RESEARCH ARTICLE   **OPEN ACCESS**

A STUDY ON LIFE INSURANCE

Dr. E. Jogeshwar Rao,
Associate Professor,
Horizon Institute of Technology,
Hyderabad.

jogiplp@gmail.com

Abstract:

A system under which the insurer, for a consideration usually agreed upon in advance, promises to reimburse the insured or to render services to the insured in the event that certain accidental occurrences result in losses during a given period. It thus is a method of coping with risk. Its primary function is to substitute certainty for uncertainty as regards the economic cost of loss-producing events. Insurance relies heavily on the "law of large numbers." In large homogeneous populations it is possible to estimate the normal frequency of common events such as deaths and accidents. Losses can be predicted with reasonable accuracy, and this accuracy increases as the size of the group expands. From a theoretical standpoint, it is possible to eliminate all pure risk if an infinitely large group is selected. From the standpoint of the insurer, an insurable risk must meet the following requirements:

1. The objects to be insured must be numerous enough and homogeneous enough to allow a reasonably close calculation of the probable frequency and severity of losses.

2. The insured objects must not be subject to simultaneous destruction. For example, if all the buildings insured by one insurer are in an area subject to flood, and a flood occurs, the loss to the insurance underwriter may be catastrophic.

Keywords: Life Insurance, awareness

Introduction

"Insurance is a mechanism that ensures an individual to thrive on adverse consequences by compensating the individual, his/her loss financially".

The evaluation of insurance dates back as early as the commencement of international trade between two countries in England, especially between two European countries.

During the transportation of goods, there were chances of the ship being drowned in the rough sea conditions or attacked by the pirates, leading to huge loss to the party sending goods. The traders of England devised a way whereby the loss of the goods would be compensated by every trader putting in some amount as per their financial strength so that a single party may not be the loser; this is the earlier concept of insurance. This concept is taking shape for the last 300 years, yet in India the first insurance company was established in 1818 with the advent of European widows. The name of the company was oriental life insurance company.

Every individual in the world and all activities connected with him/her, be it life, profession, business, travel or any other pursuits are subject to unforeseen and uncalled for hazards or dangers. The benefit that an individual enjoys in his life by owning a car or a house or a factory

can be snatched by sudden accident which can render even the individual immobile, and his family vulnerable. At this critical juncture, only insurance helps him not only to survive but recover his loss and continue his life in a normal manner, which would otherwise be unthinkable. The concept of insurance is quite simple. People, who are in similar trade and are exposed to the same risks, congregate and some to an agreement that if any individual member suffers a loss, then the loss will be shared by others and minimized in order to enable the individual member recover from the loss and cover his ground. Similarly the different kinds of risks can be identified and separate groups can be formed to counter such risks and reduce to impact to manageable proportion, in which the share could be collected from the members either after the loss or in advance, at the time of admission to the group. This is an exemplary sign of humanity and insurance therefore serve the mankind to a great extent; a point most of the individual tend to overlook, since monetary aspect is involved. Now such is for tangible assets.

NEED OF THE STUDY

- Life insurance is chiefly a risk management tool, meant to offer financial protection to your dependents in the unfortunate event of your death.
- But in India, as the most other developing market, life insurance has come to present more than just risk cover.
- In India, the signs of initial success are already there despite the fact that it is a completely new phenomenon.

SCOPE OF THE STUDY

- The study also analyses the preferences regarding different life insurance policies.
- For this study 100 respondents of Hyderabad are chosen.
- Now days there are lot of private companies in market so it's important to know what motivates the customer to buy the policy.

OBJECTIVES OF THE STUDY

- ➢ To determine and analyze the Market Potential of the Life Insurance.
- ➢ To determine whether the customers are satisfied with the policies of their company.
- ➢ To know the customer awareness regarding the life insurance.
- ➢ To know the future plans of the people for buying the policies.
- ➢ Proper understanding and analysis of life insurance industry.
- ➢ Conduct market survey on a sample selected from the entire population and derived opinion on that research

RESEARCH METHODOLOGY

Research means a search for knowledge or gain some new knowledge and methodology can properly refer to the theoretical analysis of the methods appropriate to a field of study or to the body of methods and principles particular to a branch of knowledge.

Research Design: A research design is the arrangement of conditions for the collections and analysis of data in a manner that aims to combine relevance to research purpose with economy in procedure.

Research area: Hyderabad

Sample Size
The sample size of 100 served the purpose of the study.
Sample Method
The sampling method used is non-probability convenience sampling

Methods of data collection
Data collection
The word data means any raw information, which is either quantitative or qualitative in nature, which is of practical or theoretical use. The task of data collection begins after a research problem has been defined and research design chalked out. While deciding about the method of data collection, the researcher should keep in mind that there are two types of data primary and secondary.
Primary data
This is those, which are collected afresh and for the first Time, and thus happen to be original in character. There are many ways of data collection of primary data like observation method, interview method, through schedules, pantry Reports, distributors audit, consumer panel etc. The Team Managers and employees of both the Department were consulted to get information about procedure of both the online and off line share trading. But the method used by us for the primary data collection was through questionnaires.
Questionnaire method
For the collection of primary data I used questionnaire method. A formal list of questions, which are to be asked, is prepared in a questionnaire and questions are asked on those bases. There are some merits and demerits of this method.

LITERATURE REVIEW

Insurance is a mechanism that ensures an individual to thrive on adverse consequences by compensating the individual, his/her loss financially. Every individual in the world and all activities connected with him/her, be it life, profession, business, travel or any other pursuits are subject to unforeseen and uncalled for hazards or dangers. The benefit that an individual enjoys in his life by owning a car or a house or a factory can be snatched by sudden accident which can render even the individual immobile, and his family vulnerable. At this critical juncture, only insurance helps him not only to survive but recover his loss and continue his life in a normal manner, which would otherwise be unthinkable.
The concept of insurance is quite simple. People, who are in similar trade and are exposed to the same risks, congregate and some to an agreement that if any individual member suffer a loss, then the loss will be shared by others and minimized in order to enable the individual member recover from the loss and cover his ground. Similarly the different kinds of risks can be identified and separate groups can be formed to counter such risks and reduce to impact to manageable proportion, in which the share could be collected from the members either after the loss or in advance, at the time of admission to the group. This is an exemplary sign of humanity and insurance therefore serve the mankind to a great extent; a point most of the individual tend to overlook, since monetary aspect is involved. Now such is for tangible assets.
The concept of insurance has been extended beyond the coverage of tangible assets. Exporters run the risk of importers in other country defaulting as well as losses due to sudden fluctuations in the currency exchange rates, economic policies turmoil. The risk are not insured. Doctors run

the risk of being charged with negligence and can subsequently liable for damage. The amount in question can be fairly large, beyond the capacity of the individual to bear. These are insured. Thus insurance is extended to intangible assets. In some countries even the voice of a singer , legs of the footballer can be insured, even though the advantage of spread may not be available in these cases. Satisfaction of economics needs requires generation of income from some sources. If the property, which is the source of such income, were lost fully or partially, permanently, or temporarily, the income too would stop. The purpose of insurance is to safeguard against such misfortune few, through the help of the fortune many, who were exposed to the same risk, but saved from the misfortune. Thus the essence of insurance is to share losses substitute certainty by uncertainty.

The different types of human activities that come under the umbrella of insurance are as follows.

1. House/office/factory or any moveable object destroyed in life   - Fire insurance
2. Shipment or transportation of goods   - Marine insurance
by ship, destroyed in catastrophe
3. Jewellery /cash/ household goods   - Burglar insurance

Stolen or robbed

4. Goods in transit by roads or railways destroyed.   - Carrier insurance
5. Theft or accident of vehicles   - Vehicle insurance
6. Financial cover in ailment /surgery etc   - Health insurance

All these are non-life insurance. In conclusion one can safely say that the purpose of insurance be it or non-life is to transfer the financial loss to the insurance company who spreads in over to the policyholders.

Life insurance

Life insurance (Life Assurance in British English) is a type of insurance. As in all insurance, the insured transfers a risk to the insurer. The insured pays a premium and receives a policy in exchange. The risk assumed by the insurer is the risk of death of the insured.

DETAILS OF PRODUCTS

Life is unpredictable. But in face of adversity, our responsibilities towards our parents, children and loved ones need not be compromised. Insurance planning equips you to smooth out the uncertainties and adversities that life might send your way, so that the best that life has to offer, secure in the knowledge that your beloved ones are well provided for. BSLI offers a complete range of insurance products

1. Protection Plans
2. Savings Plans
3. Child Plans
4. Investment Plans
5. Retirement Plans
6. Group Plans
7. Rural Plans

Insurance Plans
Savings Plans
A unit-linked insurance plan
Life Time – unit –linked plans

DATA ANALYSIS

1. **What is the insurance plan do you have?**

Types of plan	No of respondent	Percentage
Life insurance plan	68	68%
Health insurance plan	10	10%
Retirement plan	22	22%
Total	100	100%

Interpretation:

In the survey of 100 people it was found that 68% have life insurance plan, 22% have retirement plan and 10% were having health insurance plan.

2. Are you satisfied with the plan you have?

People satisfied with plan	No of respondent	Percentage
Yes	72	72%
No	28	28%
Total	100	100%

Interpretation:

The objective of second question was to find out that how many people are satisfied with the plan. In the survey of hundred people it was found that 72% people are satisfied with the plan while 28% people are not satisfied with the plan.

3. Are you satisfied with the service provided by the company about new schemes and

plans?

Are people satisfied with service provided by company	No of respondent	Percentage
Yes	82	82%
No	18	18%
Total	100	100%

Interpretation: The objective of third question was to find out whether people are satisfied with the services provided by the company. In the survey it was found that 82% people are satisfied with the services provided by the company while 18% people are not satisfied with the services.

4. Please tick the factor that drives you for the purchase of the insurance.

Category	Respondents
Safety	35
Benefits	23
Comfort	22
Brand	20

Interpretation: Out of 100 people who participated in survey it is found 35 are giving more importance to safety, and 23 are giving for benefits, and 22 are giving for comfort, and 20 are giving for the brand. The majority of the customers are giving more importance to safety.

5. Do you plan to have a life insurance policy in near future?

Category	Respondents
Within 6 months	38
Within 1 year	21
After 1 year	28
Above 1 year	13

Interpretation

Out of 100 people who participated in survey it is found 38 customers are willing to take the policy within 6 months, 21 are willing within 1 year, and 28 are willing to take after 1 one year and 13 are willing to take above 1 year. So the majority of the customers are within 6 months.

6. Which of life insurance policy do you prefer for your family?

Category	Respondents
Traditional Plans	19
Money back Plans	34
Unit linked Plans	27
Market investment Plans	20

Interpretation:

Out of 100 people who participated in survey it is found 19 are showing interest for traditional plans, and 34 are interest for money back policy and 27 are interest for unit linked plans, 20 are interest for market investment plans. So majority of customers will go for the money back policy.

7. Which mode of payment do you find more suited to your convenience?

Category	Respondents
Quarterly	29
Half yearly	28
Yearly	24
Any other	19

Interpretation:

Out of 100 people who participated in survey it is found 29 are willing to pay the amount in quarterly and 28 are willing to their amount in half yearly and 24 are willing to pay their amount in yearly, and 19 are willing to pay their amount in other modes. So majority of the customer are willing to pay amount in quarterly.

8. Are you satisfied with the services and benefits of the insurance company in which you have policy?

Category	Respondents
Yes	74
No	26

Interpretation:
Out of 100 respondents who have the policy, 74 are satisfied with the company service.
Out of 100 respondents who having the policy, 26 are not satisfied with their services.

9. Do you suggest the insurance company in which you have policy to your friends?

Category	Respondents
Yes	71
No	29

Interpretation:
Out of 100 respondents who have the 74 are willing to suggest their friends.
Out of 100 respondents who have the policy 29 are not willing to suggest their friends.

10. which of the following media in your view is the best seated for the insurance industry?

Category	Respondents
News papers	33
T.V	26
Hoardings	23
Events	18

Interpretation: Out of 100 people who participated in survey it is found 33 are know about the insurance policies by news papers.26 are know by T.V. and 20 are know by hoardings and 10 are know by events.

11. People Interested in insurance Product on their age

Age	% Of Investors
10-20	9
20-30	17
30-40	33
40-50	21
50-60	20

Interpretation
This graph represents the perceptions of people towards insurance according to age factor. People between the age group of 30-40 are more interested to invest in insurance than people in the remaining age groups. People between age group of 40-60 are also interested but in less

number. People between age group between10-20 are not that much interested because they don't know the insurance.

11. Opinion of people interested on different type of product

Opinions Of Product	% Of Intersted
Ulip	43
Child Gain	10
Health Care	23
Group Plans	08
Pension Plans	16

Interpretation:

in this survey, I came to conclude that 43% of total investors made their investment in ULIP product based on the high returns from the mutual funds and, 23 % of investors made their investment in health care based on the safety their health and 10% of investors made their investment child gain based on the their child future and The remaining 24% of investors made their investment objective based up on the tax benefit they get through insurance.

Findings

➢ To be successful in marketing of insurance products, the entire business scenario has to be taken into account.

➢ During the study to be found that majority of people are aware of life insurance sector.

➢ During the survey it was observed that major source of information for consumer are television and newspaper and least preference are given to magazines, agents and friends.

➢ Attractive schemes and brand image are the most important factor that influences the buying behavior of the consumers.

➢ Majority of respondents will shift to any other insurance company.

➢ People are not satisfied with the opted insurance. It was found that the reason for the dissatisfaction of consumer is high premium, delay in claim settlement and poor after sale service.

➢ So to achieve a greater insurance penetration, insurance sector companies have to create a more vibrant and competitive industry, with greater efficiency, choice of products and value for customers.

Suggestions

1) Even though most of the policy holders are satisfied with policies, plans they have but some new attractive insurance plans should be introduce to bind them not to switch over to other companies insurance plans.

2) The company should find out the no. of people who are not having any of the insurance plans through an intensive market research and motivate them to get insured.

3) Leveraging technology to service customers quickly, efficiently and conveniently.

4) Developing and implementing superior risk management and investment strategies to offer sustainable and stable returns to our policyholders.

5) Company should target each and every class of the society

6) Company should provide full information to the customers before targeting so they can take interest.

Conclusion

The market potential for private insurance companies is found to be greater in the long run as most of the Indians are of the opinion that, private insurance companies would be able to perform well in the future. The private and foreign insurance companies have to take immediate steps in appointing more number of agents and/or advisors in addition to the employees as it has been found out that agents are the best channel to reach the general public regarding selling of insurance products. The private and foreign insurance companies have to concentrate on the factors like 'Prevention of Loss', 'Assured Returns' and 'Long term Investment'. They can also focus on an insurance amount of Rs. 1 – 2 lakhs with 'money back policies'. Hence, the market has potential. The private and foreign insurance companies that are taking immediate steps can tap it easily & rapidly.

Reference Books

- Inside The Insurance Industry :Kevin Glaser
- The Breakthrough Insurance Agency: How To Multiply Your Income, Time And Fun — By— Bart Baker
- Social Media Made Easy For Insurance Agents —By— Nadeem Damani And Angela Johnson
- How To Talk With Your Insurance Agent To Be Properly Insured (How To Become Properly Insured) (Volume 1) —By— Bart Baker

Journals

- Lect. D. Ramkumar (2003), "Relationship Marketing – The New Tantra for life insurance sector". Department Of Management Studies, N.M.S.S. Vallaichamy Nadir College, Nagamalai, Madurai – 625019
- Dr. Ch. Rajesham (2004), "changing scenario of India insurance sector", department of commerce & Business Management, University P G college, Kakatiya University Khammam, Andhra Pradesh
- J. Mehra (2005), "innovations in life insurance industry", the financial express, New Delhi