

## **Human Resource Management Practices in Lic**

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**Abstract:** *The government made a paradigm shift in the economic policy by adopting the process of liberalization, privatization, and globalization at the end of the previous decade. IRDA was set up as regulatory body and the private sector was allowed entry both in general and life insurance sector in India. Due to this impact, the private players came up with new and innovative marketing strategies. Due to these efforts of the private players, the benefits which LIC was enjoying due to its monopoly in the market were taken away, and it had to face tough competition to retain its market share. To fight this competition, LIC had to leave its traditional track and bring changes in its working. It has been widely accepted that the human resource of an organization are the try towards success. The present research paper throws light on the change which LIC brought in its HRM policies due to the impact of the private insurance players. The changes brought by LIC in the agent recruitment, training, performance management system, and learning and development activities have been discussed in the present paper.*

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### **I. Introduction**

When life insurance companies started operating in the middle of 20<sup>th</sup> century in the, the evil play natural to all business had its sway. There was a lot of cut-throat competition as well as profiteering. As a result, life insurance Corporation of India (LIC) came into existence on September 1, 1956 after nationalization of all the 245 companies engaged in the life insurance business (Choudhary & Kiran, 2011). However, the government made a paradigm shift in the economic policy by adopting the process of liberalization, privatization, and globalization at the end of the previous decade. Consequently, the insurance Regulatory business in the country. As a result, the private sector was allowed entry both on the general and life insurance sector in India.

The life insurance industry expanded tremendously from 2000 onwards in terms of numbers of offices, number of agents, new business polis, premium income, and so forth (Rajendran & Natarajan, 2010). Furthermore, many new products (like ULIPs, pension plans, and so forth) and riders were provided by the life insurers to suit the requirements of various customer.

### **II. Review Of Literature**

While earlier studies on the life insurance sector mainly focused upon LIC, it was only after reforms in this sector that certain studies covering private players have taken place. Among the early studies, Arora (2002) highlighted that LIC was likely to face tough competition from private insurance having large established network and their trained intermediaries throughout India.

Bharathi, Bajaj and Meitei (2011) in their research paper title “innovative Strategies to Catalyze Growth of Indian Life Insurance Sector- An Analytical Review” clerly discussed about the impact of global recession on the faster growing Indian insurance marketing in Insdian insurance market. They found that the entry of many private companies created a paradigm shift in insurance marketing in India in terms of products, tariffs, customer service, and so forth. The main finding of the study is that companies, instead of focusing only on improving the variety of products, need to focus on targeting new segment and implement innovative stratiges in other to achieve sustain growth and ensure profitability oh their business as well as us growth of the insurance sector.

### **III. Importance Of The Study**

For almost four decates, LIC ( life insurance corporation of india ) was the sole player, with a virtual monopoly in the life insurance sector. Due to the opening up of the insurance industry by the year2001-02, the life insurane public sector giant, that is LIC, which never faced competition earlier, had to compete with a private players who boasted of the richn and long term experiecce of their partners from the developed countries of the world. In order ti fight thr competition., LIC brought changes in its working. There is dearth of literatute on the critical issues and chalges og life insurance companies in the country.

#### **IV. Objective Of The Study**

To analyze the HRM policies of life insurance corporation of India (LIC) before privatization

To analyze the changes in the HRM policies of life insurance corporation of India (LIC) after privatization.

#### **Changes In Lic's Human Resource Management Policies**

##### **Agents:**

The key focus of LIC is on agents, who are the biggest source of business for it. Before nationalization, there were agent special agent, chief agent, and so on. The chief agent seemed to be employing people who were later absorbed as employees of LIC. These agents continued to serve LIC. Collection of premium, remitting it to LIC, and issuing the pucca receipt to the policy holders was considered as the main role of these agents. They were more of an intermediary tool in premium collection rather than playing a role in marketing avenues. After nationalization, LIC was appointing the following types of agents:

Generally appointed agent

Rural career agent

Urban career agent

Under the IRDA Regulation 2000, there are only two types of agents that are recruited, who can typically be grouped as retailer and wholesaler

Agent of general category

Bancassurance or corporate agents.

#### **V. Conclusion**

The present paper has depicted that LIC has made a lot of changes in its human resource management system after privatization. The recruitment of agents, which was done at the branch level before privatization, was changed to follow the norms laid down by the IRDA regarding the recruitment. The agent would then learn gradually by observation and experience. Post privatization, IRDA laid down norms for training of agents. This includes pre-recruitment training followed by on-the-job training given at the branch level.

In the pre-privatization era, the performance management system, which was confined to preparation of a modern method of performance appraisal such as internal audit, 360 degree appraisals, and so forth are being development activities for the employees. After privatization, LIC developed a good HRD program to improve the performance of employees. The changes which have been implemented regarding the HR management within the company helped the employees of LIC to become competitive, and LIC is giving a strong fight to the private insurance players to retain its market share. In addition, to improve the ambience, the office environment and furnishings were also spruced up.

Thus, we can say that LIC realized the importance of effective HRM policies after privatization, and implemented plans and programs to improve the performance of its employees.