**Abstract**

There are number of forces driving the service sector today. Five environmental variables universally affect all industries are; buyer, competitors, government, technology and globalization. In addition, there are four factors of particular importance to service providers- change in how quality is perceived, cost control, customer services and the new definitions of the customer. These heterogeneous characteristics of services present special challenges and strategic marketing opportunities to the service marketers. The real competition between the service marketers is set on after globalization, financial reforms and information technology progression. The service marketing organisation has to adopt professional management approach and its marketers have to imbibe the qualities of professionalism in order to meet the expectation of the policyholders. Hence, in this study an attempt has been made to discuss the status of insurance in economy, penetration of insurance industry, key issues in insurance, behaviour of policyholders, regulations and legislations insurance industry and other such emerging areas of marketing of insurance, which is one of the leading services in our country