

HDFC Standard Life Insurance Company on Customers Buying Behavior in Insurance Industry

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Abstract- This study explores satisfaction level of customer's perception towards Insurance. Due to increasing awareness among people about their uncertainty of life and increasing competition in Insurance sector, it is significant for Insurance Companies to understand the requisite of their customers. The main aim of this study is to know the consumer satisfaction towards Insurance. This study is based on primary data which is collected through questionnaire among 100 policy holders and data were analyzed with multi variety statistical tools like percentage, bar diagrams and pie charts were used to identify the factors responsible for consumer satisfaction towards Insurance. People are insecure towards risks and uncertainties. Time of death of a person is not certain. Every prudent man is more cautious about preventing them from risk or minimizing or providing effect against it. Due to change in taste and preference of the policyholder it is becoming difficult for the insurance company to understand and measure the service effectively.

Index terms- Insurance, Consumer Satisfaction, Consumer Awareness.

1. INTRODUCTION

1.1 Insurance:

Insurance is a form of contract between the insurance company and a person who gets his life assured, for the payment of a sum of money the unfortunate happening of an event. The payment is made to the insurer on the date of maturity or at an unfortunate earlier death. Under the terms of a contract a person who gets his life insurance. Life insurance is universally acknowledged to be an investment which eliminates risk and substituting certainty for uncertainty and comes to the timely aid of the family in unfortunate event of death. There are two Types of Insurance. a) Life Insurance: The insurance that covers the risk of the life of the insured is called life insurance. b) General Insurance: Any insurance apart from life insurance comes under general insurance. In

this type of insurance the policy holder gets the compensation only when the loss is caused to him, due to the reasons indicated in the policy. It is also called as non-life insurance.

1.2 Definition of Buying Behavior:

Buying Behavior is the decision processes and acts of people involved in buying and using products.

Customer buying behavior:

Customer buying behavior refers to the buying behavior of the ultimate end user customer. A firm needs to analyze the buying behavior for:

- Buyer's reactions to a firm's marketing strategy has a great impact on the firm's success.
- The marketing concept stresses that a firm should create a marketing mix that satisfies a customer and therefore need to analyze the what, where, when and how the customers buy.
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1.3 Consumer Buy:

1. Need/Want/Desire is recognized:

In the first step the customer has determined that for some reason he/she is not satisfied (i.e. customer's perceived actual condition) and wants to improve his/her situation. External factors can also trigger the customer's needs. Marketers are particularly good at this through advertising, in-store displays etc.

2. Search for information:

Assuming that customers are motivated to satisfy his/her need they will undertake a search for information on possible solutions.

3. Evaluate options:

Customers search efforts may result in set of options from which a choice can be made. It should be noted that there may be two levels to this stage. At

level one the customer may create a set of possible solutions to their solution.

1.4 Objectives

- To know the customer buying behavior in insurance industry
- To know the consumer satisfaction towards services offered by HDFC std life Insurance.
- To determine features of HDFC standard life insurance attract of all groups of people.
- To know the reasons behind opting a life insurance policy.

1.5 Scope of the Study

A big boom has been witnessed in Insurance Industry in recent times. A large number of new players have entered the market and are trying to gain market share in this rapidly improving market. The study deals with HDFC Standard Life in focus and the various segments that it caters to.

1.6 Limitations of the Study

- Some respondents were reluctant to divulge personal information, it can affect the validity of all responses.
- The environmental changes are vital to be considered in order to assimilate the findings.
- In a rapidly changing industry, analysis on one day or in one segment can change very quickly.

2. INDUSTRY & COMPANY PROFILE

2.1 Industry Profile

The History of Indian Insurance Industry:

In 1818 the British established the first insurance company in India in Calcutta, the Oriental Life Insurance Company. First attempts at regulation of the industry were made with the introduction of the Indian Life Assurance Companies Act in 1912. A number of amendments to this Act were made until the Insurance Act was drawn up in 1938. Noteworthy features in the Act were the power given to the Government to collect statistical information about the insured and the high level of protection the Act gave to the public through regulation and control. When the Act was changed in 1950, this meant far reaching changes in the industry. The extra requirements included a statutory requirement of a

certain level of equity capital, a ceiling on share holdings in such companies to prevent dominant control (to protect the public from any adversarial policies from one single party), stricter control on investments and, generally, much tighter control. In 1956, the market contained 154 Indian and 16 foreign life insurance companies. Business was heavily concentrated in urban areas and targeted the higher echelons of society. “Unethical practices adopted by some of the players against the interests of the consumers” then led the Indian government to nationalize the industry. In September 1956, nationalization was completed, merging all these companies into the so called Life Insurance Corporation (LIC).

Some of the important milestones in the life insurance business in India are:

1912: The Indian Life Assurance Companies Act enacted as the first statute to regulate the life insurance business.

1928: The Indian Insurance Companies Act enacted to enable the government to collect statistical information about both life and non-life insurance businesses.

1938: Earlier legislation consolidated and amended to by the Insurance Act with the objective of protecting the interests of the insuring public.

1956: The market contained 154 Indian and 16 foreign life insurance companies.

Life Insurance Corporation of India (LIC):

Life Insurance Corporation of India (LIC) was established on 1 September 1956 to spread the message of life insurance in the country and mobilize people’s savings for nation- building activities. LIC with its central office in Mumbai and seven zonal offices at Mumbai, Calcutta, Delhi, Chennai, Hyderabad, Kanpur and Bhopal, operates through 100 divisional offices in important cities and 2,048 branch offices. LIC has 5.59 lakh active agents spread over the country. The Corporation also transacts business abroad and has offices in Fiji, Mauritius and United Kingdom. LIC is associated with joint ventures abroad in the field of insurance, namely, Ken-India Assurance Company Limited, Nairobi; United Oriental Assurance Company Limited, Kuala Lumpur; and Life Insurance Corporation (International), E.C. Bahrain. It has also entered into an agreement with the Sun Life (UK) for

marketing unit linked life insurance and pension policies in U.K. LIC has even provided insurance cover to five million people living below the poverty line, with 50 per cent subsidy in the premium rates. LIC's claims settlement ratio at 95 per cent and GIC's at 74 per cent are higher than that of global average of 40 per cent. Compounded annual growth rate for Life insurance business has been 19.22 per cent per annum. In HDFC as of June 30, 2019, standard life maturities holdings owns 23.02% stake and owns 51.48% in HDFC life.

Marketing of Insurance in India:

Insurance is in a manner of speaking the last frontier in the financial sector to open. It is also a sector, which leads to benefits across the full spectrum, from the individual who now have wider choices, to the economy, which see increased savings, to the infrastructure sector, which can look forward to long term funding being available. In an under-insured economy, newer channels of distribution have to be utilized to intensify the reach of insurance both in urban and rural markets. This will create huge employment opportunities not only within insurance companies but also as agents and consultants of insurance companies.

Marketing Mix Policies:

Different companies can choose to position themselves differently and hence the Marketing Mix is different. However, there are certain common characteristics that one can cull out from the possible strategies that companies adopt.

Insurance Regulatory and Development Authority:

The Insurance Regulatory and Development Authority (IRDA) is a national agency of the Government of India, based in Hyderabad. In 1999, the Insurance Regulatory and Development Authority (IRDA) were constituted as an autonomous body to regulate and develop the insurance industry. The IRDA was incorporated as a statutory body in April, 2000.

The key objectives of the IRDA include promotion of competition so as to enhance customer satisfaction through increased consumer choice and lower premiums, while ensuring the financial security of the insurance market. The IRDA opened up the market in August 2000 with the invitation for

application for registrations. Foreign companies were allowed ownership of up to 26%. The Authority has the power to frame regulations under Section 114A of the Insurance Act, 1938 and has from 2000 onwards framed various regulations ranging from registration of companies for carrying on insurance business to protection of policyholders' interests.

Role of IRDA:

- Protecting the interests of policy holders.
- Establishing guidelines for the operations of insurers, and brokers.
- Specifying the code of conduct, qualifications, and training for insurance intermediaries and agents.
- Promoting efficiency in the conduct of insurance business.
- Regulating the investment of funds by insurance companies.
- Specifying the percentage of business to be written by insurers in rural sectors.
- Handling disputes between insurers and insurance intermediaries.

2.2 Company Profile

About HDFC Standard Life Insurance:

HDFC Standard Life Insurance Company Ltd. is one of India's leading private Insurance companies, which offers a range of individual and group insurance Solutions. It is a joint venture between Housing Development Finance Corporation Limited (HDFC Ltd.), India's leading housing finance institution and a Group Company of the Standard Life, UK. HDFC as on December 31, 2007 holds 72.38 Percent of equity in the joint venture.

- HDFC is India leading housing finance institution and has helped build more than 23,00,000 houses since its incorporation in 2017.
- In Financial Year 2003-04 its assets under management crossed Rs. 36,000 Cr.
- As at March 31, 2016, outstanding deposits stood at Rs. 7,840 Cr.
- Awarded The Economic Times Corporate Citizen of the year Award for its long-standing commitment to community development. Presented the Dream Home award for the best

housing finance Provider in 2015 at the third Annual Outlook Money Awards.

Key Strengths:

- **Financial Expertise:**

As a joint venture of financial services groups, HDFC standard life has the financial expertise required to manage your long-term investments safely and efficiently.

- **Range of Solutions:**

We have a range of individual and group solutions, which can be easily customized to specific needs. Our group solutions have been designed to offer you complete flexibility combined with a low charging structure.

SWOT Analysis of HDFC:

Strengths:

- Domestic image of HDFC supported by Standard Life’s international image is the strength of the company.
- Strong and well spread network of qualified intermediaries and sales person.
- The company provides customer service of the highest order.
- **Weakness:**
- Heavy management expenses and administrative costs.
- Low customer confidence on private players.
- Poor retention percentage of tied up agents
- **Opportunities:**
- There will be inflow of managerial and financial expertise from the world’s leading insurance markets.
- Further the burden of educating consumers will also be shared among many players.
- International companies will help in building world class expertise in local market by introducing the best global practices.

Threats:

- Other private insurance companies also vying for the same uninsured population.
- Most people don’t understand the need or are not willing to take insurance policies in general.

3. METHODOLOGY

3.1 Methodology

Sources of the data:

After determining the objectives of study and research design, the next important data is step collection method. The information has to be collected from the retailers. During the process of the study the data is collected from the target segment that is customers, dealers and distributors with help of a structured well designed questionnaire.

Primary data:

It was collected through questionnaire prepared contains relevant questions that are both close ended and opened. Individual and group interviews also under taken with difference consumers collected mainly the Primary Data for the study by utilizing the questionnaire methods.

Secondary data:

These data are collected from published sources such as Magazines, NEWS papers, several books, and also from the help of web site www.hdfcsl.com.

Sampling method:

The researcher had choice between probability and non-probability sampling methods. In this study a simple non probability method namely convenience sampling was adopted.

4. ANALYSIS & INTERPRETATION

Table 4.1: Age Group of Respondents:

Age Group	No. of Respondent	%
Below 25	31	31
25 to 35	39	39
35 to 45	25	25
45 to above	5	5
Total	100	100

Interpretation:

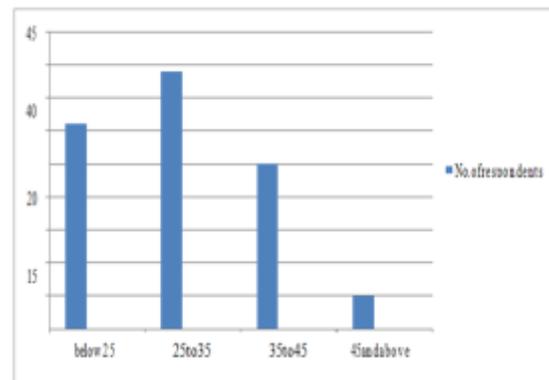


Table 4.2: Occupation of the Respondents:

Working sector	No. of Respondent	%
Govt.	32	32
IT	16	16
Education	6	6
Finance	13	13
Business	29	29
Other	4	4
Total	100	100

Interpretation:

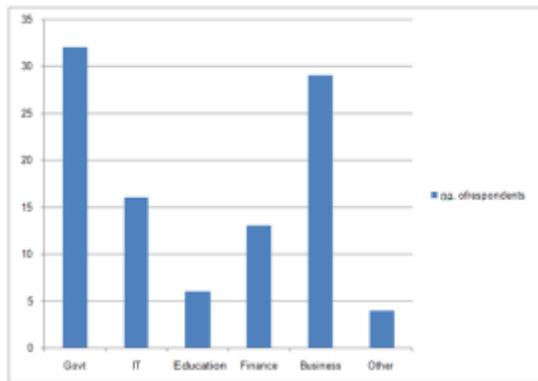


Table 4.3: Customers perception about Insurance:

Response	No. of Respondents	Share (%)
A saving tool	32	32
A tax saving device	29	29
A tool to protect your family	39	39

Interpretation:

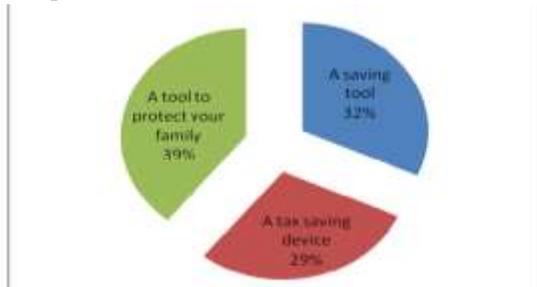


Table 4.4: Features of Insurance policy that attracted respondents to buy in HDFC Standard Life Insurance:

Feature	No. of Respondents	Share (%)
Money Back Guarantee	15	15
Larger Risk Coverage	37	37

Opinion	No. of Respondents	%
Easy Access to Agents	7	7
Low Premium	30	30
Company's Reputation	11	11
TOTAL	100	100

Interpretation:

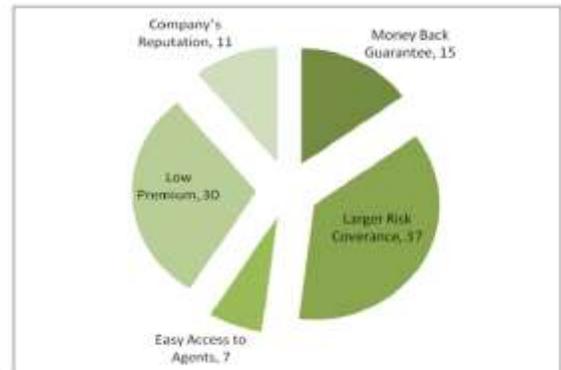


Table 4.5: Respondent Perception towards the HDFC Standard Life Insurance Company:

Opinion	No. of Respondents	%
Average	29	29
Aggressive	21	21
Excellent	14	14
Professional	36	36
Total	100	100

Interpretation:

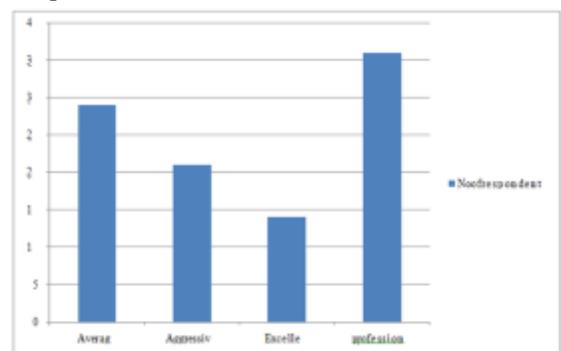


Table 4.6: Satisfaction of the Respondents with Respect to Policies Offered:

Response	No. of Respondents	Share (%)
Satisfied	60	60
Not satisfied	40	40
Not Responded	0	0
Total	100	100

Interpretation:

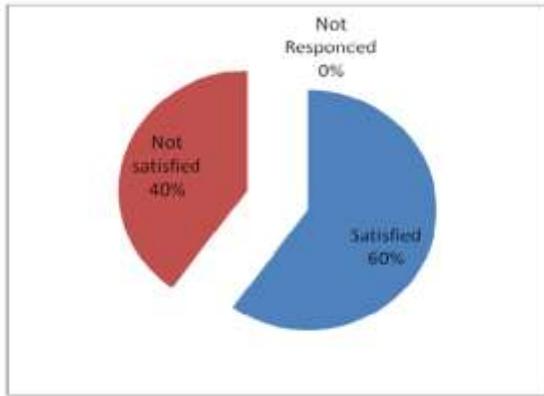
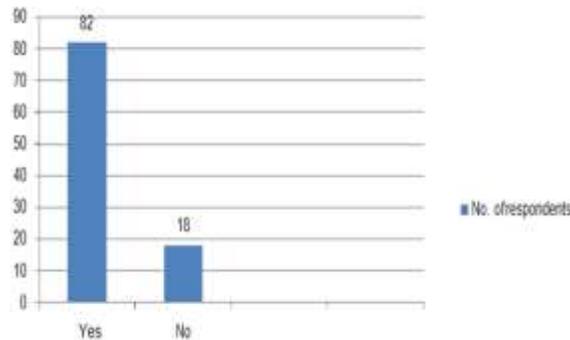


Table 4.7: Satisfied with Policy:

Satisfaction level	No. of Respondents	%
Yes	82	82
No	18	18
Total	100	100

Interpretation:



5. FINDINGS & SUGGESTIONS

5.1 Findings:

- It reveals that 39% of respondents belong to 25 to 35 age group and 31% are belong to below 25 ages. (Ref: Table 4.1).
- The survey shows that maximum 32% of the respondents are in working govt. sector. (Ref: Table 4.2).
- 36% of the respondent’s perception about HDFC-SLIC is professional, and 21% has told that it is being aggressive and 14% are Excellent. (Ref: Table 4.6).
- 60% of the respondents are satisfied with the policies offered in HDFC-SLIC. (Ref: Table 4.7).

- 82% of respondents are satisfied with policy offered by HDFC-SLIC. (Ref: Table 4.8).

5.2 Suggestions:

Most of the people are working in Government and Business sector and they don’t have much financial planning. Another important point is they have good compensation package. So the company should bring more innovative and should carry out more promotional activities in government fields. Better promotion of unit linked plans can generate more sales to the company.

- As the awareness of insurance is less among the people, its awareness should be creating among the people by conducting stage shows and explaining its need and importance.
- Insurance should not be considered only as a risk cover element but also as a long term investment. It is also recommended to concentrate to on lower income group people.
- More efforts should be taken by the company’s financial consultants to convert the leads into policy holder of HDFC-SLIC.

6. CONCLUSION

Our exhaustive research in the field of Life Insurance threw up some interesting trends which can be seen in the above analysis. A general impression that we gathered during Data collection was the immense awareness and knowledge among people about various companies and their insurance products.

People are beginning to look beyond LIC for their insurance needs and are willing to trust private players with their hard earned money. People in general have been impressed by the marketing and advertising campaigns of insurance companies. A high penetration of print, radio and Television ad campaigns over the years is beginning to have its impact now. Another heartening trend was in terms of people viewing insurance as a tax saving and investment instrument as much as a protective one. A very high number of respondents have opted for insurance for such purposes and it shows how insurance companies have been successful to attract public money in recent times.

The general satisfaction levels among public with regards to policy and agents still requires

improvement. But therein lies the opportunity for a relative new comer like HDFC Standard Life Insurance Company Ltd. LIC has never been known for prompt service or customer oriented methods and HDFC Standard Life can build on these factors.

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- [2] Research Methodology- C.R. Kothari
- [3] IRDA Journal

ANNEXURE

Questionnaires:

1. What is your name?
2. Gender:
 - a) Male [] b) Female []
3. Which age group do you belong to?
 - a) Below 25yrs [] b) 25 to 35 yrs []
 - c) 5 to 45 yrs [] d) above 45 yrs []
4. Which sector are you working in?
 - a) Education [] b) Finance []
 - c) Business [] d) Government []
 - e) IT [] f) Others []
5. Are you familiar with all the Investment options available?
 - a) Yes [] b) No []
 - c) Have some knowledge []
6. Do you have any insurance policy?
 - a) Yes [] b) No []
7. Which term of investment preferred?
 - a) Short term [] b) Medium term [] c) Long run []
8. Are you satisfied with policy?
 - a) Yes [] b) No []
9. Which area unit makes you happy with the policies of the insurance provider?
 - a) Satisfied [] b) Not satisfied []
 - c) Not Responded []
10. What's your perception about insurance?
 - a) A saving tool [] b) A tax saving device []
 - c) A tool to protect your family []
11. What kind of process do you prefer in insurance?
 - a) Customer approached Insurance company []

- b) Company/agent approached customer []
12. What should you consider when selecting an insurance company?
 - a) A trusty name []
 - b) Friendly service & responsiveness []
 - c) Good plans []
 - d) Accessibility []
 13. Which features of your policy attracted you to buy it?
 - a) Reimbursement Guarantee []
 - b) Larger Risk variance []
 - c) Easy accessibility to Agents []
 - d) Low Premium []
 14. What is your opinion towards the services provided by HDFC-SLIC?
 - a) Average [] b) Aggressive []
 - c) Excellent [] d) Professional []
 15. Any more info you'd wish to share relating to your perception regarding HDFC-SLIC.
 - 1) {-----}
 - 2) {-----}
 - 3) {-----}