

A STUDY ON CONSUMER PERCEPTIONS OF LIFE INSURANCE IN THE NAVI MUMBAI AREA

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ABSTRACT

The study's main goal is to examine how insured people perceive or feel about the services offered by insurers. In the end, private life insurance companies entered the market, substantially decreasing LIC's market share. People perceive private life insurers are sharing wealth plans more or less than the term life insurance plans. Wherein the consumers are looking for tax exemption and safety too as their major concern for buying insurance plans. Growth of invested money is the perception which is pulling them towards the sector. Awareness of IRDA is a bit skeptical to few consumers. In a nutshell still people have the perception that LIC is the safest option when people think of buying a policy. Although nowadays insurance in health is gaining an upper edge but consumers perceive wealth creation through Insurance plans is important for them. According to the survey firm image is one of the most important factors that we prefer to consider before purchasing insurance. This is primarily due to as people anticipate safety and security in exchange for the amount they have invested.

Keywords: Insurance, Perception, Awareness, Market Share, Private Life Insurance.

Introduction

Insurance could be a mechanism for people whose low-income fatalities are paid for with money (premium payments) obtained from many. Insurance could provide protection against uncertain future events.

It is a situation where the losses experienced by a small number of agencies subject to identical risks were spread throughout several agencies. It serves as insurance against financial loss brought on by an unexpected event. In order to provide protection for the purpose, insurance companies collect premiums. People pay for losses using the premiums that are collected, and insurance companies hold the funds as trustees. Some businesses offer proposal forms that are packed with information on the insurance required. Insurance companies evaluate the risk and determine the premium based on the responses on the proposal form.

Risk bearers are insurance firms. In exchange for an associate degree payment, they both underwrite the possibility. The purpose of insurance is to protect, prevent loss, foster capital growth, etc. So, buying insurance may be regarded as an objective where the insured pays a sum of money as a premium in exchange for the insurer taking on the risk of having to cover an excessive amount. It is also described as a contract wherein one party (the insurer) agrees to pay the other party (the insured) or his beneficiary a specific sum of money in the event that the insurance is required for a specific contingency.

By selling insurance products to a big number of customers, the insurance industry generates enormous amounts of revenue. Moreover, insurers create liabilities and commit to covering losses suffered by policyholders in the future. It is also very important for the process of capital generation.

History of Insurance Trade in India

Throughout the past century, there have been significant changes to the Indian insurance industry. This commerce in India illustrates a drastic change. Three sixty degree flip suggests that it began in India as a huge market of competition before going through nationalization and returning to being a liberal market.

With no restrictions on foreign participation, the insurance market in India began as a wholly private system in the nineteenth century. Before Britain gained its freedom, a few British insurance companies controlled the market. A firm known as the Oriental Life Assurance Company was first established in India in 1818. Then was the City Assurance Company in 1823 and the Madras Equitable Life Insurance Society in 1829. All of those businesses had operations in India but did not provide life insurance for Indians. The lives of European nationals existing in India were being insured by them there. A few of the later-established enterprises did offer insurance to Native Americans. But because they were viewed as "substandard," they had to pay 200th higher premiums.

The first general non depository financial institution, Triton non depository financial institution Ltd., was incorporated in 1850. It absolutely was closely-held and operated through UK Nationals. The primary general non depository financial institution was the Indian Mercantile non depository financial institution that originated in the city in 1907. Post-independence, the trade visited the opposite extreme. It became a state-owned monopoly. The trade started to witness flaws in operating. Various laws were placed in order to cut back the issues and manage the issues within the trade. Insurance business was nationalized in 1972. Solely in 1999 personal insurance firms were allowed into the business of insurance with a majority of twenty sixth of foreign holdings.

The insurance sector, each life and non life, is probably going to grow by over two hundred p.c, and personal - insurer's square measure is expected to attain a rate of a hundred and forty p.c as a result of aggression shown in promoting technique. It is in addition to its state closely-held insurance firm's square measure seemingly to be 40 p.c.

The potential share In the market of state-owned insurance companies like GIC, LIC, and others has decreased and is decreased by 70% over the previous 4-5 years from above 97% due to aggressive marketing strategies used by the personal insurance businesses. Notwithstanding regulations, private insurers only offer a 20 percent return rate to policyholders whereas personal insurers offer a 35 percent return rate.

Because there are so many prospects for expansion in the services sector, there are also many great opportunities for growth in the rural market for insurance companies.

General Insurance

Apart from a few portfolios like motor insurance, home insurance & engineering insurance, general insurance in India is expecting growth. These portfolios continue to be held below interest rates, which mean that the premium depends on a strictly predetermined rate structure. In India, GDS as a current value/cost ratio increased from 26.1% in 2002-03 to 28.1% in the financial year 2003-04.

The reason primarily for lack of demand for General Insurance is that most individuals view it as a necessary expense rather than required for a reason and important for a purpose.

However, it should be mentioned that in the process of gradually growing cash resources, the overall insurance business has stable profitability and relatively economical dividends. Commerce is recognized as one of the most important monetary institutions in the country. Some of the individual players in this industry are – ICICI – Lombard, Reliance, Royal-Sundaram, Chholamandalam, etc.



Figure1: Insurance Companies in the Life Insurance Sector (source: www.paisakaudi.com)

Objectives of the Study

- To understand the perception from consumers point of view for the business and its products.
- To research consumer awareness of insurance products.
- To analyze the many Investing choices which are widely selected by the people?
- Learn the key factors that individuals consider when purchasing a life insurance policy.
- To determine whether or not gender prejudice affects the purchase of life insurance.

Literature Review

Ganeshan (2017) stated that six factors – personalized and timely service, better corporate identity, effectual service quality, customers comfort, substantial benefits and positive customer relationships – have a significant impact on consumers on perceptions of life insurance policies that have a positive impact. These factors were identified by descriptive statistical methods and factorial analysis.

Banana (2018) have notified the changing efficacy circumstances of the claims procedure in the evolving sector of insurance script. With the use of secondary and primary data, this study explores the expansion and overall growth of LIC in India.

Fuino (2020) says that guests choose when making life policy investment decisions. Data were gathered for this study from both the sources inclusive of secondary' and primary'. It focuses mostly on the virudhunagar quarter's life insurance programme considerations.

Tati (2008) has stated Customers choose life insurance policies that concentrate on investment options, tax savings, threat content, and brand character, according to Tati RK et al's descriptive study from 2018. The data were analyzed using the Chi-square test.

Holyoake (2002) stated the market is likely going to undergo significant change by next several years, mostly because of regulations, according to a recent report by a key player. Also, premium expansion is being fuelled by distinct causes like the rising shopper segment, augmented foreign direct investment, infrastructure development, associate degreed an augmented knowledge of disaster vulnerability. Despite significant improvements, the insurance industry should continue to contend with negative remarks which are obviously expected in the insurance market that influences the country's development.

The introduction of an excessive number of national and multinational private firms has so far resulted in a wider assortment of goods and services for Indian consumers. The number of potential insurance customers has increased as more people are becoming aware of the benefits and significance of insurance instruments.

Jawaharlal (2011) stated In light of this environment, the Indian insurance industry has witnessed sustained expansion with the opening in 2000. The following 3 years, the market in India of insurance's probably going to picture its method of saturation accelerating. By the medium term, restrictive changes in the four sectors of insurance, distribution, market actors, and goods may lead to changes in the Indian insurance industry.

Keerth (2009) The stats below come from a recent Moody's - ICRA international Insurance research. The private Sector has been consistently expanding market percentage despite the very reality that public sector firms are there for a great deal longer. The public sector businesses are limited by their traditions and inability to innovate, whereas the private insurers have greater operational flexibility.

Luthans (2005) stated that there has been a consistent and continuous decline in the market share of public sector companies in insurance as they have been lacking in marketing techniques which have been overall adopted well by private life insurance companies.

Ghosh (2011) The personal sector share of third party motor business was a lot lower within the past than that for public companies because the former failed to pursue this market thanks to its negative underwriting margins. But by the formation of the common third party fleet, the case has been modified. The losses associated with this phase currently which does get shared among all the players, feat very little incentive to avoid this phase.

Rejda (2009) states that currently, the contribution of engineering and fire to total business in the private and public sectors is roughly equal. The retail markets for motor and health have become the primary emphasis in terms of the total business because they are expected to grow in a rational manner.

Selvakumar (2012) stated that the operational flexibility offered by the private participants is not available to the public agencies. Its confined capability to commence has condensed their ability to customize and sharply worth merchandise for huge corporations. The individuals who are opposed to this have concentrated on account-level profit for major corporations and have increased their share value by cross – subsidizing tariffed goods.

Ahmed (2013) stated the method-oriented approach and constrained operational flexibility of the public insurers have also hindered them in conjugating claims. As a disproportionate amount of their claims relate to the third party motor phase, which is decided by the Motor Accident Claim court, they haven't been able to speed up claim settlements through out-of-court agreements. The outcome is a drawn-out process.

Gurung (2011) Private players have developed cutting-edge infrastructure and don't seem to be constrained by their charters or bequest systems. They made significant technology investments at the outset, which aided in the creation of effective knowledge management methods. This trait makes successively quick and efficient decision-making for claim settlement and value, two factors crucial to the construction of franchises. On the other hand Vijayakumar (2004) the personal players, particularly throughout their initial years, have by selection targeted the lot of profitable lines of the general public sector corporations for growth. They like the experiences of the general public sector in addition to their international joint-venture partners. They need to draw talent from public sector corporations.

Nguyen (2018) stated that the personal sector has been able to maintain very better standards for client services, separating themselves from the public sector insurers thanks to a mix of superior technology and selective underwriting. Due to the small amount of third party motor business that needs to be underwrite, the personal sector has also performed well in terms of claim resolution. Settlement of such issues frequently takes a long period. Challenges with transitions, such as going from paper to paperless systems. They are weighed down by legal systems and fragmented databases, and they haven't hundred percent utilized their prior claim experience, which may provide them with a solid valuation. Turn the dial to "de-tariffed"

Research Methodology

The research methods for solving the problem are included in methodology, which is a systematic approach to problem solving.

- Descriptive research is the type of study that is being conducted.
- Using both primary and secondary data as a data source
- Interviews and surveys are two ways to gather data.
- Questionnaires are a data collection technique.
- Sampling the universe - Navi Mumbai
- 100 people were used as the sample size.

Sample Design

The study covers target consumers for financial products for a variety of respondents from diverse locations (Navi Mumbai) Data from the respondents were gathered for this survey.

Sample Size

The sample size that was undertaken for the study was 100nos after careful view and preview to understand the perceptions' of the customers.

Sampling Method

Convenient random sample was used as the sampling method for the survey, and solely the city of Erode was the focus of the investigation. The poll was carried out by visiting several locations, including respondent homes, corporate offices, and colleges. Analysis and Interpretation

Market Participants	Market share of Participants
Private players	37
LIC	63.1
Total	100

Table 1: Market share of Insurance organizations

Interpretation:

The market share of LIC decreased further, reaching 63.1%. The market share of private companies, on the other hand, is steadily increasing and has grown in terms of insurance premiums.

Market Share of Private Players - On The Basis Of Premium Collected

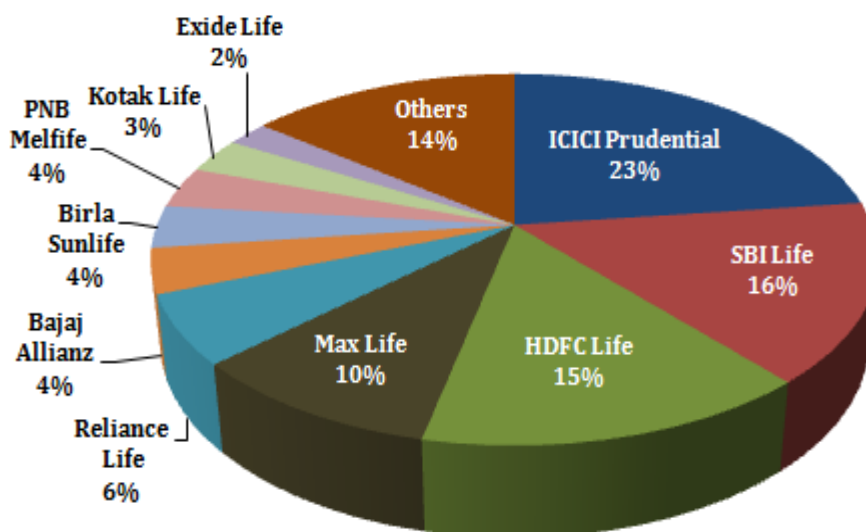


Figure 2: Market Share - Private players (source: <https://www.sanasecurities.com/best-stocks-in-the-insurance-sector-india/>)

By expanding its market share, ICICI Prudential consolidated its leading position in the group, followed by SBI Life with a market share of 16%. ICICI Prudential SBI Life and HDFC Life represent approximately 50% of the overall insurance market share among private players.

Investment Alternatives	Total score	Rank
Bank Deposits	6.75	I
Insurance	6.46	II
Post office	5.57	III
Gold & Silver	5.33	IV
Real Estate	5.07	V
Mutual fund	4.83	VI
Equity/Shares	3.84	VII
Public Provident Fund(PPF)	3.78	VIII
Bond & Debentures	1.74	IX

Table 2: Various Investment Alternatives Available To Consumers

The ranking of these investment choices is visible at the top of the table wherever the weighted average method is used to analyze them. From this analysis, we find that bank various deposits in deposits are the most popular investment choice amongst the people with an average of 6.75, followed by insurance with an average of 6.46, then alternative invest-ment options such as post (5.57) and gold and silver (5).33), land (5.07), variable capital investment companies (4.83), stocks (3.84), PPFs (3.78) and bonds and bonds with an average of 6 .84. (1, 74) . From this analysis, we deduced that people choose secure investment options like bank savings, insurance, and real estate to hazardous investment options like bonds, shares, etc. the explanation that may be assigned for the feeling of individuals

Segmenting the responders according to some crucial criteria

Let's now concentrate on the respondent who was included in this study. According to several crucial factors including age, annual income, ownership of life insurance policies, and knowledge of ICICI Prudential Life Insurance, these respondents can be divided into the following categories.

Age Group	No of Respondent	Percentage
Below 30 Yrs	50	50
31-40 Yrs	32	32
41-50 Yrs	16	16
51-60	2	2
Above 60 Yrs	0	0
Total	100	100

Table 3: Age Group

Annual Income Level	No of Respondent	Percentage
Below 3 Lakh	33	33
3.0-4.5 Lakh	60	60
4.5-.6.5-5 Lakh	4	4
Above 6.5 Lakh	3	3
Total	100	100

Table 4: Annual Income Level

Hold life insurance policy	No of Respondent	Percentage
Yes	76	76
No	24	24
Total	100	100

Table 5: Hold Life Insurance Policy

Important criteria before taking a life insurance

Let's look at the factors that people do take into consideration most important before buying life insurance (the search criteria was mentioned earlier). Here, the most important criterion is scored 5, the only important criterion is scored 4, the only criterion of neutral importance is scored 3, the least important criterion is scored 2 and the unimportant criterion is scored 1. (Because there are 8 research-based standards). Only 76 participants responded to the survey because the 26 people without life insurance were not counted.

Rating	No of Respondent	Percentage
5	39	51.4
4	31	40.8
3	3	3.9
2	3	3.9
1	-	
Total Insurance holders	76	100
Total non-users	24	
Total	100	

Table 6: Criteria before taking a life insurance

What is the purpose of investing in Life Insurance?

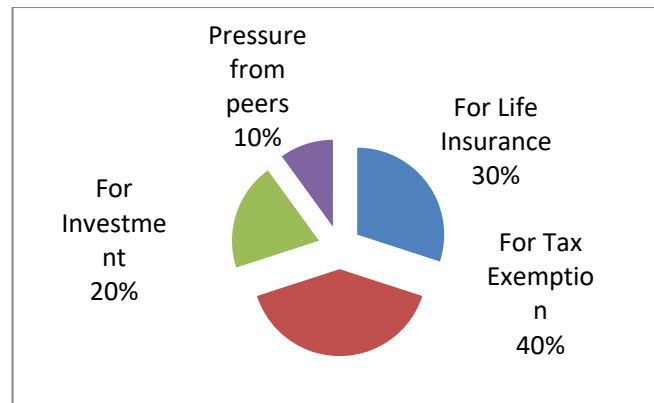


Figure 3: Purpose of Investing in Insurance

Are you about the growth of money in Life Insurance?

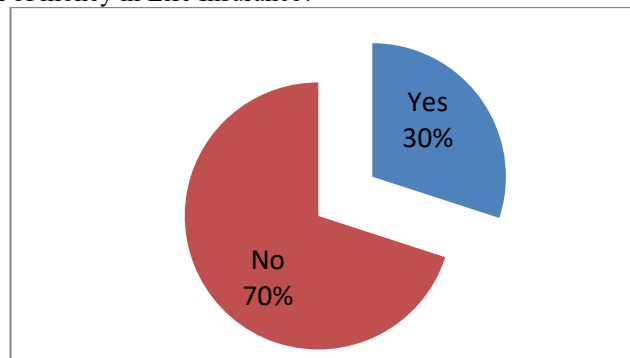


Figure 4: Growth of Money in Life Insurance

Are you aware of IRDA?

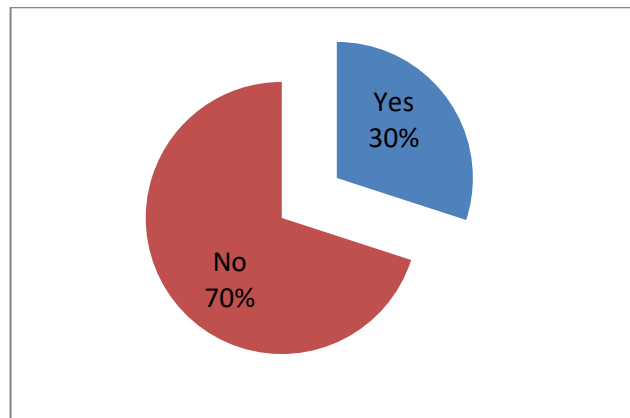


Figure 5: Awareness about IRDA

Findings

- a) Bank deposits are the most popular investment choice for individuals, the next most important by options are insurance, real estate, gold and silver, and mutual funds.
- b) It was analyzed that 33 respondents under private life insurance companies and 61 respondents under LIC were willing to purchase insurance again.
- c) Of the 76 policyholders, 63 had LIC policies, while only 11 respondents had private life insurance policies.
- d) The most popular topics among policyholders are life protection, such as claim benefits, followed by cash improvement schemes.
- e) It turns out that only about 5% of respondents save regularly, with investments making up the bulk of their savings.
- g) According to the survey, growth of money, security was the most important criteria accepted by all respondents regarding investment choices, followed by tax advantages, liquidity and capital growth.
- .f) As per research, corporate effigy should be the most major criteria they tend to undertake before taking out insurance, this may be primarily due to the individual's expectations of safety and security for the company.

Money he invests, followed by the issue of premium we tend to pay for the insurance company, so Bonuses and interest paid by companies, services, etc.

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