CHAPTER - 3

RESEARCH METHODOLOGY

3.1 Introduction:

The core concept underlying research is its methodology. The methodology controls the study, dictates the acquisition of the data, and arranges them in logical relationships, sets up a means of refining the raw data, contrives an approach so that the meanings that lie below the surface of those data become manifest, and finally issue a conclusion or series of conclusions that lead to an expansion of knowledge. The entire process is a unified effort as well as an appreciation of its component parts.

According to J.W. Best, “Research is considered to be formal, systematic, intensive process of carrying on the scientific method of analysis. It involves a more systematic structure of investigation usually resulting in some sort of formal record of procedures and report of result or conclusions.”

According to P.M. Cook, “Research is an honest, exhaustive, intelligent searching for facts and their meanings or implications with reference to a given problem. It is the process of arriving at dependable solutions to problem through planned and systematic collection, analysis and interpretation of data. The best research is that which is reliable, verifiable and exhaustive so that it provides information in which we have confidence.”

Indian insurance is a flourishing industry, with several national and international players competing and growing at rapid rates. It is because of reforms and the easing of policy regulations, the Indian insurance sector been allowed to flourish, and as Indians become more familiar with different insurance products. The period from 2010 - 2015 projected to be the 'Golden Age' for the Indian insurance industry. In the simplest terms, insurance of any type is all about managing risk.

For example, in life insurance, the insurance company attempts to manage mortality (death) rates among its clients. The insurance company collects premiums from policy holders, invests the money (usually in low risk investments), and then reimburses this money once the person passes away or the policy matures. A person called an actuary constantly crunches demographic data to estimate the life of a person. This is why characteristics such as age/sex/smoker/etc. all affect the
premium that a policy holder must pay. The greater the chance that a person will have a shorter life span than the average, the higher the premium that person will have to pay. This process is virtually the same for every other type of insurance, including automobile, health and property. Demographics play one of the largest roles in affecting sales for insurance, particularly life insurance. As people age, they tend to rely more and more on life insurance products for their retirement. Death benefit policies ensure that beneficiaries are financially secure once the insured dies, but in more recent years, the insurance industry has made great headway in offering investment/savings type insurance products. So questions arise before the researcher was:

1. What is the trend in Indian Insurance Business in Kachchh?
2. How does insurance cater different benefits to the society?
3. What factors do affect to the buying and renewing decision making of insurance policy?
4. What is the general perception of insurance products in the mind of people?

The main concerns of the thesis here are:

- To highlight life insurance sector since 2001 to 2011, number of registered players, investment scenario of insurance players the idea is to focus on the comparison of insurance players on the basis of secondary data.
- To find out the various factors affecting to the buying and renewing decision of insurance products by conducting the survey in Kachchh. Considered variables for the survey are: Independent Variable and dependent Variable.
- Discussion and personal interview have been conducted to find out the scheme framing policy of the insurance players. Key point of the discussion was on the role of insurance agents in scheme framing policy.

3.1.1 Statement of the Problem:

Life insurance is universally acknowledged to be an institution which eliminates risk substituting certainty for uncertainty and comes as timely aid to the family in the unfortunate event of the death of the bread winner. Life insurance companies both private and public adopt different marketing practices to meet the needs of their targeted market. Customized products, pricing, multi-channel distribution system such as direct selling, banc assurance, corporate agency models
serve as strategic tools for penetrating into the market. Advertisement through media and technologies help in communicating the market information to the customers as well as the company. Providing quality service through customer relationship management practices has become the need of the hour.

Life insurance is a device that provides safety, security, risk cover and adequate returns. The material consequences of accidents, illness and death, the lack of income after retirement that cannot be remedied, could be financially compensated by insurance. The important elements of the marketing mix as employed by these companies include kinds of policies(product) such as education policy, and pension policy, price (premium), promotion i.e., various advertising techniques, the most powerful being through media and through agents and policy holders, mode of distribution (agents), customer-care services and physical ambience of the institutions. The role played by each one of these factors constitutes the crux of the study.

The researcher wanted to look into the Unique Selling Proposition of each company that is vital for the success in their chosen fields, by both public and private sector companies.

The study is made to understand the policy holders’ view as regards the marketing efforts implemented by the companies.

The study on the marketing mix of the life insurance companies seeks an answer for the following questions.

- Do the policies offered by the insurance companies provide security?
- Do they cover risk?
- Is the customer content with the returns?
- Is the policy holder satisfied with the need based policy taken?
- Does the customer feel that he has gained by taking the policy?
- Which form of advertisement is the most productive?
- Do the promotional techniques induce the customers to purchase a policy?
- Do the agents provide satisfactory assistance and guidance?
- Are the agents well-informed?
- Is customer friendly service rendered consistently?
- Do the employees treat all the policy holders equally and impartially?
• And are the customer care services which include speedy issue of policies, maintenance of properly updated records, prompt claim settlement and grievance redressed mechanism, satisfactory?

3.1.2 Research Statement:

The research statement studied is entitled, “An Analytical study of Life Insurance Corporation of India and Selected Private Life Insurance Companies of India with reference to Kachchh district (Gujarat)”. The proposed study will focus on the analysis of the attitude towards public and selected private life insurance companies in Kachchh district.

3.1.3 Objectives of the Study:

The present research has been undertaken with the general objective of analyzing of the select insurance companies. The specific objectives are as follows:

1. To analyze the personnel and demographic and rational profile of the respondents;
2. To study the attributes of insurance products and pricing of life insurance policies;
3. To study the nature and types of promotional activities undertaken by the life insurance companies;
4. To examine the physical distribution practices undertaken by the life insurance companies;
5. To analyze, customer’s level of satisfaction.

3.1.4 Research Design:

A Research design is a plan of action to be carried out in connection with a research project. It is the conceptual structure within which research is conducted and it constitutes the blue print for the collection, measurement and analysis of data. It is the specification of methods and procedures for acquiring the information needed for solving the problem.

This part of the thesis seems to be an important one. There are many definitions of research design and no one definition imparts the full range of important aspects.
A research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure (Clair). It is also called the plan, structure and strategy of investigation conceived so as to obtain answers to the research question and to control variance.

Whatever definitions, it indicates two things. The first is the plan of the research and second is the strategy or blue print specifying the approach that will be used for gathering and analyzing the data. Before going into the plan and the strategy of research, it would be appropriate to discuss the classification of research design. Different perspectives of research are considered keeping in mind the present thesis.

The first perspective is that of degree of problem crystallization. A study can be viewed as exploratory or formalized. The exploratory study is ill structured and much less focused can predetermined objective where as the formalized study has much more structure. All studies have elements of exploration in them. Here the degree of problem is focused and the element of exploration is within that focused boundary. The researcher believes that comparison of various insurance players is required to select the best insurance service provider and to find out the factors affecting to buying and renewing decision are crucial to know the mind set of people towards the insurance. From the perspective of relationship among the variables the present study is descriptive one because:

- It begins with hypothesis or questions and involves precise procedures and data Source specifications.
- Researcher is attempting to describe the variables pertaining to Insurance Investors.
- The goal of this study is to test the hypothesis or answer the Research Questions Based on the variables.

This analysis is very important from the insurance investors, point of view because it is very long investment decision.

The second part of the research focuses upon the factors which considered to buy and to renew the insurance policy which is done through the primary data. Questionnaire
is developed by considering the different variables of the study, which are filled up by either insurance investor or by key decision taker. Data collection is followed by data analysis through developing the necessary hypothesis and testing of hypothesis to come at proper interpretation. A part from these, insurance experts are interviewed to know more about the scheme framing policy of insurance.

3.1.5 Research Questions:
The research deals with following questions:
1. What are the factors govern the insurance investors’ choice when it comes to decision about buying or renewing insurance policy?
2. What is the attitude of people towards the insurance players and insurance industry?

3.1.6 Variables of the Research Study:
- **Independent Variable**:
  Age, Gender, Marital Status, Education Qualifications, family size, Occupation, Economic Condition, Decision Making, Policy gains, Promotional Activities of Company, Service of intermediaries, Channel Performance, Customer care and Service delivery, Physical evidence practice.
- **Dependent Variable**:
  Policy holder of the Private and Publics Sector Life insurance Companies of the Kachchh District.

3.1.7 Sampling Design:
The sampling design of the research is divided into the following parts:
1. **Target Population** will be Individual Insurance Investors or key decision takers for insurance investment.
2. **Population Parameters of Interest** will be to find the factors affecting to buying and renewing the policies, performance factors of Insurance Players including Market Share, Profit amount, Premium Amount, No. of Policy issued in the market and scheme framing policies used by the major insurance market players.
3. **Sampling Frame**: policy holders of 10 taluka’s of kutch districts from whom addresses and Contact numbers of Individual Investors are taken.
4. **Sampling method** will be Non-probability convenience Sample (i.e. survey of those people who have already invested in insurance as well as key decision taker for insurance investment.)
5. **Sample size:**

The sample size is divided into two parts:

1. **Individual Insurance Investors/Key Decision Taker:**

<table>
<thead>
<tr>
<th>Insurance Sector</th>
<th>No.of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Sector</td>
<td>325</td>
</tr>
<tr>
<td>Private Sector</td>
<td>395</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>720</strong></td>
</tr>
</tbody>
</table>

2. **Insurance Companies:**

Selected private and public sector life insurance companies in India from 2001-02 to 2009-2010 were selected for the study. This Study will focus on the Kachchh District in Gujarat state. So, 9 companies out of 23 are selected for the research work. 9 companies have been ticked:

(a) **Public Sector:**

Life Insurance Corporation of India.

(b) **Private Sector:**

- 1. HDFC Standard Life Insurance Co. Ltd.
- 2. ICICI Prudential Life Insurance Co. Ltd.
- 4. Birla Sun Life Insurance Co. Ltd.
- 5. TATA AIG Life Insurance Co. Ltd.
- 6. SBI Life Insurance Co. Ltd.
- 8. Reliance Life Insurance Co. Ltd.
- 10. Sahara India Life Insurance Co. Ltd.
- 11. Shriram Life Insurance Co. Ltd.
13. Future Generali India Life Insurance Co. Ltd.

14. IDBI Fortis Life Insurance Co. Ltd


16. Argon Religare Life Insurance Co.Ltd.

17. DLF Pramerica Life Insurance Co.Ltd.


19. India First Life Insurance Co.Ltd.

20. Aviva Life Insurance Co. Ltd.

21. ING Vysya Life Insurance Co. Ltd.

22. Met Life India Life Insurance Co. Ltd.

23. India First Life Insurance Company Limited (Bank of Baroda & AndhraBank)

3.1.8 Tool Construction:
The primary data for the research is collected through the structured questionnaire. The Researcher has divided Instrument Development Process into three Phases:

**Phase:1**
The first Phase of the Instrument Development Process is dealt with the following tasks:
1. Selection of the Scale Type, which is Nominal scale for the Study.
2. Selection of Communication Approach, Which are Personal Contact and Telephonic Contact.
3. Selection of Process Structure, which is structured questionnaire.

**Phase:2**
The second Phase of the Instrument Development Process is dealt with the following tasks:
1. Identify the variables for the questions. Here, the studied variables are demographical, geographical, psychological, and behavioral variables. Variables are developed from the Literature review.
2. Framing of appropriate questions by considering all the studied variables.
Phase:3
The third Phase of the Instrument Development Process is dealt with the following
tasks:
1. Use filter questions to screen prospect.
2. Sequence questions from general to specific
3. Include skip directions to facilitate sequencing.
So at the end of third phase data collection instrument is ready for data collection
The researcher as well as the constructor of these different tools had got them
approved by the experts Dr.G.C.Bhimanisir,HOD, Department of Statistics, and Dr.
A.C.Patelsir in the field of Statistics in Saurastra University, Rajkot.

3.1.9 HYPOTHESES:

1. Age of the respondents has no influence on the choice of the company.
2. Gender of the respondents has no influence on the choice of the company.
3. Marital Status of the respondents has no influence on the choice of the company.
4. Area of the respondents has no influence on the choice of the company.
5. Educational Status of the respondents has no influence on the choice of the company.
6. Occupation of the respondents has no influence on the choice of the company.
7. Economical Condition of the respondents has no influence on the choice of the company.
8. Decision making of the respondents has no influence on the choice of the company.

3.1.10 METHODOLOGY:

Any study, to be authentic has to be the representative of the universe and depends
upon the data collected and analyzed. The characteristics of data collected and the
validity of the analysis depend mainly on the methods and the methodology adopted
in the study. As a result of the financial sector reforms the insurance sector was
privatized in the year 2000. However, the private concerns started their business only
in 2001. Therefore, the study has been undertaken for a period of ten years from 2001-10. Moreover the study has been carried out in Kutch district. The researcher consulted the officials of the nine companies who assisted in the selection of policies for the purpose of the study. The pilot study also endorsed the same result.

3.1.11 Data Collection Plan:

The data for the research are of two types:
1. Primary Data is collected through:
   • Structured Questionnaire – to be filled up by Individual Investors. Questions are open ended and closed questions
   • Personal Interview and Discussion with Insurance Agents and Insurance Experts.
2. Secondary data have been collected from various books, journals, magazines, internet, Publication IRDA Annual Reports and from company records.

3.1.12 METHODS OF DATA ANALYSIS:

The present study involves calculation of different ratios to evaluate the financial performance of life insurance companies in India from 2001-2010.
Various Stages of Data Analysis are:
1. Editing, Coding and Tabulation of Data.
2. Descriptive Analysis including Frequencies, Cross Tabulation.
3. Developing Hypothesis and Testing of Hypothesis using Chi-Square Analysis

3.1.13 TOOLS FOR ANALYSIS

   ➢ CHI-SQUARE TEST

The Chi-Square test is a statistical test which computes the probability that there is no significant difference between the expected frequency of an occurrence with the observed frequency of that occurrence. It tests a null hypothesis that the frequency distribution of certain events observed in a sample is consistent with a particular theoretical distribution.
PARETO CHART
A Pareto chart is a type of chart which contains both bars and a line graph. The bars display the values in descending order, and the line graph shows the cumulative totals of each category, left to right. The chart was named for Wilfred Pareto. The left vertical axis is the frequency of occurrence, but it can alternatively represent cost or other important unit of measure. The right vertical axis is the cumulative percentage of the total number of occurrences, total cost, or total of the particular unit of measure. Because the reasons are in decreasing order, the cumulative function is a concave function. The purpose is to highlight the most important among a (typically large) set of factors.

3.1.14 PILOT STUDY:
A pilot study was conducted with the help of a draft questionnaire. The researcher purposefully selected 720 respondents from various locations. The questionnaire comprised 38 questions under the seven elements of marketing mix namely, product, pricing, promotion, physical distribution, people, process and physical evidence using percentage. And also 16 questions were prepared for opinion about life insurance company. The following were the chief indicators:
Researcher got from policy holder which were the nine dominant life insurance companies that emerged from the study and Life Insurance Corporation of India, the only one public company Life Insurance Company which was the major players in the life insurance.

3.1.15 SCOPE OF THE STUDY:
Life insurance is a device that provides safety, security, risk cover and adequate returns. The material consequences of accidents, illness and death, the lack of income after retirement that cannot be remedied, could be financially compensated by insurance. The present study is confined to an analysis of the various elements of marketing mix employed by the life insurance companies and determines how far they depend up on each one of these elements to market their products. The prominent factors constituting the marketing mix are looked into and their relative importance in the total marketing strategy has been examined.
Kachchh the largest district of the India as per area. It is a well-known historical and pilgrimage and tourist centre. It is an industrial centre having well known major and allied industries, run both by the Government and the private sector undertakings after earthquake of 2001. It is a great educational centre having reputed educational institutions. The Life Insurance Corporation of India has 2 of its branches in this district.

The research work titled “An Analytical study of Life Insurance Corporation of India and Selected Private Life Insurance Companies of India with reference to Kachchh district (Gujarat)”. Would enable the companies to find out the status of their products. The research findings could be helpful to the actuaries to develop new policies according to the current needs of the people; to create awareness among the companies and policymakers regarding their responsibility to cater to the security and financial needs of the rural population in the event of a crisis by going beyond the minimum requirement as stipulated by the IRDA and that they should cater to the needs of both rural as well as urban masses in a more concrete and effective manner.

It would be helpful to reorient their policies to suit the requirements of the prospects.

- The study confirms to public and private Life Insurance Companies operating in Kachchh district (Gujarat) only.
- The study covers 10 years from 2001 to 2010.
- The study mainly involves analyzing the attitude of marketing mix of public and 9 private Life Insurance companies of India working in Kachchh district (Gujarat).

3.1.16 LIMITATIONS OF THE STUDY:

The present research work is undertaken to maximize objectivity and minimize the errors. However, there are certain limitations of the study, which are to be taken in to consideration for the present research work.

1. As the study is mainly based on primary data collected through questionnaire, it is bestowed with certain limitations which are bound to arise in the primary data collection. Though every effort was made to elicit the correct information by systematic and careful probing, it is possible that lapse of memory and recall bias of respondents might have affected their responses.
2. The validity of the study depends upon the authenticity of the data provided by the policy holders.

3. Time and cost were the major constraints for the researcher. The study has been conducted for a period of ten years from 2001-2010. Data collection from 720 respondents from ten different Life Insurance Companies and analysis were time consuming, thereby resulting in, and the researcher submitting the thesis in 2018.

3.2 CHAPTER SCHEME:

The report titled “An Analytical study of Life Insurance Corporation of India and Selected Private Life Insurance Companies of India with reference to Kachchh district (Gujarat)” is presented in five chapters, logically arranged as follows:

Chapter – I: Deals with the general introduction of the topic of the study undertaken and the methods employed in collection of data.

Chapter – II: Presents the review of literature.

Chapter – III: Presents with the Research Methodology.

Chapter – IV: Presents the analysis and interpretation of data collected.

Chapter – V: Presents the findings, conclusion and suggestions.