COMPARATIVE STUDY OF LIFE INSURANCE PLANS OF LEADING PRIVATE INSURANCE COMPANIES IN HDFC LIFE

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Abstract
India's economic development made it a most lucrative Insurance markets in the world. Before the year 1999, there was monopoly state run Life Insurance Corporation of India (LIC) transacting life business. Today, there are 24 private life insurance companies operating insurance business in India. The competition from these companies were threatening to the existence of LIC. Since the liberalization of the industry the insurance industry has never looked back and today stand as the one of the most competitive and exploring industry in India. In this paper, an attempt is made to analyze the performance of public and private life insurance companies in India. The objective of present study is to compare the performance of public and private life insurers in terms of their number of new policies issued; total premium income and market share in India. In year 1993 Malhotra Committee emphasized on privatization of insurance business, since then there was monopoly of LIC. In year 1999 the Insurance Regulatory and Development was established to regulate and to protect the policyholder's interest of the insurance industry. It has been observed by the study that private life insurers put efforts to improve its performance year after year and affected the LIC in many ways for initial first decade. To overcome and compete with this situation LIC introduced new and attractive insurance plans, put efforts for better customer relationship management and effective advertising. There is very high potential in life insurance sector as the population of India is very huge and still there is untapped life insurance market.

Keywords: Insurance sector, Quality, Perception of Customers, Risk and Return, Life Insurance.

I. Introduction

Insurance is a means of protection from financial loss. It is a form of risk management, primarily used to hedge against the risk of a contingent or uncertain loss. An entity which provides insurance is known as an insurer, insurance company, insurance carrier or underwriter. A person or entity who buys insurance is known as an insured or as a policyholder. The insurance transaction involves the insured assuming a guaranteed and known relatively small loss in the form of payment to the insurer in exchange for the insurer's promise to compensate the insured in the event of a covered loss. The loss may or may not be financial, but it must be reducible to financial terms, and usually involves something in which the insured has an insurable interest established by ownership, possession, or pre-existing relationship. The insured receives a contract, called the insurance policy, which details the conditions and circumstances under which the insurer will compensate the insured. The amount of money charged by the insurer to the policyholder for the coverage set forth in the insurance policy is called the **premium**. If the insured experiences a loss which is potentially covered by the insurance policy, the insured submits a claim to the insurer for processing by a claims adjuster. The insurer may hedge its own risk by taking out reinsurance, whereby another insurance company agrees to carry some of the risk, especially if the primary insurer deems the risk too large for it to carry.

II. Review of Literature

C.PARAMASIVAN (2015) Indian financial system is highly influence with the banking and insurance sector which attracts flow of savings and investments to the country. Insurance sector in India is one of the growing sectors of the economy. The insurance sector, along with other elements of marketing, as well as financial infrastructure, have been touched and influenced by the process of

liberalization and globalization in India. The customer is the king in the market. Life insurance companies deal in intangible products. With the entry of private players, the competition is becoming intense. In order to satisfy the customers, every company is trying to implement new creations and innovative product characteristics to attract customers. This research paper attempts to study the Public & Private Life Insurance Companies in India and compare the perception of customers in terms of service quality and analyze the performance of public and private life insurance companies in India.

Neha Sharma (2014) The Indian Life Insurance sector has witnessed a major revamp in 1999 with the establishment of Insurance Regulatory and Development Authority (IRDA) and subsequent entry of Private sector players. These changes are affecting the way service is being delivered. Technology usage, new innovative product introduction and competition are seen as drivers of quality of service being provided to the customers. In this study using SERVQUAL model, we have examined the importance of service based on the 5 dimensions viz, Tangibles, Reliability, Responsiveness, Assurance and Empathy. Using 120 Life Insurance policy holders from 3 Life insurance companies in Agra the study identified that the gaps exist even after 15 years of privatization of this sector. The study indicated that a lot needs to be done for improving customer focus and services activity in the Life Insurance sector. Regular customer surveys with increased sample sizes across the country will enable the Insurance companies to fill the gaps.

Vikas Sharma (2013) The insurance sector, along with other elements of marketing, as well as financial infrastructure, have been touched and influenced by the process of liberalization and globalization in India. The customer is the king in the market. Life insurance companies deal in intangible products. With the entry of private players, the competition is becoming intense. In order to satisfy the customers, every company is trying to implement new creations and innovative product characteristics to attract customers. In this research paper, an attempt is made to analyse the performance of public and private life insurance companies in India.

AMISH PATEL (2019) Insurance is a financial risk management tool in which the insured transfers a risk of potential financial loss to the insurance company that mitigates it in exchange for money compensation known as premium. Insurance sector in India is one of the fastest growing sectors in the economy. The insurance sector in India has completed a full circle from an open competitive market to nationalization and back to a liberalized market once again. With the entry of private life insurance companies in the year 2000-01, the competition is becoming cutthroat. The objective of present study is to compare public and private sector life insurance companies in India in the post liberalization span.

SudiptaKayal (2019) Insurance is primarily a risk management mechanism. Risk of loss-income property or even human life-is transferred, in part or in full, to the insurer. That apart, insurance business helps in capital accumulation to use in nation building activities. Insurance sector not only plays a leading role within financial system in a country but also has an important socio-economic function. Insurance facilitates economic development. The objective of Nation is to build an efficient and stable insurance sector in India that will support both the needs of the real economy and the socio economic objectives of country. This paper is an attempt to analyse the performance of public and private life insurance companies in India.

Leena Dam (2017) Insurance serves the dual role of savings and investment. Life insurance primarily is a tool to mitigate the financial risk arising because of death of the insured. The capital pool arising from collection of life insurance premium is deployed in numerous nation building activities which enhance economic growth. The BRIC nations with a combined population of around 3 billion are a prosperous market for life insurance business. All BRIC nations having liberalized their insurance industry there is a level playing field for both public and private industries. In the world market, the scope for expansion has reduced in the more matured economies. Hence global insurance companies are concentrating attention in the emerging markets. In all these markets, life insurance sector represents a vibrant market, which is strongly expanding and establishing itself as a significant contributor of economic growth. India does not find a place in the top ten countries with her life insurance business.

AnshitaKandari (2018) Since 1991, Indian economy and industry has moved away from a state controlled to a competitive market with intricate financial services to the global economy. The financial sector, particularly, the Insurance has opened up to all competition. A revamp in tightly regulated and monopolized insurance sector was brought about by the passage of the Insurance Regulatory and Development Authority Act IRDA in 1999. The present paper and lyses the performance of public and private life insurance companies in India. As per the total premium income, in FY 201 4 15, LIC with 73 of business share still holds a significant market share. 24 private insurance companies have established footholds in the market leading to intense competition. Private Insurance companies have a higher growth rate as compared to public sector. Today, Insurance penetration is better. The Insurance companies are competing in terms of policies sold, collection of premium income and others.

DrVikasGairola(2016) The objective of present study is to compare the performance of public and private life insurers in terms of their number of new policies issued; total premium income and market share in India. The secondary date has been collected from year 2000-01 to 2015- 16. In year 1993 Malhotra Committee emphasized on privatization of insurance business, since then there was monopoly of LIC. In year 1999 the Insurance Regulatory and Development was established to regulate and to protect the policyholder's interest of the insurance industry. It has been observed by the study that private life insurers put efforts to improve its performance year after year and affected the LIC in many ways for initial first decade. To overcome and compete with this situation LIC introduced new and attractive insurance plans, put efforts for better customer relationship management and effective advertising. There is very high potential in life insurance sector as the population of India is very huge and still there is untapped life insurance market.

Dr. PallaviPattan (2018) After privatization of insurance sector in India, Life Insurance Corporation of India (LIC) is facing competition from private life insurance companies. This competition affects the business of LIC. Present study is an attempt to know about the cost effectiveness of selected companies and to compare them on cost-effectiveness ratio. Cost effectiveness represents the relationship between inputs (monetary value) and outputs (unit). It is determined by cost-effectiveness analysis (CEA), in which value of inputs (cost) is in the numerator and unit of output is in the denominator. Finding shows that after facing though competition from private sector, LIC still more cost effective as compare to other life insurance companies in India.

Dr. Vishal Soni (2014) The need for insurance is as old as commerce and trading in the civilized world. Risk is inherent to life, commerce, trading etc. The insurance will provide safety to it. Insurance sector has been playing a leading role in the financial system of India. It has also been facilitating an objective to build an efficient, effective and a stable economic environment in India. It also caters to the needs of the both real economy and socio-economic objective of the country. It is making inroads into the interiors of the economy and is being considered as one of the fast developing areas in the Indian financial sector. It has been mobilizing long-term saving through life insurance to support economic growth and also facilitating economic development. In India after a monopoly of public sector life Insurance company for decades, the sector was opened for the private players in order to bring consumerism in real sense. The healthy competition among these companies has resulted in to better quality, customizations, innovations, choice, value, and affordability of the product offerings. The current study attempts to study the product offerings of largest public sector life insurance Company of India Life Insurance Corporation of India and the private giant ICICI prudential life insurance company Ltd on the aspects of applicability of SERVQUAL dimensions to current product offering and to study and compare the perception of customers in terms of service quality. The study discovers their present levels of the product offerings on the basis of SERVQUAL dimensions. The study also attempts to compare perceived quality of product offerings of the selected life insurance companies on SERVQUAL dimensions. It is an exploratory research study, which after development of conceptual frame work deploys structured instrument and statistical analysis tools like Eigen value scores and variance to measure the output. This study shall be helpful to give a wonderful insight to the practicing managers to identify the gap and take leverage by offering the desired quality products.

III. Need for the study

- A person or entity who buys insurance is known as an insured or policyholder. The insurance transaction involves the insured assuming a guaranteed and known relatively small loss in the form of payment to the insurer in exchange for the insurer's promise to compensate the insured in the event of a covered loss.
- The loss may or may not be financial, but it must be reducible to financial terms, and usually involves something in which the insured has an insurable interest established by ownership, possession, or pre-existing relationship. The payment is made only upon a contingency.
- More specifically, insurance may be defined as a contact between two parties, wherein one party (the insurer) agrees to pay to the other party (the insured) or the beneficiary, ascertain sum upon a given contingency (the risk) against which insurance is required.

IV. Scope of the study

1. Questionnaire is circulated to the investors to know their preference to policies.
2. Out of many private life insurance players HDFC Life is considered for the study.
3. The study is conducted in HDFC Life Hyderabad branch alone.
4. Focus was on to know the grievance handling mechanism existing in HDFC Life.
5. Insurance Premiums charged by HDFC life was the area covered under study.

V. Objectives of the study

- To analyse the awareness level of customers about various products of public and private life insurance companies.
- To examine the customer experience with the premiums offered by various insurance players in the market.
- To analyse the customer satisfaction levels in public and private life insurance companies
- To study the preferences towards the types of insurances provided by public and private sectors companies.

VI. Research methodology

Data sources:
The research involved gathering secondary data as well as primary data. For the purpose two types of survey was conducted by me to collect the data-

a.   **Primary data:**In finance industry until and unless we have the knowledge of financial status of the company, companies cannot focus upon the target market. Hence a survey was done to know their wants, purchasing power using finance.

b.   **Sample size:**The size of the sample was 30 insurance agents and customers.

c.   **Location of the Study:** HDFC Life situated in Hyderabad.

VII. Limitations of The Study

1. The study is restricted to HDFC Life.
2. Secondary sources alone are used.
3. No powerful statistical tools are employed other than Percentages and grpahs.
4. Sample size is limited to 30 respondents.
5. Sample data is collected only from one Outlet in Hyderabad location.

VIII. Empirical Results

The section is dedicated to present the empirical results of the data analysis and a representative result is presented in table 1.1, graph 1.1.a.

Response	*Response*	*Percentage*
Below 25 yrs	4	13%
25-35yrs	5	17%

35-40yrs	11	37%
40-50yrs	8	27%
50yrs-70 years	2	7%
Total	30	100%

Table: 1.1. Analysis results based on age group
Source: Author's Compilation
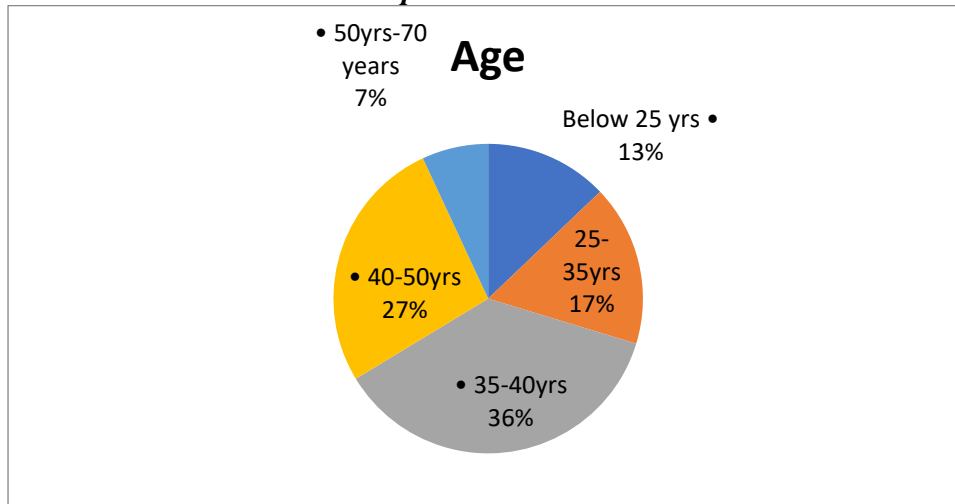
Graph: 1.1.a Analysis results based on age group
Source: Author's Compilation

It is observed that most of people under 35-40 years age group. Reason for most of people thinking about their health at the age 35-40.It is observed that most of people are Married. It is observed that most of people are taking for their personal and family. First preference they are giving for personal and family health risk. It is observed that most of people are preferring   for Pre-medical Screening benefits .it is observed that less people are using alternative then Insurance Policy other then this LIC And HDFC LIFE. From the above observation most of people are not have any other preference of Insurance Policy other than LIC And HDFC LIFE . from the above observation most of the people are in to Insurance Policy, 27% are using SBI, 10% are using star health, 20% are ICICI 13% are using other. It is observed that most of people are feeling that it is necessary to maintain insurance policy. It is observed that most of people are aware about insurance policy benefits of between LIC And HDFC LIFE. It is observed that most of people are not satisfied sum assured and premium Ratio. From the above observation most of people are not aware of the Tax Savings under Sec 80 D against the premium of Insurance Policy. From the above observation most of people Aware of the Products available through LIC And HDFC LIFE. From the above observation most of people Satisfied level LIC And HDFC LIFE insurance claiming policy.From the above observation most of people Satisfied with the services provided by the insurance company.

IX. Findings, Suggestions and Conclusion:
Findings
Following are some of the findings from the analysis and interpretations of the parameters or features studied.
1. The Insurance policy is lagging behind among the consumers.
2. LIC leads the market in the Insurance sector at Hyderabad.
3. The preference of insurance among consumer is well balanced.
4. The major percentage of consumer feels it necessary to have a Insurance in present days.
5. The consumers dissatisfaction with the level of premium paid against sum insured are high.
6. The knowledge of the insurance benefits are among consumers is high in HDFC LIFE AIA.
7. The consumers are not even aware of the Tax benefits under sec 80D in high percentages.
8. The availability of the products through HDFC LIFE. is less percentage among consumers.

9. The consumer are well balanced in their perception that HDFC LIFE has made them easier to select the financial products

10. Most of people Satisfied level LIC Life insurance claiming policy.

11. Though consumer are satisfied in major percentage with the services of LIC

Suggestions

The corporate presentation would be an effective of creating market for the Health Insurance. The Company Head should be approached and convinced about the product. The benefit will attract the corporate heads as the Health and the accidents of the employee would be taken care of by the Insurance companies, thus leading to the Insurance of mass of people. It is always patience that leads to success. There should be slow but continuous effort to convince the customer and convert them to an active client. They may not be ready to Invest in the very first day they do need a time to decide. LIC is improving marketing strategy.

The reputation of the company is a shield for all the products to find shelter here. Company should concentrate on the 25-30 year age group, because this is the time when people show more interest in investment and are rasher in driving.LIC and HDFC LIFE need to more concentrate on 25-30 year age group.

Conclusion

Life Insurance Corporation of India, India's biggest life insurer, has made further purchase of lowly valued Public sector bank stocks. With this purchase, It has voiced hopes that the NPA (non-performing assets) and bad loans situation of these banks would not worsen in the future. As per the new purchase, LIC now owns additional stake in poorly performing PSU banks including Oriental Bank of Commerce, Development Bank of India, Syndicate Bank, Bank of Baroda, Bank of India, Central Bank of India and Allahabad Bank. This stake increase ranges from 1-7 % as compared to the stake previously held by LIC in the above mentioned banks. This purchase brings LIC's investment to an additional Rs2,200crore above the investments that LIC has already made in the PSU banking sector.

HDFC Life AIA Life Insurance has been one of the leading insurance provider in India for a consistently long period. They have been offering some of the most popular insurance solutions to a diverse customer base and specialize in offering a hassle-free and convenient experience. To further add to their services, the insurer has a robust customer support system wherein customers can not only get in touch with the customer support staff but also carry out policy related requests using the options on the website itself.

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