



CUSTOMER ATTITUDES TOWARDS INSURANCE PRODUCTS - A STUDY WITH REFERENCE TO EAST GODAVARI DISTRICT, ANDHRA PRADESH

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Abstract

We have conducted a study to know the attitude of customers towards insurance products. We have collected a data from primary sources and Secondary sources. As a part of primary source we have conducted a survey by selecting a small sample. We have adopted various sampling methods like Convenience sampling for the study. Our respondents are from diversified demographics. We have taken a sample through which we have analyzed various demographics like age, gender, income level, education etc. We have also analyzed the respondent's preference towards various insurance policies and insurance premium settlement periods etc. We also have taken ranking system as a tool for our analyses some of the data also collected through the Internet and Books. We have got astonishing results. Our majority of respondents are from the age group 45 to 55, most of them are Male, Married and are from Middle class. We found that there is a high level of awareness regarding insurance products. Slowly the educated respondents prefer the insurance through internet and agents. Most of the people in our respondents are preferring insurance for retirement benefit. The mode of payment for any insurance is through salary deductions and cheques.

Key Words: Demographics, Insurance Products, Attitude, Premium.

METHODOLOGY OF STUDY

We have undertaken the study to know about the customer attitude towards various insurance products. We have taken a sample through which we have analyzed various demographics like age, gender, income level, education etc. We have also analyzed the respondents' preference towards various insurance policies and insurance premium settlement periods etc. We also have taken ranking system as a tool for our analyses some of the data also collected through the Internet and Books.

INSURANCE IN INDIA

About 154 Indian insurance companies, 16 non-Indian companies and 75 provident were operating in India at the time of nationalization. Nationalization was accomplished in two stages; initially the management of the companies was taken over by means of an Ordinance, and later, the ownership too by means of a comprehensive bill. The Parliament of India passed the Life Insurance Corporation Act on the 19th of June 1956, and the Life Insurance Corporation of India was created on 1st September, 1956, with the objective of spreading life insurance much more widely and in particular to the rural areas with a view to reach all insurable persons in the country, providing them adequate financial cover at a reasonable cost.

LIC had 5 zonal offices, 33 divisional offices and 212 branch offices, apart from its corporate office in the year 1956. Since life insurance contracts are long term contracts and during the currency of the policy it requires a variety of services need was felt in the later years to expand the operations and place a branch office at each district headquarter. re-organization of LIC took place and large numbers of new branch offices were opened. As a result of re-organization servicing functions were transferred to the branches, and branches were made accounting units. It worked wonders with the performance of the corporation. It may be seen that from about 200.00 crores of New Business in 1957 the corporation crossed 1000.00 crores only in the year 1969-70, and it took another 10 years for LIC to cross 2000.00 crore mark of new business. But with re-organization happening in the early eighties, by 1985-86 LIC had already crossed 7000.00 crore Sum Assured on new policies

Today LIC functions with 2048 fully computerized branch offices, 100 divisional offices, 7 zonal offices and the Corporate office. LIC's Wide Area Network covers 100 divisional offices and connects all the branches through a Metro Area Network. LIC has tied up with some Banks and Service providers to offer on-line premium collection facility in selected cities. LIC's ECS and ATM premium payment facility is an addition to customer convenience. Apart from on-line Kiosks and IVRS, Info Centers have been commissioned at Mumbai, Ahmedabad, Bangalore, Chennai, Hyderabad, Kolkata, New Delhi, Pune and many other cities.

With a vision of providing easy access to its policyholders, LIC has launched its SATELLITE SAMPARK offices. The satellite offices are smaller, leaner and closer to the customer. The digitalized records of the satellite offices will facilitate anywhere servicing and many other conveniences in the future.

LIC continues to be the dominant life insurer even in the liberalized scenario of Indian insurance and is moving fast on a new growth trajectory surpassing its own past records. LIC has issued over one crore policies during the current year. It has

crossed the milestone of issuing 1,01,32,955 new policies by 15th Oct, 2013, posting a healthy growth rate of 16.67% over the corresponding period of the previous year.

ANALYSIS AND INTERPRETATION

The primary data collected through the questionnaire from government officials were compiled using SPSS package and the analysis are presented below.

Gender Profile of Respondent

Gender	Frequency/ Percentage
Male	73
Female	27
Total	100

Table shows, the 100 sample respondents, the majority of 73% of the respondents are Male, while the remaining 27% are female. Thus, from the analysis it can be concluded that the male respondents constituted the major position (73%)

Respondents Profile of Age

Age(In Years)	Frequency/ Percentage
25-35	4
35-45	25
45-55	66
>55	5
Total	100

Table shows, among the 100 sample respondents, the majority of 66% of the respondents fall in the age group of 45-55 years. Another 25% fall in the category of 35-45 years. There are 5% of the respondents who fall in the age group of above 55 years, while the remaining 4% are in the age group of 25-35 years. Thus, from the analysis it can be concluded that the majority (66%) of respondents fall in the age group of 45-55.

Marital Status of Respondents

Marital Status	Frequency/ Percentage
Married	99
Unmarried	1
Total	100

Table shows, among the 100 sample respondents, the majority (99%) of the respondents are married while the remaining 1% is unmarried among the respondents. Thus, from the analysis it can be concluded that the majority (99%) of respondents are married.

Experience Profile of Respondents

Experience of respondent	Frequency/ percentage
Less Than 10	11
10-20	27
20-30	57
>30	5
Total	100

As it could be seen in Table, among the 100 sample respondents, the highest of 57% of the respondents fall in the experience group of 20-30 years. Another 27% fall in the category of 10-20 years. There are 11% of the respondents who fall in the experience group of less than 10 years, while the remaining 5% are in the experience group of above 30 years. Thus, majority (57%) of respondents are in the experience group of 20-30.

Annual Income Level of Respondents

Annual income	Frequency/ percentage
Less Than 180000	27
180000-300000	50
300000-420000	14
>420000	9
Total	100

Table shows, out of 100 sample respondents, the majority 50% of the respondents earn annual income between Rs.180000 – Rs.300000. Another 27% of respondents are less than 180000. There are 14% of the respondents who earn between 300000-420000, the remaining 9% among the respondents earn above Rs. 420000. Thus, from the analysis it can be concluded that the respondents who earn between Rs.180000 – Rs.300000 constituted the major position (50%).

Awareness about Life Insurance Policies

Awareness	Frequency/ percentage
Yes	100
No	0
Total	100

As it could be seen in table among the 100 sample respondent all of them were aware of the life insurance policies, (i.e.) 100%. Thus from the analysis it can be concluded that 100% of respondents are aware of the life insurance policies.

Source of Information

SOURCE	YES	NO
Agent	85	15
Employer	15	85
Press	24	76
Relatives	10	90
T.V	37	63
Internet	10	90
Bankers	21	79
Brokers	4	96
Friends	23	77
Mobile	3	97

As it could be seen from the table, among the 100 sample respondent, it is clear that most of the respondents came to know about the insurance through agents (85%) and the second highest source are the T.V (37%). None of the respondents have come to know about the insurance through mobile. Thus, from the analysis it can be concluded that 85% of the respondents came to know about insurance policies through agents.

Purpose of Taking Policies

As it could be seen in table among the 100 sample respondents, 57% have opted Tax saving as the major purpose of taking life insurance policies and Life risk coverage, Investment are also the purpose of taking life insurance policies. Thus from the analysis it can be concluded that most of the respondents are preferred to take policies for the purpose of Tax Savings.

Purpose	Yes	No
tax saving	57	43
investment	38	62
life risk	46	54
regular returns	22	78
health maintenance	19	81
retirement benefits	6	94
Others	1	99

Awareness of the Policies

Policies Name	Yes	No
Endowment	83	17
Whole life	41	59
Money back	84	16
With profit	24	76
Joint life	30	70
Children's	41	59
Convertible	2	98
Without profit	2	98
Variable Insurance	0	100
Annuity policy	7	93
Handicapped policy	2	98
Retirement policy	24	76
Salary saving scheme	36	66
ULIP	18	82

Table, shows among the 100 sample respondents, 84% of the respondent are preferred money back policy and 83% of respondent are preferred endowment policies. None of the respondents are preferred to Variable insurance, without profit policy and handicapped policy. Thus from the analysis it can be concluded that most of the respondents are preferred to take money back and endowment policies.

Ranking for Policies

POLICIES	RANK1	RANK2	RANK 3	RANK 4	RANK 5	RANK 6	RANK 7
Endowment	21	27	20	11	15	3	3
Whole life	8	15	8	8	34	22	5
Money back	46	15	10	12	7	9	1
With profit	5	8	1	16	13	36	21
Joint life	4	9	12	18	21	17	19
Children's	5	13	27	17	7	11	20
Others	12	13	21	21	3	1	29

(Source: Primary Data)

As it is clear form the table, among the 100 sample respondents, the respondents preferred Money Back policy as rank 1 (46%) and Endowment policy has been ranked as 2 (27%) and Children's policy has ranked as 3 (27%). Thus from the analysis it can be concluded that most of the respondents are ranked money back policy as first.

Preferred Premium Period

Period	Frequency/ Percentage
Annual	21
Half yearly	16
Quarterly	15
Monthly	48
Total	100

Table shows, among the 100 sample respondents, 48% of the respondents preferred monthly premium payment period and 21% of the respondents preferred annual premium payment period. Thus from the analysis it can be concluded that 48% of the respondents preferred monthly premium payment period.

Preferred Mode of Premium Payment

Mode	Frequency/Percentage
Salary deduction	58
Through agent	11
By cash	7
By cheque	18
Online payment	6
Total	100

The table above shows the preferred mode of payment, among the 100 sample respondents, 58% of the respondents preferred Salary Deduction as mode of payment and 18% of the respondents preferred cheque as the mode payment. Thus from the analysis it can be concluded that 58% of the respondents preferred Salary Deduction as mode of payment.

Preferred Delivery of Policy Documents

Policy Documents	Frequency/Percentage
Online	3
By post	22
Through agent	43
Personally at insurance company's	32
Total	100

Table shows 100 sample respondents opinion on delivery of policy document, 43% of the respondents preferred to get the documents through agent and 32% of the respondents preferred to get the documents from the insurance office itself. Thus, from the analysis it can be concluded that 43% of the respondents preferred to get the documents through agent.

Preferred Mode of Settlement

Mode	Frequency/Percentage
By cash	19
By cheque	75
On account transfer	6
Total	100

Table shows, among the 100 sample respondents, 75% of the respondents preferred to get the claims settlement through by cheque and 19% of the respondents preferred to get the claims settlement through cash. Thus from the analysis it can be concluded that 75% of the respondents preferred to get the claim settlement through cheque.

Ranking the Details Expected From Agent

DETAILS	R1	R2	R3	R4	R5	R6	R7	R8
Features of policy	21	13	24	17	16	5	3	1
Premium amount	24	30	14	16	8	2	2	4
Period of premium	21	27	18	12	11	3	6	2
Mode of payment	9	7	18	17	23	17	5	4
Terms & condition	21	20	17	13	13	9	4	3
Other benefits	1	0	2	11	15	28	32	11
Other services	1	0	0	0	9	23	40	27
Settlements	3	4	7	15	6	12	6	47

Table shows, among the 100 sample respondents, the respondents are expecting the details about premium amount because it has been ranked as 1 (24%) and period of premium has been ranked as 2 (27%) and features of policy has ranked as 3 (24%). Thus from the analysis it can be concluded that most of the respondents ranked premium amount as first detail followed by period of premium and feature of policy.

Preferred Insurance Company

Sector	Frequency
Public sector	75
Private sector	25
Total	100

Table shows, among the 100 sample respondent 75% of respondents are preferred public sector and 25% of the respondents are preferred private sector. Thus from the analysis it can be concluded that 75% of respondents are preferred public sector.

Ranking For Selecting an Agent

Details	R1	R2	R3	R4	R5	R6	R7
Knowledge of policy	41	24	9	22	2	1	1
Investment advice	21	20	33	16	3	4	2
Convincing approach	13	29	19	13	12	6	8
Premium details	21	17	16	27	11	8	0
Handling documents	0	5	6	7	41	22	19
Nominee details	2	0	5	5	19	46	23
Claim settlement	1	6	12	10	12	13	46

(Source: Primary Data)

As it could be seen in table among the 100 sample respondents, the respondents are selecting the agent first to know about the knowledge of the policy because it has been ranked as 1 (41%) and convincing has been ranked as 2 (29%) and investment advice has ranked as 3 (33%). Thus from the analysis it can be concluded that most of the respondents are selecting the agent's by knowledge of policy followed by convincing approach and investment advice.

Ranking the Parameters for Selecting Insurance Company

DETAILS	R1	R2	R3	R4	R5	R6	R7	R8	R9	R10	R11	R12
Brand name	17	19	24	9	9	7	6	5	3	0	1	0
Availability of product & services	13	18	18	16	12	7	5	5	2	1	2	1
Attractive advertisement	4	3	5	10	11	21	19	9	6	4	2	6
Fulfillment of customer needs	30	14	16	16	13	2	4	1	1	2	1	0
Terms & procedure	8	10	11	12	12	20	8	8	4	2	3	2
Sales promotion	11	13	8	15	20	6	13	7	3	1	1	2
Premium amount	1	1	2	1	2	9	2	17	19	12	12	22
Period of premium	14	13	11	8	14	10	16	3	2	3	2	4
Mode of premium	2	6	2	4	3	13	13	22	16	14	1	4
Rider clause	0	2	2	5	3	4	12	15	29	21	6	1
Online service	0	0	0	1	0	0	0	4	10	26	46	13
	1	1	1	2	1	2	3	5	3	14	23	45

(Source: Primary Data)

As it could be seen in table among that among 100 sample respondents, the respondents are selecting the insurance company first to fulfillment of customer needs because it has been ranked as 1 (30%) and availability of product and services has been ranked as 2 (18%) and brand name has ranked as 3 (24%). Most of the respondents are selecting the insurance company first to fulfillment of customer needs followed by availability of product and services and brand name.

Preference for Future Policy

Particulars	No. of Respondents
Yes	34
No	66
Total	100

Table shows, among the 100 sample respondent 66% of respondents are preferred to take policy in future and 34% of the respondents are not preferred to take policies in future. Thus from the analysis it can be concluded that 66% of respondents are preferred to take policy in future.

Intended Type of Policy in Future

As it could be seen in chart 4.21 among the 66 sample respondents, 28 respondents are preferred to take Children's policy and 13 respondents are preferred to take Money Back policy. Thus from the analysis it can be concluded that 28 respondents preferred to take Children's policy.

Type of policy	Respondent
Endowment policy	11
Joint life policy	8
Whole life policy	4
Children's policy	28
Money back policy	13
ULIP	2
Total	66

Preferred Insurance Company in Future

Company	Respondent
LIC	55
HDFC	9
BAJAJ	1
ICICI	1
Total	66

Table shows, among the 66 sample respondents, 55 respondents are preferred to take LIC as there company and 9 respondents are preferred to take HDFC as there company. Thus from the analysis it can be concluded that 55 of the respondents preferred to take LIC as there company and among the private company HDFC as their company.

Current Insurance Company

Current company	Respondent
LIC	64
LIC AND HDFC	27
LIC AND ICICI	4
HDFC	1
OTHERS	2
Total	98

Table among the 98 sample respondents, 64 respondents is having policies in LIC and 27 of respondents are having policies in both LIC and HDFC and 4 respondents are having in HDFC. Thus from the analysis it can be concluded that 64 of the respondents are having policies in LIC and HDFC is in the second place when compared to others private players.

No. of Policies

The below Table shows, among the 98 sample respondents, 45 respondents are having two policies and 36 of respondents are having three policies. Thus from the analysis it can be concluded that 45 of the respondents having two policies.

No. of Policies	Respondent
1	6
2	45
3	36
4	11
Total	98

Current Type of Policy

Policies	Yes	No
Endowment	57	41
Joint Life	28	70
Whole Life	14	84
Children	50	48
Money Back	54	44
ULIP	24	74

Table shows, among the 98 sample respondents, 57 respondents are having Endowment policies and 54 respondents are having Money Back policies and 50 respondents are having Children's policy. Thus from the analysis it can be concluded that 57 respondents having Endowment policy.

Present Purpose of Taking Policies

Purpose	Yes	No
Tax saving	55	42
Investment	39	59
Life risk	36	62
Regular returns	30	68
Health maintain	18	80
Retirement benefits	8	89

Tables among the 98 sample respondents, 59 respondents are having policies for the purpose of tax savings and 39 respondents are having policies for the purpose of Investment. Thus from the analysis it can be concluded that 59 respondents are having policies for the purpose of tax savings.

Current Premium Payment Period

Period	Respondent
Annual	13
Half yearly	13
Quarterly	20
Monthly	51
One time	1
Total	98

Table shows, among the 98 sample respondents, 51 respondents are paying monthly premium payment and 30 respondents are paying quarterly premium payment. Thus from the analysis it can be concluded that 51 respondents are paying monthly premium payment.

Current Premium Amount Paid Annually

Amount	Respondent
< 3000	23
3000-5000	34
5000-7000	22
>9000	19
Total	98

Table shows, among the 98 sample respondents, 34 respondent's annual premium payment is in between Rs 3000-5000 and 23 respondent's annual premium payment is below Rs 3000. Thus from the analysis it can be concluded that 34 respondent's annual premium payment is in between Rs 3000-5000.

Satisfaction Level for Present Agent

Agent Service	H.S	S	C.S	D	H.D	Total
Knowledge about policies	42	50	4	1	1	98
Investment advices	8	83	5	1	1	98
Convincing approach	4	82	10	2	0	98
Payment of premium	9	83	5	1	0	98
Claim settlement	6	37	55	0	0	98
Change of nominee	6	68	21	2	1	98
Handling over the documents	4	34	60	0	0	98

(Source: Primary Data)

Table shows, among the 98 sample respondents, the respondents are satisfied with agent services like Knowledge about the policies, Investment Advices, Convincing Approach, Payment of Premium and Change of Nominee but the respondents are not aware of their own Claim settlement and Handling over the Documents, so its comes under can't say category. Thus from the analysis it can be concluded that the respondents are satisfied with the current agent services.

Satisfaction Level Scores for Agent Service

Satisfaction Level	Scores	No. of Respondents
Highly Dissatisfied	Exactly 7	0
Dissatisfied	8 – 14	0
Can't Say	15 – 21	1
Satisfied	22 – 28	86
Highly Satisfied	29 – 35	11

(Source: Primary Data)

Table clearly shows that 86 respondents are got scores in between 22 – 28, thus, the respondents are satisfied with the agent service.

Satisfaction Level for Insurance Company

Insurance company	H.S	S	C.S	D	H.D	Total
Brand name	34	56	6	1	1	98
Product & service	17	80	1	0	0	98
Customer needs	9	81	5	2	1	98
Attractive advertisement	6	81	8	3	0	98
Terms & procedures	9	80	8	1	0	98
Sales promotion	1	67	30	0	0	98
Premium amount	17	74	6	1	0	98
Period of premium payment	15	79	4	0	0	98
Mode of payment of premium	18	70	10	0	0	98
Availability of rider clause	4	42	50	2	0	98
Online service	2	31	65	0	0	98
Loans against policies	3	27	67	1	0	98
Settlement of claims	3	26	69	0	0	98

(Source: Primary Data)

Table shows, among the 98 sample respondents, the respondents are satisfied with the company services like Brand name, Availability of Product and Services, Fulfillment of Customer needs, Attractive advertisement, Terms and Procedures, Sales Promotion measures, Premium amount, Period of premium payment, Mode of payment of premium but the respondents are not aware of Claim settlement, Loans against policies, Online services and Availability of rider clause, so its comes under can't say category. Thus from the analysis it can be concluded that the respondents are satisfied with the current company services.

Satisfaction Level Scores for Insurance Company

Satisfaction Level	Scores	No. of Respondents
Highly Dissatisfied	Exactly 13	0
Dissatisfied	14 – 26	0
Can't Say	27 – 39	0
Satisfied	40 – 52	87
Highly Satisfied	53 – 65	11

Table clearly shows that 87 respondents are got scores in between 40 – 52, Thus, the respondents are satisfied with the insurance company.

RECOMMENDATIONS

- In view of the competition from LIC and other private players in the market, HDFC Standard Life should organize more awareness campaigns to create awareness and to promote their existing products.
- More new products and services should be innovated through financial engineering process to tap rural and social sectors.
- To retain old customers and to attract new customer's products with adds-on features should be introduced besides attractive advertisements.
- To reach out more customers, tie-ups with companies, in various sectors can be arranged to cover the insurance needs of their employees.
- As the awareness level among the government officials for some insurance policies like ULIP, Money back plan, Endowment plan, Children's plan, Protection plan, etc. are very low, periodical awareness programs in the respective government officials with concurrence of higher officials should be conducted.
- To enhance the satisfaction level of policyholders and to avoid losing the existing customers periodical market surveys should be conducted.

To utilize one of the most important marketing channel (commercial banks) very effectively for promoting the products, steps should be taken to make the banks incorporate successful sales tactics used by them to sell other financial services.

CONCLUSION

At the end of March 2014, there are 53 insurance companies operating in India; of which 24 are in the life insurance business and 28 are in non-life insurance business. In addition, GIC is the sole national reinsurer. Of the 53 companies presently in operation, eight are in the public sector - two are specialized insurers, namely ECGC and AIC, one in life insurance namely LIC, four in non-life insurance and one in reinsurance. The remaining forty five companies are in the private sector. Insurance sector is one of the most booming sectors in India. The penetration level of insurance in India is only 3.10% when compared to 9-15% in the developed nations. There is a huge market for the Insurance products in the future in India.

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