

## MEASURING POLICY HOLDERS' REASONS FOR HAVING LIFE INSURANCE POLICY IN SELECTED PRIVATE LIFE INSURANCE COMPANIES AT ERODE DISTRICT

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**Abstract**—Life Insurance, usually referred to as life assurance insures the insured against the happening of certain event that is death through the time when it may happen is uncertain. The objective of the study is to investigate the policy holders' reasons for having life insurance policy in selected private life insurance companies at 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. A good customer relationship management is very essential to compete in the competitive environment. The life insurance companies have to reorient themselves in terms of customer service and the service quality measures have to be improved. 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.

**Key words**—Customer Relationship Management, Life Insurance, Life Insurance Policy, Policy Holders, Strategies.

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### INTRODUCTION

Life Insurance, usually referred to as life assurance insures the insured against the happening of certain event that is death through the time when it may happen is uncertain. The life insurance contract can be described as 'contingent contract' because the loss of life cannot be compensated and only a specified sum of money is paid if the insured dies. In addition to this, life insurance is considered a better way of making investment along with the benefits of protection against the risks of death. Life insurance is a service concerned about even-handed exchange of the danger of a potential misfortune starting with one element then onto the next in return for a premium.

### REVIEW OF LITERATURE

Danilo Cavapozzi et al (2013) used life history data from a host of European countries to investigate the role of life insurance investment in shaping individuals' attitudes towards participation in stocks and mutual funds. We show that individuals who purchased a life insurance policy are more likely to invest in stocks and mutual funds later. On the one hand, these findings support the notion that life insurance policies play an educational role in financial investment. On the other hand, they are also consistent with behavioural models where economic agents are first concerned with avoiding unacceptable adverse scenarios by purchasing low risk investments, such as life insurance policies, and then invest in riskier assets, such as stocks and mutual funds, to obtain higher economic returns.

Timothy Harris et al (2014) examined asymmetric information in the life insurance market using data that link life

insurance holdings with death records for a representative sample of purchasers. They found that no compelling evidence for adverse selection in a broad age cohort.

Constantin Valentina-Daniela et al (2015) determined the prospects’ attitude towards the two main types of life insurances, the level of information they have on these services, their purchase intention, the importance given to these services, and the degree of trust in them.

**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 study the policy holders’ reason for having life insurance policy in selected private life insurance companies at Erode District.

**OBJECTIVES OF THE STUDY**

To measure policy holders’ reasons for having life insurance policy in selected private life insurance companies at Erode District.

**RESEARCH METODOLOGY**

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.

**DATA ANALYSIS AND INTERPRETATION**

**TABLE 1: REASONS FOR HAVING LIFE INSURANCE POLICY**

Reasons for having life insurance policy		Life Insurance Company				Total	Chi square	P
		ICICI Prudential	HDFC Standard	TATA AIA	Reliance Nippon			
Future savings	N	11	11	14	4	40	33.611	0.001
	%	2.9%	2.9%	3.7%	1.1%	10.6%		
Risk Coverage	N	34	14	21	3	72		
	%	9.0%	3.7%	5.6%	0.8%	19.0%		
Children’s future	N	19	9	11	4	43		
	%	5.0%	2.4%	2.9%	1.1%	11.4%		
Tax benefits	N	59	49	20	38	166		
	%	15.6%	13.0%	5.3%	10.1%	43.9%		
Others	N	18	15	15	9	57		
	%	4.8%	4.0%	4.0%	2.4%	15.1%		
Total	N	141	98	81	58	378		
	%	37.3%	25.9%	21.4%	15.3%	100.0%		

Source: Primary data

Table 1 exhibits that in ICICI Prudential Life, 2.9% of the respondents’ reason for having life insurance is future savings, 9% of them having life insurance is risk coverage, 5% of them having life insurance is children’s future, 15.6% of them having life insurance is tax benefits, and 4.8% of them having life insurance is other reasons.

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In HDFC Standard Life, 2.9% of the respondents' reason for having life insurance is future savings, 3.7% of them having life insurance is risk coverage, 2.4% of them having life insurance is children's future, 13% of them having life insurance is tax benefits, and 4% of them having life insurance is other reasons.

In TATA AIA Life, 3.7% of the respondents' reason for having life insurance is future savings, 5.6% of them having life insurance is risk coverage, 2.9% of them having life insurance is children's future, 5.3% of them having life insurance is tax benefits, and 4% of them having life insurance is other reasons.

In Reliance Nippon, 1.1% of the respondents' reason for having life insurance is future savings, 0.8% of them having life insurance is risk coverage, 1.1% of them having life insurance is children's future, 10.1% of them having life insurance is tax benefits, and 2.4% of them having life insurance is other reasons.

With a view to examine the association between the policyholders of select life insurers and the reasons for having life insurance policy, the following hypothesis has been framed and tested.

**Hypothesis:**

H<sub>0</sub>: There is no significant association between the policyholders of select life insurers and the reasons for having life insurance policy.

H<sub>1</sub>: There is a significant association between the policyholders of select life insurers and the reasons for having life insurance policy.

It is noted from Table 1 that the p-value (0.001) is less than the usual threshold value of 0.05 and hence the null hypothesis is rejected. It is concluded that there is a significant association between the policyholders of select life insurers and the reasons for having life insurance policy.

**CONCLUSION**

A good customer relationship management is very essential to compete in the competitive environment. The life insurance companies have to reorient themselves in terms of customer service and the service quality measures have to be improved. 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.

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