

**“AWARENESS OF CUSTOMERS ON LIFE INSURANCE IN INDIA”****M. Maheswar Reddy****Assistant Professor and I/c Principal,**

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**ABSTRACT**

It is well known that India is under-insured and in terms of life insurance, women, rural dwellers and the self-employed have been left even further behind. A report by Swiss Re places the protection gap in India as the second highest in Asia. The protection gap is defined as the gap between how much life insurance cover a person buys and how much they actually need.

Despite rapid sales growth and recent improvements in terms of insurance penetration, savings and insurance in India still only meet less than 10% of the population's mortality protection needs.

Some recent consumer research\* we conducted at LexisNexis Risk Solutions shows the extent of misunderstanding and apathy amongst consumers, as well as their attitudes to the insurance buying experience.

Only just over one-third (36%) of life insurance customers said they had conducted a 'great amount' of research before purchasing a policy. Worryingly, 14% of the people surveyed had done little research or none at all before purchasing life insurance. This figure was as high as 26% for people living in Tier 1\*\* cities. Some 50% of people overall said they had done a 'fair amount' of research prior to purchase.

On the positive side, consumers purchasing life insurance direct from the insurer tend to do more research prior to purchase, with 58% of them doing a 'fair amount' of research.

***Keywords: Insurance, Life Insurance, Protection***

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**INTRODUCTION TO INSURANCE**

Life insurance is designed to protect life and to protect family against financial uncertainties that may result due to unfortunate demise or illness. It can also view as a comprehensive financial instrument, as a part of the financial planning offering savings & investment facilities along with cover against financial loss. By choosing the right policy as per the needs i.e. customized solutions, you will be able to plan for a secure future for yourself and your loved ones.

We all have different financial needs and objectives. But life insurance plays a fundamental role in most of our plans for financial security. That's because of the variety of life insurance

plans available and the many ways they can be customized to meet unique needs at different periods of your life.

Life insurance is designed to provide financial security for relatives of the deceased, most commonly spouses and children. If you support someone with your income or your time and they won't be able to provide that support for themselves without you, then you need life insurance.

Many people don't realize how important life insurance is; they are more concerned with saving and investing for retirement than they are with making sure they have enough life insurance coverage. While a retirement nest egg will certainly help your family, it will likely provide nowhere near the amount of financial support that an insurance policy could. Plus, early retirement account withdrawals may be subject to penalties and taxes, whereas life insurance proceeds are tax free.

## **OBJECTIVES OF THE STUDY**

Our main objective is to selling the various life insurance policies and creating need to the customer to save their amount.

### **To create aware**

- Less among the customers about different products of Centrum direct
- The main aim of the present study is to accomplish the following objectives:

### **Primary Objective:**

- To study and analyze the Perception of people towards life insurance in the current Financial Market

### **Secondary Objective:**

- To know the present satisfactory levels of existing policyholders
- To know the reasons for preferring life insurance

## **RESEARCH METHODOLOGY:**

To achieve above said objectives following Research Methodology has been carried out. This methodology is decided after study of literature review discussed earlier.

### **Type of Research Design:**

For this study Descriptive Research design is used. Various facts are described on the basis of primary and secondary data analysis.

**Sources of Data:**

In primary data opinion of investors who have at least invested some amount life insurance is collected. In secondary data up to date data published by regulatory authority as well as data referred from various papers published in journals, papers presented and published in conferences, and newspaper articles are employed.

**Population:**

Population for the primary data in this study is all the investors who have invested their money in different kinds of life insurance plans and situated at Hyderabad city.

**Sampling method and Sample:**

Sample size for this study is 150. As it is not possible to have sample frame, out of non-probabilistic sampling methods, convenient sampling method has been applied. Thus primary data have been collected on the basis of accessibility of respondents.

**Instruments**

Structured questionnaire is used as an instrument for the collection of data. This questionnaire is prepared carefully to check awareness of retail investors about and life insurance companies and preferences for them. In questionnaire all questions were of close ended type.

**Scope of Study**

This study is conducted within Hyderabad city only and outcome of this study may only applicable to investors situated at Hyderabad city. Hence the scope of the study could be limited to Hyderabad city only. Other researcher may conduct same kind of survey for other city or in any part of the country to measure the same.

**Data Collection**

Secondary data is collected from reports of IRDA report of Economic Survey and other journals article referred for literature review.

Primary data collection is done through personal interviewing investors – 104 respondents, and with use of email to investors – 46 respondents, who had invested at least in one of the life insurance plans. Various websites and Google forms are used to collect online data, so computer savvy investors could also respond through online survey.

## LITERATURE REVIEW

This chapter presents the review of literature to identify and understand the implications of different issues related to consumer behavior and life insurances in India. A comprehensive review of related past studies helps the researcher to adopt, modify and improve the conceptualization of framework and provide a link with past approaches. The findings and recommendation of the past literature relating to consumer behavior towards life insurance services are not many. Only few comprehensive studies exclusively towards consumer behavior on endowment policy are carried out in India. Based on the review of literature the researcher has enable to identify her source for the present study. The available studies are collected from research articles, committee reports, projects and surveys conducted.

Khan, M.K. (1978) attempts to know the opportunities and prospects in the career of a life insurance sector. He explains about what a good career is and how a good career should be for selling of life insurance products. There is no age barrier and it requires no previous occupational experience but one must be a professional and capable of creating opportunities in building personality. The relationship of life Insurance agent with clients is not temporary and the service rendered has no substitutes. He also observes that life insurance agent remains, in a sense, permanent server to the clients.

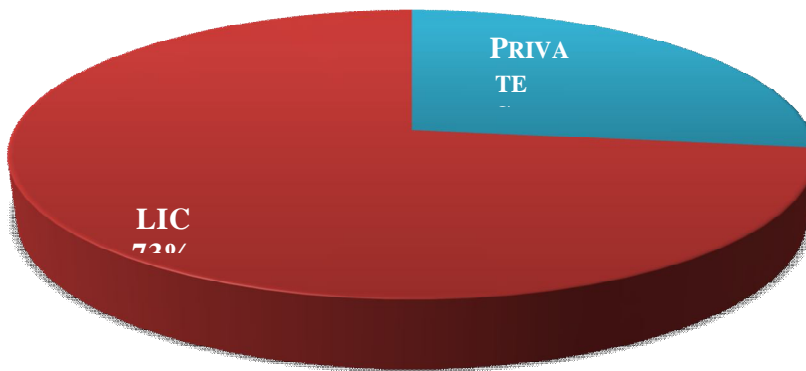
Ramesh Jain (1980) conducts a case study at Sagar branch, Calcutta, of Life Insurance Company view the spread of life insurance in a particular area and to channelize the mobilized saving for nation building activities. Analyzing the processing of procurement of insurance business and administration of Life Insurance Company in branch level, the study also brings out the growth of total new business and about 30% of Life Insurance Companies individual assurance business originated from the rural sector - it adds to the privilege of Life Insurance Company to contribute their investments to many of the vital projects and schemes under 20 point programmes. The findings of the study were to establish servicing center to have continuous interaction with the policyholders and the Sagar branch has still greater potentialities of expansion in rural area.

Rajkumar (1985) views that advertising is to influence a customer, who has a limited spending power and it seems to operate through familiarizing spreading news over cog inertia and image building improving market share, educating, informative and to have staff support. As far as insurance industry is concerned, misconception is a common problem and the pre-testing revealed that most of the rich people are associated with insurance and he viewed that the treatment of Life Insurance Company to the public is always unfair.

## DATA ANALYSIS

### CURRENT STAT OF LIFE INSURANCE IN INDIA

#### MARKET SHARE OF LIFE INSURERS DURING YEAR 2014-15



#### AWARENESS ABOUT LIFE INSURANCE COMPANIES IN INDIA

In following table few of the respondents has not responded. Hence number of respondents could be different for who are aware or who has taken life insurance. Such figure is mentioned as out of the number of respondents, who had responded for that question.

#### AWARENESS ABOUT VARIOUS LIFE INSURANCE COMPANIES

Name of Life Insurance Company	Known	Insurance taken
<b>Life Insurance Corporation of India (LIC)</b>	<b>110/113</b>	<b>101/125</b>
<b>Bajaj Allianz Life Insurance Company Ltd.</b>	<b>73/113</b>	<b>17/125</b>
Birla Sun-Life Insurance Company Ltd.	66/113	5/125
<b>HDFC Standard Life Insurance Co. Ltd.</b>	<b>78/113</b>	<b>19/125</b>
<b>ICICI Prudential Life Insurance Co. Ltd.</b>	<b>75/113</b>	<b>15/125</b>
ING Vysya Life Insurance Company Ltd.	56/113	0/125
<b>Max New York Life Insurance Co. Ltd.</b>	<b>77/113</b>	<b>14/125</b>
MetLife Insurance Company Ltd.	51/113	1/125
Kotak Mahindra Old Mutual Life Ins. Co. Ltd.	63/113	8/125
<b>SBI Life Insurance Company Limited</b>	<b>72/113</b>	<b>12/125</b>
TATA AIG Life Insurance Co. Ltd.	56/113	3/125

Reliance Life Insurance Co. Ltd.	58/113	5/125
Aviva Life Insurance Co. Pvt. Ltd.	53/113	3/125
Sahara India Life Insurance Co. Ltd.	32/113	1/125
Shriram Life Insurance Co. Ltd.	19/113	0/125
Bharti AXA Life Insurance Co. Ltd.	59/113	2/125
Future Generali India Life Insurance Co. Ltd.	33/113	0/125
IDBI Fortis Life Insurance Co. Ltd.	29/113	0/125
Canara HSBC Oriental Bank of Commerce Life Insurance Corp.ltd.	15/113	1/125
AFGON Religare Life Insurance company limited.	21/113	1/125
DLF Pramerica Life Insurance Co.ltd.	13/113	1/125
Star Union Dai-ichi Life Insurance Co.ltd.	18/113	0/123
India First Life Insurance Company Limited	23/113	0/125

**Awareness:** From above table we can observed that most of the respondents are aware about LIC (Life Insurance Corporation of India). Many of them are aware about Bajaj Allianz, HDFC Standard, ICICI Prudential, SBI life and Max New York Life. About 50% of respondents are aware about Birla, ING, Kotak, Tata and Reliance for their Life insurance business. While for other life insurance companies awareness is very less among respondents.

**Insurance Taken:** From above table we can observe that most of the respondents have invested in insurance plan of LIC. Few of them have gone for few of private life insurer. Out of 23 insurance companies, 8 life insurers have hardly only 1-3 policy holder, 6 companies were found such that not a single respondent has taken their insurance plan.

From above information it can be interpreted that awareness and stat of life insurance taken are directly related with each other. But to check whether this relation is spurious or real, we need to check following hypothesis.

H0: There is no significant relationship between awareness about Life Insurance Company and state of life insurance policy taken for that company.

H1: There is significant relationship between awareness about Life Insurance Company and state of life insurance policy taken for that company

**PEARSON CHI-SQUARE TESTS**

<b>Name of Life Insurance Company</b>	<b>Asymp. Sig.</b>
<b>Life Insurance Corporation of India (LIC)</b>	<b>0.029*</b>
<b>Bajaj Allianz Life Insurance Company Ltd.</b>	<b>0.002**</b>
<b>Birla Sun-Life Insurance Company Ltd.</b>	<b>0.05*</b>
<b>HDFC Standard Life Insurance Co. Ltd.</b>	<b>0.012*</b>
<b>ICICI Prudential Life Insurance Co. Ltd.</b>	<b>0.002**</b>
<b>Kotak Mahindra Old Mutual Life Ins. Co. Ltd.</b>	<b>0.017*</b>
<b>SBI Life Insurance Company Limited</b>	<b>0.026*</b>
TATA AIG Life Insurance Co. Ltd.	0.076
Reliance Life Insurance Co. Ltd.	0.336
Shriram Life Insurance Co. Ltd.	NA
Bharti AXA Life Insurance Co. Ltd.	0.165
Future Generali India Life Insurance Co. Ltd.	NA
IDBI Fortis Life Insurance Co. Ltd.	NA
<b>Canara HSBC Oriental Bank of Commence Life Insurance Corp.ltd.</b>	<b>0.013*</b>
<b>AFGON Religare Life Insurance company limited.</b>	<b>0.042*</b>
<b>DLF Pramerica Life Insurance Co.ltd.</b>	<b>0.007**</b>
Star Union Dai-ichi Life Insurance Co.ltd.	NA
<b>India First Life Insurance Company Limited</b>	<b>0.048*</b>

**PREFERENCES FOR VARIOUS LIFE INSURANCE COMPANIES**

<b>Name of Life Insurance Company</b>	<b>Prefere nce</b>	<b>%</b>
<b>Life Insurance Corporation of India (LIC)</b>	<b>66/90</b>	<b>73.33</b>
<u>Bajaj Allianz Life Insurance Company Ltd.</u>	<u>18/90</u>	<u>20.00</u>
Birla Sun-Life Insurance Company Ltd.	8/90	8.89
<u>HDFC Standard Life Insurance Co. Ltd.</u>	<u>28/90</u>	<u>31.11</u>
<u>ICICI Prudential Life Insurance Co. Ltd.</u>	<u>25/90</u>	<u>27.78</u>
Kotak Mahindra Old Mutual Life Ins. Co. Ltd.	10/90	11.11
<u>SBI Life Insurance Company Limited</u>	<u>32/90</u>	<u>35.56</u>
TATA AIG Life Insurance Co. Ltd.	8/90	8.89
Reliance Life Insurance Co. Ltd.	9/90	10.00

Shriram Life Insurance Co. Ltd.	0/90	0.00
<a href="#">Bharti AXA Life Insurance Co. Ltd.</a>	3/90	3.33
Future Generali India Life Insurance Co. Ltd.	0/90	0.00
IDBI Fortis Life Insurance Co. Ltd.	3/90	3.33
Canara HSBC Oriental Bank of Commence Life Insurance Corp.ltd.	1/90	1.11
AFGON Religare Life Insurance company limited.	0/90	0.00
DLF Pramerica Life Insurance Co.ltd.	1/90	1.11
Star Union Dai-ichi Life Insurance Co.ltd.	0/90	0.00
India First Life Insurance Company Limited	0/90	0.00

### IMPORTANCE OF VARIOUS SERVICES IN LIFE INSURANCE

To perform well each organisation should be aware about expectations from the customers. Following table helps in understanding preference of investors about various services in life insurance.

### VARIOUS REQUIRED SERVICES IN LIFE INSURANCE

Various Aspects related to Life Insurance	Score out of 146	%
<b>Over all services provided by insurance companies</b>	<b>101</b>	<b>69</b>
Accessibility of premium collection centers	56	38
Online policy and online payment	47	32
Frequent intimations given by company for premium payment	52	36
<b>Timely payment of amount on maturity</b>	<b>99</b>	<b>68</b>
<b>Minimum hassle during settlement, in case of causality</b>	<b>79</b>	<b>54</b>
<b>Transparency in terms and conditions of insurance contract</b>	<b>84</b>	<b>58</b>
<b>Name of the Company (Well known Company)</b>	<b>86</b>	<b>59</b>
<b>Financial Position of Company</b>	<b>71</b>	<b>49</b>
References given by others	24	16
Good attributes of Agent or Employees	52	36
Flexibility in different aspect of the company (ready to bargain)	23	16
Facility for online payment of premium	42	29
Minimum documentation	58	40
Medical check-up not required	33	23
Charge minimum premium	54	37
Maximum insurance term period provided	51	35



**TOP FIVE LIFE INSURANCE COMPANIES ON THE BASIS OF THEIR VARIOUS PERFORMANCES**

	<b>LIC</b>	<b>ICICI Prudential</b>	<b>SBI Life</b>	<b>Bajaj Allianz</b>	<b>HDFC Life</b>
After sales Services	3.83	3.16	3.31	2.97	3.44
Return	3.84	3.05	3.57	3.12	3.33
Premium Payment Centers	4.09	3.29	3.51	2.90	3.24
Payment mode	4.39	3.61	3.74	3.63	3.74
Professionalism of Employees	3.38	3.50	3.26	3.33	3.91
Professional work environment of company	3.52	3.56	3.38	3.17	3.69
Brand name and past history of company	4.46	3.29	3.84	2.77	3.94
<b>Total Score</b>	<b>27.51</b>	<b>23.45</b>	<b>24.60</b>	<b>21.90</b>	<b>25.29</b>

**ANOVA: TWO-FACTOR WITHOUT REPLICATION**

<i>SUMMARY</i>	<i>Count</i>	<i>Sum</i>	<i>Average</i>	<i>Variance</i>
After sales Services	5	16.71	3.342	0.10507
Return	5	16.91	3.382	0.10667
Premium Payment Centers	5	17.03	3.406	0.19393
Payment mode	5	19.11	3.822	0.10447
Professionalism of Employees	5	17.38	3.476	0.06653
Professional work environment of company	5	17.32	3.464	0.03923
Brand name and past history of company	5	18.3	3.66	0.41995
LIC	7	27.51	3.93	0.1678
ICICI Prudential	7	23.46	3.351429	0.044581
SBI Life	7	24.61	3.515714	0.047429
Bajaj Allianz	7	21.89	3.127143	0.08329
HDFC Life	7	25.29	3.612857	0.077724

**ANOVA**

<i>Source of Variation</i>	<i>SS</i>	<i>df</i>	<i>MS</i>	<i>F</i>	<i>P-value</i>	<i>F crit</i>
Rows	0.892469	6	0.148745	2.186787	0.079953	2.508189
Columns	2.510926	4	0.627731	9.228663	0.000116*	2.776289
Error	1.632474	24	0.06802			
Total	5.035869	34				

## CONCLUSION AND SUGGESTION

Even after more than one and half decade of opening of life insurance sector for private and foreign players, still LIC is having majority of the market share i.e. more than 73% with highest preference among the retail investors. Other companies like, ICICI Prudential, HDFC, Max New York, Bajaj Allianz etc. could penetrate in life insurance market but still could not capture significant market share. LIC is the market leader not only terms of awareness and preferences but also in terms of performance parameters like number claim settlement ratio, new offices opening, total premium collection, new policies issuance and so on.

From the study we can suggest that to increase the market share and for growth of the industry all the life insurers are required to generate and/or to enhance the awareness about concept of life insurance as well about various life insurance companies among the investors. From the study of few of the important aspect in paper we can also suggest that life insurers are required to give due weightage to important to various aspects like timely payment of maturity as well as claim amount, confirm maximum convenience of investor all through the settlement, have transparency in contact and maintain good financial position to pull off the investors attention.

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