Chapter 8

Findings, Conclusions, Suggestions and Recommendations

8.1 The Study in Retrospect
8.2 Analysis of Data
8.3 Profile of the Samples
8.4 Findings of the Study
8.5 Suggestions and Recommendations
8.6 Conclusions
8.7 Researcher’s Contribution
8.8 Scope for Further Research
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Findings, Conclusions, Suggestions and Recommendations

8.1 The Study in Retrospect

In the ever widening area of marketing especially that of intangible products like life insurance and in the arena of social marketing, an understanding of Consumer Behaviour and Perception turn very important in planning, strategy formulation and its effective implementation. This chapter of present study on consumer behaviour and perception towards life insurance products in Kerala, discusses the major findings, suggestions and recommendations.

8.2 Sample Selection

In order to analyze consumer behaviour towards life insurance products in Kerala, 600 samples were selected. Multi-stage random sampling method was adopted to select the sample. Even though the study is mainly focused on LIC customers, responses from private life insurance company customers were also included. The LIC, the public sector life insurance company has five divisions in Kerala namely Thiruvananthapuram, Kottayam, Ernakulam, Trissur and Kozhikode. Out of five divisions, the researcher randomly selected two divisions which fall under the districts of Ernakulam, Kottayam, Idukki,
Pathanamthitta and Alappuzha. From each division, based on the list collected from LIC agents, the researcher randomly selected 250 samples from each division. Among the five prominent private life insurance companies in Kerala, the researcher randomly selected two private life insurance companies namely ICICI Prudential Life Insurance Co. Ltd. and SBI Life Insurance Co. Ltd. Based on the list collected from the insurance advisors of the companies, the researcher selected 50 subscribers each. The total sample size is 600, 500 from LIC and 100 from private companies. The collected data was processed and interpreted with suitable statistical tools.

### 8.3 Profile of the Samples

In order to study consumer behaviour and perception towards life insurance products in Kerala, 600 samples were collected and analyzed. The profile of the sample was as follows:

- Out of 600 samples collected, 63.3 percent were male and 36.7 percent were female.
- When the samples were categorized, it was found that 9.3 percent were in the age group of 25 years and below, 25.7 percent were in the age group of 25-35, 36 percent were in the age group of 36-45, 22.5 percent were in the age group of 46-55 and 6.5 percent were above 55 years of age.
Regarding marital status, 82.5 percent of the respondents were married, 16 percent were single and 1.5 percent were widows/widowers.

On the basis of place of residence, 47.5 percent of the policy holders were from rural areas, 34.2 percent were from semi-urban areas and 18.3 percent were from urban areas.

On the basis of religion, 49.8 percent of the policy holders were Christians, 41.8 percent were Hindus and 8.7 percent were Muslims.

Education wise analysis revealed that 48.3 percent of the policy holders were in the education level of 10 to Graduation, 45.5 percent were in the category of Post Graduation and others and 6.2 percent were in less than 10th standard education category.

Major occupation wise classification revealed that 49.3 percent of the policy holders were employees, 19.3 were in profession, 15.3 percent were in business and 4.8 percent were agriculturists.

Income wise categorization revealed that 29.2 percent of the policy holders were in the monthly income group of Rs.10,000-20,000, 35 percent were in the monthly income group of Rs.20,000-50,000,
14.8 percent were in the monthly income group of Rs.50,000-1,00,000 and 9.8 percent of the policy holders had above Rs.1,00,000 monthly income.

8.4 Findings of the Study

Findings of the study are presented in different dimensions beginning from findings with respect to the performance of insurance sector in India in the post liberalized era. Findings of empirical analysis of survey data are presented as with respect to consumer awareness, perception, behaviour and satisfaction; and other relevant findings.

8.4.1 Performance of Indian Insurance Sector in the Post Liberalized Era

- The Government of India liberalized the insurance sector with the passage of the Insurance Regulatory and Development Authority (IRDA) Bill, lifting all entry restrictions for private players and allowing foreign players to enter the market with some limits on direct foreign ownership. Under the current guidelines, there is a 26 percent equity cap for foreign partners in an insurance company. There is a proposal to increase this limit to 49 percent. Among the present twenty four life insurance companies, the LIC was the only public sector company and the other twenty three were in the private sector. This
competition saw the emergence of various innovations in the product range, effective use of technology, improved customer service, customer education, identification of marketing niches, etc.

- The pre-liberalized market was a monopoly, with only one player the state run Life Insurance Corporation of India. The post liberalization period is witnessing multiplayer industry with as many as 24 players are operating. The insurance industry has grown at a CAGR (Compound Annual Growth Rate) of 22 percent during 2000-2013.

- The insurance penetration in India, which surged consistently till 2009-10, has slipped since 2010-11 on account of slowdown in life insurance premium as compared to the growth rate of the Indian economy. Life insurance penetration had consistently gone up from 2.15 percent in 2001 to 4.60 percent in 2009, before slipping to 4.40 percent in 2010, 3.40 percent in 2011 and further slipping to 3.17 percent in 2012.

8.4.2 Major Findings with respect to Consumer Awareness

- Awareness about ‘Premium Points’, a new initiative from LIC for premium remittance is only 67.35 percent. The life insurance customers have low awareness about reduction in value of sum assured, cancellation of policy due to non-satisfaction and penal interest on
delayed payment of claim. There is significant difference in awareness by customers about certain services provided by LIC and private life insurance companies such as On-line payment of premium, loan on Money Back plan, cancellation of policy and receive back money for dissatisfaction and discounted claim. For other services provided by life insurance companies, there is no significant difference in awareness about certain services provided by LIC and private life insurance companies.

- The awareness about Bancassurance was poor among all the respondents irrespective of their place of residence. Among the respondents in the education level of PG and others, 15.87 percent had very good awareness about Bancassurance. Irrespective of the occupation, awareness about Bancassurance was poor among respondents. But, 17.36 percent of the respondents who were in employment had very good awareness about Bancassurance. Even though awareness about Bancassurance was poor among the respondents irrespective of their income, 14.95 percent of the respondents in the monthly income group of Rs. 50000-100000 had very good awareness about Bancassurance.
8.4.3 Major Findings with respect to Consumer Perception

The major findings with respect to consumer perception on the basis of empirical analysis of survey data are as follows:

- The analysis revealed that the Endowment plan policies were sold mainly by LIC and private life insurance companies had not made any significant presence in this market. But regarding Children’s plan and Joint life policies, private life insurance companies had no significant market share. Most of the respondents preferred LIC for purchasing Money back policies. The respondents preferred both LIC and private companies for pension plans.

- Regarding Unit Linked Insurance Plans, both LIC and private life insurance companies have almost equal market share, whereas, Term Assurance policies were mainly sold by LIC and the respondents were not in favour of this plan of private life insurers. Meanwhile, majority of the Health plans were sold by LIC, but private life insurance companies also had significant presence in the health plans.

- The average value of various insurance policies sold by private life insurance companies were greater than LIC except in the case of Children’s plans, Joint Life plans, Money Back plans and Term Assurance plans.
Regarding perception towards various life insurance products, the respondents had very good or good perception towards products of LIC and it was average for products of private companies, except in the case of Health plans where it was good. The perception of LIC products was greater in the age group of 46-55 and perception of private life insurance company products was greater in the age group of above 55 years. The perception on LIC products is found to be high in rural areas and perception of private life insurance company products is found to be high in urban areas. The perception about private life insurance companies was high in the education level of PG and others, but the respondents who were in the low education level had good perception towards LIC.

Perception about variety of products offered, office ambience, convenient location and working hours, knowledge, skill and efficiency of office staff was good for LIC and average for private life insurance companies except in the case of courtesy of office staff, where the perception was very good for private life insurance companies. The analysis revealed that there is significant difference on perception level towards these various factors. The analysis further reveals that life insurance holders have highest perception towards the image of the
company, followed by variety of products offered. The perceptions of policy holders are found to be low regarding convenience in policy surrender and courtesy of office staff. Private life insurance companies are found to be faring better only in the case of showing better courtesy towards customers in dealing their business transactions.

- The perception index of LIC and private life insurance company customers were highest in the education level of 10 to Graduation. The total perception index for LIC was highest among the respondents who were in profession and for private life insurance companies, it was highest among NRIs. The total perception index for LIC was highest among the respondents who were in the monthly income slab of Rs.10000-20000 and for private life insurance companies; it was highest among the respondents who were in the monthly income slab of Rs.50000-100000. Again, the study revealed that there is significant difference in the perception index level of LIC and private life insurance companies with respect to the socio-economic factors such as gender, age, place of residence, education level, major occupation and monthly income.

- The analysis revealed that 33.5 percent had good perception and 31.6 percent had excellent perception towards the credibility of LIC, 44.8 percent had good perception about credibility of private life insurance
companies. The respondents had highest perception towards risk coverage and second factor was credibility of the company, third factor was tax benefits, fourth factor was premium, fifth factor was bonus, sixth factor was savings/investment and seventh factor was maturity value on policy while purchasing policy. The least perception for life insurance policies was regarding loan facilities.

- The perceptions of different features such as risk coverage, bonus, premium, savings/investment, tax benefits, maturity value, loan facilities and credibility of companies were high for LIC than private life insurance companies.

- The value of perception of customers on various features while purchasing life insurance products was high for LIC as compared to private companies.

8.4.4 Major Findings with respect to Consumer Behaviour

The major findings with respect to consumer behaviour on the basis of empirical analysis are as follows:

- The analysis revealed that annual savings of majority of the respondents were 20 percent or less, wherein saving habit is found to be high among the respondents who were in formal employment group, profession group and NRIs. It was also observed that irrespective of the number of
dependent members in the families, 82.5 percent of the respondents had less than 20 percent savings. The Chi-square test also affirmed that there was significant variation in the percentage of savings on annual income between various major occupation groups, but there was no significant variation in the percentage of savings on annual income by the number of dependent members in the families.

- With respect to investment avenues, most of the respondents preferred insurance policy along with Bank and Post Office deposits followed by gold, real estate, provident fund or chitties. Investment in shares, bonds, debentures, mutual funds and Non-Banking Finance Companies was considerably low. Further, all the socio-economic categories except gender did not reflect any significant difference in the preference for insurance as an investment avenue.

- Regarding the number of life insurance policies subscribed, it was found that majority of the respondents had one or two life insurance policies. Further, private life insurance policies were found to be mostly opted by male respondents. Professionals and businessmen are found to subscribe more number of LIC policies followed by employed, NRI and others. People in the high income slabs preferred private life insurance
company policies and even for them the number of policies was only one or two.

- The analysis revealed that insurance coverage was high among the family members who were in profession, followed by employees and low in the case of agriculturists.

- Income wise analysis revealed that in the case of respondents in the high monthly income slab, uninsured members is found to be considerably low and in the case of low monthly income slab, there were more uninsured members in the families.

- The analysis revealed that LIC and private life insurance company policies were mainly purchased by the respondents in the age group of 36-45. It was revealed that majority of private life insurance policies were purchased by the respondents in the age group of 26-45. It was found that majority of life insurance policies, both from LIC and private life insurance companies were purchased by married people. Private life insurance company policies were mainly purchased by the respondents with high education level, but LIC policies were purchased by the respondents in the low education level and graduation. The respondents in formal employment prefer life insurance policies of private companies over LIC.
The study revealed that irrespective of the various socio-economic factors, majority of the respondents selected the insurance company on the basis of brand image and personal relationships and agents were the important source prompting the people to purchase life insurance products. Friends and relatives also prompted the respondents in purchasing life insurance policies.

The study revealed that urban customers were more influenced by the advertisement of life insurance companies than rural and semi-urban customers. The respondents in the lower education level were more influenced by the advertisements than the respondents in the high education level. Chi-square test revealed that there is no significant difference of influence of advertisement on different age groups, place of residence, education level and monthly income.

The study reveals that the advertisements made by private life insurance companies through internet/mobile phones have more impact over LIC, but for all other modes of advertisements such as News paper, Radio, Television, Films, Hoardings/banners and Notices/pamphlets; LIC has more impact over private life insurance companies.

Regarding the maturity period, the analysis revealed that customers of LIC prefer policies for long maturity period and customers of private life insurance companies preferred policies of short maturity period.
The analysis reveals that the policies with high maturity period of above 20 years of private companies were not preferred by the respondents.

- The study revealed that there was no significant difference in the preference in maturity period between LIC and private life insurance companies for life insurance policies for maturity period up to 5 years and 6-10 years. In the case of policies with maturity period of 11-15 years, 16-20 years and above 20 years, there was significant difference in preference for customers between LIC and private life insurance companies.

- The analysis revealed that people prefer monthly and quarterly remittance of premium for LIC and majority preferred half yearly and annual premium payment for private life insurance companies. The analysis also reveals that preference of single premium for private companies is found to be higher than that of LIC.

- The analysis revealed that the customers in the age group of 25 years and below, majority want additional life insurance coverage from LIC. Analysis on the basis of education level shows almost half of the respondents from each segment had feeling of insurance for a higher sum; and of that majority of the respondents was in favour of LIC for
higher insurance. Again, in the case of respondents with more number of dependent members, their interest in purchasing additional policy is found to be shifting towards private life insurance companies.

- Regarding analysis about feeling of adequacy of insurance coverage, majority of the customers had a feeling that they were not adequately covered. The main reason for inadequate insurance coverage was preference to other investments, followed by low returns, low income, lack of awareness about insurance products etc.

8.4.5 Major Findings with respect to Consumer Satisfaction

The major findings with respect to consumer satisfaction on the basis of empirical analysis of survey data are as follows:

- Analysis revealed that with respect to various factors such as risk coverage, bonus, premium, savings, tax benefits, maturity value, loan facilities, credibility of the company and product features, LIC customers were more satisfied than private life insurance company customers.

- Analysis affirm that there was significant difference in the satisfaction level of LIC and private insurance company customers for various factors such as risk coverage, bonus, premium, savings, tax benefits, maturity value, loan facilities, and credibility of the company and product features.
• It was found that there is significant difference in the total satisfaction for the product features of LIC and private life insurance companies with respect to the socio-economic factors such as gender, age, place of residence, education level, major occupation and monthly income.

• It was observed that there is significant difference in the after sales experience between LIC and private life insurance companies with respect to agent’s visit, assistance in getting policy documents, assistance in premium notice and assistance in premium remittance. There is no significant difference between LIC and private life insurance companies regarding review of insurance needs, assistance in obtaining policy loans/claims/other services and revival of discontinued policies.

• The analysis depicts that there is significant difference between LIC and private companies regarding agent’s visit, assistance in getting policy documents and assistance in premium notices. Regarding assistance in premium remittance, review of insurance needs and assistance in getting policy loans/other services and revival of discontinued policies, there was no significant difference between LIC and private life insurance companies. The Test Statistics reveals that there was significant difference in the after sales services of LIC and private life insurance companies.
• The important reasons for discontinuance of policies traced out were financial problems, unattractive terms of insurance or poor service from the company. Some customers opted for alternative investment. Due to personal reasons also, policies were discontinued.

• Further, with respect to the future expectations regarding the life insurance companies, it was found that there is significant difference in the opinion of the respondents between LIC and private life insurance companies about its future.

8.4.6 Other Relevant Findings

Relevant finding and observations from the conduct and analysis of the study include the following:

• Inadequate return on investment in comparison with other avenues is yet another point inferred of the present study. People consider life insurance as just another investment option and compare it with return from other investment. This proves to be a reason for averting life insurance policies. Along with insurance coverage, due attention shall be attributed to generate reasonable return to the investment by the policyholders.

• Adopting better technology, online purchase of policies of policies and remittance of premium to be strengthened for convenience of the public and to reduce operation cost of companies.
8.5 Suggestions and Recommendations

Based on the observations and empirical verifications on the perception, behaviour and satisfaction of consumers towards life insurance products, the researcher puts forth the following suggestions and recommendations.

- Access to branches of LIC was found to be one of the constraints faced by the insured customers especially from the rural areas. Increased access could create better business for the insurer along with better perception, learned behaviour and better satisfaction from the end of users. In this context, the researcher feels that increased branch access, through satellite branches at least, shall be created with due consideration for feasibility from the part of the insurance company.

- Courtesy of office staff of LIC has been found less warm as compared to private life insurance companies. Policyholders had shown their dissatisfaction in this dimension. Considering this, the researcher suggests a thorough mentoring from the part of the company towards developing a more customer friendly attitude in the office staff of LIC.

- Office ambience of LIC is also found to be less attractive and inconvenient when compared with private life insurance companies.
This has been attempted to be made up through well maintained collection centers and premium points.

Yet, the researcher recommends due care in facilitating a better office ambience for LIC branches.

- Claim settlement has been found satisfactory in LIC though confronted with difficulties through formalities.
  Pondering on this, the researcher suggests simplification of the formalities in claim settlement along with promptness with an end user perspective.

- Awareness creation with respect to the products, modes of delivery, terms and conditions on servicing have become vital in generating learned behaviour in customers of life insurance products.
  In such situation, the researcher recommends creation of awareness of products, premium collection points, and bancassurance. Terms of lapse, cancellation of policies, and penal interest shall also be made known to the prospects and policyholders. Educating the prospects shall be the function of the life insurers in this regard.

- With respect to forms and slips used, almost all of them are in English/Hindi. When the people are not equipped with linguistics in English or Hindi, this poses a serious constraint to them.
  Thus, the researcher recommends that forms and slips at banks/insurance offices could have been made available in Malayalam
Health insurance has turned to be a necessity for the citizens in the age of uncertainty. Adding riders/features to club life insurance with health insurance could provide one stop shop for the end user to cover his life and health related risks. Family protection plans do exist in the health insurance category.

In this juncture, the researcher recommends innovative products to jointly cover the health risks along with life insurance.

8.6 Conclusions

Insurance industry in India has now been through a cycle involving high growth and more recent moderation. The next wave of growth will be of different nature and complexity, led by players who change the market dynamics through innovation.

Consumer behaviour and perception towards life insurance products was studied and it was observed that consumers from the business category prefer private life insurance companies and consumers from the agriculture category preferred LIC. The analysis revealed that advertisement had influenced majority of the respondents in purchasing life insurance products. But the influence of advertisement was less among the respondents who were in the higher education level category. As the perception was studied, it was also
found that the main reason for inadequate coverage for life insurance was the preference for other investments. Awareness and access to bancassurance and new modes of service delivery shall be improved and thereby contributing to satisfaction of policyholders.

8.7 Researcher’s Contribution

Research works with respect to the consumer perception, behaviour and satisfaction towards life insurance products were reviewed and it was found that there has not been a specific and in depth study relating to consumer behaviour and perception towards life insurance products in Kerala. This paved the way for the researcher to carry out an intensive research relating to the behaviour and perception of customers in Kerala towards life insurance products.

The researcher could add to the knowledge base of consumer perception and behaviour by analyzing the responses of policyholders from both LIC and private life insurance companies. The limited awareness and access to the innovative modes of service delivery are also brought up to the attention. The need to educate and enunciate insurance products as a meaningful avenue of investment is also propagated by the researcher.

8.8 Scope for Further Research

Despite the study covered many relevant areas particularly with respect to consumer behaviour and perception towards life insurance in Kerala, there
exists scope for further research. The relevant aspects so identified but not covered in the present study include the following:

- **Role and Impact of Insurance Regulatory and Development Authority (IRDA) in regulating the insurance sector**
  Regulatory interventions have made a significant impact on the insurance sector with special consideration in the operational and investment aspects. The role and impact of the apex organisation in this respect from the different perspectives especially under liberalized regimes attracts research interest.

- **Impact of Foreign Direct Investment (FDI) in insurance sector**
  The ceiling for foreign direct investment in the insurance is 26 percent. The Central Government proposes to raise it to 49 percent. Hence, there exist a scope for studying the pros and cons of increasing foreign direct investment in the life insurance sector.

- **Prospects and Challenges of Mergers, Acquisitions and Joint Ventures in Insurance**
  Growing big soon is been regarded as the best defense against being thrown out from any sector especially those in a larger scale of operations. Health and general insurance sector has seen a massive turnaround of mergers and joint ventures. The prospects and challenges of the same attract research interest in a macro level.