



A case study of consumers knowledge on adithya birla sun life insurance company

E Jagan Nayak¹, Vimal Sukumar²

¹ Research Scholar, Department of Business Management, Osmania University, Hyderabad, Telangana, India

² Professor, Wesley PG College, Osmania University, Hyderabad, Telangana, India

Abstract

In Indian context, post independence there is low or rare focus is there on insurance among the general public. After the economic reforms (1991) Indian insurance sector noticed a remarkable boom which highly influencing the growth of economy of the nation. Insurance mainly aimed to guard the economic value of the assets. The growth of insurance market attracted many national and international private insurance companies which developed a healthy competition over the industry. The study reveals that there are certain factors in the view of the consumer perception which clearly defines, the knowledge of the consumer is at most important in building a good market for the products of insurance companies. This study also reveals the comparative analysis of select life insurance companies by examining the knowledge of the consumers towards the select insurance companies.

Keywords: insurance, consumer knowledge, life insurance, consumer perception

Introduction

India's insurance sector has 57 insurance companies, 24 of which are in the life insurance market, while 33 are non-life insurance companies. Life Insurance Corporation (LIC) is the only public sector organization among the life insurers. The non-life insurance category has six public sector insurers. In addition, there is a single national reinsurer, the General Insurance Corporation of India (GIC Re). Other players in the Indian Insurance sector include insurers, brokers, surveyors and third-party administrators serving health insurance claims (individual and corporate).

The insurance arrangement is a law-enforceable agreement between two or more parties known as the Insured and the Insurer. The insurer acknowledges that the insured compensation against loss results from the occurrence of an incident. Insurer, the insurance firm, used to put together individuals who are vulnerable to similar risks.

Need and Importance of the Study

In its sales of insurance products, the Indian insurance industry is experiencing a boom. In expanding their business in India, many national and foreign insurance players have a vital role to play. As India is a country with many differences, the expectations of customers and their information need to be perfectly analyzed. This helps to create personalized insurance plans to fulfil the requirements of all kinds of customers in the nation.

Objectives of the Study

- To know the impact of demographic profile of customers on select life insurance companies.
- To study the importance of customer knowledge in select life insurance companies.
- To understand the relationship between customer knowledge and selection of insurance product.

Research Methodology

The study for the present paper is from both primary and

secondary sources of data.

Primary Data is collected from selected customers of select life insurance companies.

Secondary Data is collected from various articles published in different journals, magazines, news papers, reports and websites.

Review of Literature

Rao, S (2000) suggested that India's insurance is at a developing stage and believed that the insurance industry has a vast prospect of expanding. He also noted that the growth rate is still sluggish, even though the insurance sector has enormous potential for expansion in rural areas. Only through the introduction of effective marketing strategies will growth in rural areas be made possible.

Anabil Bhattacharya (2001) in his research explored the survival tactics of current customers. In this article, he recommends that strategic planning is very important for management in all branches. The study highlights the technique of personal selling marketing and stresses that personal selling is excellent because it is not only cost-effective, but perhaps the most operational.

Krishnamurthy, S. (2005) examined insurance demand at an affordable price among citizens. Important improvements in the sales process, marketing tactics and products offered to consumers are seen with private firms joining insurance following liberalization. The research also found that the price of products is very significant in attracting and retaining customers.

Patil (2012) conducted a study on customer satisfaction with LIC (Life Insurance Corporation of India). He indicated that the first and foremost step in achieving customer loyalty is customer satisfaction, which can help to improve retention and loyalty.

Balaji (2015) in his study clarified that India's insurance sector witnessed a full cycle from competitive market to nationalization and vice versa. The results showed that the competition between HDFC and ICICI was healthy and showed that the companies pursued old databases to gain

consumer interest by offering the innermost atmosphere of financial goods.

Overview of Indian Insurance Market at Present Times

With many changes in the regulatory system, the future looks bright for the life insurance sector, which would lead to more changes in the way the industry performs its business and engages with its clients.

By the end of 2020, the overall insurance market is expected to hit US\$ 280 billion. For the next three to five years, the country's life insurance industry is forecast to grow by 14-

15 percent annually.

The scope of IoT in the Indian insurance sector continues to go beyond the evaluation of hybrid technology and customer risk. In India, there are currently 110+ insurance technology start-ups operating.

Demographic Profile of the Customers of the Select Life Insurance Companies

Age of the respondents

The table below contains the information about the ages of the customers of the selected insurance firms.

Table 1: Insurance Company Name and Respondents Age (in years)

Insurance Company Name	Below 30	31-40	41-50	51-60	Above 60	Total
HDFC Life Insurance	30 (7.5%)	44 (11.0%)	74 (18.5%)	19 (4.8%)	33 (8.2%)	200 (50.0%)
Aditya Birla Sun Life Insurance	13 (3.2%)	57 (14.2%)	75 (18.8%)	35 (8.8%)	20 (5.0%)	200 (50.0%)
Total	43 (10.8%)	101 (25.2%)	149 (37.2%)	54 (13.5%)	53 (13.2%)	400 (100.0%)

Source: primary data

It is found from the findings in the table above that the majority of customers are in the age group of 41-50 years, i.e. 18.5 percent in HDFCLI, followed by 11 percent in the age group of 31-40, 8.2 percent above 60 years, 7.5 percent below 30 years and at least 4.8 percent in the age group of 51-60. It is also noted that 18.8% of customers are in ABSLI in the age group of 41-50 years, followed by 14.2% in the

age group of 31-40 years, 8.8% in 51-60 years, 5% above 60 years, and at least 3.2% below 30 years.

Insurance Company Name and Respondents Gender

The table below contains about the information of customer responses to their gender of the select life insurance companies.

Table 2: Insurance Company Name and Respondents Gender

Insurance Company Name	Male	Female	Total
HDFC Life Insurance	93 (23.2%)	107 (26.8%)	200 (50.0%)
Aditya Birla Sun Life Insurance	74 (18.5%)	126 (31.5%)	200 (50.0%)
Total	167 (41.8%)	233 (58.2%)	400 (100.0%)

Source: primary data

It is noticed from the information of above table 26.8% of respondents are female customers followed by 23.2% of males in HDFCLI and 31.5% of customers are females followed by 18.5% in ABSLI. The findings in the table above indicate that 26.8% of respondents are female customers followed by 23.2% of males in HDFCLI.

Insurance Company Name and Respondents Education

The results of the study participants' results with regard to their educational qualifications are summarized in the table below:

Table 3: Insurance Company Name and Respondents Education

Insurance Company Name	SSC or below	Intermediate	Graduate	PG and above	Total
HDFC Life Insurance	13 (3.2%)	40 (10.0%)	85 (21.2%)	62 (15.5%)	200 (50.0%)
Aditya Birla Sun Life Insurance	26 (6.5%)	72 (18.0%)	74 (18.5%)	28 (7.0%)	200 (50.0%)
Total	39 (9.8%)	112 (28.0%)	159 (39.8%)	90 (22.5%)	400 (100.0%)

Source: primary data

From the results in the table above, it is noted that the educational credentials of the majority of HDFCLI's clients are graduates with 21.2 percent, followed by PG and above with 15.5 percent, 10 percent with Intermediate and 3.2 percent with or below SSC. On the other hand, it is shown that ABSLI's clients' educational qualifications are graduates with 18.5 percent followed by 18 percent

intermediate, 7 percent PG and above and 6.5 percent with or below SSC.

Insurance Company Name and Respondents Occupation

The table below explains the specifics of the customers of the selected insurance firms in relation to their profession.

Table 4: Insurance Company Name and Respondents Occupation

Insurance Company Name	Government Service	Private Service	Business	Housewife	Retired	Total
HDFC Life Insurance	27 (6.8%)	104 (26.0%)	30 (7.5%)	25 (6.2%)	14 (3.5%)	200 (50.0%)
Aditya Birla Sun Life Insurance	56 (14.0%)	94 (23.5%)	37 (9.2%)	13 (3.2%)	0 (0.0%)	200 (50.0%)
Total	83 (20.8%)	198 (49.5%)	67 (16.8%)	38 (9.5%)	14 (3.5%)	400 (100.0%)

Source: primary data

From the results in the above table, it is noted that with 26 percent, the majority of clients in HDFCLI are in private

service, followed by 7.5 percent in industry, 6.8 percent in government service, 6.2 percent are housewives, and 3.5

percent are retired individuals.

It is also noted in ABSLI that 23.5 percent of customers are in private service, 14 percent are in government service, 9.2 percent are in industry and 3.2 percent are housewives.

Insurance Company Name and Respondents Marital Status: The results of the selected insurance companies' customers with regard to their marital status are shown in the table below

Table 5: Insurance Company Name and Respondents Marital Status

Insurance Company Name	Married	Single	Divorced	Total
HDFC Life Insurance	158 (39.5%)	27 (6.8%)	15 (3.8%)	200 (50.0%)
Aditya Birla Sun Life Insurance	148 (37.0%)	40 (10.0%)	12 (3.0%)	200 (50.0%)
Total	306 (76.5%)	67 (16.8%)	27 (6.8%)	400 (100.0%)

Source: primary data

From the findings in the table above, it is shown that 39.5 percent of respondents are married clients, followed by 6.8 percent being single and 3.8 percent divorced in HDFCLI, and 37 percent of clients are married at ABSLI, followed by 10 percent being single and 3 percent being divorced.

Insurance Company Name and Respondents Monthly Income

The table below shows the monthly income of the customers involved in the study.

Table 6: Insurance Company Name and Respondents Monthly Income

Insurance Company Name	Less than 15,000	15,001 – 25,000	25,001 – 40,000	40,001 – 50,000	Above 50,000	Total
HDFC Life Insurance	30 (7.5%)	35 (8.8%)	80 (20.0%)	36 (9.0%)	19 (4.8%)	200 (50.0%)
Aditya Birla Sun Life Insurance	27 (6.8%)	47 (11.8%)	86 (21.5%)	40 (10.0%)	0 (0.0%)	200 (50.0%)
Total	57 (14.2%)	82 (20.5%)	166 (41.5%)	76 (19.0%)	19 (4.8%)	400 (100.0%)

Source: primary data

From the findings in the table above, it is noted that 20 percent of the monthly income ranges of the consumer in the Rs. 25,001 to Rs.40, 000 category followed by 9 percent in Rs.40,001 - Rs. 50,000 with respect to HDFCLI, 8.8 percent between 15,001-25,000, 7.5 percent being less than Rs. 15,000 and with at least 4.8 percent above Rs. 50,000. And at ABSLI, 21.5 percent of the monthly income of the consumer ranges from 25,001 to 40,000, followed by 11.8

percent in the 15,001 to 25,000 range, 10 percent from 40,001 to 50,000 and at least 6.8 percent below 15,000,000.

Insurance Company Name and Respondents Association with the Insurance Company

The results of the findings with regard to their affiliation with life insurance firms are summarized in the following table:

Table 7: Insurance Company Name and Respondents Association with the Insurance Company

Insurance Company Name	Less than 1 year	1- 3 years	3-5 years	5-7 years	Above 7 years	Total
HDFC Life Insurance	20 (5.0%)	37 (9.2%)	95 (23.8%)	40 (10.0%)	8 (2.0%)	200 (50.0%)
Aditya Birla Sun Life Insurance	17 (4.2%)	9 (2.2%)	61 (15.2%)	83 (20.8%)	30 (7.5%)	200 (50.0%)
Total	37 (9.2%)	46 (11.5%)	156 (39.0%)	123 (30.8%)	38 (9.5%)	400 (100.0%)

Source: primary data

From the information shown in above table it is noted that most clients with 23.8 percent are affiliated with the company from 3-5 years at HDFCLI, followed by 10 percent from 5-7 years, 9.2 percent from 1-3 years, 5 percent less than 1 year and at least 2 percent more than 7 years at HDFCLI. Whereas 20.8 percent of customers at ABSLI are connected to the company from 5-7 years, followed by 15.2 percent from 3-5 years, 7.5 percent over 7

years, 4.2 percent less than one year and 2.2 percent is from 1-3 years.

Insurance Company Name and Knowledge or understanding about the insurance policies

Customer responses about their knowledge or interpretation of insurance policies are presented in the following table:

Table 8: Insurance Company Name and Knowledge or understanding about the insurance policies

Insurance Company Name	Strongly Disagree	Disagree	Uncertain	Agree	Strongly Agree	Total
HDFC Life Insurance	9 (2.2%)	19 (4.8%)	8 (2.0%)	79 (19.8%)	85 (21.2%)	200 (50.0%)
Aditya Birla Sun Life Insurance	11 (2.8%)	15 (3.8%)	13 (3.2%)	72 (18.0%)	89 (22.2%)	200 (50.0%)
Total	20 (5.0%)	34 (8.5%)	21 (5.2%)	151 (37.8%)	174 (43.5%)	400 (100.0%)

Source: primary data

It is found from the results in the table above that the majority of customers at HDFCLI with 21.2 percent reported that they strongly agreed to understand the insurance plans followed with 19.8 percent agreeing, 4.8 percent disagree, 2.2 percent strongly disagree and 2 percent unsure. And it is seen at ABSLI that 22.2 percent of

customers said they strongly agreed to understand the insurance plans, 18 percent agreed, 3.8 percent disagreed, 3.2 percent were unsure and 2.8 percent strongly disagreed.

Insurance Company Name and The availability of information on the company's website for the purchase

of insurance product

The table below indicates the level of understanding between the customers of the chosen insurance firms with

respect to the availability of details on the purchase of insurance policies on the company's website.

Table 9: Insurance Company Name and The availability of information on the company’s website for the purchase of insurance product

Insurance Company Name	Strongly Disagree	Disagree	Uncertain	Agree	Strongly Agree	Total
HDFC Life Insurance	16 (4.0%)	21 (5.2%)	32 (8.0%)	74 (18.5%)	57 (14.2%)	200 (50.0%)
Aditya Birla Sun Life Insurance	22 (5.5%)	10 (2.5%)	16 (4.0%)	86 (21.5%)	66 (16.5%)	200 (50.0%)
Total	38 (9.5%)	31 (7.8%)	48 (12.0%)	160 (40.0%)	123 (30.8%)	400 (100.0%)

Source: primary data

With the findings in the table above, it is clear that more than 32 percent of customers at HDFCLI agreed on the availability of details on the company's insurance policy buying page, followed by 8 percent being unsure, 5.2 percent disagreeing and 4 percent strongly disagreeing, while at ABSLI, With 38 percent, the majority of consumers decided on the availability of details on the company's insurance policy buying page, followed by 5.5 percent strongly disagreeing, 4 percent unsure and 2.5 percent

disagreeing.

Insurance Company Name and The information provided by the select insurance companies on telephone calls, pamphlets, brochures and emails

The level of customer contracts with regard to the details provided by the selected insurance firms on telephone calls, pamphlets, brochures and e-mails are set out in the following table.

Table 10: Insurance Company Name and The information provided by the select insurance companies on telephone calls, pamphlets, brochures and emails

Insurance Company Name	Strongly Disagree	Disagree	Uncertain	Agree	Strongly Agree	Total
HDFC Life Insurance	12 (3.0%)	21 (5.2%)	31 (7.8%)	70 (17.5%)	66 (16.5%)	200 (50.0%)
Aditya Birla Sun Life Insurance	5 (1.2%)	8 (2.0%)	19 (4.8%)	83 (20.8%)	85 (21.2%)	200 (50.0%)
Total	17 (4.2%)	29 (7.2%)	50 (12.5%)	153 (38.2%)	151 (37.8%)	400 (100.0%)

Source: primary data

From the findings in the table above, it is found that the majority of customers with 34% at HDFCLI agreed with the satisfaction of the details given by the selected insurance providers on telephone calls, pamphlets, brochures and emails, followed by 8.2% disagreement and 7.8% uncertainty. Whereas the majority of the customers with 41% at ABSLI agreed with the satisfaction of the details given by the chosen insurance providers on telephone calls, pamphlets, brochures and emails, 4.8% were unsure and 3% disagreed.

Findings

Findings of the study indicates that there is significant relationship between the customer knowledge and the growth of the select life insurance products in India.

Conclusion

It is concluded that the association with the clients regularly and also providing wide range of insurance products will attract the customers high in number. And also the knowledge of the customers about insurance companies is ultimately dominating all other influencing factors strongly. All demographical factors of the customers are playing their own role in determining the selection of the investment strategy for opting a insurance policy by an insurance company. With many changes in the regulatory system, the future looks bright for the life insurance sector, which would lead to more changes in the way the industry performs its business and engages with its clients.

References

1. Abdel MA, Zairi M, Abdel MA. Customer satisfaction: The driving force for winning business excellence award, 2002.

2. Ang L, Buttle F. Customer retention management processes: A quantitative study. European journal of marketing,2006:40(1-2):83-99.

3. Chimote NK, Srivastava A. Analyzing the Effectiveness of Customer Retention Strategies with Existing Customers in Banking Industry. International Journal of Customer Relationship Marketing and Management (IJCRMM),2012:3(3):1-14.

4. Patil SJ. A Study On Consumer Satisfaction Towards Life Insurance Corporation Of India,2012:2(7).

5. Shameem B, Gupta DS. Marketing Strategies in Life Insurance Services. International Journal of Marketing, Financial Services and Management Research, 2012:1(11):132-141.

6. Vazifehdust H, Farokhian S. Factors influencing customer satisfaction with the success factors identified in the insurance industry. African Journal of Business Management,2013:7(21):2026-2032.

7. Narender S, Sampath L. Consumer awareness towards life insurance sector in India, Abhinav International referred journal of research in management and Technology,2014:3:45-51.