**A STUDY ON THE PROCESS IMPROVEMENT IN TERMS OF ISSUING POLICY DOCUMENT TO THE PROPOSER IN IDBI FEDERAL LIFE INSURANCE COMPANY , COIMBATORE**

by

K.VIGNESHWARAN
Reg. No. 1120400102

Under the guidance of

R.VINAYAGASUNDARAM
Associate Professor

A PROJECT REPORT
submitted

In partial fulfillment of the requirements
for the award of the degree

of

**MASTER OF BUSINESS ADMINISTRATION**

**Kumaraguru College of Technology**
(An autonomous institution affiliated to Anna University, Chennai)
**Coimbatore - 641 047**

**May 2013**



**BONAFIDE CERTIFICATE**

Certified that this project report titled "**A STUDY ON THE PROCESS IMPROVEMENT IN TERMS OF ISSUING POLICY DOCUMENT TO THE PROPOSER IN IDBI FEDERAL LIFE INSURANCE COMPANY, COIMBATORE"** is the bonafide work of **Mr.K.Vigneshwaran, Reg no: 1120400106** who carried out the project under my supervision. Certified further, that to the best of my knowledge the work reported herein does not form part of any other project report or dissertation on the basis of which a degree or award was conferred on an earlier occasion on this or any other candidate.

| Faculty Guide | Director |
|---|---|
| **(Mr.R.Vinayagasundaram)** | **(Dr.Vijila Kennedy)** |
| **Associate Professor** | **KCTBS** |
| **KCTBS** | |

Submitted for the Project Viva-Voce examination held on _____

Internal Examiner External Examiner



**DECLARATION**

I affirm that the project work titled **"A STUDY ON THE PROCESS IMPROVEMENT IN TERMS OF ISSUING POLICY DOCUMENT TO THE PROPOSER IN IDBI FEDERAL LIFE INSURANCE COMPANY, COIMBATORE "**being submitted in partial fulfillment for the award of Master of Business Administration is the original work carried out by me. It has not found the party other project work submitted for award of any degree or diploma, either in this or any other university.

Signature of the Candidate

**VIGNESHWARAN.K**

**Register No: 1120400102**

I certify that the declaration made above by the candidate is true.

Signature of the Guide

**Mr.R.VINYAGASUNDARAM**

**Associate Professor**

**KCT Business School**



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## SYNOPSIS

**IDBI Federal Life Insurance Co Ltd** is a joint-venture of IDBI Bank, India's premier development and commercial bank, Federal Bank, one of India's leading private sector banks and Ageas, a multinational insurance giant based out of Europe. In this venture, IDBI Bank owns 48% equity while Federal Bank and Ageas own 26% equity each. There is a problem of increase in lead time of the process. The errors and the reasons for the error occurrence for the delay in the process flow is Identified through the data collection and interpretation by using SPSS tool. IDBI FEDERAL life insurance Focused Management Technology (FMT) is a managerial approach to solve an organization's problems, designed to improve processes and increase profits. It is based on the integration OF THE WELL-ESTABLISHED Just In Time (JIT), Total Quality Management (TQM), Theory of Constraints (TOC), and Complete Kit (CK) techniques. These techniques and their underlying philosophies are modified and tailored to meet the special environment and specific needs of the insurance industry. This Study explains the integration of FMT into the IDBI FEDERAL life insurance company to achieve an effective process flow.



## CHAPTER 1: INTRODUCTION

### 1.1 INTRODUCTION TO THE STUDY:

**Process improvement** is an aspect of organizational development (OD) in which a series of actions are taken by a process owner to identify, analyse and improve existing business processes within an organization to meet new goals and objectives, such as increasing profits and performance, reducing costs and accelerating schedules. These actions often follow a specific methodology or strategy to encourage and ultimately create successful results. Process improvement may include the restructuring of company training programs to increase their effectiveness.

Process improvement is also a method to introduce process changes to improve the quality of a product or service, to better match customer and consumer needs.

**THE EMERGENCE OF A NEW THEORY OF MANUFACTURING**

The last two decades have witnessed the emergence of new management philosophies and techniques which, when implemented, completely change manufacturing paradigms and practices. These modes of management have a significant contribution to production, and their implementation has been known to turn losing business into profitable ones. Among the emerging philosophies, the leaders are Drucker [1990] and Ronen [1992]:

1. Just in time (JIT);

2. Theory of Constraints (TOC);

3. The complete kit concept (CK).

These philosophies or theories, diverse as they are, can be seen as complementing each other. Every one of them has brought on changes in manufacturing companies as well as in service organizations, military units and non-profit organizations. The focused management Technology (FMT), modifies and tailors these philosophies, techniques and methods, to meet a given



environment, in our case-the special environment and specific needs of the insurance industry. This article will review the implications of the use of these techniques and philosophies to the insurance industry.

**FOCUSED MANAGEMENT TECHNOLOGY:**

Focused Management Technology (FMT) is a managerial approach to solving an organisation's problems, designed to improve processes and increase profits. It is based on the integration of the well-established Just In Time (JIT), Theory of constraints (TOC), and Complete Kit techniques. These techniques and their underlying philosophies are modified and tailored to meet the special environment and the specific needs of the insurance industry. This study explains the integration of FMT into the IDBI FEDERAL life insurance industry.

**The FMT Components**

Just in Time (JIT) and Total Quality Management (TQM), the pioneers among the new management theories that encourage the use of common sense in operations management, were first implemented at several Japanese plants in the 1960s. They began to be studied in the West in the late 1970s, and been seriously adopted there only since the 1980s, Schonberger,ch. 2[1982]. Later on, the theory and practise of the theory of constraints (TOC) emerged, adding the global approach, the system view and the focusing approach to operations management and changing the traditional view and the focusing approach to operations management and changing the traditional view of production, Goldratt and cox [1986]: Schragenheim and Ronen[1990]. The Complete Kit concept has added simple and practical technique to enable the use of these philosophies and supply day-to-day tools to implement them, Ronen [1992].

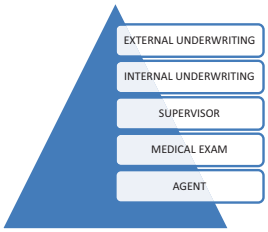
Wherever the new theories have been omplemented, the results have been evident and measurable. Kaplan [1984], Schonberger [1986], Deming [1986] and Ronen and Star [1990] mention a number of advantages achieved at the plants which adopted them:

- More throughput

- Lower operating expenses
- An important in product or service quality
- Less work in process
- Better response time
- Better due date performance

The firms that implement the new theories witnessed an increase in their competitiveness, due to the considerable increase in the both short- and long-term profitability, brought about by the shottened response time and increased productivity.

**PROCESS FLOW**




This is the Process Flow in the IDBI FEDERAL insurance company, where the policy is got approved and issued back to the customer, here the study involved in interpreting the time taken for the each process, and the errors that occurred in these processes.



## 1.2 ABOUT THE INDUSTRY

**INSURANCE:**

Insurance may be described as a social device to reduce or eliminate risk of loss to life and property. Under the plan of insurance, a large number of people associate themselves by sharing risks attached to individuals. The risks, which can be insured against, include fire, the perils of sea, death and accidents and burglary. Any risk contingent upon these may be insured against at a premium commensurate with the risk involved. Thus collective bearing of risk is insurance.

The Insurance sector in India governed by Insurance Act, 1938, the Life Insurance Corporation Act, 1956, General Insurance Business (Nationalisation) Act, 1972, Insurance Regulatory and Development Authority (IRDA) Act, 1999 and other related Acts.India's large and increasing population is fuelling the growth path of insurance sector. A huge population and its untapped market area are opening the door for a very big opportunity. Growth rate of 15-20 per annum can help to foresee the future outlook. Insurance and Banking together is adding about 7 per cent to country's GDP. Though the growth seems to be very lucrative, the penetration of insurance in the country is very low. Nearly 80% of the population are not covered under life and health insurance. This indicates the strong potential of growth of this business in India. This immense growth of this sector made it necessary to introduce regulations to maintain a stable growth. Then in the year 1993 Govt. Of India assigned "Malhotra Committee" to look into the various aspects of this industry. The key element of the reform process was Participation of overseas insurance companies with 26% capital. The main idea behind this reform was to create an efficient and competitive financial system for the Indian economy. The entry of the private players and their use of new distribution techniques and the IT tools **have** increased the scope of the industry in the longer run.

**TYPES OF INSURANCE:**

Insurance industry in India is broadly classified as-



**Life Insurance:** Policies protect individuals against the risk of life. Life 100 Insurance policies not only protects the insured's family against his death but also provides a good means to avail tax benefit, avail loans from banks and acts, as a good saving tool to meet future needs.

**General Insurance:** On the other hand protects the property and casualty by covering losses from disasters and accidents thereby protecting from property damage and liability, providing the means for victims to resume their lives and businesses and contribute to the economy.

**HISTORY OF INSURANCE IN INDIA:**

In India, insurance has a deep-rooted history. It finds mention in the writings of Manu ( *Manusmrithi* ), Yagnavalkya ( *Dharmasastra*) and Kautilya (*Arthasastra*). The writings talk in terms of pooling of resources that could be re-distributed in times of calamities such as fire, floods, epidemics and famine. This was probably a pre-cursor to modern day insurance. Ancient Indian history has preserved the earliest traces of insurance in the form of marine trade loans and carriers' contracts. Insurance in India has evolved over time heavily drawing from other countries, England in particular.

1818 saw the advent of life insurance business in India with the establishment of the Oriental Life Insurance Company in Calcutta. This Company however failed in 1834. In 1829, the Madras Equitable had begun transacting life insurance business in the Madras Presidency. 1870 saw the enactment of the British Insurance Act and in the last three decades of the nineteenth century, the Bombay Mutual (1871), Oriental (1874) and Empire of India (1897) were started in the Bombay Residency. This era, however, was dominated by foreign insurance offices which did good business in India, namely Albert Life Assurance, Royal Insurance, Liverpool and London Globe Insurance and the Indian offices were up for hard competition from the foreign companies.

In 1914, the Government of India started publishing returns of Insurance Companies in India. The Indian Life Assurance Companies Act, 1912 was the first statutory measure to regulate life business. In 1928, the Indian Insurance Companies Act was enacted to enable the Government to collect statistical



information about both life and non-life business transacted in India by Indian and foreign insurers including provident insurance societies. In 1938, with a view to protecting the interest of the Insurance public, the earlier legislation was consolidated and amended by the Insurance Act, 1938 with comprehensive provisions for effective control over the activities of insurers.

The Insurance Amendment Act of 1950 abolished Principal Agencies. However, there were a large number of insurance companies and the level of competition was high. There were also allegations of unfair trade practices. The Government of India, therefore, decided to nationalize insurance business.

An Ordinance was issued on 19th January, 1956 nationalising the Life Insurance sector and Life Insurance Corporation came into existence in the same year. The LIC absorbed 154 Indian, 16 non-Indian insurers as also 75 provident societies—245 Indian and foreign insurers in all. The LIC had monopoly till the late 90s when the Insurance sector was reopened to the private sector.

The history of general insurance dates back to the Industrial Revolution in the west and the consequent growth of sea-faring trade and commerce in the 17th century. It came to India as a legacy of British occupation. General Insurance in India has its roots in the establishment of Triton Insurance Company Ltd., in the year 1850 in Calcutta by the British. In 1907, the Indian Mercantile Insurance Ltd, was set up. This was the first company to transact all classes of general insurance business.

1957 saw the formation of the General Insurance Council, a wing of the Insurance Association of India. The General Insurance Council framed a code of conduct for ensuring fair conduct and sound business practices.

In 1968, the Insurance Act was amended to regulate investments and set minimum solvency margins. The Tariff Advisory Committee was also set up then. In 1972 with the passing of the General Insurance Business (Nationalisation) Act, general insurance business was nationalized with effect from 1st January, 1973. 107 insurers were amalgamated and grouped into four companies, namely National Insurance Company Ltd., the New India Assurance Company Ltd., the Oriental Insurance Company Ltd and the United India Insurance Company Ltd.

The General Insurance Corporation of India was incorporated as a company in 1971 and it commence business on January 1sst 1973.

This millennium has seen insurance come a full circle in a journey extending to nearly 200 years. The process of re-opening of the sector had begun in the early 1990s and the last decade and more has seen it been opened up substantially.

In 1993, the Government set up a committee under the chairmanship of RN Malhotra, former Governor of RBI, to propose recommendations for reforms in the insurance sector. The objective was to complement the reforms initiated in the financial sector. The committee submitted its report in 1994 wherein , among other things, it recommended that the private sector be permitted to enter the insurance industry. They stated that foreign companies be allowed to enter by floating Indian companies, preferably a joint venture with Indian partners. Following the recommendations of the Malhotra Committee report, in 1999, the Insurance Regulatory and Development Authority (IRDA) was constituted as an autonomous body to regulate and develop the insurance industry. The IRDA was incorporated as a statutory body in April, 2000. The key objectives of the IRDA include promotion of competition so as to enhance customer satisfaction through increased consumer choice and lower premiums, while ensuring the financial security of the insurance market.

The IRDA opened up the market in August 2000 with the invitation for application for registrations. Foreign companies were allowed ownership of up to 26%. The Authority has the power to frame regulations under Section 114A of the Insurance Act, 1938 and has from 2000 onwards framed various regulations ranging from registration of companies for carrying on insurance business to protection of policyholders' interests.



In December, 2000, the subsidiaries of the General Insurance Corporation of India were restructured as independent companies and at the same time GIC was converted into a national re-insurer. Parliament passed a bill de-linking the four subsidiaries from GIC in July, 2002. Today there are 24 general insurance companies including the ECGC and Agriculture Insurance Corporation of India and 23 life insurance companies operating in the country.

The insurance sector is a colossal one and is growing at a speedy rate of 15-20%. Together with banking services, insurance services add about 7% to the country's GDP. A well-developed and evolved insurance sector is a boon for economic development as it provides long- term funds for infrastructure development at the same time strengthening the risk taking ability of the country.

**GLOBAL SCENARIO:**

The global insurance scenario has undergone profound changes during the last few years, accentuated by the terrorist attack on the World Trade Centre on 9/11/2001. Coincidentally, the major world stock markets suffered a steep decline in value towards the end of the last century, following the dot Com bubble burst and the unprecedented corporate scandals led by Enron and WorldCom. Hurricanes like the Katrina, the Wilma and the others, in addition, have bankrupted a substantial capitalization of insurers and reinsurers built up over decades. One estimate has put it that out of a total capitalization of $750 bn the WTC attack and the stock market failures due to the burst of dot com bubble alone wiped out a capital of $250 bn of the industry in one stroke. These financial blows have resulted in a large number of insurers/reinsurers going bankrupt and several others suffering lowered ratings by reputed rating agencies. Despite these setbacks the industry has recovered from such serious and unexpected financial losses and the industry has begun to look as solid and resilient as ever.

The world insurance premium in 2005 was estimated at $3400 bn by Swiss Re. Sigma. 60% of the premium came from life insurance. The world's population in 2005 was estimated at 6450 million and it's GDP at $ 44,450 bn. The life insurance market is growing faster in the emerging markets due to rising incomes and a growing younger working population. It was also observed that the GDPs



grew faster than the insurance premiums, both life and non-life, reducing the levels of insurance penetration (IP) in comparison with those of 2004. The combined ratio for the developed markets was slightly above 100% and the industry showed strong profitability. Insurance penetration is measured as the percentage ratio of premiums to GDP. Insurance density is measured as the gross premiums to population per capita. These measurements on a comparative basis show the insurance progress and sophistication of the insurance markets. The African continent had a life premium of $ 28,000 mn and a non-life premium of $ 12,000 mn. The level of IP was 3.33% for life and 1.47% for non-life. The Insurance density was $ 30.7 for life and $ 13.5 for non-life.

Global insurance premiums grew by 3.4% in 2008 to reach $4.3 trillion. For the first time in the past three decades, premium income declined in inflation-adjusted terms, with non-life premiums falling by 0.8% and life premiums falling by 3.5%. The insurance industry is exposed to the global economic downturn on the assets side by the decline in returns on investments and on the liabilities side by a rise in claims. So far the extent of losses on both sides has been limited although investment returns fell sharply following the bankruptcy of Lehman Brothers and bailout of AIG in September 2008. The financial crisis has shown that the insurance sector is sufficiently capitalised. The vast majority of insurance companies had enough capital to absorb losses and only a small number turned to government for support. Advanced economies account for the bulk of global insurance. With premium income of $1,753bn, Europe was the most important region in 2008, followed by North America $1,346bn and Asia $933bn. The top four countries generated more than a half of premiums. The US and Japan alone accounted for 40% of world insurance, much higher than their 7% share of the global population. Emerging markets accounted for over 85% of the world's population but generated only around 10% of premiums. Their markets are however growing at a quicker pace.

**LIST OF INSURANCE COMPANIES**

Some of the life insurance companies and general insurance companies including their web address are given below:-



**Market Share of Insurance Companies In India**

| **Life Insurers** | **Website** |
|---|---|
| **Public Sector** | |
| Life Insurance Corporation Of India | www.licindia.com |
| **Private Sector** | |
| Bajaj Allianz Life Insurance Company Limited . | www.bajajallianz.com |
| Birla Sun Life Insurance Co. Ltd. | insurance.birlasunlife.com |
| HDFC Standard Life Insurance Co. Ltd. | www.hdfclife.com |
| ICICI Prudential Life Insurance Co. Ltd. | www.iciciprulife.com |
| ING Vysya Life Insurance Co. Ltd. | www.inglife.co.in |
| Max New York Life Insurance Co. Ltd. | www.maxnewyorklife.com |
| Met Life India Insurance Co. Ltd. | www.metlife.co.in |
| Kotak Mahindra Old Mutual Life Insurance Ltd. | insurance.kotak.com |
| SBI Life Insurance Co. Ltd. | www.sbilife.co.in |
| Tata AIG Life Insurance Co. Ltd. | www.tata-aig-life.com |
| IDBI Federal Life Insurance Co. Ltd. | www.idbifortis.com |
| Reliance Life Insurance Co. Ltd. | www.reliancelife.com |
| **General Insurers** | **Website** |
| **Public Sector** | |

| | |
|---|---|
| National Insurance Co. Ltd. | www.nationalinsuranceindia.com |
| New India Assurance Co. Ltd. | www. niacl.com |
| Oriental Insurance Co. Ltd. | www.orientalinsurance.nic.in |
| United India Insurance Co. Ltd. | www.uiic.co.in |
| **Private Sector** | |
| Bajaj Allianz General Insurance Co. Limited | www.bajajallianz.co.in |
| ICICI Lombard General Insurance Co. Ltd. | www.icicilombard.com |
| IFFCO-Tokio General Insurance Co. Ltd. | www.itgi.co.in |
| Reliance General Insurance Co. Limited | www.ril.com |
| Royal Sundaram Alliance Insurance Co. Ltd. | www.royalsun.com |
| TATA AIG General Insurance Co. Limited | www.tata-aig.com |
| Cholamandalam General Insurance Co. Ltd. | www.cholainsurance.com |
| Export Credit Guarantee Corporation | www.ecgcindia.com |
| Reinsurers | Website |
| General Insurance Corporation of India | www.gicindia.com |



| Company Name | Market Share (%) |
|---|---|
| Life Insurance Corporation Of India | 50 |
| ICICI Prudential | 10 |
| HDFC Standard | 6 |
| Reliance Life | 5 |
| SBI Life Insurance | 5 |
| Birla Sun Life | 4 |
| Bajaj Allianz | 4 |
| Max New York Life | 3 |
| Tata AIG | 2 |
| Kotak Mahindra | 2 |
| IDBI Federal Life Insurace | 0.3 |
| Others | 7.7 |

## 1.3 ABOUT THE COMPANY

**INTRODUCTION**

**IDBI Federal Life Insurance Co Ltd** is a joint-venture of IDBI Bank, India's premier development and commercial bank, Federal Bank, one of India's leading private sector banks and Ageas, a multinational insurance giant based out of Europe. In this venture, IDBI Bank owns 48% equity while Federal Bank and Ageas own 26% equity each. Through a continuous process of innovation in product and service delivery IDBI Federal intend to deliver world-class wealth



management, protection and retirement solutions to Indian customers. Having started in March 2008, in just five months of inception IDBI Federal became one of the fastest growing new insurance companies to garner Rs 100 Cr in premiums. The company offers its services through a vast nationwide network across the branches of IDBI Bank and Federal Bank in addition to a sizeable network of advisors and partners. As on January 31st 2011, the company has issued over 2.68 lakh policies with over Rs 14, 230 Cr in Sum Assured

**ABOUT THE SPONSORS OF IDBI FEDERAL LIFE INSURANCE**

**IDBI Bank Ltd.** continues to be, India's premier industrial development bank. Created in 1956 to support India's industrial backbone, IDBI Bank has since evolved into a powerhouse of industrial and retail finance. Today, it is amongst India's foremost commercial banks, with a wide range of innovative products and services, serving retail and corporate customers in all corners of the country from 783 branches and 1328 ATMs. The Bank offers its customers an extensive range of diversified services including project financing, term lending, working capital facilities, lease finance, venture capital, loan syndication, corporate advisory services and legal and technical advisory services to its corporate clients as well as mortgages and personal loans to its retail clients. As part of its development activities, IDBI Bank has been instrumental in sponsoring the development of key institutions involved in India's financial sector –National Stock Exchange of India Limited (NSE) and National Securities Depository Ltd, SHCIL (Stock Holding Corporation of India Ltd), CARE (Credit Analysis and Research Ltd)

**Federal Bank** is one of India's leading private sector banks, with a dominant presence in the state of Kerala. It has a strong network of over 739 branches and 797 ATMs spread across India. The bank provides over four million retail customers with a wide variety of financial products. Federal Bank is one of the first large Indian banks to have an entirely automated and interconnected branch network. In addition to interconnected branches and ATMs, the Bank has a wide range of services like Internet Banking, Mobile Banking, Tele Banking, Any Where Banking, debit cards, online bill payment and call centre facilities to offer round the clock banking convenience to its customers.



**Ageas** is an international insurance company with a heritage spanning more than 180 years. Ranked among the top 20 insurance companies in Europe, Ageas has chosen to concentrate its business activities in Europe and Asia, which together make up the largest share of the global insurance market. They are grouped around four segments: Belgium, United Kingdom, Continental Europe and Asia. It is an undisputed leader in the Belgian market for individual life and employee benefits, as well as a leading non-life player, through AG Insurance. Internationally Ageas has a strong presence in the UK, where it is the second largest player in private car insurance. The company also has subsidiaries in France, Germany and Hong Kong. Ageas has a track record in developing partnerships with strong financial institutions and key distributors in different markets around the world and successfully operates partnerships in Luxembourg, Italy, Portugal, China, Malaysia, India and Thailand

**Vision**

To be the leading provider of wealth management, protection and retirement solutions that meets the needs of our customers and adds value to their lives.

**Mission**

To continually strive to enhance customer experience through innovative product offerings, dedicated relationship management and superior service delivery while striving to interact with our customers in the most convenient and cost effective manner.

To be transparent in the way we deal with our customers and to act with integrity.

To invest in and build quality human capital in order to achieve their mission.

**Values**

- Transparency: Crystal Clear communication to our partners and stakeholders

- Value to Customers: A product and service offering in which customers perceive value
- Rock Solid and Delivery on Promise: This translates into being financially strong, operationally robust and having clarity in claims
- Customer-friendly: Advice and support in working with customers and partners
- Profit to Stakeholders: Balance the interests of customers, partners, employees, shareholders and the community at large

**Distribution Network:**

IDBI Federal Life Insurance Company leverages on the strong distribution network of its promoters and advisors.

**Financial Information:**

The total premium earned for the half year ended September 30, 2010 was Rs 3,427 million. The profit after tax for the same period is Rs 513 million. There have been 132 death claims reported during the period out of which 43 claims were settled and 19 claims were rejected. As on January 31st 2011, the company has issued over lakh 2.68 lakh policies with over Rs 14, 230 Cr in Sum Assured.

**Marketing Campaigns:**

IDBI Federal Life recently launched television commercials focusing on its frontline products – Wealthsurance and Incomesurance. Whereas the first advertisement reflects that the product is so great that whoever hears about it, buys it instantly, the second advertisement promises to be clear and transparent on the issue of returns in the investment product. IDBI Federal has also introduced two animation characters by the name of Happy and Lucky to promote the brand.



**MANAGEMENT TEAM**

**MD & CEO:**

Mr. G. V. Nageswara Rao is presently the Managing Director & Chief Executive of IDBI Federal Life Insurance Co Ltd, which is a joint venture between three leading financial conglomerates – India's premier development and commercial bank, IDBI, one of India's leading private sector banks, Federal Bank and Europe's banking and insurance giant Ageas, each of which enjoys a significant status in their respective business segments.

Having launched its first set of products across India in March 2008, the company offers its services through a vast nationwide network across the branches of IDBI Bank and Federal Bank in addition to a sizeable network of advisors and partners.

Prior to this assignment, Mr. Rao was the CEO of Commercial Banking SBU of IDBI Ltd. Mr. Rao was earlier MD & CEO of IDBI Bank Ltd which after merger with parent institution IDBI Ltd was structured as a Strategic Business Unit (SBU). IDBI Bank, a new generation technology-savvy bank established in 1994, has been one of the fastest growing banks of its generation. Under Mr. Rao's leadership the bank more than doubled its total assets, while profits more than tripled.

IDBI Bank established its reputation for product innovations such as the first bank in India to offer online tax payments, first bank in Asia-Pacific to offer card-to-card money transfer based on visa platform and first bank anywhere to offer airline ticketing on ATMs.

Mr. Rao was the first MD & CEO of IDBI Capital Market Services Ltd., which was the largest primary dealer by Turnover, Net Profit and Return on Net Worth for three years in a row when Mr. Rao left the company. It was one of the top domestic institutional brokerage houses and an important trader in debt as well as equity derivatives running proprietary portfolios. It was the second-largest pension fund manager after EPFO and was amongst the largest non-custodial Depository Participant. In his early career at IDBI Mr. Rao held key positions in Corporate Finance, Business Development, Investment Banking, Resources and



Infrastructure finance. He was part of a core team that worked on setting up SEBI, the country's securities regulator.

Mr. Rao has served as the chairman of Primary Dealers Association of India (PDAI) and vice chairman of Fixed Income, Money Market and Derivatives Association (FIMMDA). He has been a member of the Executive Committee and Committee on Trade Related Issues of National Stock Exchange (NSE), member of the Governing Council of Derivatives and Operations and Technology Committee of Bombay Stock exchange (BSE) and Technical Advisory Committee on Debt Markets and other working groups of Reserve Bank of India (RBI).

Mr. Rao is a chartered accountant, cost accountant and PGDM from the Indian Institute of Management, Ahmedabad.

**SPONSORSHIP AND AWARDS:**

- IDBI Federal Life Insurance Company was the title sponsor for the India-Sri Lanka Cricket Series 2009, consisting of five One-Day Internationals and a Twenty 20 match. The ODI series will be called the IDBI Fortis Wealthsurance Cup. This will be followed by the IDBI Fortis Wealthsurance Twenty20.
- 'Wealthsurance Made Easy' (WME), a knowledge aid by IDBI Fortis for its sales force, won The Bronze Dragon in the category for 'Best Dealer/Sales Force activity' at the Promotion Marketing Awards of Asia (PMAA).

**SALES DETAIL:**

The company offers its services through a vast nationwide network across the branches of IDBI Bank and Federal Bank in addition to a sizeable network of advisors and partners. As on April 30th 2011, the company has issued over 2.94 lakh policies with over Rs 16, 499 Cr in Sum Assured.

**EMPLOYEES:**

Currently, IDBI FEDERAL have 35 branches with 1,000 on-roll employees and 7,500 agents across the country. They plan to open 65 more offices doubling our employee strength.



**PRODUCTS IN BREIF**

**IDBI Federal Wealthsurance Milestone Plan**

The combined knowledge of company partners' customer base of over 9 million, and the combined expertise in the insurance business allowed us to look at the category in a different way. Customers are often left perplexed by the various insurance options, insurance plus investment options, insurance riders and the multitude of other complicated terminologies that hit them every day. This is apparent in the way customers buy insurance - as an investment. So company decided to design one product that can have the flexibility to incorporate within itself, all the possible investments and insurance combinations. Bank realized that, to reach long-term financial goals, one needs to have a balanced investment plan. If this plan continues to work, the power of compounding can ensure that one would logically reach their goals. Presenting an insured wealth plan. A plan that not only allows the policyholder to invest according to their changing risk appetite; it also provides a host of insurance benefits to protect them against uncertainties, so that they don't have to break their investment to meet sudden financial demands and their money can keep compounding. The Wealthsurance Milestone Plan enables the policyholder to save and build wealth to meet their financial goals. This Plan comes with a wide range of 13 investment options and 7 insurance benefits - all packaged with a low charge structure and unmatched flexibility. Moreover, get tax benefits on investment and returns under Sec 80C and Sec 10(10D).

**Federal Homesurance Protection Plan**

Homesurance Protection Plan is a mortgage reducing term insurance plan that secures the policyholder, irrespective of interest fluctuations at a nominal cost with high benefits. IDBI Federal Homesurance Protection Plan provides full insurance cover for properties even under construction, thus ensuring that the beneficiary gets the full sanctioned amount in case of any unfortunate event. It also has an innovative fixed period cover for those who would aim to prepay their loans early and would find a cover for the full term a waste.

**IDBI Federal Bondsurance Plan**

Given the ever-changing market conditions, a certain segment of customers prefer to invest their money in guaranteed return products. Bondsurance is designed for customers looking for guaranteed returns which will not get affected by financial market conditions. It offers guaranteed return on investment along with life insurance cover. Investment in the Plan is eligible for deduction under Sec 80C of the Income Tax Act and the maturity amount is tax-free under Sec 10(10D) of the Income Tax Act.

**IDBI Federal Group Microsurance Plan**

Microfinance is recognized globally as the foremost tool in pulling large numbers of poor households from the grip of poverty. Micro-insurance in particular is an explicit need and desire of poor households as it offers some protection from their intense vulnerability to external shocks. IDBI Federal Microsurance Plan is a one of its kind insurance plan which can be very useful for various Micro Financial Institutions and NGOs, wherein not only the members but even the member's family gets an insurance cover.

**IDBI Federal Termsurance Protection Plan**

IDBI Federal Termsurance Protection Plan is not a typical term insurance plan, that gives you a cover for the premium, it is innovatively designed to deliver more value to the customers who are looking for a flexible protection plan and a large insurance cover at an affordable cost. The plan offers a Level Paying Term, like a usual term plan. In addition it also offers a Return of Premium so you can get the premiums paid, back on maturity. That's not all, we understood that by the time an insurance policy matures, inflation and rising costs can make the cover inadequate. IDBI Federal Termsurance Protection Plan offers the unique Increasing Cover option that automatically increases the cover every year without increasing the premium. This way, your sum assured keeps increasing just like rising costs and inflation, keeping you adequately covered till maturity. The Premium is eligible for tax deduction under Sec 80C.



**IDBI Federal Grameen Suraksha Plan**

IDBI Federal Termsurance Grameen Suraksha is a low-cost, simple term individual insurance plan targeted at the rural population. It is an ideal plan to protect the policyholder's family members in the event of unfortunate demise of the major income earner.

**IDBI Federal Grameen Bachat Yojana**

IDBI Federal Termsurance Grameen Bachat Yojana is a low-cost risk protection plan targeted at the rural population. It is an ideal plan to protect family members in the event of unfortunate demise of the major income earner and also to save for specific events like repayment of loan, daughter's marriage or child's education. The plan offers life cover at a nominal cost along with the option of refund of premiums paid by you at maturity. This product has got a very unique mix of options that allow the customers to receive either of 0%, 50%, 90% or 100% return of premium. The coverage terms offered are 3 years, 5 years & 10 years. The customer has the flexibility of get the sum assured ranging from Rs. 5,000 to Rs. 1, 00,000 in the multiples of Rs. 1,000.

**IDBI Federal Incomesurance Endowment & Money Back Plan**

IDBI Federal Incomesurance Endowment & Money Back Plan is a unique combination of the oldest type of insurance policies. On purchasing a typical endowment plan, it is difficult to know the final maturity amount at the time of investing. Also, the maturity date is usually fixed and therefore, if your goals shifted, like getting your daughter married earlier, your plan would not provide the required flexibility. Knowing the customer helped us to combine the Endowment & Money Back plans into a single plan that would allow you to withdraw at maturity but also take your money back at intervals. This way, you can now have the flexibility to tailor your investment to your life's goals. To add, we linked the returns to the G-Sec rates, transparently declared by the government. This way, you would know the exact amount on maturity at the time of investing. So you could invest according to the desired corpus you intended to build. The Premium is eligible for tax deduction under Sec 80C. Also, the Guaranteed Annual Payout and other benefits upon death are tax-free under Sec 10(10D).



**IDBI Federal Healthsurance Hospitalization and Surgical Plan**

Every year, millions of adults in India are admitted to hospitals due to illness or injury. With the sharp rise in lifestyle diseases in the country, hospitalization has now become a real chance for most of us It is this insight that helped us create IDBI Federal Healthsurance Hospitalization and Surgical Plan. This new insurance plan offers a host of features and benefits that are designed to help customers.

### 1.4 STATEMENT OF THE PROBLEM:

There is a delay in issuing the policy document to the insurer in the IDBI FEDERAL life insurance company, this increase in the lead time leads to the poor work flow in the organisation, hence this study has been focused on the process improvement in the IDBI FEDERAL insurance company, it helps in reducing the lead time between the policy signed and issued back to the insurer.

### 1.5 SCOPE OF THE STUDY:

This study focus on the process improvement through identification of the internal lead time, and the Focused Management tools is used to give the possible suggestions in order to reduce the lead time, and to achieve the effective process flow in the organisation.



## CHAPTER 2: REVIEW OF LITERATURE

1. **Yoram Eden and Boaz Ronen,** Focused Management Approach is the management approach to solve the organisation's problems, designed to increase the process efficiency and the profit. It is based on the integration of well-established JIT(just in time), Total quality management, Theory of constraints, and complete kit techniques.
   These techniques and their underlying philosophies are modified and tailored to meet the special environment and the specific needs of the insurance industry. This article explains the integration of FMT into the insurance industry, and demonstrates a successful implementation of FMT concepts in a life insurance department of a leading Israel insurance company.

2. **Harnam Singh,Dr Madhurima Lall,** Life insurance is one of the fastest growing and emerging markets in India. Insurance penetration in the country is low mainly in rural area. The insurance industry has a significance contribution in socio-economic development. Present study is based on the primary data which is collected through paper questionnaire. Randomly selected respondents and evaluative research methodology carried out in this paper. The present study is to examine the opportunities for insurers in the market and what would be new strategies to tap the highly underinsured rural area. It's also an attempt to understand the consumer behavioy in the insurance sector and identify challenges faced by the insurance companies and how to overcome with those challenges.

3. **Leslie K. Duclos, Samia M. Siha, Rhonda R. Lummus,** Just In Time, as an operational philosophy, has been of great interest to manufacturers and researches alike over the past decade. Toyota Motor Company is credited with the developing and operating the approach. The literature contains a variety of definitions for the term "just in time". These range from Schonberger's (1982) to produce and deliver finished goods just in time to

be sold, sub-assemblies just in time to be assembled into fabricated parts", to hall's the elimination of waste in all areas of the manufacturing firm".

4. **Hilma Raimona Zadry & Sha'ru Mohd Yusof,** Total Quality Management is applied to improve the quality of the products and services in satisfying the customers. Theory of Constraints (TOC) is a systems methodology that has been developed to assist people and organisations to think about their problems, developed breakthrough solutions and implement those solutions successfully. The statistical Package for the social sciences (SPSS) software was utilized to perform the required statistical analysis of the data from surveys.

5. **Moss, Hollye K.,** Aside from the success stories and case studies there has been very few in-depth studies of TOC in service industries. This study assesses the dissemination of TOC principles into services and look at benefits that services are reaping as a result. An instrument to explore the penetration of TOC principle into services without using a vocabulary a specific to TOCis developed and validated. SERVQUAL is adapted to evaluate the impact of the TOC principle on the five dimensions of customer service quality. It is found that the services providers can increase their customer service quality by implementing TOC principles.



# CHAPTER 3: RESEARCH METHODOLOGY

Research methodology is a way to systematically solve the research problem it may be understood as a science of new research is done scientifically.

**Meaning of the research**

A careful investigation or inquiry especially through search for new facts in any branch of knowledge

## 3.1 TYPE OF RESEARCH:

**Analytical Research:**

Analytical research is a type of research that utilises critical thinking to find out facts about a given topic and from the answers obtained develop new and useful ways of doing things. Critical thinking is a method of thinking that puts assumptions into question to decide whether a given claim is true or false.

**Descriptive Research:**

Descriptive research, also known as **statistical research**, describes data and characteristics about the population or phenomenon being studied. The description is used for frequencies, averages and other statistical calculations. Often the best approach, prior to writing descriptive research, is to conduct a survey investigation.

In this study both the Analytical and Descriptive Research are made.



## 3.2 OBJECTIVES OF THE STUDY:

**PRIMARY OBJECTIVE:**

A study on the process improvement in issuing the insurance policy document to the insurer, by reducing the lead time in the internal process of the organisation and to achieve the efficient work flow.

**SECONDARY OBJECTIVES:**

- To identify the Bottlenecks during the internal process.
- To identify the possible errors occurred in the process flow.
- To identify the causes for error occurrence.

## 3.3 DATA COLLECTION METHOD

The data can be classified as;

1. Primary data
2. Secondary data

**Primary data**

The primary data are those which are collected a fresh and for the first time and thus happen. It is original in character.

**Secondary data**

The secondary data are those which have already been collected by someone else and which already have been passed through the statistical process. Information for this study has been collected from the secondary data sources.

In this study the primary data is used for the research.



## 3.4 SAMPLING TECNIQUE:

The study on the internal process flow of the Life Insurance Policies in the IDBI FEDERAL LIFE INSURANCE COMPANY.

**TOOLS USED FOR ANALYZING DATA**

SPSS TOOL:

**SPSS Statistics** is a software package used for statistical analysis.

**Statistics for the study:**

- Descriptive statistics: Cross tabulation, Frequencies.
- Bivariate statistics: Means, ANOVA, Correlation
- Chi-square test.

**Focused Management approach:**

- JIT
- TOC
- COMPLETE KIT TECHNIQUE

## 3.5 CONCEPTUAL REVIEW

**SPSS TOOL:**

**SPSS Statistics** is a software package used for statistical analysis. SPSS Statistics (originally, Statistical Package for the Social Sciences, later modified to read Statistical Product and Service Solutions) was released in its first version in 1968 after being developed by Norman H. Nie, Dale H. Bent and C. Hadlai Hull. SPSS is among the most widely used programs for statistical analysis in social science. It is used by market researchers, health researchers, survey companies, government, education researchers, marketing organizations and others.

Statistics included in the base software:

- Descriptive statistics: Cross tabulation, Frequencies, Descriptive, Explore, Descriptive Ratio Statistics
- Bivariate statistics: Means, t-test, ANOVA, Correlation (bivariate, partial, distances), Nonparametric tests
- Prediction for numerical outcomes: Linear regression
- Prediction for identifying groups: Factor analysis, cluster analysis (two-step, K-means, hierarchical), Discriminant

**Descriptive statistics** is the discipline of quantitatively describing the main features of a collection of data.[1] Descriptive statistics are distinguished from inferential statistics (or inductive statistics), in that descriptive statistics aim to summarize a sample, rather than use the data to learn about the population that the sample of data is thought to represent. This generally means that descriptive statistics, unlike inferential statistics, are not developed on the basis of probability theory.[2] Even when a data analysis draws its main conclusions using inferential statistics, descriptive statistics are generally also presented. For example in a paper reporting on a study involving human subjects, there typically appears a table giving the overall sample size, sample sizes in important subgroups (e.g., for each treatment or exposure group), and demographic or clinical characteristics such as the average age, the proportion of subjects of each sex, and the proportion of subjects with related comorbidities. Descriptive statistics is also a set of brief descriptive coefficients that summarizes a given data set that represents either the entire population or a sample. The measures that describe the data set are measures of central tendency and measures of variability or dispersion. Measures of central tendency include the mean, median and mode, while measures of variability include the standard deviation (or variance), the minimum and maximum variables, kurtosis and skewness.

**Univariate analysis**

Univariate analysis involves describing the distribution of a single variable, including its central tendency (including the mean, median, and mode) and dispersion (including the range and quantiles of the data-set, and measures of spread such as the variance and standard deviation). The shape of the distribution



may also be described via indices such as skewness and kurtosis. Characteristics of a variable's distribution may also be depicted in graphical or tabular format, including histograms and stem-and-leaf display.

**Bivariate analysis**

When a sample consists of more than one variable, descriptive statistics may be used to describe the relationship between pairs of variables. In this case, descriptive statistics include:

- Cross-tabulations and contingency tables
- Graphical representation via scatterplots
- Quantitative measures of dependence
- Descriptions of conditional distributions

The main reason for differentiating univariate and bivariate is that bivariate analysis is not only simple descriptive analysis, but also it describes the relationship between two different variables.[5] Quantitative measures of dependence include correlation (such as Pearson's r when both variables are continuous, or Spearman's rho if one or both are not) and covariance (which reflects the scale variables are measured on). The slope, in regression analysis, also reflects the relationship between variables.

**Chi-Square test:**

A **chi-squared test**, also referred to as **chi-square test** or $\chi^2$ **test**, is any statistical hypothesis test in which the sampling distribution of the test statistic is a chi-squared distribution when the null hypothesis is true, or any in which this is asymptotically true, meaning that the sampling distribution (if the null hypothesis is true) can be made to approximate a chi-squared distribution as closely as desired by making the sample size large enough.



**FOCUSED MANAGEMENT TECHNOLOGY:**

Focused Management Technology (FMT) is a managerial approach to solving an organisation's problems, designed to improve processes and increase profits. It is based on the integration of the well-established Just In Time (JIT), Theory of constraints (TOC), and Complete Kit techniques. These techniques and their underlying philosophies are modified and tailored to meet the special environment and the specific needs of the insurance industry. This study explains the integration of FMT into the IDBI FEDERAL life insurance industry.

**JUST IN TIME (JIT):**

JIT is a term that was originally used synonymously with "kanban", which is the name for a specific Japanese inventory replenishment system developed by Tokyo . Today , managers use JIT not only as an inventory system but also as a first principle of the new management theory ,which is valid for manufacturing as well as for service organizations . JIT simply means : deliver the goods to the right place at the moment when they are needed and in the right quantity . The JIT approach is quite simple , schonberger ch . 2 [1982]:

"Produce and deliver finished goods just in time to be sold , sub assemblies just in time to be assembled into finished goods , fabricate parts just in time to go into sub assemblies and purchase materials just in time to be transformed into fabricated parts ".

The underlying philosophy maintains that excess production is just as detrimental as under –production , since it camouflages the real problems and diverts attention from them . excess production consumers resources and services that could be better employed elsewhere . Additional components of the principle are : small-lot production ; total quality control (TQC); total productive maintenance (TPM); uncovering problems at any stage of the operations , and and solving them as part of the work process ; creating a "process of ongoing improvement "; worker participation in process improvements and in production problem solving .

JIT ought to be seen as a general theory of management ,whose principles may be implemented in development , paperwork , administration , services , etc



**THEORY OF CONSTRAINTS (TOC)**

The TOC is a way of looking and focusing at a system's constraints and managing them as they change from time to time .bottleneck identification and exploitation and ,afterwards , breaking or offloading the bottleneck ,is a necessary stage in management's drive for increased throughput and enhanced productivity.

The TOC was developed in continuation of OPT theory ,Ronen and Starr [1990].

It includes a seven –step methodology which is generalized formulation of a normative management process , Schragenheim and ronen [1990].

The methodology is verbalized as follows , Ronen and star [1990]}:

1. Set up the system's goal .

2. Determine measures of performance

3. Identify the system's constraint(s).

4. Decide how to exploit the system's constraint(s).

5. Subordinate everything else to the above decision .

6. Elevate the system constraint(s) .

7. If, in the previous steps, the constraint has been violated ,go back to step 3 , but don't let the inertia to become the system's constraint .

Included in TOC are techniques for locating the firm's main problems and methods to solve them . the TOC approach also stresses the importance of the implementation process as a principal factor in success .

It was only natural that managements of non-manufacturing organizations would learn the main concepts of the new approach and try to apply them to their environment . Indeed , the emergence of the new theory of manufacturing has been followed by a "silent " management revolution in service organization

**THE COMPLETE KIT (CK) CONCEPT**

One of the fundamentals of good operation management practices that is rarely discussed in the literature is the "complete kit " concept , which suggests that work should not start until all the items required for completion of job are available , Ronen [1992].These items (the kit) include components ,tools ,drawings and information . A complete kit is the set of components ,drawing ,documents and information needed to complete a given assembly , sub assembly or process . A complete kit is readiness of this kit prior to release to the shop floor . Starting a job with an incomplete kit means more labor time to finish the job , longer lead time , more work process , reduction of throughput , poor quality and impairment of due date performance .

In paperwork environments the rule is to start working only if the kit is complete . For example , in the insurance industry the life insurance department will not start working unless the kit includes all the documents and information needed (i.e., medical results and signed forms ,complete forms on beneficiaries bank account number , etc .). This means that no insurance policy in going to be issued unless all documents are ready . In this example , a "gater" is assigned , and he or she is the only person authorized to release jobs to the office floor . Clearly you cannot finish the work if you are missing a document or a form . The main point is not to start until all the documents are on hand.

## 3.6 LMITATION OF STUDY

- Implication of the recommended suggestions will be done after the approval of the higher authority.
- The study is focused only on the life insurance policies.
- The sample is collected from the particular branches of IDBI FEDERAL.



# CHAPTER 4: ANALYSIS AND INTERPRETATION

## 4.1 CHI SQUARE ANALYSIS

### 4.1.1 To test the association between policy rejection and possible errors using chi square analysis

**Hypothesis:**

**Ho:** there is no association between policy rejection and possible errors

**Ha:** there is association between policy rejection and possible errors

| | | Possible errors | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | names | Collective(proof) | Insured sums | unauthorized | program | underwriter | Total |
| Policy rejection | No rejection | 0 | 8 | 0 | 4 | 0 | 0 | 12 |
| | 1-5% rejection | 14 | 8 | 12 | 4 | 12 | 12 | 62 |
| | 5-10% rejection | 0 | 0 | 8 | 0 | 0 | 0 | 8 |
| Total | | 14 | 16 | 20 | 8 | 12 | 12 | 82 |

**Chi-Square Tests**

| | Value | Df | Asymp. Sig. (2-sided) |
|---|---|---|---|
| Pearson Chi-Square | 59.516[a] | 10 | **.000** |
| Likelihood Ratio | 57.837 | 10 | .000 |
| Linear-by-Linear Association | .478 | 1 | .490 |
| N of Valid Cases | 82 | | |

a. 12 cells (66.7%) have expected count less than 5. The minimum expected count is .78.

**INTERPRETATION:**

The above table shows the results of chi square analysis for policy rejection and possible errors. It is found that the values are significant with 0.000 which is less than 0.05, so the alternative hypothesis is accepted. So there is association between policy rejection and possible errors.(the highest value of 14 is found between the 1-5%rejection and names )



### 4.1.2 To test the association between Rework notification and possible errors using chi square analysis

**Hypothesis:**

**Ho:** there is no association between rework notification and possible errors

**Ha:** there is association between rework notification and possible errors

**Rework notification * possible errors Cross tabulation**

Count

| | | Possible errors | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | names | Collective proof | Insured sums | unauthorised | program | underwrite | Total |
| Rework notification | 0-25% | 0 | 8 | 0 | 4 | 4 | 0 | 16 |
| | 25-50% | 14 | 8 | **20** | 4 | 8 | 12 | 66 |
| Total | | 14 | 16 | 20 | 8 | 12 | 12 | 82 |

**Chi-Square Tests**

| | Value | Df | Asymp. Sig. (2-sided) |
|---|---|---|---|
| Pearson Chi-Square | 26.816[a] | 5 | **.000** |
| Likelihood Ratio | 32.397 | 5 | .000 |
| Linear-by-Linear Association | .013 | 1 | .910 |
| N of Valid Cases | 82 | | |

**INTERPRETATION:**

The above table shows the results of chi square analysis for rework notification and possible errors. It is found that the values are significant which is less than 0.05, so the alternative hypothesis is accepted. So there is association between policy rejection and possible errors.(the highest value of 20 is found between the 25-50%rework notification and insured sums )



### 4.1.3 To test the association between possible errors and reasons using chi square analysis

**Hypothesis:**

**Ho:** there is no association between possible errors and reasons

**Ha:** there is association between possible errors and reasons

| | | reasons | | | | |
|---|---|---|---|---|---|---|
| | | improper clarification | carelessness | Prior verification | ineffective agent | Total |
| Possible errors | names | 0 | 0 | 10 | 4 | 14 |
| | Collective proof | 0 | 0 | **12** | 4 | 16 |
| | Insured sums | 8 | 0 | 4 | 8 | 20 |
| | unauthorised | 0 | 0 | 0 | 8 | 8 |
| | program | 8 | 0 | 0 | 4 | 12 |
| | underwrite | 4 | 4 | 4 | 0 | 12 |
| Total | | 20 | 4 | 30 | 28 | 82 |

**Chi-Square Tests**

| | Value | Df | Asymp. Sig. (2-sided) |
|---|---|---|---|
| Pearson Chi-Square | 78.722[a] | 15 | **.000** |
| Likelihood Ratio | 82.521 | 15 | .000 |
| Linear-by-Linear Association | 11.432 | 1 | .001 |
| N of Valid Cases | 82 | | |

a. 19 cells (79.2%) have expected count less than 5. The minimum expected count is .39.

**INTERPRETATION:**

The above table shows the results of chi square analysis for possible errors and reasons. It is found that the values are significant which is less than 0.05, so the alternative hypothesis is accepted. So there is association between possible errors and reasons.(the highest value of 12 is found between the 25-50%collective proofs and prior verification )

**4.2 CORRELATION**

**4.2.1 To find the relationship between the possible errors variables**

| | | Names | Collective proof | Insured sums | unauthorised | program | Underwriter |
|---|---|---|---|---|---|---|---|
| Names | Pearson Correlation | 1 | | | | | |
| | Sig. (2-tailed) | | | | | | |
| | N | 82 | | | | | |
| Collective proof | Pearson Correlation | .771** | 1 | | | | |
| | Sig. (2-tailed) | .000 | | | | | |
| | N | 82 | 82 | | | | |
| Insured sums | Pearson Correlation | .791** | .758** | 1 | | | |
| | Sig. (2-tailed) | .000 | .000 | | | | |
| | N | 82 | 82 | 82 | | | |
| Unauthorised | Pearson Correlation | .822** | .747** | **.898**** | 1 | | |
| | Sig. (2-tailed) | .000 | .000 | .000 | | | |
| | N | 82 | 82 | 82 | 82 | | |
| Program | Pearson Correlation | .838** | .801** | .782** | .811** | 1 | |
| | Sig. (2-tailed) | .000 | .000 | .000 | .000 | | |
| | N | 82 | 82 | 82 | 82 | 82 | |
| Underwriter | Pearson Correlation | .868** | .934** | .894** | .888** | .882** | 1 |
| | Sig. (2-tailed) | .000 | .000 | .000 | .000 | .000 | |
| | N | 82 | 82 | 82 | 82 | 82 | 82 |

**. Correlation is significant at the 0.01 level (2-tailed).



**INTERPRETATION:**

The above table show the correlation results for possible errors variables. Here the correlation for all possible errors variables is significant. Here the correlation for collective proof and underwriter are high with the value of 0.934 which has the significance value of less than 0.05. Hence there is high relationship between collective proof and underwriter than all other variables and followed by insured sums and unauthorized. The lowest correlation is for collective proofs and unauthorized with the value of 0.747.



**4.3 ANOVA TEST**

**4.3.1 Testing of homogeneity across possible errors variables based on age using ANOVA:**

Ho: there is homogeneity across possible errors variables among age

Ha: there is no homogeneity across possible errors variables among age

| | | Sum of Squares | Df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| Names | Between Groups | .536 | 2 | .268 | 3.512 | .035 |
| | Within Groups | 6.031 | 79 | .076 | | |
| | Total | 6.568 | 81 | | | |
| Collective proof | Between Groups | .145 | 2 | .073 | 1.091 | .341 |
| | Within Groups | 5.261 | 79 | .067 | | |
| | Total | 5.406 | 81 | | | |
| Insured sums | Between Groups | .174 | 2 | .087 | 1.590 | .210 |
| | Within Groups | 4.334 | 79 | .055 | | |
| | Total | 4.509 | 81 | | | |
| Unauthorised | Between Groups | .338 | 2 | .169 | 3.771 | .027 |
| | Within Groups | 3.540 | 79 | .045 | | |
| | Total | 3.878 | 81 | | | |
| Program | Between Groups | .663 | 2 | .331 | 4.428 | .015 |
| | Within Groups | 5.912 | 79 | .075 | | |
| | Total | 6.575 | 81 | | | |
| Underwriter | Between Groups | .235 | 2 | .118 | 2.470 | .091 |
| | Within Groups | 3.764 | 79 | .048 | | |
| | Total | 3.999 | 81 | | | |
| Average suggestion | Between Groups | .671 | 2 | .335 | .911 | .406 |
| | Within Groups | 29.088 | 79 | .368 | | |
| | Total | 29.759 | 81 | | | |



**INTERPRETATION:**

The above table shows the results of ANOVA and can be found that all possible errors **variables are not significant because the significance is greater than 0.05 except names, unauthorized and program.** So there is homogeneity across the possible errors variables among the age. It can be inferred that the level of possible errors variables does not affect the age except .

**4.3.2 Testing of homogeneity across possible errors variables based on Qualification using ANOVA:**

Ho: there is homogeneity across possible errors variables among qualification

Ha: there is no homogeneity across possible errors variables among qualification

**ANOVA**

| | | Sum of Squares | Df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| Names | Between Groups | .479 | 2 | .239 | 3.105 | .050 |
| | Within Groups | 6.089 | 79 | .077 | | |
| | Total | 6.568 | 81 | | | |
| Collective proof | Between Groups | .002 | 2 | .001 | .013 | .987 |
| | Within Groups | 5.404 | 79 | .068 | | |
| | Total | 5.406 | 81 | | | |
| Insured sums | Between Groups | .021 | 2 | .010 | .181 | .834 |
| | Within Groups | 4.488 | 79 | .057 | | |
| | Total | 4.509 | 81 | | | |
| Unauthorised | Between Groups | .050 | 2 | .025 | .512 | .601 |
| | Within Groups | 3.828 | 79 | .048 | | |
| | Total | 3.878 | 81 | | | |
| Program | Between Groups | .677 | 2 | .338 | 4.533 | .014 |
| | Within Groups | 5.898 | 79 | .075 | | |
| | Total | 6.575 | 81 | | | |
| Underwriter | Between Groups | .045 | 2 | .023 | .450 | .639 |
| | Within Groups | 3.954 | 79 | .050 | | |
| | Total | 3.999 | 81 | | | |
| Average suggestion | Between Groups | 1.390 | 2 | .695 | 1.935 | .151 |
| | Within Groups | 28.369 | 79 | .359 | | |
| | Total | 29.759 | 81 | | | |



**INTERPRETATION:**

The above table shows the results of ANOVA and can be found that **all possible errors variables are not significant because the significance is greater than 0.05 except for names and program**. So there is homogeneity across the possible errors variables among the qualification. It can be inferred that the level of possible errors variables does not affect the qualification.



**4.3.3 Testing of homogeneity across possible errors variables based on experience using ANOVA:**

Ho: there is homogeneity across possible errors variables among qualification

Ha: there is no homogeneity across possible errors variables among qualification

**ANOVA**

| | | Sum of Squares | Df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| Names | Between Groups | .213 | 2 | .106 | 1.322 | .272 |
| | Within Groups | 6.355 | 79 | .080 | | |
| | Total | 6.568 | 81 | | | |
| Collective proof | Between Groups | .138 | 2 | .069 | 1.038 | .359 |
| | Within Groups | 5.268 | 79 | .067 | | |
| | Total | 5.406 | 81 | | | |
| Insured sums | Between Groups | .056 | 2 | .028 | .494 | .612 |
| | Within Groups | 4.453 | 79 | .056 | | |
| | Total | 4.509 | 81 | | | |
| Unauthorised | Between Groups | .057 | 2 | .028 | .585 | .560 |
| | Within Groups | 3.821 | 79 | .048 | | |
| | Total | 3.878 | 81 | | | |
| Program | Between Groups | .489 | 2 | .244 | 3.173 | .047 |
| | Within Groups | 6.086 | 79 | .077 | | |
| | Total | 6.575 | 81 | | | |
| Underwriter | Between Groups | .178 | 2 | .089 | 1.844 | .165 |
| | Within Groups | 3.821 | 79 | .048 | | |
| | Total | 3.999 | 81 | | | |
| Average suggestion | Between Groups | .492 | 2 | .246 | .664 | .518 |
| | Within Groups | 29.267 | 79 | .370 | | |
| | Total | 29.759 | 81 | | | |



**INTERPRETATION:**

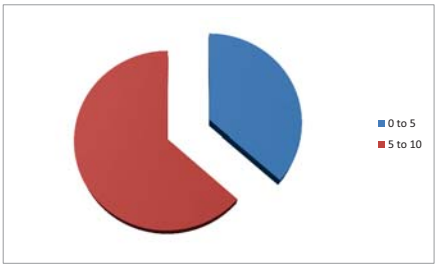
The above table shows the results of ANOVA and can be found **that all possible errors variables are not significant because the significance is greater than 0.05 except program**. So there is homogeneity across the possible errors variables among the experience. It can be inferred that the level of possible errors variables does not affect the experience.

**4.4 FREQUENCY ANALYSIS:**

**4.4.1 NO: OF: SUPERVISORS**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | 0-5 | 30 | 36.6 | 36.6 | 36.6 |
| | 5-10 | **52** | 63.4 | 63.4 | 100.0 |
| | Total | 82 | 100.0 | 100.0 | |

**4.4.1 NO: OF: SUPERVISORS**



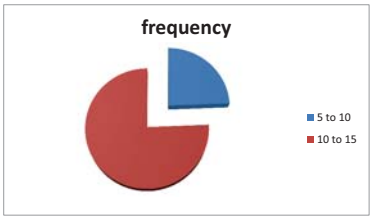
**INTERPRETATION:**

The above table shows the percentage analysis, where the range of 5-10 no: of supervisors has the high frequency of 52, followed by the range of 5-10 no: of supervisors of frequency 30 which is shown in a pie chart.

**4.4.2 NO: OF: MANAGERS**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | 5-10 | 20 | 24.4 | 24.4 | 24.4 |
| | 10-15 | 62 | 75.6 | 75.6 | 100.0 |
| | Total | 82 | 100.0 | 100.0 | |

**4.4.2 NO: OF: MANAGERS**




**INTERPRETATION:**

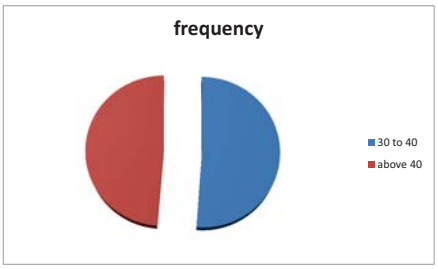
The above table shows the percentage analysis, where the range of 10-15 no: of mangers has the high frequency of 62, followed by the range of 5-10 no: of managers of frequency 20 which is shown in a pie chart.



**4.4.3 NO: OF: AGENTS**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | 30-40 | 42 | 51.2 | 51.2 | 51.2 |
| | more than 40 | 40 | 48.8 | 48.8 | 100.0 |
| | Total | 82 | 100.0 | 100.0 | |

**4.4.3 NO: OF: AGENTS**




**INTERPRETATION:**

The above table shows the percentage analysis, where the range of 30-40 no: of agents has the high frequency of 42, followed by the range of above 40 no: of agents of frequency 40 which is shown in a pie chart.

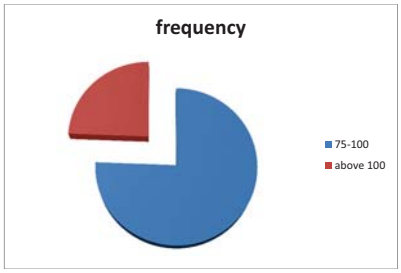


**4.4.4 NO: OF: POLICIES**

**No of policies**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | 75-100 | 62 | 75.6 | 75.6 | 75.6 |
| | above 100 | 20 | 24.4 | 24.4 | 100.0 |
| | Total | 82 | 100.0 | 100.0 | |

**4.4.4 NO: OF: POLICIES**




**INTERPRETATION:**

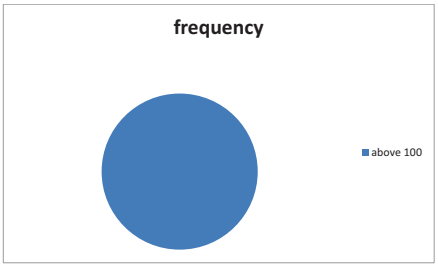
The above table shows the percentage analysis, where the range of 75-100 no: of policies has the high frequency of 62, followed by the range of above 100 no: of policies of frequency 20 which is shown in a pie chart.



**4.4.5 NO: OF: POLICIES AT THE END OF FINANCIAL YEAR**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | above 100 | 82 | 100.0 | 100.0 | 100.0 |

**4.4.5 NO: OF: POLICIES AT THE END OF FINANCIAL YEAR**




**INTERPRETATION:**

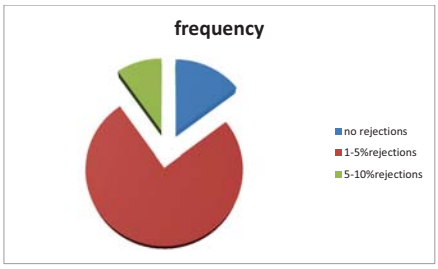
The above table shows the percentage analysis, where the range of above 100 no: of policies has the high frequency of 82 which is shown in a pie chart.

### 4.4.6 NO: OF: POLICY REJECTIONS

**Policy rejection**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | no rejection | 12 | 14.6 | 14.6 | 14.6 |
| | 1-5%rejections | 62 | 75.6 | 75.6 | 90.2 |
| | 5-10%rejections | 8 | 9.8 | 9.8 | 100.0 |
| | Total | 82 | 100.0 | 100.0 | |

### 4.4.6 NO: OF: POLICY REJECTIONS




**INTERPRETATION:**

The above table shows the percentage analysis, where the range of 1-5% rejections has the high frequency of 62 which is shown in a pie chart.

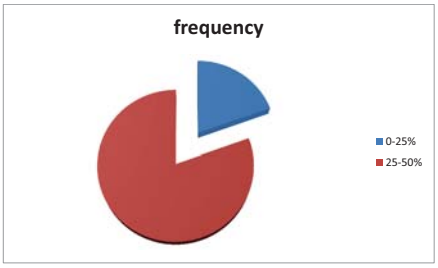


### 4.4.7 NO: OF: RE-WORK NOTIFICATION

**Rework notification**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | 0-25% | 16 | 19.5 | 19.5 | 19.5 |
| | 25-50% | 66 | 80.5 | 80.5 | 100.0 |
| | Total | 82 | 100.0 | 100.0 | |

### 4.4.7 NO: OF: RE-WORK NOTIFICATION




**INTERPRETATION:**

The above table shows the percentage analysis, where the range of 25-50% rework notifications has the high frequency of 66 which is shown in a pie chart.

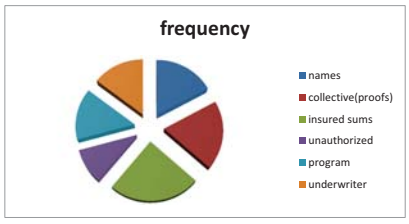


### 4.4.8 POSSIBLE ERRORS

**Possible errors**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | names | 14 | 17.1 | 17.1 | 17.1 |
| | collective(proofs) | 16 | 19.5 | 19.5 | 36.6 |
| | insured sums | 20 | 24.4 | 24.4 | 61.0 |
| | unauthorized | 8 | 9.8 | 9.8 | 70.7 |
| | program | 12 | 14.6 | 14.6 | 85.4 |
| | underwriter | 12 | 14.6 | 14.6 | 100.0 |
| | Total | 82 | 100.0 | 100.0 | |

### 4.4.8 POSSIBLE ERRORS




**INTERPRETATION:**

The above table shows the percentage analysis, where the insured sums has the high frequency of 20, followed by the collective proof of frequency 16 which is shown in a pie chart.

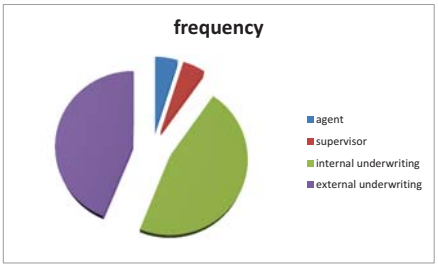


### 4.4.9 MAXIMUM DELAY

**Maximum delay**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | supervisor | 4 | 4.9 | 4.9 | 4.9 |
| | manager | 4 | 4.9 | 4.9 | 9.8 |
| | internal underwriter | 38 | 46.3 | 46.3 | 56.1 |
| | external underwriter | 36 | 43.9 | 43.9 | 100.0 |
| | Total | 82 | 100.0 | 100.0 | |

### 4.4.9 MAXIMUM DELAY




**INTERPRETATION:**

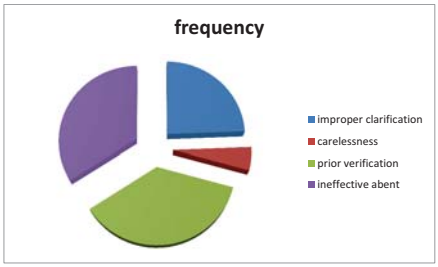
The above table shows the percentage analysis, where the internal underwriter has the high frequency of 38, followed by the external underwriter of frequency 36 which is shown in a pie chart.

#### 4.4.10 POSSIBLE REASONS

**Possible reasons**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | improper clarification | 20 | 24.4 | 24.4 | 24.4 |
| | carelessness | 4 | 4.9 | 4.9 | 29.3 |
| | prior verification | 30 | 36.6 | 36.6 | 65.9 |
| | ineffective agent | 28 | 34.1 | 34.1 | 100.0 |
| | Total | 82 | 100.0 | 100.0 | |

#### 4.4.10 POSSIBLE REASONS




**INTERPRETATION:**

The above table shows the percentage analysis, where the prior verification has the high frequency of 30, followed by the ineffective agent of frequency 28 which is shown in a pie chart.

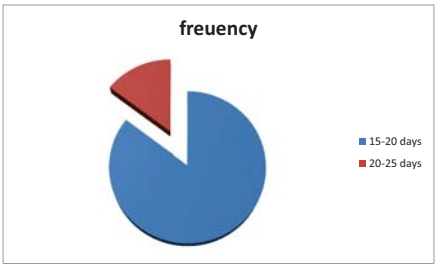


#### 4.4.11 TIME PERIOD

**timeperiod**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | 15-20days | 70 | 85.4 | 85.4 | 85.4 |
| | 20-25days | 12 | 14.6 | 14.6 | 100.0 |
| | Total | 82 | 100.0 | 100.0 | |

#### 4.4.11 TIME PERIOD




**INTERPRETATION:**

The above table shows the percentage analysis, where the range of 15-20 of time period (days) has the high frequency of 70, followed by the range of 20-25 time period (days) of frequency 12 which is shown in a pie chart.

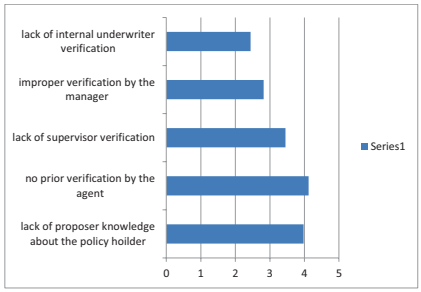


### 4.5 MEAN VALUE ANALYSIS:

#### 4.5.1 Mean value: NAMES

| s:no | names | mean value |
|---|---|---|
| 1 | lack of proposer knowledge about the policy holder | 3.97561 |
| 2 | no prior verification by the agent | 4.121951 |
| 3 | lack of supervisor verification | 3.45122 |
| 4 | improper verification by the manager | 2.817073 |
| 5 | lack of internal underwriter verification | 2.439024 |

#### 4.5.1Mean value: NAMES




**INTERPRETATION:**

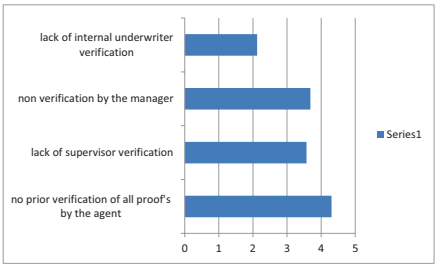
The above table shows the mean value of the different factors, based on which the bar chart is drawn. The factor having the highest mean value is no prior verification by the agent.



#### 4.5.2 Mean value: COLLECTIVE PROOFS

| s:no | collective(proofs) | mean value |
|---|---|---|
| 1 | no prior verification of all proof's by the agent | 4.304878 |
| 2 | lack of supervisor verification | 3.573171 |
| 3 | non verification by the manager | 3.682927 |
| 4 | lack of internal underwriter verification | 2.121951 |

#### 4.5.2 Mean value: COLLECTIVE PROOFS



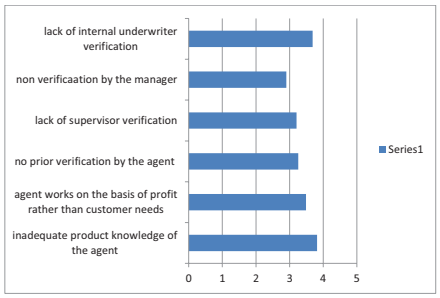

**INTERPRETATION:**

The above table shows the mean value of the different factors, based on which the bar chart is drawn. The factor having the highest mean value is no prior verification of all the proofs by the agent.

#### 4.5.3 Mean value: INSURED SUMS

| s:no | Insured sums | mean value |
|---|---|---|
| 1 | inadequate product knowledge of the agent | 3.817073 |
| 2 | agent works on the basis of profit rather than customer needs | 3.487805 |
| 3 | no prior verification by the agent | 3.256098 |
| 4 | lack of supervisor verification | 3.207317 |
| 5 | non verification by the manager | 2.902439 |
| 6 | lack of internal underwriter verification | 3.682927 |

#### 4.5.3 Mean value: INSURED SUMS




**INTERPRETATION:**

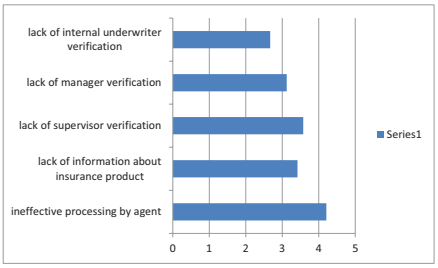
The above table shows the mean value of the different factors, based on which the bar chart is drawn. The factor having the highest mean value is lack of internal underwriter verification



#### 4.5.4 Mean value: UNAUTHORIZED

| s:no | Unauthorized | mean value |
|---|---|---|
| 1 | ineffective processing by agent | 4.207317 |
| 2 | lack of information about insurance product | 3.414634 |
| 3 | lack of supervisor verification | 3.573171 |
| 4 | lack of manager verification | 3.121951 |
| 5 | lack of internal underwriter verification | 2.670732 |

#### 4.5.4 Mean value: UNAUTHORIZED




**INTERPRETATION:**

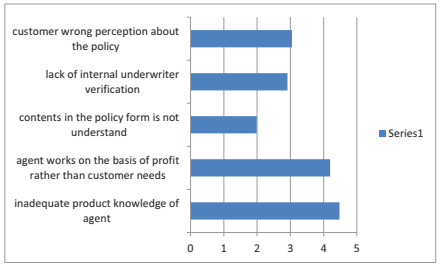
The above table shows the mean value of the different factors, based on which the bar chart is drawn. The factor having the highest mean value is ineffective processing by the agent.



#### 4.5.5 Mean value: PROGRAM

| s:no | program | mean value |
|---|---|---|
| 1 | inadequate product knowledge of agent | 4.47561 |
| 2 | agent works on the basis of profit rather than customer needs | 4.195122 |
| 3 | contents in the policy form is not understand | 1.987805 |
| 4 | lack of internal underwriter verification | 2.914634 |
| 5 | customer wrong perception about the policy | 3.04878 |

#### 4.5.5 Mean value: PROGRAM




**INTERPRETATION:**

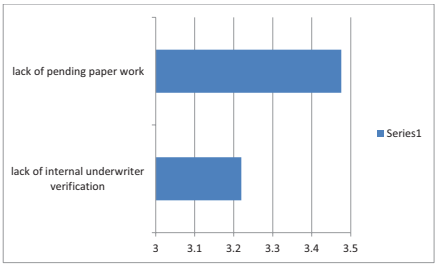
The above table shows the mean value of the different factors, based on which the bar chart is drawn. The factor having the highest mean value is inadequate product knowledge of the agent.



#### 4.5.6 Mean value: UNDERWRITER

| s:no | underwriter | mean value |
|---|---|---|
| 1 | lack of internal underwriter verification | 3.219512 |
| 2 | lack of pending paper work | 3.47561 |

#### 4.5.6 Mean value: UNDERWRITER



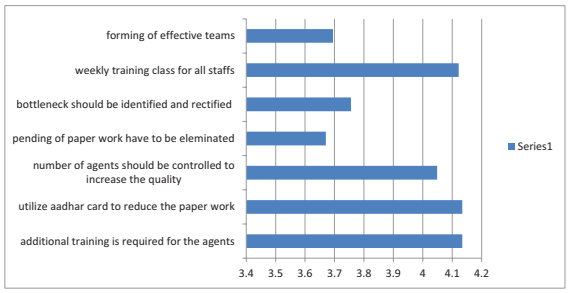

**INTERPRETATION:**

The above table shows the mean value of the different factors, based on which the bar chart is drawn. The factor having the highest mean value is lack of pending paper work.

### 4.5.7 Mean value: SUGGESTIONS

| s:no | Suggestions | Mean value |
|---|---|---|
| 1 | additional training is required for the agents | 4.134146 |
| 2 | utilize aadhar card to reduce the paper work | 4.134146 |
| 3 | number of agents should be controlled to increase the quality | 4.04878 |
| 4 | pending of paper work have to be eliminated | 3.670732 |
| 5 | bottleneck should be identified and rectified | 3.756098 |
| 6 | weekly training class for all staffs | 4.121951 |
| 7 | forming of effective teams | 3.695122 |

### 4.5.7 Mean value: SUGGESTIONS

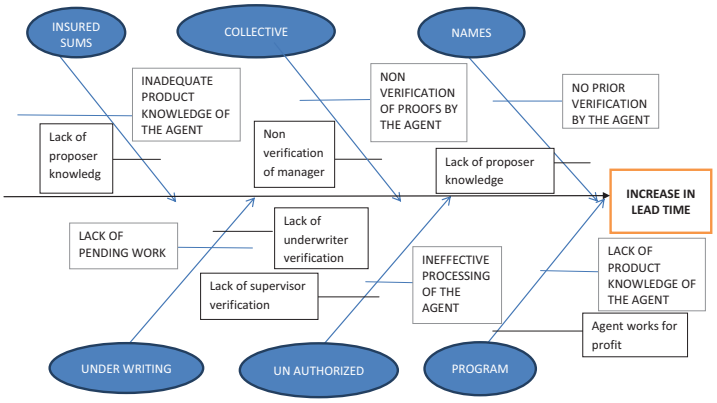



**INTERPRETATION:**

The above table shows the mean value of the different factors, based on which the bar chart is drawn. The factor having the highest mean value is additional training required by the agent.



### 4.6 CAUSE AND EFFECT DIAGRAM



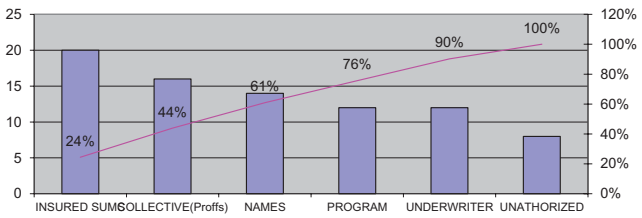

**INTERPRETATION:**

The above diagram represents the cause and Effects that leads to the Increase in the lead time.



### 4.7 PARETO CHART:

#### 4.7.1 POSSIBLE ERRORS



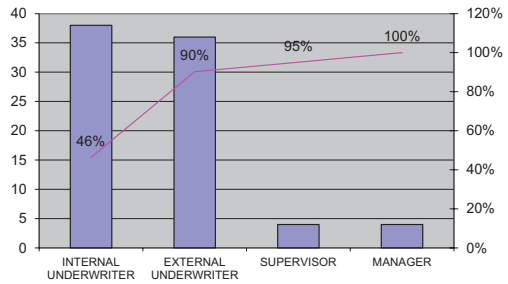

| Category | Total |
|---|---|
| NAMES | 14 |
| COLLECTIVE(Proofs) | 16 |
| INSURED SUMS | 20 |
| UNATHORIZED | 8 |
| PROGRAM | 12 |
| UNDERWRITER | 12 |

**INTERPRETATION**:

The above chart shows the category and their contribution, i.e., frequency of occurrence and the cumulative percentage of the number of occurrence. The highest contribution is given by the insured sums of 20 of the total value.



#### 4.7.2 MAXIMUM DELAY




| Category | Total |
|---|---|
| SUPERVISOR | 4 |
| MANAGER | 4 |
| INTERNAL UNDERWRITER | 38 |
| EXTERNAL UNDERWRITER | 36 |

**INTERPRETATION**:

The above chart shows the category and their contribution, i.e., frequency of occurrence and the cumulative percentage of the number of occurrence. The highest contribution is given by the internal underwriter of 38 of the total value.

## CHAPTER 5: FINDINGS, SUGGESTIONS, CONCLUSION

### 5.1 FINGINGS:

- There is an associate between the policy rejection and possible errors. The highest value of 14 is found between the 1-5% of rejections and names.
- There is an association between the policy rejection and possible errors. The highest value of 20 is found between the 25-50%, rework notification and insured sums.
- There is an association between the possible errors and reasons. The highest value of 12 is found between the 25-50% of collective proofs and prior verification.
- There is a high relationship found between the collective proof and underwriter through the correlation test.
- In the percentage analysis, the insured sum has the high frequency of 20 as possible error to be occurred.
- The maximum delay happens in the internal underwriter.
- In the percentage analysis, the most possible reason for the error is the prior verification with the high frequency of 30.
- In the frequency analysis the maximum of 15-20 days were time period taken for the policy to be issued.
- In mean value analysis the error occurred in name is due to the lack of prior verification by the agent, which has the high mean of 4.12.
- In mean value analysis the error occurred in the collective proof is due to the lack of prior verification of all proofs by the agent, which has the high mean value of 4.30.
- In mean value analysis the error occurred in the insured sums is due to the inadequate product knowledge by the agent, which has the high mean value of 3.31.
- In mean value analysis the error occurred in the program is due to the inadequate product knowledge by the agent, which has the high mean value of 4.47.



- In the mean value analysis the suggestion of additional training required for the agents has the highest mean value of 4.13.
- In the paretto analysis the highest contribution is given by the insured sums of 20 of the total value.

**Relatively Long Lead Time:** The measurement of the long lead time starts after the agent/broker gets the signed proposal from the client. He then sends it or brings it himself to the insurer's main office. The underwriting process is then applied to the application. The policy is then issued and delivered to the agent, who in turn, delivers it to the client.

**Low Quality:** The frequency of substantial errors (e.g., wrong recording of the beneficiaries, wrong recording of the insurance sums, and wrong recording of the insurance types, issuing unapproved policies) was relatively high.

**High Level of Work in Process:** More number of files of insurance proposals was waiting for completion of the underwriting process.

In the face of clear indications of increased lead time, the company's management came to realize the necessity of process improvement.

a. The important role of agents/brokers in the market. Not only do they help the insured to select the proper insurance policy - they will usually also advise him from which insurer to acquire it. Very seldom do the insured insist on making the insurer select them.

b. The maximum errors were found on the part of agents, as there is lack of product knowledge and also there is lack of prior verification by the managers, which lead to increase in the errors in the process.



### 5.2 THE SUGGESTIONS

**Education and Training**

Implementation was carried out by the employees in the company. The goal was to increase throughput and earnings, without laying off people. The name of the game was education and training.

The first move was an "in-house" management workshop in which the basic concepts of FMT should be presented and the problems have to be defined in terms of these basic concepts.

This workshop has to be followed by a four-day seminar held in two sessions of two days each. All top and middle-level managers should participate in this seminar. The first two days were devoted to a general detailed introduction of FMT. The participants should expose to successful implementations of FMT in various organizations. After these two days there should be a ten-day break. An assignment has to be given to all participants: to check the validity of FMT to the organization as a whole and to their immediate environment in particular.

The second two-day session should conducted by the participants themselves. Managers should describe and define problems, and evaluate the application of FMT solutions. The seminar ended with a consensus about the validity of FMT for the company and with a clear, agreed operational plan for process improvement.

**Simple Tools**

Simple statistical and presentation tools enabled better analysis of the organizational processes and constraints from a global point of view. Developing easy-to-see quality i.e., measurable standards of quality, is a main principle of TQM, as simple techniques such as small transfer lots are basic tools of JIT.



A simple flow-chart enabled managers to determine the process flow and to identify the bottleneck (in this case- the underwriting activity). Pareto analysis, diagrams (Figures 1 and 2) enabled a focus on the main determinations of the mean time and the main types of errors.

**Error Classification**

The Pareto chart, demonstrates that the most frequent error is wrong recording of the insured sums. The next frequently occurring error is the collective (proofs), and then followed by the names and then the underwriter. These errors should be clearly defined and classified according to their frequency of occurrence.

**The Small Lot Concept**

It has been proved that small transfer lots hasten the production process and enhance quality. We shall demonstrate this argument with a simple example. Assume that a worker makes one piece and hands it to a second worker whose job is to join on another piece. However, the second worker cannot make the two pieces fit, because the part made by the first worker id defective. The second worker does not want to have to stop working, so he lets the first worker know about the defect right away. The first worker, now wanting to repeat the error, will try to root out the problem that caused the defect in the first place.

If we are dealing with large lots, the second worker may find 10% to be defective but he does not care. He just tosses the defective part into the rework bin and grab another. There are always enough good parts to keep him busy.

Hence, large lots obscure errors and problems, and load the production lines with defective parts. It has been proved that running small lots reduces cycle time dramatically, Schonberger(1982).

In our case, the managers found that the employee had unconsciously been dealing with large lots, and large transfer lots. The problems started with the procedure of delivering the proposals (signed by the clients) to the

company. The procedure was that the agents themselves delivered the proposals to the "supervisor" on the last business day of the week. At the beginning of every new week the supervisor would transfer all the proposals signed during the previous week, to the underwriter.

The net result was that some policies would wait seven days till the beginning of the underwriting process, hence it should be changed. It was a necessary to change towards a regime of small transfer lots.

**The Complete Kit Concept**

According to this concept, work will start only when the "kit" is ready, i.e., all parts which are requires to produce the product are ready and available.

In the case under study, there were many instances of clients and agents being anxious to push their proposals forward, even though some details and documents were missing (e.g., bank account number, military service declaration). As the CK concept shows, if you work using complete kits, you save about 40% - 80% of the time spent to process a policy! This time was being wasted in tracing the right proposals for the supplementary details, re-learning the case etc. Moreover, the lead time was longer, because of double handling.

**Bottleneck Identification**

Bottleneck identification, as per step 3 of TOC, was carried out. In our case, bottleneck identification was simple and clear. It was the underwriting activity. The process where its been got delayed is the under writer activity, hence this should reduce by analyzing the possible reasons, here the possible reason is lack of prior verification either by manager or supervisor, sometimes its start from the agent itself. Thus before the policy is passed to the underwriter it should be thoroughly verified by the starting from the agent, supervisor and then by the manager.

**TQM Implementation**

Only after the department has implemented the JIT techniques (small



production and transfer lots), the CK methods (working using complete kits), the TOC procedures (exploiting bottlenecks, subordination of the entire system and offloading), measuring the right measurements (lead time, throughput and work in process), was TQM implementations started.

All the employees had gone through seminars and workshops and started measuring errors and faults. Pareto chart started to appear on the walls, as well as “Fishbone" diagrams. Process improvement teams were gathering data to improve processes.

## 5.3 CONCLUSION

By applying the small lot concept and complete kit concept, offloading the bottleneck, the life insurance employees can enable the material to flow faster. The lead time, which was initially observed to be 21 days on average, can be reduced to ten days. This change was followed by a dramatic quality improvement. The company has, moreover, realized the must assure quality at the source, by educating and training his brokers and agents according to the main principles of FMT. Using the SPSS the most possible occurring errors and the reasons for the error occurrence is determined. The internal underwriting is where the maximum delay happens in the process, which IS identified through the analysis made in the SPSS tool; further the improvement can be effectively done by following the FMT.

These results were relevant to the special circumstances of the IDBI FEDERAL LIFE INSURANCE.

However, we believe that implementation of FMT techniques will improve the flow and enhance quality in the insurance industry in general. One should always remember that FMT, and especially its TQM component, is a story of ongoing improvement, in which management is continually striving for shorter lead time and robust quality, using easy-to-see quality measures.



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## APPENDIX

A STUDY ON THE PROCESS IMPROVEMENT INTERMS OF ISSUING POLICY DOCUMENT TO THE PROPOSER IN IDBI FEDERAL LIFE INSURANCE COMPANY

**DEMOGRAPHIC DETAILS:**

1. AGE -
2. QUALIFICATION -
3. DESIGNATION -
   ( SUPERVISOR, UNDERWRITTER, MANAGER)
4. EXPERIENCE -

**BRANCH & POLICY DETAILS:**

5. How many supervisors are there in a particular branch?
   a) 0-5
   b) 5-10
   c) 10-15
   d) More than 15
6. How many managers are there in a particular branch?
   e) 0-5
   f) 5-10
   g) 10-15
   h) More than 15
7. The total number of agents working there for the particular branch?
   a) 10-20
   b) 20-30
   c) 30-40
   d) More than 40
8. How many policies were done in a month (normal days) in a particular branch?
   a) 25-50 policies
   b) 50-75 policies
   c) 75-100 policies
   d) Above 100 policies

9. How many policies were done in a month (at the end of financial year) in a particular branch?
    e) 25-50 policies
    f) 50-75 policies
    g) 75-100 policies
    h) Above 100 policies

**ERROR OCCURANCE:**

10. How many policy rejections were taken place in a month?
    a) No rejections
    b) 1-5% rejections
    c) 5-10% rejections
    d) Above 10% rejections
11. How many re-work notifications were taken place in a month?
    a) No re-work notifications
    b) 0-25%
    c) 25-50%
    d) Above 50%
12. The possible errors that occurred during the verification?
    a) Names
    b) Collective(proof's)
    c) Insured sums
    d) Unauthorized
    e) Program
    f) Underwriter

**REASONS FOR ERROR OCCURANCE:**

13. In the process were the maximum delay happens?
    a) Supervisor
    b) Manager
    c) Internal underwriting
    d) External underwriting



14. Possible reasons for the errors
    a) Improper clarification
    b) Carelessness
    c) Prior verification
    d) Ineffective agent
15. How long it will take to issue the policy document to the proposer after all the formalities?
    a) Less than 15 days
    b) 15-20 days
    c) 20-25 days
    d) More than 25 days

1-Strongly Disagree, 2-Disagree, 3-Moderate, 4-Agree, 5-Strongly Agree

16. **NAMES**

| | | | | | | |
|---|---|---|---|---|---|---|
| 1 | Lack of proposer knowledge about the policy holder | 1 | 2 | 3 | 4 | 5 |
| 2 | No prior verification by the agent | 1 | 2 | 3 | 4 | 5 |
| 3 | Lack of supervisor verification | 1 | 2 | 3 | 4 | 5 |
| 4 | Improper verification by the manager | 1 | 2 | 3 | 4 | 5 |
| 5 | Lack of internal underwriter verification | 1 | 2 | 3 | 4 | 5 |

17. **COLLECTIVE (PROOFS)**

| | | | | | | |
|---|---|---|---|---|---|---|
| 1 | No prior verification of all proof's by the agent | 1 | 2 | 3 | 4 | 5 |
| 2 | Lack of supervisor verification | 1 | 2 | 3 | 4 | 5 |
| 3 | Non verification by the manager | 1 | 2 | 3 | 4 | 5 |
| 4 | Lack of internal underwriter verification | 1 | 2 | 3 | 4 | 5 |



18. **INSURED SUMS**

| | | | | | | |
|---|---|---|---|---|---|---|
| 1 | Inadequate product knowledge of the agent | 1 | 2 | 3 | 4 | 5 |
| 2 | Agent works on the basis of profit rather than customer needs | 1 | 2 | 3 | 4 | 5 |
| 3 | No prior verification by the agent | 1 | 2 | 3 | 4 | 5 |
| 4 | Lack of supervisor verification | 1 | 2 | 3 | 4 | 5 |
| 5 | Non verification by the manager | 1 | 2 | 3 | 4 | 5 |
| 6 | Lack of internal underwriter verification | 1 | 2 | 3 | 4 | 5 |

19. **UNATHORIZED**

| | | | | | | |
|---|---|---|---|---|---|---|
| 1 | Ineffective processing by Agent | 1 | 2 | 3 | 4 | 5 |
| 2 | Lack of information about insurance product | 1 | 2 | 3 | 4 | 5 |
| 3 | Lack of supervisor verification | 1 | 2 | 3 | 4 | 5 |
| 4 | Lack of manager verification | 1 | 2 | 3 | 4 | 5 |
| 5 | Lack of internal underwriter verification | 1 | 2 | 3 | 4 | 5 |

20. **PROGRAM**

| | | | | | | |
|---|---|---|---|---|---|---|
| 1 | Inadequate product knowledge of agent | 1 | 2 | 3 | 4 | 5 |
| 2 | Agent works on the basis of profit rather than customer needs | 1 | 2 | 3 | 4 | 5 |
| 3 | Contents in the policy form is not understandable | 1 | 2 | 3 | 4 | 5 |
| 4 | Lack of internal underwriter verification | 1 | 2 | 3 | 4 | 5 |
| 5 | Customer wrong perception about the policy | 1 | 2 | 3 | 4 | 5 |

21. **UNDERWRITER**

| | | | | | | |
|---|---|---|---|---|---|---|
| 1 | Lack of internal underwriter verification | 1 | 2 | 3 | 4 | 5 |
| 2 | Lack of pending paper work | 1 | 2 | 3 | 4 | 5 |



**SUGGESTIONS TO REDUCE THE ERRORS:**

| | | | | | | |
|---|---|---|---|---|---|---|
| 1 | Additional training is required for the agents | 1 | 2 | 3 | 4 | 5 |
| 2 | Utilize Aadhar card to reduce the paper work | 1 | 2 | 3 | 4 | 5 |
| 3 | Number of agents should be controlled to increase the quality | 1 | 2 | 3 | 4 | 5 |
| 4 | Pending of paper work have to be eliminated | 1 | 2 | 3 | 4 | 5 |
| 5 | Bottleneck should be identified and rectified | 1 | 2 | 3 | 4 | 5 |
| 6 | Weekly training class for all the staffs | 1 | 2 | 3 | 4 | 5 |
| 7 | Forming of effective teams | 1 | 2 | 3 | 4 | 5 |

Thank you for your patience for filling this questionnaire and we assure that these details will be kept confidential and only used for academic research. Thanking you.