A STUDY ON FACTORS INFLUENCING FOR PRIVATE INSURANCE COMPANIES WITH SPECIAL REFERENCE TO HDFC STANDARD LIFE INSURANCE COMPANY LTD

M. Dhanasekaran, Part time Ph.D, Research Scholar, Department of Commerce, Vinayaka Missions University, Salem

ABSTRACT

Indian Insurance sector has changed rapidly ever since the market opened five years ago. The entry of Private Life Insurance with long experience of selling to discerning customers around the world has brought about new, modern products and service. This has resulted in a shaper growth in the Life Insurance market, which still has huge un-tapped potential. These new breed of private Life Insurance Companies taking away the market share from LIC, a monopoly of yesteryears. In early days Life Insurance policies are considered as an instrument, which gives life cover only. But today, Life Insurance policies with the caption of market-linked plans are considered as a savings instrument with life cover. This study provides detailed report on the factors influencing in selecting an Insurance product with special reference to HDFC Standard Life Insurance Company Limited. This research will help the company to identify the factors influencing in private insurance products. This research has been done in Coimbatore with special reference to HDFC Standard Life Insurance Company Limited by selecting a sample of 200 people. It focuses on ascertaining the process of selecting an Insurance product by customer. “The objective of this project is to study on the decision process in selecting an Insurance product.” The research design used in this project is “Descriptive”. Questionnaire method was used to collect the requisite data. The statistical tools used for analyzing the data are simple percentage, weighted average and Chi-square test. The agents play a very significant role in the factors influencing an insurance product. People desire to have specific insurance products. The detailed findings and recommendations are given in the final pages of this report.

Key words: Private insurance, Factors, policy holders etc.,

1.1INTRODUCTION

Insurance is the backbone of a country’s risk management system. Man is exposed to risks and uncertainties. For instance, the time of the death of a person is not certain, and in the case of his premature death, a man’s dependents may find themselves deprived of all means of existence. Every prudent man will carefully consider how best he can prevent such risk or minimize or provide against its effects. It is difficult for an
individual to survive unless the arrangement for covering the risk is possible. This arrangement is made possible by insurance.

**Indian Insurance**

The Insurance sector plays a vital role in the economic development of our nation. It acts as a mobiliser of savings, financial intermediary, promoter of investment activities, stabilizer of financial markets and a risk manager. India is still an under-insured country in the world. It is at the 18th position among Life Insurance markets and 28th in the Non-Life Insurance markets in the world. This indicates that there is a huge potential, yet to be explored.

In the global era, Insurance companies are increasingly willing to spend more on the customer satisfaction and brand building exercises. Though it is one of the highly regulated industries, it still provides lot of scope for creativity and innovations. In order to achieve the competitive edge over others standardize the process and bring about quality improvement and get feed back from the customers regarding the quality of services needed.

**Life Insurance**

Insurance steps in to transfer such risk and dangers to the shoulders of the person who are willing to accept the burden for monetary considerations. Insurance is a device by which the loss likely to be caused by an uncertain event is spread over a number of persons who are exposed to it and who propose to insure themselves against such an event. The essence of insurance is elimination of risk and the substitution of certainty for uncertainty, insurance is thus a cooperative way of spreading risk.

The economic growth and development of any country depends to a large extent on the mobilization and utilization of national savings. In this perspective, insurance sector as a channel promotes financial stability and acts as a lubricant that moves the wheels of the economy and enables the citizens enjoy the better quality of life.

As these days, there are a number of companies both private and public who are providing the service of insurance, so it becomes essential for a firm to distinguish their brand from its competitors and also make people aware about their presence. Advertisement is one such tool by which any firm can achieve the above objectives. Advertisement in the recent years has gained popularity in order to make people aware about the emerging products and services.

**STATEMENT OF THE PROBLEM**

The study has been carried out to find out the factors influence in the selection process of an insurance product. This may help the company to develop their market strategy. The Life Insurance industry has been a dynamic one ever since the gates were thrown open to the private players. A lot has happened in terms of product innovation, product training, customer focus and the like.

This study gives information about the market contacts, motivational factors, which may help the company. The study also provides the company information about customer decision process in selecting an insurance product. This may serve as
fundamental information for the company to understand the customer’s requirements and to deliver their needs in an effective manner. Based on the results of the study, the company can initiate further development and collection of information to fine tune the policy formulation in respect of its business. In insurance field, marketing the insurance product is the vital role of the company. Marketing of insurance product is based on the decision process of customer in selecting insurance product. It is most essential and key factor for the success of the organization. There are so many decision factors involved in this decision process. Analysis of these decision process given the clear view of customer requirements. This will be very useful to setting the marketing strategy effectively.

**OBJECTIVES OF THE STUDY**

- To study the customer expectation services from private insurance products with special reference HDFC Standard Life Insurance Company
- To find out the benefits of insurance product of the respondents
- To find out the relationship between income level and savings in investment in insurance products
- To find out the opinion from respondents in investments in private life insurance products

**METHODOLOGY**

The primary objective of the study is to analyze the factors influencing in private insurance companies to select insurance products in Coimbatore city. For this purpose, the study had to depend on the primary data for its analysis. The data collection techniques used in the research is Questionnaire method. However, to substantiate the views in course of the analysis and to provide the review, the secondary data were also collected and used. These data and information were collected from different sources like newspapers, magazines, journals, books, websites, pamphlets, etc., for which the researcher has approached various institutions. The interview schedule is prepared for customers and in such a way that they are very simple and understandable so as to enable the respondents to express their views freely and frankly. The present study is empirical and field survey method and also personal interview technique were adopted. A Sample is a subgroup or subset of the population. By convenience sampling method is used to this study. 200 respondents has selected to this study. The Private insurance policy holders are scattered in different areas. Which come under Coimbatore north, Coimbatore south, R.S. Puram areas, in and around coimbatore. Majority of the respondents to took policies in Life Insurance Corporation (LIC). Even though the researcher has taken to many steps to find out the private insurance policy holders. The sample for the study is purposively has selected private insurance policy holders. The primary data has been collected from the potential respondents from different areas and has been properly sorted, classified, edited, tabulated in a proper format and analyzed by deploying appropriate statistical tools. The researcher has used excel spreadsheet for
recording and calculating about 100 samples. Descriptive Analysis, Weighted average score techniques and Garrett's Ranking Techniques statistical tools are used.

LIMITATIONS OF THE STUDY

- The sample size has been restricted to 200 sample respondents due to time constraints and financial consideration.
- The study is limited only to Coimbatore city and hence the results are not being applicable for other than Coimbatore city.
- The sample of 200 hundred respondents where interviewed by convenient sampling. Because of the non availability the entire list of sampling unit of this study area.
- Despite all these limitations, it has been ensured that the quality of the report has not deteriorated at any circumstances.

Data analysis and interpretation

<table>
<thead>
<tr>
<th>FACTORS</th>
<th>RANK</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>TOTAL</th>
<th>WAVG</th>
<th>RANKS</th>
</tr>
</thead>
<tbody>
<tr>
<td>AGENT</td>
<td></td>
<td>120</td>
<td>20</td>
<td>14</td>
<td>20</td>
<td>26</td>
<td>200</td>
<td>24.8</td>
<td>5</td>
</tr>
<tr>
<td>FRIENDS</td>
<td></td>
<td>18</td>
<td>38</td>
<td>45</td>
<td>28</td>
<td>71</td>
<td>200</td>
<td>37.33</td>
<td>3</td>
</tr>
<tr>
<td>FAMILY</td>
<td></td>
<td>28</td>
<td>40</td>
<td>38</td>
<td>70</td>
<td>24</td>
<td>200</td>
<td>42.19</td>
<td>2</td>
</tr>
<tr>
<td>PRODUCT</td>
<td></td>
<td>26</td>
<td>76</td>
<td>34</td>
<td>56</td>
<td>8</td>
<td>200</td>
<td>37.13</td>
<td>4</td>
</tr>
<tr>
<td>COMPANY REPUTATION</td>
<td></td>
<td>8</td>
<td>20</td>
<td>68</td>
<td>36</td>
<td>68</td>
<td>200</td>
<td>48.40</td>
<td>1</td>
</tr>
</tbody>
</table>

Calculation for weighted average value with ranks as weight for main factors that influences the decision of respondents is company reputation.
\[ \bar{X} = \frac{\sum W_i X_i}{\sum W_i} \]

Where \( X_i \) = factor
\( W_i \) = weight (Rank)

\[ = \frac{120 \times 1 + 20 \times 2 + 14 \times 3 + 20 \times 2 + 26 \times 5}{15} \]
\[ = \frac{214}{15} \]
\[ = 14.27 \text{ (Least Value)} \]

The above table shows the ranking of the factor that influences the in selecting an insurance products. Company reputation influences the most of the respondent to opt for insurance product followed by product itself, family, friends and agent. So company reputation is an important factor that influences in selecting insurance products.

**TABLE -02**

The Ranks of the Factors influences the activities of agents of Respondents

<table>
<thead>
<tr>
<th>ACTIVITIES OF AGENT</th>
<th>RANK</th>
<th>TOTAL</th>
<th>W-AVG</th>
<th>RANK</th>
</tr>
</thead>
<tbody>
<tr>
<td>BEHAVIOR</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>200</td>
</tr>
<tr>
<td></td>
<td>79</td>
<td>95</td>
<td>26</td>
<td>200</td>
</tr>
<tr>
<td>EXPLANATION</td>
<td>116</td>
<td>69</td>
<td>15</td>
<td>200</td>
</tr>
<tr>
<td>FOLLOW UP</td>
<td>5</td>
<td>36</td>
<td>159</td>
<td>200</td>
</tr>
</tbody>
</table>

The weighted average for the data given in the above table has been calculated with the same procedure described in previous analysis. The average is found to be 37.33.

The above table shows the ranks of the traits of the agent in decision process. Detailed explanation about the insurance products (Explanation) is the most important trait chosen by the respondents followed by behavior of the agent and follow up services. So explanation is the most important trait that influences the decision process in selecting an insurance product.
The above table shows the ranking of the agent follow up activities in influences the insurance products. Respondents like to have regular contact and communication with them after avail insurance products from the agents followed by new attractive plans, incentives/bonus. So regular communication is a most important an agent trait that influences the decision process in selecting an insurance product.
Table No-03  Benefits of the policy holder

<table>
<thead>
<tr>
<th>BENEFITS</th>
<th>SCALE</th>
<th>W-AVG</th>
<th>RANK</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>MOTIVATE</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>NEUTRAL</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>NOT MOTIVATED</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FLEXIBILITY</td>
<td>76</td>
<td>65</td>
<td>9</td>
</tr>
<tr>
<td>PREMIUM AMOUNT</td>
<td>86</td>
<td>61</td>
<td>3</td>
</tr>
<tr>
<td>MATURITY PERIOD</td>
<td>82</td>
<td>59</td>
<td>9</td>
</tr>
<tr>
<td>GROWTH IN INVESTMENT</td>
<td>118</td>
<td>30</td>
<td>2</td>
</tr>
</tbody>
</table>

Source: Primary data

The above table shows the benefits of insurance product that influence the insurance product. Growth of investment offered by the company is the first choice of the respondents followed by premium, maturity period flexibility. So growth of the investment is the important beneficial factor that influences the insurance product. To identify the factors those are important for decision making process of respondents in selecting the insurance product. Data were consolidated and the following table has been made.
Table No-04

THE RANKS OF THE PRIVATE INSURANCE COMPANIES

<table>
<thead>
<tr>
<th>COMPANIES</th>
<th>RANK</th>
<th>TOTAL</th>
<th>W-AVG</th>
<th>RANK</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>HDFC</td>
<td>12</td>
<td>144</td>
<td>21</td>
<td>8</td>
</tr>
<tr>
<td>ICICI</td>
<td>167</td>
<td>12</td>
<td>6</td>
<td>9</td>
</tr>
<tr>
<td>AVIVA</td>
<td>4</td>
<td>15</td>
<td>61</td>
<td>45</td>
</tr>
<tr>
<td>BAJAJ ALLIANCE</td>
<td>6</td>
<td>36</td>
<td>53</td>
<td>69</td>
</tr>
<tr>
<td>RELIANCE</td>
<td>7</td>
<td>89</td>
<td>24</td>
<td>21</td>
</tr>
</tbody>
</table>

The average is found to be 23.47 for HDFC Standard life insurance Limited. The above table gives the ranks given for various insurance companies by respondents that are operating in Coimbatore city. ICICI Prudential is the first choice of the most of the respondents followed by HDFC Standard life insurance Limited, Bajaj Allianz Life Insurance Company Ltd, Reliance, Aviva Life Insurance Company. So ICICI is the first preferred Private insurance company that influences in selecting an insurance product. This Phenomenon emerged because insurance business was thrown open to private sector a couple of years ago. However, the reason past HDFC Standard life insurance Limited is emerging as the second best in the insurance sector. To identify the factors those are important for decision making process of respondents in selecting the insurance company. Data were consolidated and the following table has been made.
The above table shows the ranks given by the respondents on their judgments about the reputation of the insurance companies. Government owned insurance company (LIC) is the first choice for most of the respondents followed by privately owned, the period of existing, customer relationship and advertisements. So Government owned insurance company is the first choice by respondents to avail insurance products.

**SUGGESTIONS**

1. The influence of Agent on the people to take insurance products is playing a significant role. Agents are expected to play a positive role in after sales of insurance products.
2. The Company should evolve strategies in marketing their insurance products. In View of them Agent’s coverage and explanation on insurance to influences the decision process.
3. Agents are to be trained in communication skills and theory of insurance effectively, keeping the target group’s traits on focus.
4. Keeping in view a desirability of insurance as saving product. Investment decision should be high growth oriented to target of with long term policies and quarterly premium dues. The target group is the middle income and low income.
5. The frequency of advertisements can be increased in the 6pm – 9pm as this time is the prime time and seem to attract the most gross rating points (GRP).
6. A rational appeal is the form of advertising preferred by most of the respondents and the advertisement has to convey the concept of home insurance very clearly.

7. A thought could be given to place advertisements in the Deccan Herald newspaper, radio city and Udhya channel as these have attracted largest responses.

8. Most of the respondents feel that only the house structure needs to be insured and the contents inside the home need not be insured. Their perception could be changed by advertising the need for insuring the contents in a more focused way.

9. Some of the customers feel that sales person as a nuisance as they come without prior appointment this also needs to be looked into.

CONCLUSION
The aim of the study is to analyze the factors influencing in selecting insurance product with special reference to HDFC standard life insurance company limited, as expectations of the customers regarding the service provided by the company. Based on the data analysis it is transparent that the customers decision process can different from private insurance company Vs public insurance company due to the more expectations. As HDFC standard life insurance company limited, it has a positive attitude towards buildings a competitive position by diversifying its service to each and every customer because; the management believes that serving the customers: is the retention of the customers. To conclude, the decision process is found to be the most important factor which helps in the growth of an future benefit , the decision making process are satisfied with the service provided by HDFC standard life insurance company limited Coimbatore, so the company is able withstand in its position as a market leader and serving as India’s No -2 Private insurance company field in recent days and also it hold s new strategy to implement the new schemes and services to arrive as a successful company in long time

REFERENCE

Website: [http://www.HDFC.com/](http://www.HDFC.com/)

[http://www.irdaindia.org/](http://www.irdaindia.org/)