A STUDY ON POLICY HOLDERS' LEVEL OF AWARENESS ABOUT SELECTED PRIVATE LIFE INSURANCE COMPANIES IN ERODE DISTRICT

T.N.Seenivasan[1], Dr.R.Mohanraj[2]

[1]*Ph.D Research Scholar in Management, Research and Development Centre, Bharathiar University, Coimbatore*
[2]*Assistant Professor and Head, Department of Business Administration, Government Arts College (Autonomous), Kumbakonam*

Email: [1]tnseenivasan@gmail.com, [2]rajmba_ams2012@yahoo.com

Abstract—*Insurance is a social device in which a group of individuals (insureds) transfer risk to another party(insurer) in order to combine loss experience, which permits statistical prediction of losses and provides for payment of losses from funds contributed (premiums) by all member who transfer risk. The objective of the study is to examine the policy holders' level of awareness about selected private life insurance companies in Erode district. It is descriptive because more qualitative variables of the policyholders' reasons for having life insurance policy in selected private life insurance companies at Erode District. The tool used for collecting primary data is Questionnaire. The research was conducted at selected private life insurance companies such as ICICI Prudential Life Insurance Company Limited, HDFC Standard Life Insurance Company Limited, TATA AIA Life Insurance Company Limited, and Reliance Nippon Life Insurance Company Limited in Erode District which is located at Tamil Nadu, India. The sample size of the study is 378. The percentage analysis, and chi-square test are used to analysis of the data.*

Key words—*Awareness, Contingent Contract, Financial Literacy, Life Insurance Companies, Marketing.*

INTRODUCTION

The term "insurance" can be defined in both financial and legal terms. The financial definition focuses on an arrangement that redistributes the cost of unexpected losses. That is, the collection of a small premium payment from all exposed and distributed to those suffering losses. The legal definition focuses on a contractual arrangement whereby one party agrees to compensate another party from losses. The financial definition provides from the funding of the losses whereas the legal definition provides from the legally enforceable contract that spells out the legal rights, duties and obligations of all the parties to the contract. Let us have a look at these definitions.

In financial sense

Insurance is a social device in which a group of individuals (insureds) transfer risk to another party(insurer) in order to combine loss experience, which permits statistical prediction of losses and provides for payment of losses from funds contributed (premiums) by all member who transfer risk.

In legal sense

A contract of insurance is a contract by which one party in consideration of the price paid to him proportionate to the risk provides security to the other party that he shall not suffer loss, damage or prejudice by the happening of certain specified events. Insurance is meant to protect the insured against uncertain events which may cause disadvantage to him. Life insurance however is a distinctive type of insurance where there is certainty of the payment of a specified amount either on the death of the insurance or on the maturity of the policy whichever is earlier.

REVIEW OF LITERATURE

Abdul Latif Alhassan et al (2017) investigated the factors that influence life insurance consumption in 31 African

countries from 1996 to 2010. By employing both ordinary least squares and instrumental variables regressions, this study finds that demographic factors better explain life insurance consumption compared to financial factors. While we find income, inflation, dependency ratio and life expectancy lead to decline in life insurance consumption, financial development, health expenditure and institutional quality are found to positively impact on life insurance consumption in Africa.

Chaonan Lin et al (2017) investigated the effects of financial literacy, financial advisors, and information sources on life insurance participation. They found that people with high financial literacy are more likely to purchase life insurance and that consultations with financial advisors and conversations with family members and friends are both positively associated with the demand for life insurance. Participant characteristics, such as age, gender, marital status, working status, and personal income, are also major factors affecting the demand for life insurance.

Luca Anzilli et al (2017) proposed a model for the pricing of the minimum guarantee option embedded in equity-linked life insurance policies under uncertainty of randomness and fuzziness. The future lifetime of the insured is modelled as a random variable and the asset price evolution is described using a fuzzy binomial-tree model. In order to deal with both randomness and fuzziness, we model the present value of liabilities as a fuzzy random variable.

NEED FOR THE STUDY

Marketing assumes a key part inside the life insurance business and it is utilized to expand deals, manage commercial center positions for significant organizations and for littler organizations to construct and develop their business. The utilization of marketing can be as expansive as a national TV battle to develop and support a noteworthy insurance agency and as limited as business cards and fliers utilized by a neighbourhood protection specialist. Notwithstanding size, marketing strategies and procedures are created by all in the business to target prospects and policyholders to cover their life insurance requirements forever scope. Numerous private life coverage organizations are having quick development in every aspect of Erode area. Thusly, numerous private insurance companies, and their partners have discovered numerous roads for offering and giving after sales services to satisfy the necessities and prerequisites of the life insurance policyholders. Therefore, the researcher has decided to investigate policy holders' level of awareness about selected private life insurance companies in Erode district.

OBJECTIVES OF THE STUDY

To investigate policy holders' level of awareness about selected private life insurance companies in Erode district.

RESEARCH METODOLOGY

It is descriptive because more qualitative variables of the policyholders' level of awareness about selected private life insurance companies in Erode district. The tool used for collecting primary data is Questionnaire. The research was conducted at selected private life insurance companies such as ICICI Prudential Life Insurance Company Limited, HDFC Standard Life Insurance Company Limited, TATA AIA Life Insurance Company Limited, and Reliance Nippon Life Insurance Company Limited in Erode District which is located at Tamil Nadu, India. The sample size of the study is 378. The percentage analysis, and chi-square test are used to analysis of the data.

DATA ANALYSIS AND INTERPRETATION

TABLE 1: LEVEL OF AWARENESS ABOUT LIFE INSURANCE COMPANIES

Level of awareness		Life Insurance Company				Total	Chi Square	P
		ICICI Prudential	HDFC Standard	TATA AIA	Reliance Nippon			
Very high	N	13	4	6	0	23	56.964	0.000
	%	3.4%	1.1%	1.6%	0.0%	6.1%		
High	N	47	26	20	2	95		
	%	12.4%	6.9%	5.3%	0.5%	25.1%		
Medium	N	28	7	13	8	56		
	%	7.4%	1.9%	3.4%	2.1%	14.8%		
Low	N	48	52	28	43	171		
	%	12.7%	13.8%	7.4%	11.4%	45.2%		
Very Low	N	5	9	14	5	33		
	%	1.3%	2.4%	3.7%	1.3%	8.7%		

Total	N	141	98	81	58	378		
	%	37.3%	25.9%	21.4%	15.3%	100.0%		

Source: Primary data

Table 1 shows that in ICICI Prudential life, 3.4% of the respondents have very high level of awareness about life insurance companies, 12.4% of them have high level of awareness, 7.4% of them have medium level of awareness, 12.7% of them have low level of awareness and remaining 1.3% of them have very low level of awareness about life insurance companies.

In HDFC Standard life, 1.1% of the respondents have very high level of awareness about life insurance companies, 6.9% of them have high level of awareness, 1.9% of them have medium level of awareness, 13.8% of them have low level of awareness and remaining 2.4% of them have very low level of awareness about life insurance companies.

In TATA AIA life, 1.6% of the respondents have high level of awareness about life insurance companies, 5.3% of them have high level of awareness, 3.4% of them have medium level of awareness, 7.4% of them have low level of awareness and remaining 3.7% of them have very low level of awareness about life insurance companies.

In Reliance Nippon life, 0.5% of the respondents have high level of awareness about life insurance companies, 2.1% of them have medium level of awareness, 11.4% of them have low level of awareness and remaining 1.3% of them have very low level of awareness about life insurance companies.

With a view to examine the association between the policyholders of select life insurers and level of awareness about life insurance companies, the following hypothesis has been framed and tested.

Hypothesis:

H_0: There is no significant association between the policyholders of select life insurers and level of awareness about life insurance companies.

H_1: There is a significant association between the policyholders of select life insurers and level of awareness about life insurance companies.

It is noted from Table 4.11 that the p-value (0.000) is less than the usual threshold value of 0.05 and hence the null hypothesis is rejected. From the analysis, it is concluded that there is a highly significant association between the policyholders of select life insurers and level of awareness about life insurance companies.

CONCLUSION

The competitive climate in the life insurance market has changed over the last few years due to regulations of IRDA and the expectations of the policyholders are also changing. Insurance companies are targeting upon the policyholders by giving them returns with the mission to make them delighted and satisfied. The life insurance companies must take care to ensure that every policyholder is totally satisfied and as a result its customer base has grown significantly. While designing the marketing strategy, life the insurance companies have to consider the marketing strategies, promotional methods and policy innovations of competitors. They have to frame the strategies in two aspects i.e., to win over the hearts of the policyholders and to tackle the competition. This is possible only through agents and employees in life insurance companies. A lot is to be done by the life insurance companies to maximize the satisfaction of the policyholders and improve the quality of service.

BIBLIOGRAPHY

[1] Abdul Latif Alhassan, Nicholas Biekpe (2016). Determinants of life insurance consumption in Africa. Research in International Business and Finance. 37, PP.17-27,

[2] Chaonan Lin, Yu-Jen Hsiao, Cheng-Yung Yeh (2017). Financial literacy, financial advisors, and information sources on demand for life insurance. Pacific-Basin Finance Journal. 43, PP.218-237.

[3] Luca Anzilli, Gisella Facchinetti, Tommaso Pirotti (2017). Pricing of minimum guarantees in life insurance contracts with fuzzy volatility. Information Sciences. https://doi.org/10.1016/j.ins.2017.10.001.

*****