

INVESTORS PERCEPTIONS ON PUBLIC AND PRIVATE LIFE INSURANCE COMPANIES IN INDIA - WITH SPECIAL REFERENCE TO LIFE INSURANCE INVESTORS IN KARNATAKA

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ABSTRACT

In the Indian context, the insurance habits among the general public during the independence decade was rare but there was a remarkable improvement in the Indian insurance industry soon after the economic reform era due to healthy competition from many national as well as international private insurance players. In this paper attempt has been made to analyze the investors' perceptions towards public and private life insurance companies in India with special reference to Karnataka.

KEYWORDS

Investors perception, insurance companies.

INTRODUCTION

Life insurance contract provides a package of options or rights to the policy owner that is not precisely duplicated by any other combination of commonly available contracts (Michael L. Smith, 1982). In this sense, the life insurance business is complimentary to the state's efforts in social management. Insurance involves pooling funds from many insured entities in order to pay for relatively uncommon but severely devastating losses which can occur to these entities. The insured entities are therefore protected from risk for a fee, with the fee being dependent upon the frequency and severity of the event occurring. In order to be insurable, the risk insured against must meet certain characteristics in order to be an insurable risk. Insurance is defined as the equitable transfer of the risk of a loss, from one entity to another, in exchange for payment.

Insurance provides financial protection against a loss arising out of happening of an uncertain event. A person can avail this protection by paying premium to an insurance company. A pool is created through contributions made by persons seeking to protect themselves from common risk. Premium is collected by insurance companies which also act as trustee to the pool. Any loss to the insured in case of happening of an uncertain event is paid out of this pool. It works on the basic principle of risk-sharing. A great advantage of insurance is that it spreads the risk of a few people over a large group of people exposed to risk of similar type.

HOW INSURANCE WORKS?

The concept behind insurance is that a group of people exposed to similar risk come together and make contributions towards formation of a pool of funds. In case a person actually suffers a loss on account of such risk, he is compensated out of the same pool of funds. Contribution to the pool is made by a group of people sharing common risks and collected by the insurance companies in the form of premiums.

Let's take some examples to understand how insurance actually works:

| | |
|---|---|
| Example 1 SUPPOSE <ol style="list-style-type: none"> Houses in a village = 1000 Value of 1 House = Rs. 40,000/- Houses burning in a yr = 5 Total annual loss due to fire = Rs. 2,00,000/- Contribution of each house owner = Rs. 300/- | Example 2 SUPPOSE <ol style="list-style-type: none"> Number of Persons = 5000 Age and Physical condition = 50 years & Healthy Number of persons dying in a yr = 50 Economic value of loss suffered by family of each dying person = Rs. 1,00,000/- Total annual loss due to deaths = Rs. 50,00,000/- Contribution per person = Rs. 1,200/- |
| UNDERLYING ASSUMPTION All 1000 house owners are exposed to a common risk, i.e. fire | UNDERLYING ASSUMPTION All 5000 persons are exposed to common risk, i.e. death. |
| PROCEDURE All owners contribute Rs. 300/- each as premium to the pool of funds ↓ Total value of the fund = Rs. 3,00,000 (i.e. 1000 houses * Rs. 300) ↓ 5 houses get burnt during the year ↓ Insurance company pays Rs. 40,000/- out of the pool to all 5 house owners whose house got burnt | PROCEDURE Everybody contributes Rs. 1200/- each as premium to the pool of funds ↓ Total value of the fund = Rs. 60,00,000 (i.e. 5000 persons * Rs. 1,200) ↓ 50 persons die in a year on an average ↓ Insurance company pays Rs. 1,00,000/- out of the pool to the family members of all 50 persons dying in a year |
| EFFECT OF INSURANCE Risk of 5 house owners is spread over 1000 house owners in the village, thus reducing the burden on any one of the owners. | EFFECT OF INSURANCE Risk of 50 persons is spread over 5000 people, thus reducing the burden on any one person. |

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STATEMENT OF THE PROBLEM

OBJECTIVES

HYPOTHESES

RESEARCH METHODOLOGY

RESULTS & DISCUSSION

FINDINGS

RECOMMENDATIONS/SUGGESTIONS

CONCLUSIONS

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The major function of life insurance is to protect against financial loss from loss of human life. Besides covering the risk of death, it also covers the risks of disability, critical illness.

TABLE NO.: 1 INDIAN & INTERNATIONAL PARTNER OF PRIVATE LIFE INSURER

| Sl.No | Indian Partner | International Partner | Sl.No | Indian Partner | International Partner |
|-------|-----------------|-------------------------------|-------|----------------------|--------------------------|
| 1 | Alpic Finance | Allianz Holding, Germany | 11 | Dabur Group | Allstate, US |
| 2 | Tata | American Int. Group, US | 12 | Kotak Mahindra | Chubb, US |
| 3 | CK Birla Group | Zurich Insurance, Switzerland | 13 | Godrej | J Rothschild, UK |
| 4 | ICICI | Prudential, UK | 14 | Sanmar Group | Gio, Australia |
| 5 | SundaramFinanc | Winterthur ,Switzerland | 15 | Cholamandalam | Guardian Royal Exchange, |
| 6 | Hindustan Times | Commercial Union, UK | 16 | SK Modi | Group Legal & General |
| 7 | Ranbaxy | Cigna, US | 17 | 20th Century Finance | Canada Life |
| 8 | HDFC | Standard Life, UK | 11 | Dabur Group | Allstate, US |
| 9 | Bombay Dyeing | General Accident, UK | 12 | Kotak Mahindra | Chubb, US |
| 10 | DCM Shriram | Royal Sun Alliance, UK | | | |

Source: World Insurance Report 2010

Indian Insurance companies today offer a comprehensive range of insurance plans, a range which is growing as the economy matures and the wealth of the middle classes increases. The most common types of insurance includes: term life policies, endowment policies, joint life policies, whole life policies, loan cover term assurance policies, unit-linked insurance plans, group policies, pension plans, and annuities.

The number of insurance companies is increased significantly in the recent years LIC is only public sector life insurance and in private sector number of life insurance companies are started operating is as follows.

TABLE NO.: 2 NUMBER OF LIFE INSURANCE COMPANIES IN INDIA

| Particulars | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 |
|----------------|------|------|------|------|------|------|------|------|------|------|
| Public Sector | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Private Sector | 22 | 21 | 17 | 15 | 14 | 13 | 12 | 12 | 11 | 4 |
| Total | 23 | 22 | 18 | 16 | 15 | 14 | 13 | 13 | 12 | 5 |

Source: IRDA Report

STATEMENT OF THE RESEARCH PROBLEM

Social security measures are the important instrument for fulfill the safety and security need of the people. Insurance is Social security measures, across all over the world playing a major role. Compare to advanced countries the penetration rate of life insurance in India is even today negligible. In recent years the sector is opened for private participation. But large chunk of the society is not reached by life insurance companies in India and choosing insurance option largely goes with the psyche of the people. LIC of India was a monopoly corporation till 1999. Henceforth, the sector was allowed for private participation. Today, Life Insurance in India is highly competitive area with several schemes and benefits. As limited numbers of studies in India are conducted to assess the investor's behavior, these studies are unable to create required awareness on investors mind set. Hence the present study is designed to undertake the behavior comparison of the investors on public and private insurance companies in India with special reference to investors in Karnataka. The study is primarily focused on accessing the investor's investment objectives in various schemes. Though insurance is a social security tool unlike in other countries, in India insurance is still sold rather bought.

HYPOTHESIS

Proper analysis of the research problem and verify the research objectives the following hypothesis are designed and tested with appropriate statistical Procedure.

1. **HA:** There is a significant difference in Investors' perceptions on services provided by the public and private insurance Companies in India.

HO: There is no significant difference in Investors' perceptions on services provided by the public and private insurance companies in India.

2. **HA:** The most dominant attribute influencing the purchase of Life insurance policy are same among the different Gender, Age, Education, Occupation and Income Groups

HO: The most dominant attribute influencing the purchase of Life insurance policy is not same among the different Gender, Age, Education, Occupation and Income Groups.

I. **H4a:** The most dominant attribute influencing the purchase of Life insurance policy is same among the different Gender Groups.

II. **H4b:** The most dominant attribute influencing the purchase of Life insurance policy is same among the Age Groups.

III. **H4c:** The most dominant attribute influencing the purchase of Life insurance policy is same among the Educational Groups.

IV. **H4d:** The most dominant attribute influencing the purchase of Life insurance policy is same among the Occupational Groups.

3. **HA:** There is a significant difference between Age, Gender with respect to Investors Perceptions on Policy Related, Company Related and Investor Related Attributes.

HO: There is no significant difference between Age, Gender with respect to Investors Perceptions on Policy Related, Company Related and Investor Related Attributes.

I. **H3a.** There is a significant difference among the different age groups with respect to Investors Perceptions on Policy Related, Company Related and Investor Related Attributes.

II. **H3b.** There is a significant difference among the different Gender Groups with Respect to Investors Perceptions on Policy Related, Company Related and Investor Related Attributes.

OBJECTIVES

The study is designed with the following objectives

1. To analyze the investors perception on various insurance firms.
2. To determine the Factor influence the selection of Insurance

SCOPE

The study is mainly focuses on the Perception of Individual Investors of life insurance. The purpose of the study is to understand the behavioral aspects of individual investors, their policy selection behavior, factors influencing the behavior and also the conceptual awareness level among individual investors. Investors consist of all individuals who have invested in life insurance policy. Individuals those who earn above Rs. 10, 00,000/ per annum and institutions are not consider for the Study. Ten years data from 2001 to 2010 is taken in to consideration for the research and market survey was conducted during January 2011 to May2012, among 200 geographically dispersed individual investors of Karnataka State which covers urban as well as rural customer. Life Insurance Corporation of India (LIC) and other major 11 private life insurance companies operating in Karnataka such as ICICI Prudential Life Insurance Company Limited, MetLife insurance, Bajaj Allianz life insurance company Limited, Max New York life, BharatiAxa life insurance company Limited ,HDFC life insurance company

Limited, SBI life insurance company Limited, Tata AIG life insurance company Limited, Aviva life insurance, ING Vysya life insurance company Limited, Reliance Life Insurance Company are selected for the research based on their performance .

RESEARCH METHODOLOGY

The research is both exploratory and conclusive in character. Exploratory is non- conclusive design used in the initial part of the research problems and design suitable data collection instrument. Descriptive research is an integral part of the research, under descriptive study extensive data's are collected using a cross section survey. The important variables used for comparison includes awareness, objectives of investment, investment Details, Factor influencing Selecting and Purchase life insurance policy, investors perception on policy related attributes, company related attributes, investment related attributes and service quality dimensions .

DATA SOURCES

The research uses both primary and secondary data. Secondary data collected from among the available sources such as journals, magazines, website, Brochure of the companies' etc. The performance report, published details, comparison report, collection of First Year Premium, Total Premium, Claims settlements, Profits and losses ,Share holders account and Balance sheet of chosen companies, taken from IRDA report from year 2001 to year 2010.

SAMPLING

The sample respondents are selected by using cluster sampling method. The important geographical clusters in the state of Karnataka are treated as a sample unit. Four regions like Northern Region , Southern, Coastal Region and Central Region are consider as sampling clusters, from each region 5 districts are selected randomly. Bidar, Belgaum, Bijapur, Gulbarga and Bagalkot districts are taken from Northern Region, Uttara Kannada, Dakshina Kannada and Udupi districts from Coastal Region, Chitradurga, Davanagere, Chikmagalur, Dharwad, and Shivamogga districts from Southern Region. Bangalore, Bangalore Rural, Hassan, Mysore, and Tumkur districts from central regions. The target groups include various types of life insurance Investors in which important variables like age, income, education, and occupation is taken in to consideration.

TOOLS AND TECHNIQUES

The data collected from the research are classified and tabulated. Descriptive statistics such as percentages, dispersion charts, diagrams and graphs Etc. are used for presentations. Tables, Pie charts, bar diagram are used in explanations to bring out the point more clearly. The hypotheses are tested by 'F' statistics. Other statistical techniques those are used in the present study include: a) Percentage Method: to show the trend of the variable. b) ANOVA: to test the equality of the variances.

INVESTORS PERCEPTIONS

The concept of customer satisfaction or perception occupies a central position in business thought & practice. Due to growing pressures, the task of providing & maintaining customer satisfaction or perception has become one of the most important challenges currently for companies & policy makers. Investor's perception is equivalent to making sure that product & service performance & meet customer expectation. Today's companies are facing tough competition due to liberalized economy. Hence, the companies have to move from a product & selling philosophy to a customer & marketing philosophy. Therefore, the companies can go about winning customers & out performing competitors by doing a better job of meeting & satisfying customer needs. Perception of investors about saving schemes will have a significant impact on the saving behavior of people. Hence, it is necessary to study about the nature of perception that exists among investors about saving schemes and institutions offering such instruments.

ANALYSIS

Primary Data includes Analysis & interpretation about the respondents geographical area , gender , age wise segmentation, academic qualification ,marital status , size of family members based on age ,number earning members in the family, occupation ,annual income , awareness of the about the life insurance companies, awareness towards life insurance policies, different preference while selecting insurance company, perception on selected features private life insurance companies, Investors perception on company related attributes, investment related attributes of selected private life insurer. The below Consolidate table represents the demographic factors of the respondents.

TABLE NO. 3: DEMOGRAPHIC FACTORS OF RESPONDENTS

| Demographical Factors | | No. of Respondents | % |
|-----------------------|------------------------|--------------------|-------|
| Geographical Area | Northern Region | 50 | 25 |
| | Coastal Region | 50 | 25 |
| | Central Region | 50 | 25 |
| | Southern Region | 50 | 25 |
| Gender | Male | 137 | 68.5 |
| | Female | 63 | 31.5 |
| Age | Below 30 | 49 | 24.5 |
| | 31-40 | 76 | 38 |
| | 41-50 | 47 | 23.5 |
| | Above 50 | 28 | 14 |
| Education | Up to SSLC | 46 | 23 |
| | Graduate | 79 | 39.5 |
| | Post Graduate | 49 | 24.5 |
| | Professional Degree | 26 | 13 |
| Marital Status | Married | 159 | 79.5 |
| | Unmarried | 41 | 20.5 |
| Size of the Family | 1 Member | 3 | 0.015 |
| | 2 Members | 19 | 0.095 |
| | 3 Members | 68 | 0.34 |
| | 4 Members | 45 | 0.225 |
| | 5 Members | 42 | 0.21 |
| | 6 Members | 16 | 0.08 |
| | 7 Members | 6 | 0.03 |
| | 8 Members | 1 | 0.005 |
| Earning members | Up to 2 Members | 160 | 80 |
| | 3-5 members | 36 | 18 |
| | Above 5Members | 4 | 2 |
| Occupation | Student | 9 | 4.5 |
| | Professional | 19 | 9.5 |
| | Business | 39 | 19.5 |
| | Salaried | 97 | 48.5 |
| | Agriculture | 16 | 8 |
| | Retired | 5 | 2.5 |
| Annual Income | Others | 15 | 7.5 |
| | Below Rs 1,00,000 | 27 | 13 |
| | Rs 1,00,000 – 3,00,000 | 72 | 36.5 |
| | Rs 3,00,001 – 5,00,000 | 64 | 32 |
| | Above Rs 5,00,000 | 37 | 18.5 |

Source: Primary Data

TABLE NO. 4: AWARENESS OF COMPANIES

| Insurer | Urban | Rural | Total | % |
|------------------|-------|-------|-------|------|
| SBI Life | 80 | 74 | 154 | 77 |
| ICICI Prudential | 85 | 54 | 139 | 69.5 |
| ING Vysya | 90 | 35 | 125 | 62.5 |
| Aviva | 65 | 20 | 85 | 42.5 |
| Met Life | 90 | 30 | 120 | 60 |
| Bajaj | 95 | 52 | 147 | 73.5 |
| Reliance | 89 | 27 | 116 | 58 |
| LIC | 100 | 98 | 198 | 99 |
| Bharati AXA | 90 | 27 | 117 | 58.5 |
| HDFC | 95 | 46 | 141 | 70.5 |
| MAX New York | 79 | 30 | 109 | 54.5 |
| TATA AIG | 84 | 28 | 112 | 56 |
| OTHERS | 69 | 19 | 88 | 44 |

| Policies | Urban | Rural | No | % |
|-------------------|-------|-------|-----|----|
| GSLI* | 30 | 19 | 59 | 30 |
| Term | 33 | 18 | 51 | 26 |
| Whole life | 47 | 58 | 105 | 53 |
| Endowment | 86 | 97 | 183 | 92 |
| Annuities | 36 | 14 | 50 | 25 |
| Money Back Policy | 92 | 58 | 150 | 75 |
| ULIP** | 68 | 19 | 87 | 44 |
| Mediclaim*** | 49 | 20 | 69 | 35 |

Source: Primary Data ,*Group saving linked Insurance ,** Unit Linked Insurance Plan*** Policy offered along with life policy

TABLE NO. 5: OBJECTIVES FOR SAVINGS IN LIFE INSURANCE

| Variables | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | Total | WAS | Rank |
|-------------------------|-----|----|----|----|----|----|----|----|----|----|-------|------|------|
| Risk Coverage | 110 | 50 | 30 | 10 | 0 | 0 | 0 | 0 | 0 | 0 | 200 | 9.30 | 1 |
| Social status | 12 | 20 | 17 | 20 | 63 | 18 | 17 | 23 | 10 | 0 | 200 | 6.01 | 8 |
| Fringe Benefits | 103 | 66 | 21 | 2 | 3 | 2 | 1 | 1 | 1 | 0 | 200 | 9.22 | 2 |
| Tax reduction | 155 | 21 | 5 | 4 | 1 | 0 | 0 | 0 | 5 | 9 | 200 | 9.16 | 3 |
| Regular returns | 55 | 25 | 10 | 14 | 33 | 22 | 13 | 12 | 10 | 6 | 200 | 6.88 | 6 |
| To protect from illness | 54 | 28 | 20 | 10 | 9 | 20 | 18 | 30 | 6 | 5 | 200 | 6.78 | 7 |
| Children's education | 70 | 52 | 44 | 6 | 13 | 3 | 2 | 2 | 5 | 3 | 200 | 8.41 | 4 |
| Retirement Benefit | 56 | 44 | 21 | 29 | 19 | 6 | 6 | 4 | 8 | 7 | 200 | 7.65 | 5 |

Source: Primary Data

TABLE NO. 6: FACTORS CONSIDER WHILE SELECTING INSURANCE COMPANY

| | Rankings | | | | | | | | | | Total | WAS | Rank |
|------------------------------|----------|----|----|----|----|---|----|---|----|----|-------|-------|------|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | | | |
| Type of Insurance company | 109 | 71 | 16 | 2 | 1 | 1 | 0 | 0 | 0 | 0 | 200 | 18.82 | 6 |
| Ease of procedures | 117 | 54 | 10 | 8 | 3 | 2 | 2 | 3 | 1 | 0 | 200 | 18.39 | 7 |
| The mode of premium payment. | 72 | 22 | 13 | 8 | 19 | 5 | 29 | 9 | 15 | 8 | 200 | 13.98 | 10 |
| Company image | 149 | 36 | 9 | 3 | 2 | 1 | 0 | 0 | 0 | 0 | 200 | 19.24 | 4 |
| Services quality | 137 | 50 | 10 | 2 | 1 | 0 | 0 | 0 | 0 | 0 | 200 | 19.2 | 5 |
| Length of its existence | 103 | 47 | 26 | 13 | 11 | 0 | 0 | 0 | 0 | 0 | 200 | 18.18 | 8 |
| Maturity benefit | 79 | 56 | 19 | 16 | 10 | 7 | 4 | 3 | 3 | 3 | 200 | 16.87 | 9 |
| Claims settlement | 185 | 15 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 200 | 19.85 | 1 |
| Company client relationship | 176 | 19 | 5 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 200 | 19.71 | 2 |
| Transparency | 143 | 57 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 200 | 19.43 | 3 |

Source: Primary Data

TABLE NO. 7: PERCEPTIONS ON THE FOLLOWING VARIABLES

| Variables | Rankings | | | | | Total | WAS | Rank |
|---|----------|----|----|----|-----|-------|------|------|
| | 1 | 2 | 3 | 4 | 5 | | | |
| ROI in LIC is less than private insurance companies | 0 | 0 | 24 | 63 | 113 | 200 | 1.56 | 19 |
| LIC is more reliable than other Insurance players | 107 | 60 | 5 | 16 | 12 | 200 | 4.17 | 2 |
| Service provided by LIC is better than private Insurance | 81 | 87 | 18 | 8 | 6 | 200 | 4.15 | 3 |
| Investment in Insurance is more profitable than any other investment avenue | 25 | 40 | 44 | 50 | 41 | 200 | 2.79 | 16 |
| All the Insurance companies are governed by IRDA act | 65 | 58 | 40 | 22 | 15 | 200 | 3.68 | 12 |
| Investment in Insurance leads to social status | 32 | 37 | 81 | 40 | 10 | 200 | 3.21 | 14 |
| Investment in insurance will diversified the Policy holders risk | 84 | 64 | 25 | 13 | 14 | 200 | 3.96 | 8 |
| Insurance policy are need based | 45 | 66 | 44 | 27 | 18 | 200 | 3.47 | 13 |
| Origin of the insurer is major consideration while selecting | 69 | 73 | 30 | 23 | 20 | 215 | 3.97 | 7 |
| Claims settlement in LIC is better than Other Private players | 114 | 41 | 16 | 17 | 12 | 200 | 4.14 | 4 |
| Pre and post sales services provided by insurer is an tool to select | 90 | 48 | 31 | 17 | 14 | 200 | 3.92 | 10 |
| Private insurer are not disclosing accurate policy related info | 121 | 35 | 23 | 12 | 9 | 200 | 4.24 | 1 |
| Life policy will be taken to Oblige the friends /Peers request | 29 | 25 | 94 | 30 | 22 | 200 | 3.05 | 15 |
| Private insurer life policy are attractive then LIC policies | 12 | 15 | 28 | 52 | 93 | 200 | 2.01 | 18 |
| Performance of LIC is better than other players | 95 | 66 | 14 | 16 | 9 | 200 | 4.11 | 5 |
| Distribution network of Public sector insurance is superior | 80 | 73 | 27 | 12 | 8 | 200 | 4.03 | 6 |
| Private life insurance companies concentrates on Corporates | 81 | 75 | 9 | 19 | 16 | 200 | 3.93 | 9 |
| Postal insurance and LIC policies are one and the same | 27 | 31 | 26 | 55 | 61 | 200 | 2.54 | 17 |
| Private insurance companies schemes misleads the investors | 81 | 54 | 31 | 16 | 18 | 200 | 3.82 | 11 |

TABLE NO. 8: PERCEPTION ON SELECTED ATTRIBUTES OF LIFE INSURER

| Attributes | WAS | | | | | | | | | | | | AWAS | WAS of LIC |
|------------|-----|-------|-----|-------|----------|-------|----------|------------|------|-----|------|--------|------|------------|
| | SBI | ICICI | ING | Aviva | Met Life | Bajaj | Reliance | Bharti AXA | HDFC | MAX | TATA | OTHERS | | |
| A | 9.4 | 8.3 | 8.1 | 8.1 | 9.0 | 8.7 | 8.2 | 7.4 | 9.1 | 7.5 | 8.5 | 7.8 | 8.3 | 9.1 |
| B | 8.8 | 8.1 | 7.6 | 8.0 | 8.0 | 7.1 | 8.0 | 7.0 | 7.9 | 7.8 | 8.6 | 7.7 | 7.9 | 9.1 |
| C | 9.0 | 8.0 | 8.1 | 7.5 | 7.4 | 6.7 | 7.5 | 7.5 | 8.9 | 7.5 | 8.0 | 7.7 | 7.8 | 8.9 |
| D | 8.5 | 9.1 | 7.9 | 8.8 | 8.3 | 7.3 | 9.0 | 9.0 | 9.3 | 9.0 | 9.0 | 9.0 | 8.7 | 9.4 |
| E | 9.1 | 8.0 | 7.6 | 7.9 | 7.0 | 6.6 | 7.0 | 7.9 | 7.1 | 7.1 | 8.5 | 7.0 | 7.6 | 9.6 |
| F | 9.1 | 8.1 | 7.5 | 7.5 | 7.0 | 7.7 | 7.1 | 7.8 | 7.8 | 7.3 | 7.6 | 7.5 | 7.7 | 9.1 |
| G | 8.2 | 8.1 | 7.8 | 7.7 | 8.1 | 7.1 | 8.1 | 6.7 | 9.0 | 7.9 | 8.5 | 7.4 | 7.9 | 9.3 |
| H | 8.1 | 7.6 | 7.0 | 6.1 | 7.6 | 6.7 | 7.5 | 7.9 | 7.1 | 7.5 | 8.8 | 7.3 | 7.4 | 9.7 |
| I | 7.7 | 7.7 | 6.1 | 7.3 | 7.5 | 7.7 | 7.6 | 7.4 | 9.0 | 7.0 | 7.9 | 7.0 | 7.5 | 9.1 |
| J | 9.4 | 8.8 | 7.5 | 7.7 | 7.6 | 9.1 | 8.7 | 8.5 | 9.0 | 8.5 | 9.1 | 7.7 | 8.5 | 9.5 |

Source: Primary Data, (a) Premium, b) Risk Coverage, c) Return On Investment, d) Ease of procedures, e) Maturity Period, f) Sum Assured, g) Customer Service, h) Transparency, i) Additional Benefits and j) Mode of Renewal

TABLE NO. 9: RESPONDENT'S OPINION ON POLICY RELATED ATTRIBUTES

| Attributes | Rankings | | | | | TOTAL | WAS | Rank |
|--|----------|-----|----|----|----|-------|------|------|
| | 1 | 2 | 3 | 4 | 5 | | | |
| a) Policy performance record | 118 | 40 | 26 | 9 | 7 | 200 | 4.27 | 3 |
| b) Policy reputation or brand name | 107 | 47 | 28 | 13 | 5 | 200 | 4.19 | 5 |
| c) Diversified Schemes | 77 | 52 | 37 | 21 | 13 | 200 | 3.8 | 11 |
| d) Settlement of Claims | 141 | 48 | 7 | 3 | 1 | 200 | 4.63 | 1 |
| e) Reputation of the schemes | 90 | 56 | 44 | 8 | 2 | 200 | 4.12 | 7 |
| f) Withdrawal facilities | 71 | 109 | 19 | 1 | 0 | 200 | 4.25 | 4 |
| g) Ease of Procedures | 126 | 54 | 15 | 4 | 1 | 200 | 4.5 | 2 |
| h) Innovativeness of the scheme | 96 | 57 | 35 | 7 | 5 | 200 | 4.16 | 6 |
| i) Products with tax benefits | 95 | 43 | 23 | 22 | 17 | 200 | 3.89 | 10 |
| j) Transparency | 67 | 96 | 32 | 3 | 2 | 200 | 4.12 | 7 |
| k) Minimum initial investment | 75 | 65 | 36 | 15 | 9 | 200 | 3.91 | 9 |
| l) Accessibility of the service provider | 92 | 69 | 28 | 7 | 4 | 200 | 4.19 | 5 |
| m) Customer Relationship Management | 145 | 41 | 9 | 5 | 0 | 200 | 4.63 | 1 |
| n) Mode of renewal | 97 | 45 | 30 | 15 | 13 | 200 | 3.99 | 8 |
| o) Mode of premium payment | 80 | 48 | 34 | 26 | 12 | 200 | 3.79 | 12 |

Source: Primary Data

TABLE NO. 10: RESPONDENT'S OPINION ON COMPANY RELATED ATTRIBUTES

| Attributes | Rankings | | | | | TOTAL | WAS | Rank |
|---|----------|----|----|---|---|-------|------|------|
| | 1 | 2 | 3 | 4 | 5 | | | |
| a) Reputation of sponsoring Company | 112 | 63 | 10 | 9 | 6 | 200 | 4.33 | 4 |
| b) Company has a recognized brand name | 149 | 37 | 9 | 5 | 0 | 200 | 4.65 | 2 |
| c) Company has a well developed agency | 121 | 54 | 15 | 4 | 6 | 200 | 4.4 | 3 |
| d) Company is expertise in managing money | 101 | 52 | 35 | 7 | 5 | 200 | 4.19 | 5 |
| e) Company has a well developed research & infrastructure | 72 | 87 | 28 | 9 | 4 | 200 | 4.07 | 6 |
| f) Companies past performance in terms of risk and return | 161 | 25 | 9 | 3 | 2 | 200 | 4.7 | 1 |

Source: Primary Data

TABLE NO. 11: RESPONDENT'S OPINION ON INVESTMENT RELATED ATTRIBUTES

| Attributes | Rankings | | | | | TOTAL | WAS | Rank |
|--|----------|----|----|----|----|-------|------|------|
| | 1 | 2 | 3 | 4 | 5 | | | |
| Disclosure of investment objective in the advertisement | 81 | 47 | 35 | 25 | 12 | 200 | 3.8 | 7 |
| Disclosure of deviation of investments from the original pattern | 120 | 55 | 15 | 4 | 6 | 200 | 4.4 | 4 |
| Investor's grievance Redressal machinery | 107 | 52 | 19 | 4 | 8 | 190 | 4.08 | 6 |
| loans on collateral securities, | 99 | 46 | 35 | 13 | 7 | 200 | 4.09 | 5 |
| Tax Benefits | 89 | 39 | 15 | 6 | 51 | 200 | 3.55 | 8 |
| Reliability | 132 | 57 | 6 | 3 | 2 | 200 | 4.57 | 2 |
| Claims Settlement | 141 | 48 | 7 | 3 | 1 | 200 | 4.63 | 1 |
| Pre and post sales services | 120 | 57 | 19 | 4 | 0 | 200 | 4.47 | 3 |

Source: Primary Data

TABLE NO. 12: PERCEPTION ON VALUE ADDED SERVICES OF INSURER

| V.A.Services | TABLE NO. 12: PERCEPTION ON VALUE ADDED SERVICES OF INSURER | | | | | | | | | | | | AWAS | WAS of LIC |
|--------------|---|-------|------|-------|----------|-------|----------|------------|------|------|------|--------|------|------------|
| | WAS | | | | | | | | | | | | | |
| | SBI | ICICI | ING | Aviva | Met Life | Bajaj | Reliance | Bharti AXA | HDFC | MAX | TATA | OTHERS | | |
| a | 7.19 | 7.17 | 6.9 | 6.84 | 7.07 | 6.77 | 7.63 | 7.45 | 7.82 | 7.39 | 8.04 | 7.49 | 7.31 | 9.77 |
| b | 6.79 | 6.28 | 7.63 | 7.48 | 7.52 | 6.73 | 7.98 | 7.09 | 8.04 | 7.87 | 7.76 | 6.56 | 7.31 | 9.8 |
| c | 6.4 | 8.14 | 7.36 | 6.99 | 7.38 | 6.87 | 7.08 | 7.26 | 7.7 | 7.82 | 6.58 | 6.55 | 7.18 | 9.87 |
| d | 5.54 | 7.07 | 7.13 | 7.51 | 6.76 | 6.77 | 7.5 | 7.27 | 7.33 | 7.28 | 7.01 | 6.65 | 6.98 | 9.83 |
| e | 3.93 | 7.44 | 7.09 | 7.05 | 7.04 | 6.86 | 7.38 | 7.83 | 7.56 | 7.42 | 7.09 | 7.46 | 7.01 | 9.91 |
| f | 7.03 | 6.65 | 6.9 | 6.84 | 7.07 | 6.46 | 7.43 | 8.06 | 7.42 | 6.79 | 7.12 | 6.34 | 7.01 | 9.98 |
| g | 4.56 | 6.17 | 6.03 | 6.08 | 5.85 | 6.97 | 6.9 | 6.4 | 6.7 | 7.2 | 7.33 | 6.18 | 6.36 | 9.95 |
| h | 5.35 | 6.24 | 6.44 | 6.18 | 6.23 | 6.31 | 6.64 | 6.78 | 7.25 | 7.5 | 7.28 | 6.83 | 6.59 | 9.92 |
| i | 5.36 | 6.22 | 6.92 | 6.6 | 6.71 | 6.89 | 7 | 6.79 | 7.37 | 7.35 | 7 | 6.81 | 6.75 | 9.99 |
| j | 5.58 | 7.06 | 7.17 | 7.31 | 6.72 | 7.06 | 7.44 | 7.62 | 6.75 | 7.64 | 6.84 | 7.61 | 7.07 | 9.87 |
| k | 6.38 | 8.14 | 7.32 | 7.93 | 7.35 | 7.66 | 8.09 | 7.69 | 7.65 | 7.24 | 7.6 | 7.25 | 7.53 | 9.77 |

Source: Primary Data ,a)Competence, b)Performance, c)Tangible Benefits, d)Intangible Benefits, e)Flexible Investment Facilities, f)Image, g)Collateral security, h)Documentation/ transparency, i)Disclosure of information, j)Need based product, k)Distribution Network

HYPOTHESES TESTING

1 HA: There is no significant difference between investors towards perceptions on services provided by the public and private insurance companies.

HO: There is a significant difference between investors towards perceptions on services provided by the public and private insurance companies.

Investors perception on insurance companies evaluated based on the attributes like Premium, Risk Coverage, Return on Investment, Ease of procedures, Maturity Period, Sum Assured, Customer Service, Customer Service, Transparency, Additional Benefits, Mode of Renewal. Above table represents the weighted average score of LIC and average weighted average score of selected private life insurance companies.

TABLE NO. 13: INVESTORS PERCEPTION

| Attributes | WAS | |
|----------------------|------|-------------|
| | LIC | Pvt. Sector |
| Premium | 9.14 | 8.44 |
| Risk Coverage | 9.09 | 7.83 |
| Return On Investment | 8.94 | 7.87 |
| Ease of procedures | 9.44 | 8.62 |
| Maturity Period | 9.49 | 7.71 |
| Sum Assured | 8.63 | 7.93 |
| Customer Service | 9.32 | 7.97 |
| Transparency | 9.69 | 7.40 |
| Additional Benefits | 9.13 | 7.61 |
| Mode of Renewal | 9.47 | 8.62 |

Source: Primary Data

Above table represents the weighted average score of LIC and average weighted average score of selected private life insurance companies.

ANOVAS: SINGLE FACTOR

| Groups | Count | Sum | Average | Variance |
|--------|-------|----------|----------|----------|
| LIC | 10 | 92.33333 | 9.233333 | 0.097166 |
| PVT | 10 | 80.00648 | 8.000648 | 0.178271 |

| Source of Variation | SS | Df | MS | F | P-value | F crit |
|---------------------|----------|----|----------|----------|----------|----------|
| Between Groups | 7.59756 | 1 | 7.59756 | 55.16735 | 6.94E-07 | 4.413873 |
| Within Groups | 2.478931 | 18 | 0.137718 | | | |
| Total | 10.07649 | 19 | | | | |

The calculated value of **F** is 55.16735 which is Higher than the table value of 4.413873 at 5% significance level with **d.f** being **v1=1** and **v2=18**.so there is a sufficient evidence to accept the null hypothesis.

2. **H_A**: the most dominant attributes influencing the purchase of life insurance policy are same among the different gender, age group, education, occupation and income groups

H₀: The most dominant attributes influencing the purchase of life insurance policy are not same among the different gender, age groups, education, occupation and income Groups

The Below calculation based on the overall perceived rank derived from the weighted average score calculated for different attributes like Services quality, Ease of procedures, Length of its existence, The mode of premium payment, Maturity benefit, Company image, Claims settlement, Company client relationship, Transparency as per the ranking given by the respondents like Gender, Age groups, Education, Occupation and Income Groups perception attributes Type of Insurance company. The highest WAS to be found in case of claim settlement, so the perceived dominant attribute is claim settlement while purchasing the Life Insurance policy comparing to remaining above mentioned 9 attributes.

HYPOTHESIS TESTING BASED ON GENDER

| SUMMARY | | | | | | |
|---------------------|---------|-----|----------|----------|----------|----------|
| Groups | Count | Sum | Average | Variance | | |
| Male | 9 | 11 | 1.222222 | 13.44444 | | |
| Female | 9 | 4 | 0.444444 | 1.777778 | | |
| Source of Variation | SS | df | MS | F | P-value | F crit |
| Between Groups | 2.72222 | 1 | 2.722222 | 0.357664 | 0.558178 | 4.493998 |
| Within Groups | 121.778 | 16 | 7.611111 | | | |
| Total | 124.5 | 17 | | | | |

The calculated value of **F** is 0.357664 which is lower than the table value of 4.493998 at 5% significance level with **d.f** being **v1=1**, **v2=16**.so there is a sufficient evidence to reject the null hypothesis.

HYPOTHESIS TESTING BASED ON AGE GROUP

| SUMMARY | | | | |
|----------|-------|-----|---------|----------|
| Groups | Count | Sum | Average | Variance |
| Below 30 | 10 | 49 | 4.9 | 219.2111 |
| 31-40 | 10 | 76 | 7.6 | 498.7111 |
| 41-50 | 10 | 47 | 4.7 | 174.2333 |
| Above 50 | 10 | 28 | 2.8 | 61.73333 |

| Source of Variation | SS | df | MS | F | P-value | F crit |
|---------------------|------|----|----------|----------|----------|----------|
| Between Groups | 117 | 3 | 39 | 0.163541 | 0.920209 | 2.866266 |
| Within Groups | 8585 | 36 | 238.4722 | | | |
| Total | 8702 | 39 | | | | |

The calculated value of **F** is 0.163541 which is lower than the table value of 2.866266 at 5% significance level with **d.f** being **v1=3**, **v2=36**. So there is a sufficient evidence to reject the null hypothesis.

HYPOTHESIS TESTING BASED ON OCCUPATION

| SUMMARY | | | | |
|--------------|-------|-----|---------|----------|
| Groups | Count | Sum | Average | Variance |
| Student | 10 | 9 | 0.9 | 8.1 |
| Professional | 10 | 19 | 1.9 | 36.1 |
| Business | 10 | 39 | 3.9 | 120.9889 |
| Salaried | 10 | 97 | 9.7 | 782.6778 |
| Agriculture | 10 | 16 | 1.6 | 19.37778 |
| Retired | 10 | 5 | 0.5 | 2.5 |
| Others | 10 | 15 | 1.5 | 19.38889 |

| Source of Variation | SS | df | MS | F | P-value | F crit |
|---------------------|----------|----|----------|-------|----------|----------|
| Between Groups | 616.3714 | 6 | 102.7286 | 0.727 | 0.629506 | 2.246408 |
| Within Groups | 8902.2 | 63 | 141.3048 | | | |
| Total | 9518.571 | 69 | | | | |

The calculated value of **F** is 0.727 which is lower than the table value of 2.246408 at 5% significance level with **d.f** being **v1=6, v2=63**.so there is a sufficient evidence to reject the null hypothesis.

HYPOTHESIS TESTING BASED ON INCOME GROUPS

| Groups | Count | Sum | Average | Variance |
|-------------------|-------|-----|---------|----------|
| Below 1,00,000 | 10 | 46 | 4.6 | 174.2667 |
| 1,00,001-3,00,000 | 10 | 79 | 7.9 | 526.7667 |
| 3,00,001-5,00,000 | 10 | 49 | 4.9 | 200.1 |
| Above 5,00,000 | 10 | 26 | 2.6 | 62.04444 |

| Source of Variation | SS | df | MS | F | P-value | F crit |
|---------------------|--------|----|----------|---------|----------|----------|
| Between Groups | 143.4 | 3 | 47.8 | 0.19851 | 0.896717 | 2.866266 |
| Within Groups | 8668.6 | 36 | 240.7944 | | | |
| Total | 8812 | 39 | | | | |

The calculated value of **F** is 0.19851 which is lower than the table value of 2.866266 at 5% significance level with **d.f** being **v1=3, v2=36**.so there is a sufficient evidence to reject the null hypothesis.

HYPOTHESIS TESTING BASED ON EDUCATION

| Groups | Count | Sum | Average | Variance |
|---------------------|-------|-----|---------|----------|
| Up to Matriculation | 10 | 27 | 2.7 | 61.78889 |
| U.G | 10 | 72 | 7.2 | 404.6222 |
| P.G | 10 | 64 | 6.4 | 344.0444 |
| Professional | 10 | 37 | 3.7 | 136.9 |

| Source of Variation | SS | df | MS | F | P-value | F crit |
|---------------------|--------|----|----------|----------|----------|----------|
| Between Groups | 137.8 | 3 | 45.93333 | 0.193943 | 0.899836 | 2.866266 |
| Within Groups | 8526.2 | 36 | 236.8389 | | | |
| Total | 8664 | 39 | | | | |

The calculated value of **F** is 0.193943 which is lower than the table value of 2.866266 at 5% significance level with **d.f** being **v1=3, v2=36**.so there is a sufficient evidence to reject the null hypothesis.

3. **H_A**: There is a significant difference between age, gender with respect to investors' perceptions on policy related, company related and investor related attributes.

H₀: There is no significant difference between age, gender with respect to investor perceptions policy related, company related and investor related attributes.

TABLE NO. 14: PERCEPTION ON SELECTED ATTRIBUTES

| ATTRIBUTES | AWAS | |
|------------|-------|--------|
| | MALE | FEMALE |
| A | 4.164 | 4.155 |
| B | 4.369 | 4.433 |
| C | 4.196 | 4.226 |

Source: Primary Data, A: perception on policy related, B: company related C: investment related attributes

ANOVAS: SINGLE FACTOR

| Groups | Count | Sum | Average | Variance | | |
|---------------------|----------|--------|----------|----------|----------|----------|
| 31 | 3 | 12.306 | 4.102 | 0.003073 | | |
| 31-40 | 3 | 12.624 | 4.208 | 0.002943 | | |
| 41-50 | 3 | 12.966 | 4.322 | 0.016219 | | |
| 50ABOVE | 3 | 12.75 | 4.25 | 0.017004 | | |
| Source of Variation | SS | Df | MS | F | P-value | F crit |
| Between Groups | 0.076113 | 3 | 0.025371 | 2.586304 | 0.125662 | 4.066181 |
| Within Groups | 0.078478 | 8 | 0.00981 | | | |
| Total | 0.154591 | 11 | | | | |

The calculated value of **F** is 2.586304 which is lower than the table value of 4.066181 at 5% significance level with **d.f** being **v1=3, v2=8**. So there is a sufficient evidence to reject the null hypothesis.

TABLE NO. 15: PERCEPTION BASED ON AGE GROUP

| Age Group | AWAS |
|-----------|--------|
| Below 30 | 4.161 |
| 31-40 | 4.157 |
| 41-50 | 4.209 |
| Above 50 | 4.1523 |

The above table represents the average weighted average score of all the four age groups perception on policy related, company related and investor's related attributes

| Groups | Count | Sum | Average | Variance |
|--------|-------|-------|---------|----------|
| 4.161 | 2 | 8.145 | 4.0725 | 0.000925 |
| 4.157 | 2 | 8.467 | 4.2335 | 0.001984 |
| 4.209 | 2 | 8.757 | 4.3785 | 0.013284 |
| 4.152 | 2 | 8.598 | 4.299 | 0.019602 |

| Source of Variation | SS | Df | MS | F | P-value | F crit |
|---------------------|----------|----|----------|----------|----------|----------|
| Between Groups | 0.101247 | 3 | 0.033749 | 3.771326 | 0.116173 | 6.591382 |
| Within Groups | 0.035795 | 4 | 0.008949 | | | |
| Total | 0.137043 | 7 | | | | |

The calculated value of **F** is 3.771326 which is lower than the table value of 6.591382 at 5% significance level with **d.f** being **v1=3, v2=4**. So there is a sufficient evidence to reject the null hypothesis.

MAJOR FINDINGS

The findings of the research are presented here, based on the methodology outlined earlier.

- Out of total respondents LIC known to 198 respondents, SBI Life known to 154, ICICI Prudential known to 139, ING Vysya known to 125, Aviva known to 85, Met Life Insurance known to 120, Bajaj known to 147, Reliance known to 116, Bharti AXA known to 117, HDFC known to 141, MAX New York known to 109, Tata AIG known to 112 and Others companies known to 88 respondents.
- Majority of the respondents selected Endowment Insurance (92%), and Annuities (25%). And Majority of the respondents influenced by Brokers & Agents (166), Television (106), News Paper (General) (73) and the least influence factors will be Mail & others (24). So we can interpret that the Brokers & Agents playing the vital role and most influencing channels comparing to above mentioned other remaining channels.
- SBI Life, ICICI Prudential, ING Vysya, Aviva, Met Life Insurance, Bajaj, Reliance, LIC, Bharti AXA, HDFC, MAX New York, Tata AIG and Others i.e. out of 200 respondents 55, 47, 38, 30, 40, 43, 32, 166, 29, 44, 24, 36 and 39 are invested in SBI Life, ICICI Prudential, ING Vysya, Aviva, Met Life Insurance, Bajaj, Reliance, LIC, Bharti AXA, HDFC, MAX New York, Tata AIG and Others respectively in the above mentioned companies. It is clear that majority of the respondents invested in LIC where as in private sector companies like SBI, Met life, HDFC, Bajaj stand next to LIC.
- The average weighted average score of respondent's objectives for purchasing life insurance policies with the above mentioned variables (WAS) is 19.30, 6.01, 9.22, 9.16, 6.88, 6.78, 8.41 and 7.65 respectively and first rank goes to Risk Coverage and Social status ranked least. So at the outset we can interpret that risk coverage, fringe benefits and tax reductions are some of the main objectives of respondents.
- The WAS of respondents preference towards above mentioned variables the is 1.56, 4.17, 4.15, 2.79, 3.68, 3.21, 3.96, 3.47, 3.97, 4.14, 3.92, 4.24, 3.05, 2.01, 4.11, 4.03, 3.93, 2.54 and 3.82 respectively and first rank goes to Private insurer are not disclosing accurate policy related information and ROI in LIC is less than private insurance companies ranked least.
- While selecting a policy the following variables like Type of Insurance company, Ease of procedures, The mode of premium payment, Company image, Services quality, Length of its existence, Maturity benefit, Claims settlement, Company client relationship and Transparency and will be playing a vital role, and WAS 18.82, 18.39, 13.98, 19.24, 19.2, 18.18, 16.87, 19.85, 19.71 and 19.43 is respectively among which majority of the respondents prefer Claims settlement is the first and The mode of premium payment will prefer least.
- In Policy related attributes Settlement of Claims ranked first and Mode of premium Payment attributes ranked least. In Company related attributes Companies past performance in terms of risk and return ranked first and Company has a well developed research & infrastructure attributes ranked least. Investment related attributes Claims Settlement ranked first and Tax Benefits attributes ranked least.

CONCLUSION

Life insurance is not simply a business proposition. It is not just a question of mobilization of resources for development; it is a question of citizen's sense of security. It provides a link between the present and the future. It is a matter of the socioeconomic vision that a society has of its future. Ultimately it becomes the problem of mutuality of trust between the people and their government. In India, life insurance business existed even before nationalization. After nationalization, the Constitution set up the LIC of India. Due to the impact of globalization, privatization and liberalization policy in the present era, LIC has opened many branches inside and outside India. Insurance companies from other countries have also come to India. In recent years the growth rate of insurance business of private sector companies has been higher than that of LIC. The competition between the two will ultimately benefit the consumer. Insurer should practice the highest levels of transparency and corporate governance to increase customer confidence. Life insurance companies with their investment management expertise and their actuarial skills are best positioned to ride this turmoil. Pensions will be a critical growth area for the insurance industry.

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