular need and poor customer support.

There are basic reasons for mis-selling of insurance. First is the commission-based incentive to agents. The present agency network is not fully professional. The part-time nature of the job and very low business per agent are making the entire agency force costly to maintain and regulation a difficult task. The temptation, for agents, to sell policies that fetch maximum commission without any consideration to the financial needs of the individual is rampant. There have been many instances where customers have bought a policy on the advisor's recommendation, and ended up feeling aggrieved as either the policy is unaffordable, or it does not match their long-term financial goals.

Second, most Indians are naive about the real purpose of insurance. We buy it as a tax-saving product rather than as a protection product it is supposed to be. The sales pitch of being able to double or triple money in a unit-linked insurance plan (Ulip) is too tempting, especially when the agent is giving a rebate. Unsuspecting customers usually end up with wrong and inadequate insurance.

INTERNATIONAL EXPERIENCE

The large scale endowment scandal in UK which resulted in huge misery for thousands of households is ample proof that mis-selling of insurance is rampant in even the developed economies. Endowment mortgages became popular in the UK in the 1980s and 1990s since they were an affordable way to repay home loans. Borrowers would take an interest-only home loan with the principal to be paid at the end of the loan tenure. At the same time, borrowers would buy an endowment plan for which they would pay regular installments into an investment fund managed by the endowment provider. The insurance companies made a false promise that the investment would eventually generate enough money to pay off the home loan principal, in full, at the time of the loan's maturity. To further sweeten the deal, customers were promised a surplus as well as a life insurance cover for the investment period. The fact that the instrument was equity-linked and that returns were not guaranteed was cleverly concealed from the customers. When the stock markets crashed in 2000-02, the value of the investments fell drastically resulting in a financial disaster for more than 80 lakh households. Mis-selling liabilities of the sellers were estimated at approximately £17 billion (Rs 1,36,000 crore).

The parties involved in the scandal included intermediaries like building societies, insurance companies and banks. Prominent among them were, Winterthur (now part of Credit Suisse First Boston), Royal Scottish Assurance (part of Royal Bank of Scotland), Barclays, Standard Life, Royal & Sun Alliance, Friends Provident and Scottish Amicable (now part of Prudential). In fact, Prudential paid about £1.6 billion (Rs 12,800 crore) towards cost of compensation arising from a previous pension mis-selling scandal before the endowment scandal hit bringing home the fact that companies have continued to indulge in this mal-practice.

FORMS OF INSURANCE MIS-SELLING AND ITS IMPACT IN THE INDIAN CONTEXT

(i) **POLICIES BEING ISSUED WITHOUT COLLECTION OF PROPOSAL FORMS:** In such cases, there is high probability of the insured facing unnecessary problems and harassment at the time of making a claim.

(ii) **POLICIES KEPT IN 'LAPSE' MODE EVEN AFTER PAYING PREMIUMS IN TIME:** Since lapsed policies are not entitled to any claim, the claim of the policy holder may be rejected by the insurance company.

(iii) **UNDUE DELAY IN RECEIPT OF POLICY CERTIFICATES:** This results in unwanted anxiety and stress to the insured. There is no specific timeline for sending of policy certificates.

(iv) **DIFFERENCE IN EFFECTIVE PREMIUM DATE AND THE DATE OF DEBIT FROM CUSTOMER'S ACCOUNT:** This has the impact of loss of interest and life cover during the period as well as possibility of misuse of customer's funds.

(v) **WILFUL MISREPRESENTATION OF PREMIUM PAYMENT TERM:** Lower premium payment term mentioned during the sales pitch in order to lure the buyer, but a higher policy paying term being mentioned in the policy'. For instance during the sales talk the customer would be told that he has to pay premium only for 5 years but the policy would specify that the policy payment term is 15 years. This leads to complete havoc in the financial planning of the insured leading to high degree of cancellation or lapsation.

(vi) **MIS-STATEMENT OF PREMIUM PAYMENT MODE:** The client might be comfortable paying the premium once a year and would have indicated this to the agent but in the policy it might be mentioned that the policy paying term is monthly, quarterly or half yearly. This again creates unnecessary problems in planning of financial commitments and creates mismatches between an individual's income and allocation for investment.

(vii) **FORGING OF CUSTOMER'S SIGNATURE:** This is a common practice resorted to by agents. This violation may lead the customer into serious financial troubles as he may be made to get into financial commitments for which he is not prepared.

(viii) **DIVERTING OF MONEY FROM FD'S TO INSURANCE POLICIES:** Many old people who go to banks to claim their FD's on maturity are mis-sold ULIP's promising safe and high returns. Too much emphasis is on the wealth creation upside of Ulips, without a clear explanation of the risks involved. In the event of an equity downturn, life insurers are unlikely to be affected much since in ULIPs, the investment risks are entirely borne by the policyholders. There are no guaranteed returns and therefore no solvency issues. Many of those who bought such ULIP's suffered greatly because of the financial market downturn in the year 2008.

(ix) **PROMISE OF HIGHEST GUARANTEED NAV'S:** It is not only the private players who are making the promise in their advertisements but also the government controlled LIC. Since NAV's are determined by market movements and markets can move both up and down, this promise is highly fallacious without any basis of logic but made with the sole purpose of luring the gullible investor. Moreover, the transparency leaves a lot to be desired. The guarantee is only in small print with a clear intention of actually concealing the facts. If each and every guaranteed product currently in the market is closely analysed, it will make a mockery of insurance. For example, some plans say that the guarantee is applicable only when the customer chooses days between 8 and 23 as the date of guarantee, or it is not guaranteed on any day except Friday. In other cases, the guarantee is applicable for only the first three years.

(x) **UNSOLICITED INSURANCE POLICIES:** Issuance of insurance polices without the consent of policy holders or proper proposal forms, i.e., unsolicited insurance policies. There has been a significant, undesirable rise in these instances. Besides being in violation of the Insurance Regulatory Development Authority (IRDA) norms, this practice also means trouble for a customer/policy holder. An unsolicited insurance policy could be more dangerous than an unsolicited credit card. If it is not returned within 15 days, the receiver of such a policy will automatically become a party to an insurance contract, the details of which he not fully aware of due to the absence of a proposal form. Even if one wishes to subscribe to it, there could be something fishy about the nominees. Keeping the policy and not paying the premium also may not bail one out as somebody else could be paying for it with some vested interest. If any such policy is received, the first thing to be done is to return it through registered post.

(xi) **NON REFUND OF PREMIUM IN CASE OF RETURNED POLICIES:** The customer can return any policy within 15 days of receipt of the policy document. This period of 15 days is known as the 'free look period' and is given so that the customer can decide whether the policy is suitable and meets his requirements and in case any dis-satisfaction, it can be returned to the insurer. Even if the policy is returned within the free look period the premium amount is not refunded. As per the terms in case of refunds, only the stamp duty can be deducted, but it is common to observe that insurance companies deduct penalties which they are not authorised to do so.

(xii) **DEFAULT REMINDERS IN RESPECT OF PREMIUMS PAID:** Default payment reminder being sent after payment of the premium amount has been made within time. If any customer by mistake again makes the premium payment, he would be unnecessarily making an extra premium payment and recovering it from the insurance company is an uphill task.

(xii) **DELAY IN SENDING THE PREMIUM PAYMENT INTIMATION:** Due to this customers might be paying late and would be penalized with late payment penalty.

(xiii) **ISSUE OF POLICIES TO THOSE WHO ARE INELIGIBLE BY FORGING PERSONAL INFORMATION:** For instance certain life policies cannot be issued to those who have crossed 65 years of age. This information is not disclosed to the client and the client's data of birth is forged to make him eligible for the policy though in reality he would have crossed the age limit and be ineligible for the said policy. The real magnitude of the problem would be felt at the time of claim settlement where the insurance company can repudiate the claim citing ineligibility. It is a well settled fact that insurance obtained under wrong, incorrect or mistaken information can render the insurance contract null and void, negating the very purpose of obtaining life insurance. According to the Insurance Regulatory and Development Authority of India (IRDA), a total of 9,027 policies were repudiated in 2007–08 by the life insurance industry, amounting to a repudiation of Rs 152.66 crore. Many of these were caused due to asymmetry of information.

(xiv) **MARKETING OF HIGH COMMISSION PRODUCTS:** Agents concealing information about term insurance to those who require pure risk cover and instead selling them ULIP's to benefit from the high commission structure offered by ULIP's'. It is a fact that term insurance is the cheapest and most basic form of life insurance and provides the policyholder with protection only. If the policyholder dies within the specified number of years (the term, say 25 years), his nominee gets the sum insured.

(xv) **PROMISE OF EARLY EXIT FROM ULIP'S :** Promising that investors can exit from ULIP's after three years with handsome returns. The reality is otherwise. An investor in ULIP's will not be able to exit the policy after 3 years because 30 per cent of the cost that go towards covering mortality charges and other expenses are charged upfront and it would take at least 6-7 years for the product to break even. The charges are deducted from the number of units that the investor has and not from the NAV. So even if the NAV of this fund has increased by 40 per cent, it is of no relevance since the charges are so steep in the first year that it will take several years for the investment to break even.

SUGGESTIONS

Mis-selling of insurance has the potential to undermine the growth prospects of the industry. Considering the needs for better insurance penetration to ensure income and livelihood protection for the masses who are not covered by any form of social security, the following measures are recommended to curb mis-selling:

(i) FOCUS ON SELF-REGULATION TO BUILD CUSTOMER TRUST: Since self regulation is convenient, cost effective and efficient than external regulation in most cases, the insurance companies should evolve a code of good practices and scrupulously adhere to them. It should be realised that customer trust is the edifice on which the institution of insurance is built and mis-selling has the potential to erode customer trust in a significant manner. They should ensure that all functions of the organisation become much more customer centric and transparency is ensured.

(ii) EASILY INTELLIGIBLE AND JARGON FREE SALES LITERATURE: Insurers have to take steps to ensure that the sales literature of their products is easily intelligible and short of needless jargon in order to enable the common man make an informed choice. The language used in the sales literature and policy documents should be simple.

(iii) NEED BASED SELLING: Sale of insurance policies should be based on a scientific model of needs analysis taking into account the income, age, number of dependents, future financial requirements and risk appetite from the customer's point of view. Agents and other members in the distribution channel should be trained in this regard as well as in matching products according to the unique needs of each customer. The potential risks of each insurance product should be clearly explained to the client.

(iv) PROVISION OF KEY FEATURES DOCUMENT: Providing a key features document which would provide comprehensive information of the policy should be made mandatory to enable transparency of the product structure and better decision making by the investor. The document should be developed in a clear format with an appropriate title and sub-titles so that it makes it easy for policyholders to comprehend. Illustrations relating to the cover/benefits offered should be part of the Key Feature Document. It should be made available in local languages depending on the region where the policy holder resides.

(v) CREATING AWARENESS OF THE ROLE OF OMBUDSMEN IN SETTLING GRIEVANCES: The industry sells about five crore policies annually and there are 12 Ombudsmen across the country. Of the three lakh unsettled claims, only 6,000 policyholders approached the insurance Ombudsmen for redress in 2009-10. This implies that policyholders lack awareness in approaching the Ombudsmen and do not know their rights. The regulator needs to create better awareness of the role and functions of the ombudsmen and as in banks, the contact details of the ombudsmen should be prominently displayed in the branches of all insurance companies.

(vi) PROFESSIONALISATION OF THE AGENCY FORCE: It is essential that the companies professionalise the agency force by a suitable filtration process and identify and train top achievers among the agents to become full-time distributors. The reduction in commission levels will have to be compensated by increasing per agent sales to make it an attractive career to pursue. In markets like Indonesia and Thailand, the average agent productivity is at least three to four times of that in India. Also, in these countries, a far smaller number of agents work on a part-time basis.

(vii) IMPOSING LEGAL RESPONSIBILITY ON THE AGENT: According to a media report, the self-regulatory organisation of the industry, the Life Insurance Council, and statutory regulator IRDA have decided to impose on customers buying life insurance products the burden of executing an affidavit to the effect that they have understood the product they intend to buy and the risks associated with it; the affidavit will contain illustrations that an insurer gives customers to help them understand the product. The proposal may be well-intentioned — to reduce the rampant mis-selling in the industry. The real purpose will be served if instead of the customer, the agent is made to swear an affidavit in order to make him more responsible for satisfactorily explaining the nitty-gritty of the product to the prospective customer.

(viii) INTEGRATED ONLINE GRIEVANCE REDRESSAL SYSTEM: IRDA should introduce an integrated online grievance redressal system to help the policyholders resolve their grievance quickly and without any needless waiting and hassles. Currently it takes a long time for companies to acknowledge the grievance and there are undue delays in redressal.

(ix) DISPLAY OF BLACK LISTED AGENTS DETAILS IN THE REGULATOR'S WEBSITE: To control mis-selling of policies and vanishing agents, and making agents accountable for their selling practices, the regulator should create a database of agents who have been asked to leave any insurance company due to misconduct and prominently display it in its website. This would enable the customers to become aware of blacklisted agents and refrain from dealing with them.

(x) ENSURING ACCURATE CUSTOMER INFORMATION: Insurers should minimise the possibility of errors and incorrect information in proposal forms and policy documents by adopting both corrective and preventive measures through maintaining high levels of data quality. Corrective measures include establishing multiple touch-points through which they can verify the information provided by applicants. This can be done through a verbal verification when a customer calls in about a query, or through physical verification at the time the insurance policy is being issued. Preventive measures include the use of improved backend data processing and technology to standardise data entries and detect any defects. Regular agent-education campaigns, direct e-mails to customers and quality checks with the field teams would make sure that insurance companies plug the gaps in customer information.

(xi) REVISION OF THE COMMISSION STRUCTURE: A major problem affecting the insurance sector apart from poorly trained agents is the problem of churning. An agent works with a company for a few years and then moves to another taking with him his customer base. In the way commissions are structured—being frontloaded—this practice is encouraged. An agent gets the most of the commission on a policy in its initial years and there is little incentive for him to think long term. To facilitate long term growth, the Insurance Act needs to be amended to ensure that the commissions are more evenly spread to encouraging agents to stay long term. In the current system, around 25 per cent is paid upfront and around 3 to 4 per cent is paid every year. In future, the commission could be spread in such a manner that 15 per cent is paid upfront and 10 per cent if the policy is renewed for the next five years. Such a structure would make the agent provide the right product to the customer because if the customer cancels the policy because of the unsuitability of the product, the agent's future incomes would be affected. This would also ensure that the agent provides long term service to the customer

(xii) Disclosure of MCEV (Market Consistent Embedded Value): MCEV refers to the value of future streams of renewal premium from the existing business and indicates the company's future prospects to the investors and customers. While the economic capital reflects the true fundamentals of the company, MCEV is indicative of its future financial strength. Since MCEV is a better indicator of financial strength and stability, the regulator should make its disclosure mandatory in the financial statements of the company.

(xiii) INVESTOR EDUCATION AND BETTER DISCLOSURE QUALITY: An informed investor is the best guard against the evil practice of mis-selling. Just as the stock market regulator SEBI has created an Investor Protection Fund and conducts Investor Awareness Campaigns, the insurance regulator should allocate funds for insurance investor awareness and protection. The current practice of disclosing new business volumes alone distorts the markets by encouraging insurers to get more new business instead of focusing on renewals. Since growth in new business without corresponding increase in renewals, solvency ratios and decrease in operating expenses, lapsation rates and outstanding claims settlement ratio is unsustainable, insurance companies should be mandated to publish lapsation rates, persistency rates, expense ratios, solvency ratio, renewal volume, grievances recorded, settled and outstanding claims settlement ratio. This would enable the customers to take better informed decisions

FINDINGS

(i) The Indian insurance sector has reported high growth rates during 2009-10, admirably weathering the impact of the global economic crisis.
(ii) Mis-selling of insurance is rampant in the industry and has the potential to derail the growth of the industry.
(iii) Mis-selling of insurance products causes great hardships to customers since they realise that the product does not match their financial needs, does not consider their risk profile nor its payment terms are suitable.
(iv) The industry also suffers due to mis-selling because it results in customer dis-satisfaction and high lapsation rates. Due to high lapsation rates, renewal premiums decline and companies have to spend heavily on advertisements, promotion and need to incur high commission costs to garner new business.
(v) Mis-selling is not only prevalent in India but also in several advanced economies and has resulted in huge losses to customers.
(vi) The regulator needs to ensure stringent regulation and strict action against those involved in mis-selling. The need of the hour is to create better awareness among customers to guard them against the evil practice.
(vii) The insurance industry needs to train and professionalise its agency force, ensure better transparency and adhere to high standards of ethics and corporate governance in order to curb mis-selling and ensure orderly growth of the industry.
(viii) There is need to provide for better documentation such as Need Analysis and Key Features document to ensure better understanding and matching of products to customer needs. Technology needs to be leverage to provide better information quality to customers.

CONCLUSION

Instead of resisting attempts to reform the industry if insurers take a fresh look at the new IRDA regulations, they would find that the reforms improve transparency, social security and help the insurer to better penetrate the under-insured Indian market. Sustained growth of the insurance sector depends on its ethical and transparent functioning. The need of the hour is self regulation, adherence to prudent norms and continuous training of personnel. The government and the regulator need to focus on improving financial literacy of the masses by conducting regular investor awareness programs detailing the various avenues of investment, importance of insurance in securing one's life, method of matching requirements to the products available and the methods of seeking redress. Considering the fact that insurance penetration and density are woefully low in India, it is high time that regulations are formulated in order to ensure orderly growth of the industry and the industry comes forward to follow regulations both in their letter and spirit to ensure sustained growth and profitability.

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