



## INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE, ECONOMICS AND MANAGEMENT

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## CLIENTS SATISFACTION TOWARDS PRIVATE LIFE INSURANCE COMPANIES

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### ABSTRACT

*Life Insurance is the fastest growing sector in India since 2000 as Government allowed Private players and FDI up to 26%. Life Insurance in India was nationalized by incorporating Life Insurance Corporation (LIC) in 1956. All private life insurance companies at that time were taken over by LIC. The insurance sector went through a full circle of phases from being unregulated to completely regulate and then currently being partly deregulated. It is governed by a number of acts. The growth has opened an array of opportunities for global firms to either set-up their division in India or to enter into a joint venture with the Private Insurance Companies in India. In this article clients satisfaction towards private life insurance companies are discussed. Three objectives are framed for the analysis. The private life insurance company should have a clear vision and mission that should be known to all the stakeholders like employees, agents, customers and business associates. To achieve greater insurance penetration, private sector insurance company is to create a more vibrant and competitive industry, with greater efficiency, choice of products and value of customers.*

### KEYWORDS

Agents, Clients Satisfaction, Life Insurance, Private Sector.

### INTRODUCTION

In law and economics, insurance is a form of risk management primarily used to hedge against the risk of a contingent, uncertain loss. Insurance is defined as the equitable transfer of the risk of a loss, from one entity to another, in exchange for payment. An insurer is a company selling the insurance; an insured, or policyholder, is the person or entity buying the insurance policy. The insurance rate is a factor used to determine the amount to be charged for a certain amount of insurance coverage, called the premium. Risk management, the practice of appraising and controlling risk, has evolved as a discrete field of study and practice. The transaction involves the insured assuming a guaranteed and known relatively small loss in the form of payment to the insurer in exchange for the insurer's promise to compensate the insured in the case of a financial loss. The insured receives a contract, called the insurance policy, which details the conditions and circumstances under which the insured will be financially compensated.

In India, Insurance is a national matter, in which life and general insurance is yet a booming sector with huge possibilities for different global companies, as life insurance premiums account to 2.5% and general insurance premiums account to 0.65% of India's GDP. The Indian Insurance sector has gone through several phases and changes, especially after 1999, when the Govt. of India opened up the insurance sector for private companies to solicit insurance, allowing FDI up to 26%. Since then, the Insurance sector in India is considered as a flourishing market amongst global insurance companies. However, the largest life insurance company in India is still owned by the government.

### LIFE INSURANCE IN INDIA

Life Insurance is the fastest growing sector in India since 2000 as Government allowed Private players and FDI up to 26%. Life Insurance in India was nationalized by incorporating Life Insurance Corporation (LIC) in 1956. All private life insurance companies at that time were taken over by LIC. In 1993 the Government of Republic of India appointed RN Malhotra Committee to lay down a road map for privatization of the life insurance sector. While the committee submitted its report in 1994, it took another six years before the enabling legislation was passed in the year 2000, legislation amending the Insurance Act of 1938 and legislating the Insurance Regulatory and Development Authority Act of 2000.

### ACTS

The insurance sector went through a full circle of phases from being unregulated to completely regulated and then currently being partly deregulated. It is governed by a number of acts.

The Insurance Act of 1938 was the first legislation governing all forms of insurance to provide strict state control over insurance business.

Life insurance in India was completely nationalized on January 19, 1956, through the Life Insurance Corporation Act. All 245 insurance companies operating then in the country were merged into one entity, the Life Insurance Corporation of India.

The General Insurance Business Act of 1972 was enacted to nationalize the about 100 general insurance companies then and subsequently merging them into four companies. All the companies were amalgamated into National Insurance, New India Assurance, Oriental Insurance and United India Insurance, which were headquartered in each of the four metropolitan cities.

Until 1999, there were not any private insurance companies in India. The government then introduced the Insurance Regulatory and Development Authority Act in 1999, thereby de-regulating the insurance sector and allowing private companies. Furthermore, foreign investment was also allowed and capped at 26% holding in the Indian insurance companies.

In 2006, the Actuaries Act was passed by parliament to give the profession statutory status on par with Chartered Accountants, Notaries, Cost & Works Accountants, Advocates, Architects and Company Secretaries.

A minimum capital of US\$20 million (Rs.100 Crores) is required by legislation to set up an insurance business.

### PRIVATE LIFE INSURANCE

Insurance industry in India is one of the flourishing sectors, especially general and life insurance which accounts for 2.5% and 0.65% respectively of total India's GDP. The growth has opened an array of opportunities for global firms to either set-up their division in India or to enter into a joint venture with the Private Insurance Companies in India. The industry has witnessed many alterations especially post 1999 when the Indian government allowed the privatization of the

sector to promote insurance for attracting FDI up to 25%. Since then the Indian Insurance industry is regarded as a booming market amongst the international insurance firms. Although, the biggest insurance firm in India is still controlled and governed by the government.

## REVIEW OF LITERATURE

P. Muthulakshmi conducted a study on "Satisfaction of insured in Private Insurance Company Ltd.". The objectives were to examine the satisfaction of the insured, to study the performance of private insurance company and to offer suitable suggestions. She found not that, most of the respondents were of the view that, the advertisement about the policies of insurance is inadequate. Hence it was suggested that, the information regarding the insurance policies are to be advertised through notices, postures and banners. She found that the people in rural area are illiterates. The proposal forms and claim forms were printed only in English. Rural people could not read and understand it. So it was suggested that the insurance companies should print the forms in Tamil or both in English and Tamil.

Dr. N. Raman & Ms. C. Gayathri conducted a study on "A Study on Customers Satisfaction towards New Insurance Companies" and they concluded that life insurance is a contract for payment of a sum of money to the person assured on the happening of the event insured against. Usually the contract provides for the payment of premium periodically to the corporation by the assured. Life insurance is universally acknowledged to be an institution, which eliminated 'risk'. It certainly substitutes for uncertainty and comes to the timely aid of the family in the unfortunate event of death of the breadwinner. By and large, life insurance is civilizations partial solution to the problems caused by death.

## OBJECTIVES

- To study the awareness of clients about private life insurance companies
- To identify the motivating factors to invest in private life insurance companies
- To find out the client satisfaction towards services offered by private life insurance companies.

## METHODOLOGY

This study is mainly based on the Primary data. The well structured questionnaire issued to the respondents regarding the satisfaction of private life insurance. For this purpose, totally 100 respondents were selected for this study. The following tools were used to analyze the client satisfaction, Percentage analysis and Chi-square Test.

## STUDY RESULT

**TABLE: 1 AGE OF THE RESPONDENTS**

AGE	RESPONDENTS	PERCENTAGE
Below 30 years	21	21
31- 40	46	46
41- 50	29	29
More than 50	4	4
Total	100	100

It is seen from the above table that out of total respondents 46% are belong to 31-40 years, 29% respondents are belong to 41-50 years, 21% are belong to below 30 years and 4% are belong to more than 50 years. It is concluded that the majority of the respondents are belong to the age group of 31-40 years.

**TABLE: 2 MONTHLY INCOME**

INCOME	RESPONDENTS	PERCENTAGE
Below 10000	67	67
10000- 20000	21	21
Above 20000	12	12
Total	100	100

It is observed from the above table that out of the total respondents 67% have their monthly income below 10000, 21% of the respondents are have their income between 10000-20000 and 12% have their income above 20000. It is inferred that majority of the respondents monthly income level falls between below 10000.

**TABLE: 3 AWARENESS ABOUT PRIVATE INSURANCE COMPANIES**

PRIVATE INSURANCE	AWARE	NOT AWARE
Bajaj Allianz	66	34
ICICI Prudential	71	29
Reliance	33	67
SBI	37	63
Shriram Life Insurance	10	90
HDFC Standard	55	45

From the above table, 66% respondents are aware about Bajaj Allianz, 71% respondents are aware about ICICI Prudential, 33% respondents are aware about Reliance, 37% respondents are aware about SBI, 10% respondents are aware about Shriram Life Insurance and 55% respondents are aware about HDFC Standard. It is found that majority of the respondents are aware of ICICI.

**TABLE: 4 AWARENESS ABOUT POLICY DETAILS**

POLICY DETAILS	AWARE	NOT AWARE
Rate of Return	96	4
Maturity Value	98	2
Term of Policy	99	1
Additional Benefits	89	11
Surrender Benefits	60	40
Loan Facilities	83	17
Term of Payment	97	3
Amount of Premium	98	2

It is observed from the above table, 96% respondents are aware about Rate of Return, 98% respondents are aware about Maturity Value, 99% respondents are aware about Term of Policy, 89% respondents are aware about Additional Benefits, 60% respondents are aware about Surrender Benefits, 83% respondents are

aware about Loan Facilities, 97% respondents are aware about Term of Payment, 98% respondents are aware about Amount of Premium. It is concluded that majority of the respondents are aware about Term of Policy.

**TABLE: 5 PREFERENCE FOR PRIVATE LIFE INSURANCE COMPANY**

PRIVATE LIFE INSURANCE COMPANY	RESPONDENTS	PERCENTAGE
ICICI Prudential	32	32
Bajaj Allianz	30	30
SBI	12	12
HDFC Standard	8	8
Reliance	16	16
Shriram	6	6
Total	100	100

The above table reveals that, out of the total respondents 32% respondents are preferred ICICI Prudential, 30% respondents are preferred Bajaj Allianz, 16% respondents are preferred Reliance, 12% respondents are preferred SBI, 8% respondents are preferred HDFC Standard and 6% respondents are preferred Shriram. It may be observed that that majority of the respondents preferred ICICI Prudential Life Insurance.

**TABLE: 6 FACTORS MOTIVATED TO INVEST IN PRIVATE LIFE INSURANCE COMPANIES**

FACTORS MOTIVATED	RESPONDENTS	PERCENTAGE
Risk coverage	46	46
Compulsory Savings	8	8
Tax concession	22	22
Loan facilities	14	14
Investment avenue	10	10
Total	100	100

It is observed from the above table, 46% respondents are influence by Risk Coverage factor, 22% respondents are influence by Tax Concession, 14% respondents are influence by Loan Facilities, 10% respondents are influence by Investment Avenue and 8% respondents are influence by Compulsory Saving. It is concluded that majority of the respondents are influenced by Risk Coverage.

**TABLE: 7 VALUE OF POLICY**

VALUE OF POLICY	RESPONDENTS	PERCENTAGE
Below Rs. 100000	40	40
Rs. 100000 to 300000	20	20
Rs. 300000 to 500000	30	30
Above Rs. 500000	10	10
Total	100	100

It is seen from the above table, 40% respondents value of policy is below Rs.100000, 30% respondents value of policy is Rs.300000 to Rs.500000, 20% respondents value of policy is Rs. 100000 to Rs. 300000 and 10% respondents value of policy is above Rs.500000. it is concluded that majority of the respondents value of policy is below Rs.100000.

## CHI-SQUARE ANALYSIS

**HYPOTHESIS-1** Chi-square analysis on the relationship between Age of the respondents and Value of policy

**TABLE: 8**

AGE	VALUE OF POLICY				TOTAL
	Below Rs.100000	Rs.1 L to 3L	Rs.3L to 5L	Above 5L	
Below 30 years	12	4	3	2	21
31- 40	10	11	25	-	46
41- 50	16	5	2	6	29
More than 50	2	-	-	2	4
Total	40	20	30	10	100

Calculated Value = 39.9147

Table Value (at 5%) = 16.9

Degree of freedom = 7

The chi-square test was applied to find out whether there is a relationship between age group and value of policy or not. The calculated value of chi-square is 39.9147 and the table value at 5% level is 16.9. The calculated value is higher than the table value. Hence, the null hypothesis is rejected. There is relationship between age group and value of policy.

**HYPOTHESIS-2** Chi-square analysis on the relationship between Monthly Income of the respondents and Value of policy

**TABLE: 9**

MONTHLY INCOME	VALUE OF POLICY				TOTAL
	Below Rs.100000	Rs.1 L to 3L	Rs.3L to 5L	Above 5L	
Below 10000	25	15	17	10	67
10000- 20000	10	5	6	-	21
Above 20000	5	-	7	-	12
Total	40	20	30	10	100

Calculated Value = 11.8058

Table Value (at 5%) = 12.6

Degree of freedom = 6

The chi-square test was applied to find out whether there is a relationship between monthly income and value of policy or not. The calculated value of chi-square is 11.8058 and the table value at 5% level is 12.6. The calculated value is lesser than the table value. Hence, the null hypothesis is accepted. There is no relationship between monthly income and value of policy.

**HYPOTHESIS-3** Chi-square analysis on the relationship between Age of the respondents and Term of policy**TABLE: 10**

AGE	TERM OF POLICY				TOTAL
	LESS THAN 10 YEARS	10 TO 15 YEARS	15 TO 20 YEARS	ABOVE 20 YEARS	
Below 30 years	1	4	10	6	21
31- 40	1	15	27	3	46
41- 50	-	16	8	5	29
More than 50	3	-	-	1	4
Total	5	35	45	15	100

Calculated Value = 58.6105

Table Value (at 5%) = 16.9

Degree of freedom = 7

The chi-square test was applied to find out whether there is a relationship between age group and term of policy or not. The calculated value of chi-square is 58.6105 and the table value at 5% level is 16.9. The calculated value is higher than the table value. Hence, the null hypothesis is rejected. There is relationship between age group and term of policy.

**CONCLUSION**

As the market moves from an emerging to an emerged, a change in approach is necessary. There is very tough competition among the private insurance companies on the level of new trend of advertising to cover a major part of Customers. The entries of more private Players in the Insurance Sector have expanded the product segment to meet the different level of the requirement of the customers. It has brought about greater choice to the customers. The private life insurance company should have a clear vision and mission that should be known to all the stakeholders like employees, agents, customers and business associates. To achieve greater insurance penetration, private sector insurance company is to create a more vibrant and competitive industry, with greater efficiency, choice of products and value of customers. After overhauling the all situation that boosted a number of private Companies associated with multinational in the Insurance Sector to give befitting competition to the established private sector.

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