CHAPTER - 5

Objective, Findings, Conclusion and Suggestions

5.1 Consumer Awareness about Importance of Life Insurance
5.2 Consumer Perception
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5.5 Scope:
5.1 Consumer Awareness about Importance of Life Insurance

Objective: To know about the types of insurance policy taken by consumer

Findings:

- Chart 4.2.4 suggests that 63% of the respondents have purchased endowment policy. Majority of the respondents prefer benefits of the plan (the original sum and the accumulated bonus) in a life time.
- From chart 4.2.10 and analysis researcher can say that majority of respondents have purchased Endowment policy followed by moneyback and ULIP policies. Term policy, Pension & Child plan are least preferred and purchased policies.
- Chart 4.2.9 shows that Term insurance is purchased by only 18% respondents. Term Insurance, as the name implies, is for a specific period, and has the lowest possible premium among all insurance plans.
- Chart 4.6.6 shows that only 28% respondents agree that agent explains benefits of Term plan.

Hypothesis Result

- H1: There is significant difference among consumer about type of policy purchased

Conclusion:

Term is the cheapest policy amongst all other policy. There is no return on investment in it so it is least purchased policy. Lack of agent’s effort to sell Term is seen here.
Objective: There is no significant difference among consumer about riders purchased with insurance policy.

Findings:

- On the basis of collected information and chart 4.2.11 researcher can say that 90% of the policyholders have not purchased riders with policies.
- Chart 4.3.7 shows that 71% respondents agree that Accident is a major threat to life before age 60.
- Chart 4.3.8 shows that 75% respondents agree that Critical illness is a major threat to life before age 60.
- Chart 4.6.5 shows that only 32% respondents agree that agent explains benefit of riders.

Hypothesis Result

- There is no significant difference among consumer about riders purchased with insurance policy.

Conclusion:

Above 70% of the respondents are well aware of the fact that accident and critical illness are major threat to their life. Still only 10% respondents have purchased riders with the policy. Lack of efforts from the agent is seen here with only 32% respondents agree that agent has explained benefit of riders.
Objective: To know about the reasons for investment in life insurance

Findings:
- Chart 4.3.1 shows that 85% of the respondents agree that Chief earner of the family must have insurance. 15% of the respondents still don’t agree that Chief earner of the family need life insurance.
- Chart 4.3.2 shows that 58% of the respondents agree that life insurance is for Housewife.
- Chart 4.3.3 shows that 55% of the respondents agree that life insurance is for Students.
- Chart 4.3.4 shows that 55% of the respondents agree that life insurance is for Retired person.

Hypothesis Result
- H1: There is significant difference in awareness about life insurance products

Conclusion:
Actually life insurance is for chief earner of the family. Retired person, Student and Housewife don’t contribute financially to the family, as they themselves are dependent. Life insurance preference for them shows lack of knowledge amongst respondents.

Findings:
- From the response it has been found in chart 4.3.9 that 39% respondents agree that their preferred policy term is between 5 to 10 years.
- From the response it has been found in chart 4.3.10 that 48% respondents agree that their preferred policy term is between 11 to 20 years.
- From the response it has been found in chart 4.3.11 that 54% respondents agree that their preferred policy term is between 21 to 30 years.
- From the response it has been found that 65% respondents agree that their preferred policy term is life time.

Conclusion:
Majority of respondents are in favor of life time as their preferred policy term of life insurance. Actually life insurance is required during wealth creation time. Once enough wealth is created, life insurance is not required. Here, again lack of knowledge amongst respondents is found.
Findings:

- Chart 4.3.14 shows that 55% respondents agree that preferred sum assured should be up to 6 times of their annual income.
- Chart 4.3.15 shows that only 30% respondents agree that preferred sum assured should be 6 to 9 times of their annual income.
- Chart 4.3.16 shows that only 29% respondents agree that preferred sum assured should be above 9 times of their annual income.

Conclusion:

Majority of respondents have shown their agree ness towards preferred sum assured (Insurance) should be up to 6 times of their annual income. Less number of respondents is in favor of 6 to 9 time of their annual income or above 9 times of their annual income as preferred sum assured (Insurance). Having insurance only up to 6 times of their annual income are actually under insured.
Objective: To evaluate the financial security for the family

Findings:
- Chart 4.3.6 shows that only 26% respondents are disagree that their family cannot live the same standards of life for more than 7 years in absence of chief earner of the family.

Hypothesis Result
- H1: There is significant difference among consumer regarding the financial security for the family

Conclusion:
Majority of respondents are agree or strongly agreed that life insurance is necessary for financial security of family. Aforesaid that they cite their family cannot survive at same standard of living in their absence.
5.2 Consumer Perception

Objective: To know about the reasons for having more policies

Findings:

- Chart 4.2.3 shows that among the policy holders almost 79% of them have purchased more than one life insurance policies. It clearly indicates that majority of the people have purchased more than one policy.
- Chart 4.5.1 indicates that 41% respondents agree that they will invest in life insurance even if there are no tax benefits.
- Chart 4.5.7 indicates that 38% respondents agree that Tax benefit as their first priority while investing in life insurance.
- Chart 4.5.2 indicates that only 34% respondents agree that they will invest in life insurance even if there is no return on investment.
- Chart 4.5.8 indicates that only 29% respondents disagree that Investment opportunity as their first priority while investing in life insurance.
- Chart 4.5.3 indicates that 66% respondents agree that they will invest in new policy to get better investment option.
- Chart 4.6.3 shows that 60% respondents agree that agent comes with new scheme which has better investment opportunities.
- Chart 4.5.9 indicates that only 35% respondents agree that Death benefit as their first priority while investing in life insurance.

Hypothesis Result

- H1: There is significant difference in consumer perception towards importance of life insurance policy

Conclusion:
On the basis of hypothesis and chart prepared from collected data researcher can say that there is significant difference in consumer perception towards importance of life insurance policy. Majority of respondents do no agree that they will invest in life insurance, even if there are no tax benefits. Mainly respondents seek some return on investment apart from life insurance; that’s why they disagreed that they will keep on investing in life insurance if there is no return on investment. They also agreed that they
invest in new policies if they get better investment options. Only 35% respondents agree that Death benefit is their first priority while investing in life insurance. Insurance is seen as tax saving or investment tool in India, which is a wrong perception amongst respondents. Agents has played important role in spreading wrong perception as they often go to respondents with new investment scheme with better investment opportunity.

**Findings:**
- Chart 4.6.9 shows that 50% respondents agree that agent considers tax benefits as the first priority while explaining policy.
- Response shows in chart 4.6.10 that 68% respondents agree that agent consider investment opportunity as the first priority while explaining policy.
- Chart 4.6.11 shows that only 39% respondents agree that agent consider death benefits as the first priority while explaining policy.

**Hypothesis Result**
- H1: Perception for tax benefit as first priority is not independent of Agents effort to position tax benefit as first priority.
- H1: Perception for investment opportunity as first priority is not independent of Agents effort to position investment opportunity as first priority

**Conclusion:**
On the basis of chart prepared from collected data researcher can say that Majority of Agents always give first priority to an investment option while explaining benefits to the respondents followed by tax benefit and death benefits. Agent’s plays significant role in forming perception about different benefits in mind of respondents
5.3 Reasons for poor penetration and policy lapsation

Objective: Attempts to explore the causes, which led to poor penetration of life insurance markets.

Findings:
- Chart 4.2.2 shows that people with lower income are less insured compare to people with higher income.

Hypothesis Result
- H1: Policy Purchased is not independent of income level

Conclusion:
People with lower income are less insured because insurance is considered as a tax-saving or investment tool. Poor people cannot afford high premium policies. Term plans are the cheapest amongst all the policy with higher sum assured, but companies and agents don’t promote that scheme.
Objective: To know about the total sum assured of life insurance

Findings:

- Chart 4.2.13 shows that 3% respondents has sum assured below 6 times of their annual income, and 72% of the respondents has sum assured below 8 times of their annual income.
- As seen from the chart 4.3.17 that majority of respondents have shown their agree ness towards preferred sum assured (Insurance) should be up to 6 times of your annual income. Less number of respondents is in favor of 6 to 9 time of monthly income or above 9 times of monthly income as preferred sum assured (Insurance).
- Chart 4.6.1 clearly shows that only 37% respondents agree that agent calculates their insurance requirement based on their annual income.

Hypothesis Result

- H1: There is significant difference among consumer about total sum assured.

Conclusion:

Actually life insurance requires is at least 10 time of annual income. Response from the respondents shows lack of knowledge amongst respondents. Agent’s effort towards awareness is also missing.
**Objective:** To know about the reason for policy lapsation

**Findings:**
- On the basis of data collected from survey and chart 4.2.12 researcher can say that there is case of policy lapsation in 24% of respondents.
- Chart 4.7.1 indicates that, 42% respondents are agree that the reason for lapsation in their opinion is Mis-selling of the product by the agent.
- Chart 4.7.2 shows that 52% respondents are agree that the reason for policy lapsation in their opinion is money crises.
- Chart 4.7.3 shows that 48% respondents are agree that the reason for policy lapsation in their opinion is long policy duration.
- Chart 4.7.4 shows that 45% respondents are agree that the reason for policy lapsation in their opinion is high policy premium.
- Chart 4.7.5 shows that 38% respondents are agree that the reason for policy lapsation in their opinion is policy intimation not received.
- Chart 4.6.7 shows that only 34% respondents agree that agent explain charges in ULIP. 24% of the respondents strongly disagree that agent explains charge in ULIP.

**Hypothesis Result**
- H1: There is significant difference among consumer about policy lapsation.

**Conclusion:**
On the basis of hypothesis and chart 4.7.6 prepared from collected data researcher can say that there is significant difference among consumer about reasons for policy lapsation. Majority of respondents agreed that money crises and long policy duration are the main reasons for their policy lapsation; followed by high policy premium, mis-selling of product by agent and intimation about premium.
**Objective:** To provide insight into the possible reasons of non-consumption of life insurance.

**Findings:**

- Chart 4.4.1 indicates that 29% of the respondents are agree that reason for not buying life insurance is that they never felt the need of life insurance.
- Chart 4.4.2 indicates that 34% of the respondents are agree that reason for not buying life insurance is that they don’t have enough funds.
- Chart 4.4.3 indicates that 50% of the respondents are agree that reason for not buying life insurance is long policy duration.
- Chart 4.4.4 indicates that 46% of the respondents are agree that reason for not buying life insurance is high policy premium.
- Chart 4.4.5 indicates that 40% of the respondents are agree that reason for not buying life insurance is lack of knowledge.

**Hypothesis Result**

- H1: There is significant difference in reasons for not buying life insurance policy

**Conclusion:**

On the basis of hypothesis and chart 4.4.6 prepared from collected data researcher can say that there is significant difference between reasons for not buying insurance. Among different reasons cited by respondents majority have agreed that they are not buying insurance because of high policy premium, lack of knowledge and long policy duration. Majority of them disagreed that they don’t have funds to invest and never felt need of insurance.
Objective: To determine the ways to encourage more Indian consumers to consider buying a life insurance.

Findings:

- Chart 4.6.1 clearly shows that only 37% respondents agree that agent calculates insurance requirement based on annual income.
- Chart 4.6.2 shows that only 30% respondents agree that agent asks about financial liability before suggesting any life insurance scheme.
- Chart 4.6.3 shows that 60% respondents agree that agent comes with new scheme which has better investment opportunities.
- Chart 4.6.4 shows that only 36% respondents are agree that agent calculates impact of inflation on selected scheme.
- Chart 4.6.5 shows that only 32% respondents agree that agent explains benefit of riders.
- Chart 4.6.6 shows that only 28% respondents agree that agent explains benefits of Term plan. Term plan has lowest premium amongst all other scheme.
- Chart 4.6.7 shows that only 35% respondents show that agent explain charges in ULIP. 23% of the respondents strongly disagree that agent explains charge in ULIP

Hypothesis Result

- H0: Level of efforts by agents towards creating awareness about Life Insurance are Equal

Conclusion:

On the basis of hypothesis and chart 4.6.8 prepared from collected data researcher can say that Level of efforts by agents towards creating awareness about Life Insurance is Equal. From above chart researcher can say that majority of agents always comes with new scheme of Life Insurance as better investment opportunity. For rest of all benefits like riders, effect of inflation, etc agents put equal level of efforts to create or make aware about life insurance to the respondents. Agents require putting more efforts in making aware about importance of Life Insurance to encourage more Indian consumers to consider buying a life insurance.
**Objective:** To know about the preference of LIC over other company in life insurance

**Findings:**
It clearly shows from the response chart 4.5.5 that 62% of respondents prefer LIC over Private companies.
Charts 4.5.6 indicates that 70% respondents agree that LIC is safer than Private companies.

**Hypothesis Result**
- H1: There is significant difference in consumer perception about LIC over other companies in life insurance

**Conclusion:**
On the basis of hypothesis and chart prepared from collected data researcher can say that there is significant difference in consumer perception about LIC over other companies in life insurance. Majority of respondents agreed they LIC are better than other private players mainly because it is safer to invest in LIC than others.
Objective: To recommend useful suggestions to the insurance companies to retain loyal customers.

Hypothesis Result

- Ho: Preference to invest in LIC is independent of Age group
- Ho: Policy Purchased is independent of Location of respondent
- Ho: Policy Purchased is independent of Age group
- H0: Preferred policy term for insurance (life time) is independent of Age group

Conclusion:

Purchase of insurance is independent of age group and location. Insurance companies promote a particular scheme on national level and push it to agents. Then agent sells that scheme to consumer and here mis-selling goes. That is why it is said that in India insurance is sold and not purchased. Company shall offer insurance scheme based on consumers requirement to retain loyal customers.
5.4 Suggestions:

This study though exploratory in nature, provides useful information to both policy makers in the government and also the insurance accompanies. The authorities at various levels of tiers of government and stakeholders should encourage and intensifies campaign to help creating the awareness among the populace so that they could at least have some sort of extra financial protection to face the unexpected future events. Considering forms of risks Indians face daily, also our lifestyle has also become fast – paced, leading to more health complications and unnecessary illnesses.

Also, considering the growing prevalence of lifestyle – related diseases such as heart trouble, diabetes etc. The need to have insurance policy cannot be seen as option but a necessity due to the uncertainty of future events. The increasing costs of living and medical costs in India provide strong support to the need of having insurance policy as protection and security against unexpected financial obligation if anything happen to the policyholder.

Insurance Companies should take an effort to let people know the importance of having life insurance at the early stage. Giving talks and conduct awareness campaigns to students in the tertiary institutions might open up their mind so that they will be prepared in taking insurance policy in the future. They might not take them now but they will almost definitely take them in future, providing information on the importance of having life insurance should not be considered as business perspectives only but should also serve as responsibility to the society as a whole.

This group is the most potential group that insurance companies and brokers should target as their potential clients in the future. As most of them are ready to buy life insurance after they have graduated from the university, the insurance brokers need to take early step to promote and give this group enlightenment towards the importance of having life insurance.
Life insurance is a relatively low involvement product, even for those who have voluntary cover. It is not something that occupies consumers’ minds at times other than the time of consideration / purchase. The result of this is a low level of awareness and understanding of life insurance products, and more generally, of the operation of life insurance companies.

In this knowledge vacuum, people make incorrect assumptions and attributions about life insurance. These ill-formed and uninformed attitudes then act as barriers to life insurance product take-up.

Insurance services providers will, therefore, have to introduce proactive strategies that are primarily aimed at educating consumers and encouraging greater usage of life insurance. Marketing communication objectives should be based on creating awareness, inform of the benefits inherent in life insurance and to reinforce the purchasing decision.

Insurance has always been used as a tax saving tool. No more, no less. It is up to the insurers to educate the people to secure/insure their future against any unknown calamity and make a shield around their families and businesses.

It is said that the insurance agent is the best salesman in the world. He makes you pay, regularly, an amount promising to pay back only on your death. Thus the players will require an excellent sales team to sell their products in the now competitive environment. There should be the transparency when you are explaining to the customer about the policy. Many persons are not explaining the truth or hide the thing which should be discussed.
8. Your suggestions to reduce policy lapsation:

\text{Multiple reminders for policy should be sent}

9. Your suggestions to increase awareness about importance of life insurance:

\text{Marketing should be concentrated on insurance benefits and not on investment plan.}

8. Your suggestions to reduce policy lapsation:

\text{Reduce charges & commission cuttings from premium amount}

9. Your suggestions to increase awareness about importance of life insurance:

\text{No comments}
8. Your suggestions to reduce policy lapsation:

Loan to pay premium must be provided to local public.

9. Your suggestions to increase awareness about importance of life insurance:

Both premium amount and other benefits should be provided.

8. Your suggestions to reduce policy lapsation:

Keep the policy premium at the lowest so everyone can afford it in all situations.

9. Your suggestions to increase awareness about importance of life insurance:

Family, poor situation in sudden demise of earning member should be projected in a big way in all advertisement.
8. Your suggestions to reduce policy lapsation:
   Consulting is done to purchase the policy, the same way counseling should be arranged in case of lapsation.

9. Your suggestions to increase awareness about importance of life insurance:
   Need to insurance is neglected by life insurance company in selling policy, thus it is neglected by the customer. So policies are purchased for investment purpose.

8. Your suggestions to reduce policy lapsation:
   The I.T.C has to provide proper information to general public about the losses the public have to suffer if the policy once lapsed.

9. Your suggestions to increase awareness about importance of life insurance:
   The I.T.C has to provide door-to-door publicity and has to introduce more beneficiary schemes for general public.
8. Your suggestions to reduce policy lapsation:

Cause of a situation is mis-selling of policy by agents. For every acquisition, commission earned by agents should be recovered.

9. Your suggestions to increase awareness about importance of life insurance:

All insurance companies should keep sending awareness from more than importance of life insurance. It should be done very regularly.

8. Your suggestions to reduce policy lapsation:

Take into the consideration the income of the insurance holder at the time fixing the amount of premium.

9. Your suggestions to increase awareness about importance of life insurance:

To let aware the people about the advantage of insurance policy. Efficient advertisement.
8. Your suggestions to reduce policy lapsation:

The scheme should provide periodic liquidity benefits.

9. Your suggestions to increase awareness about importance of life insurance:

The life insurance should cover up in studies of students of higher secondary education.

8. Your suggestions to reduce policy lapsation:

Just don't give the facility of policy lapsation so people do not have stupid plans.

9. Your suggestions to increase awareness about importance of life insurance:

Just also give the very need of very low cost advertisement about what happens if they do not have life insurance.
8. Your suggestions to reduce policy lapsation:
   (i) Insufficient money for the payment of premium of the policy.
   (ii) People are attracted by the other company’s policy so they will buy or accept that company’s policy.

9. Your suggestions to increase awareness about importance of life insurance:
   (i) To give proper explanation about the policy.
   (ii) Insurance company has to provide more advantages of the policy move to the insurer.

8. Your suggestions to reduce policy lapsation:
   Company should force agent for premium collection like they force for renewal policy.

9. Your suggestions to increase awareness about importance of life insurance:
   The company should concentrate more on insurance benefits and less investment benefits.
8. Your suggestions to reduce policy lapsation:

While selling policy agent should see customer's premium paying capacity in difficult times.

9. Your suggestions to increase awareness about importance of life insurance:

Periodic seminars should be organized for passing out out colleagues about importance of their family and life insurance in the future.
8. Your suggestions to reduce policy lapsation:

sell requirement, not policy

9. Your suggestions to increase awareness about importance of life insurance:

TV and newspaper ads

8. Your suggestions to reduce policy lapsation:

Insurance companies pay more attention to get new policy, and less attention in collecting premium, it should give equal attention to both.

9. Your suggestions to increase awareness about importance of life insurance:

Seminars of students should be arranged in colleges about importance of life insurance by insurance companies.
8. Your suggestions to reduce policy lapsation:

Insurance company should offer more convenient facility to pay premium. Online facility should be explained and taught to customers.

9. Your suggestions to increase awareness about importance of life insurance:

Agent should give more than 90% time in explaining savings plan and less than 10% time in explaining importance of life insurance. He should give more time to explain the real need of life insurance.

8. Your suggestions to reduce policy lapsation:

Agent should disclose the true value & need for the policy.
If company will reduce the premium amount years after years then we can increase the policy holders & reduce lapsation

9. Your suggestions to increase awareness about importance of life insurance:

Insurance policy amount should be exempted from the taxable income, this is the reason point to increase the life insurance.
8. Your suggestions to reduce policy lapsation:

One should never be given any policy by force or any other expense (which he can’t afford) policy.

9. Your suggestions to increase awareness about importance of life insurance:

We must understand that a life is more important than money, but what about our family after us is most important.

8. Your suggestions to reduce policy lapsation:

Policy changes are often not told to customers by agents. Thus, customers leave their policy after realising those expenses. All the changes should be shown very clearly in the brochure.

9. Your suggestions to increase awareness about importance of life insurance:

Life after departure of earning member of the family should be shown with examples to the customer while explaining importance of life insurance.
8. Your suggestions to reduce policy lapsation:

- Information about losses due to lapsation

9. Your suggestions to increase awareness about importance of life insurance:

- People should know about insurance

8. Your suggestions to reduce policy lapsation:

- Reminder by the company

9. Your suggestions to increase awareness about importance of life insurance:

- Publicity
- Need of insurance importance
8. Your suggestions to reduce policy lapsation:

Insurance companies having more lapsation ratio than the average lapsation ratio of life insurance should pay penalty.

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9. Your suggestions to increase awareness about importance of life insurance:

Government of India should make life policy open family mandatory. That policy should be by each member of the family.

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8. Your suggestions to reduce policy lapsation:

While selling the policy company give doorstep facility to the customer why they do not give the same facility while collecting premium?

9. Your suggestions to increase awareness about importance of life insurance:

Need is not understood by the customer because need base selling is not done by company. Insurance need should be explained in detail to the customer.
5.5 Scope:

The study could be extended to cover a sizable population spread across demographics within various regions in order to arrive at the Insurance Gap existing in our country. The marketing officials within the insurance companies could use the methodology used in this study as a business-planning tool.