CHAPTER 5
CONCLUSION AND SUGGESTION

5.1 Introduction

This chapter, being the final chapter of this report, brings together the conceptual and analytical strands in the preceding chapter. After conducting an exercise in analyzing and interpreting the data collected during the course of this study, the following conclusions pertaining to investment management with reference to Life Insurance Scheme are being presented in this chapter. Similarly, the researcher has made certain suggestions in the light of the conclusions for an efficient and effective investment management.

5.2 Testing of Hypothesis:

H₀ - There is no significant difference between the variability perception of customers with respect to returns in the LIC and the private insurance companies.

It is usually observed that the returns of private insurance companies are higher than the returns of the LIC. In order to test the hypothesis of variability in perception about the return we use the F-statistic as follows:

\[ F = \frac{S_1^2}{S_2^2} = \frac{8}{3.91} = 2.05 \]

Where,

\( S_1^2 \) - First sample variance

\( S_2^2 \) - Second sample variance
Table Value of $F = 1.91$

As the computed value is higher than the table value we reject the null hypothesis and conclude that the perception about the returns among the consumers varies significantly in LIC as compared to the private insurance companies.

$H_0$: There is no significant difference between the satisfaction level of customers about the services in LIC and private insurance companies.

In order to examine, the difference between the level of satisfaction with respect to services of LIC and private insurance companies, we formulated the above given null hypothesis. As the sample size is large we use the Z-test for testing the significance of difference between the two sets of organization, namely LIC and the private insurance companies. The test statistic is as follows:

$$|Z| = \left| \frac{-\bar{x}_1 - \bar{x}_2}{\sqrt{\frac{S_1^2}{n_1} + \frac{S_2^2}{n_2}}} \right| = \left| \frac{0.9 - 0.76}{\sqrt{\frac{1}{10} + \frac{1}{90}}} \right| = 0.42$$

Where,

$\bar{x}_1$ - Mean of First Sample

$\bar{x}_2$ - Mean of Second Sample

$n_1$ - Sample size of first sample

$n_2$ - Sample size of second sample
The computed ‘Z’ value is obtained as 0.42 the corresponding test statistics as 5% level of significance and 99 d.f. is approximate 2. Since the calculated value is less than the table value, we do not reject the null hypothesis. So, we conclude that the customers are equally satisfied with the quality of services of LIC and private insurance companies.

5.3 Conclusions:

1. Age wise grouping 70% of respondent in the age of 25 to 30 preferred ICICI and Max New York. There is a lack of confidence among the respondent of young age regarding investment in insurance. The analysis of table 4.1 says that LIC has lacking to create the confidence among young age respondent. It appeared that the respondent at the age of 25 to 30 were more insurance conscious.

2. The graduates preferring to invest in private insurance companies because of prompt and quick services. The 60% of the graduate respondents prefer ICICI, Bajaj Allianze and Max New York for investment in insurance. According to the household income the respondent with 50,001 to 1,00,000 incomes preferred savings in insurance in private insurance companies. Profession wise 59% of total service/employed respondents preferred more in insurance investment. The more respondents preferred private insurance companies.

3. The 70% of total respondents are satisfied with the savings from the salary due to which the respondent prefer to invest in insurance rather than only other nature of investment. The respondents get
accurate information from different source such as Media, Radio, TV, Insurance agent, friends and relatives, Newspaper, Pamphlets and Broacher, staff member in which 84% of total respondents gets information from insurance agent.

4. The respondents discussion with the insurance agent is more related to various schemes of investment in insurance due to proper information. In which the 57% of total respondents makes a frequent discussion with the agent related to Birla Sun Life, SBI Life and Max New York. In this process of discussion the 52% of total respondents have fully understood the schemes of investment in Insurance and focus mainly on scheme of Bajaj Allianz and Max New York.

5. The amendments in the rules and regulation of insurance companies like ICICI, Max New York, SBI Life, LIC and Bajaj Allianz are prompt on the amendments due to which 45% of total respondents amended frequently. The 68% of the respondents are aware about the controlling authority of insurance in which Birla Sun Life and Bajaj Allianz are better.

6. The satisfactory level related to returns of investment in insurance companies are more because respondents preferred risk cover and few for future saving, for tax benefit and return. The 65% of total respondent prefer long term investment rather than short term investment, the majority of the respondent prefer LIC for long term investment and Birla Sun Life, SBI Life, Bajaj Allianz, Aviva, ING Vyasa.
7. For reasons like early maturity and better return only few respondents prefer short term, whereas in long term investment, majority of respondent prefer LIC in insurance for old age saving and family protection. Due to which majority respondents says that LIC is better than other private insurance companies and they gives priority to LIC for investing because it gives better risk coverage and more security also.

8. Only Life insurance and health insurance has been preferred by the respondents for investment in insurance companies.

9. In return of investment SBI Life gives medium return whereas Aviva and ING Vyasa gives highest returns to the investors. Even though the services provided by insurance companies are fully satisfies to the investors.

10. The perception of respondents about returns among the customers significantly in LIC as compared to the private insurance companies.

11. Related to facilities Aviva Life Insurance has provides better additional facilities than other insurance companies.

12. The risk covered by ICICI, Max New York is related better than all the other private insurance companies.

13. Reasons of invest in insurance : The analysis of the reason reveals that tax saving is the major reason and the other reasons are future savings and risk coverage for buying the insurance products. But it is seen that private life insurance companies products are purchased primarily for investment purpose.
14. Satisfaction: Out of 100 respondents who are the customers of insurance companies 28 customers indicated their satisfaction level as good and 26 customers indicated best and 39 customers indicated their satisfaction level is better. While 7 respondents say it is poor. In this 08 respondents of LIC’s their satisfaction level is better it means they are 80% satisfied with the LIC. Further it shows that the people are happy with the services with the LIC as well as from the private insurance companies are better. Thus we conclude that the customers are equally satisfied with the quality of services of LIC and Private Insurance Companies.

15. The analysis reveals that the LIC dominant in the market only in Endowment plan and UlIP Plan. In case of Money Back which is the well known policy all the companies doing on an average good job. In case of child plan Private insurance companies doing better than LIC. After establishment private insurance companies were concentrated more on ULIP Plan than Traditional plans. The ULIP plans are very much linked with the financial market because of the up and downs in the financial market there is risk and uncertainty regarding the returns hence the private insurance companies switching over to traditional plans.

16. Ranking of benefits and facilities: The respondents were asked to respond to the benefits and facilities provided by the private sector insurance companies and LIC. The option that the respondent responded were better service, professional approach timely claim settlement, good returns, attractive schemes, variety of products, less premium, more risk coverage. Majority of respondents ranked professional approach as first, better service is second and good
return as third. Analyzing and interpreting the table, it is clear that people purchased private sector insurance companies products mostly because of their professional approach and better services.

17. From the above analysis and interpretation of the table it is evident that life insurance industry expended tremendously from 2000 onwards. In terms of number of offices, number of agents, new business policies, premium income etc. they launched the new product (like ULIP, pension plan etc.) and the riders were provided by the life insurance to meet the requirements of various customers. During the period of study most of life insurance business was under written. Private life insurance companies using the new business channels for making to a great extent when compared with LIC. Investment pattern of LIC and private insurance companies also showed some differences. In order to survive the LIC have to struggle more as compared with the private insurance companies

5.4 Suggestions:

1. From the analysis it is observed that during the course of data collection majority of target group did not invest in insurance due to lack of surplus money. There is a need to create the awareness among the customers regarding investment in insurance. The saving habit is also developed among the young age respondent by arranging the training programme workshops proper advertising strategy.

2. It is suggested that the insurance companies should come up with the flexible varieties of insurance coverage such as universal,
variable and universal variable type. Mortgage insurance can be encouraged under this category. The long term health plan is another option and insurance should strive to net the prospects at an early age.

3. Based on some statistical information the public companies still play a predominant role in the present coverage of the rural sector. The private insurance companies sold their products in the rural sector. There is a need to create the awareness among the rural customers because the majority of the rural customers lacking in knowing about the insurance companies and their policies. The insurance industries have to concentrate the rural region in order to achieve the target. Only publishing their product to the media channels. Pamphlets, newspaper is not sufficient, the insurance companies have to target the market and tap it by developing the personal relation and contacts.

4. Agents build a relation with customers and when one agent is allowed to provide service of only one insurance it provides the customers less choice this is the important channel of the insurance companies to sell their products to the customers. More LIC agents means more selling of LIC products. Respondents invest more with the faith that their investment is guaranteed to come back if not by LIC than by government. More distribution network means more dominance of LIC in market. Hence the insurance companies concentrate on the working of the agents their commission needs to look into such a situation to give an open and level market to all players.
5. The main intention to invest in the insurance is to cover the risk for tax benefits, for future savings by observing instead of short term investments the respondents of the opinion that the longer period investments will give the high returns. The insurance companies have to focus to attract to the customers to shorter period investments also. The LIC is a government organization the customer trust more on this company due to guarantee to get the returns back than the private insurance companies. But majority of the respondent says private insurance companies services are better than LIC. Taking into consideration the return wise return from the LIC and private insurance company there is no much difference on an average all companies gives same result hence for the sustainability and for survival in the market the insurance companies should concentrate on the returns on investment and attract the customers.

6. With increased competition among the insurance service has become a key issue. Customer today don’t want to accept the current value propositions they want personalized interactions and they look for more and more futures and add ones and better service. Today managing the customer intelligently is very critical for the insurance especially in the very competitive environment. Companies need to apply different set of rules and treatments strategies to different customers segments. However, to personalize interactions insurance are required to capture customer information in an integrated system. There is an evolutionary change in the technology that has revolutionized the entire insurance sector. Insurance industry is a data rich industry and thus there is need to use the data for trend analyses and personalization. Customer can
here by use the knowledge database to manage their products or the company information and invoices, claim records and histories of the service enquires. Hence there is a need for application of technology in the insurance sector.

7. The majority of the policy holders are buying policies for tax saving only, life cover become the second option to buy the insurance product, this trend has to change this shows that public has not understood clearly the purpose of insurance so it is suggested that the life insurance companies should conduct insurance awareness campaign with the help of advertisement and social groups. The awareness on insurance has to increase at a very young age. The public looks for trust worthiness in a company while buying a insurance product.

8. It is suggested that the insurance companies should spent on advertisement campaign, social spending for brand building so as to create trust in the minds of the customers. Also, some motivational steps could be taken for the recommendations made by the customers. The other major problem is that private insurance companies are heavily depend on market linked policies ULIP. This is not the healthy trend since the market volatility will affect the growth of the business. The attractive schemes of private sector will be more attractive and effective if they could add more varieties to attract. The private insurer have to increase efforts to design new product suitable for the market and make use of innovative distribution channels to reach a boarder lane of the population. Thus it is obvious that private insurance companies are giving a tough competition to LIC.
5.5 Scope for Further Research

- Research could be carried out to explore new avenue of generating business, with reference to the insurance sector.

- A comparative study could be done with regards to insurance as an investment option for potential investors’ vis-à-vis other investment options like shares, mutual funds, fixed deposits and gold.

- The research should be further extended to explore some other dimensions like impact of economic condition on the insurance sector and on its customers and its result effect on insurance sector.