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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:

<p>Example 1</p> <p>SUPPOSE</p> <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/- 	<p>Example 2</p> <p>SUPPOSE</p> <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/-
<p>UNDERLYING ASSUMPTION</p> <p>All 1000 house owners are exposed to a common risk, i.e. fire</p>	<p>UNDERLYING ASSUMPTION</p> <p>All 5000 persons are exposed to common risk, i.e. death.</p>
<p>PROCEDURE</p> <p>All owners contribute Rs. 300/- each as premium to the pool of funds</p> <p>↓</p> <p>Total value of the fund = Rs. 3,00,000 (i.e. 1000 houses * Rs. 300)</p> <p>↓</p> <p>5 houses get burnt during the year</p> <p>↓</p> <p>Insurance company pays Rs. 40,000/- out of the pool to all 5 house owners whose house got burnt</p>	<p>PROCEDURE</p> <p>Everybody contributes Rs. 1200/- each as premium to the pool of funds</p> <p>↓</p> <p>Total value of the fund = Rs. 60,00,000 (i.e. 5000 persons * Rs. 1,200)</p> <p>↓</p> <p>50 persons die in a year on an average</p> <p>↓</p> <p>Insurance company pays Rs. 1,00,000/- out of the pool to the family members of all 50 persons dying in a year</p>
<p>EFFECT OF INSURANCE</p> <p>Risk of 5 house owners is spread over 1000 house owners in the village, thus reducing the burden on any one of the owners.</p>	<p>EFFECT OF INSURANCE</p> <p>Risk of 50 persons is spread over 5000 people, thus reducing the burden on any one person.</p>

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,Uttar 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 5 Members	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
	Others	15	7.5
Annual Income	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-Service	WAS											AWAS	WAS of LIC	
	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. HA: the most dominant attributes influencing the purchase of life insurance policy are same among the different gender, age group, education, occupation and income groups

HO: 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. 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 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 $v_1=3$, $v_2=4$. 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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