

Topic: - Customer Satisfaction Towards the Non-Endowment Life Insurance Policies in Pune Region

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1. Abstract

The business of insurance is related to the protection of economic values of assets, for every asset has a value. Assets are insured because they are likely to be destroyed or made non-functional before the expected life time through accidents, fire, earthquake, tsunami etc. As we know human life is the most valuable asset on earth hence protecting it is very essential. This study focuses on the satisfaction of the policy holders about the respective non-endowment life policy they have adopted. This research is based on secondary as well as primary data. The data was collected through a structured questionnaire. A sample of 150 customer was chosen to conduct this study. Statistical tests like factor analysis and chi square tests was used to prove the hypothesis.

Key words: - Insurance, Non-endowment life policy, Assets, Policy holders.

2. Introduction

In India, protection has a profound established history. It discovers notice in the compositions of Manusmrithi, Dharmasastra and Kautilya's Arthasastra. The compositions talk as far as pooling of assets that could be re-conveyed in the midst of disasters, for example, fire, floods, pandemics and starvation.

Life insurance business was started in India in 1818 with the inspiration of Oriental life assurance company. This Company anyway bombed in 1834. In 1829, the Madras Equitable had started executing extra security business within the Madras Presidency. 1870 saw the authorization of British Insurance Act and over the foremost recent three a couple of years of the nineteenth century, the Bombay Mutual (1871), Oriental (1874) and Empire of India (1897) were begun within the Bombay Residency.

In 1914, the govt of India began distributing returns of Insurance Companies in India. Legal measure was taken through Indian Insurance Companies Act to regulate life insurance business for the first time in 1912. Statistical information was collected from Indian, Foreign and provident insurance societies for life and no life insurance once the Indian Insurance Companies Act was passes in 1950. Protecting the interest of insurance public was necessary hence the earlier legislation was consolidated and was amended through the Insurance Act in 1938. This laid the base for effective control over the activities of insurers.

Principal agencies were banned in 1950 by the Insurance Amendment Act. However, there have been an outsize number of insurance companies and therefore the level of competition was high. There have been also allegations of unfair trade practices. The government of India, therefore, decided to nationalize insurance business.

An Ordinance was given on nineteenth January, 1956 nationalizing the life assurance segment and life assurance Corporation appeared round the same time. The LIC assimilated 154 Indian, 16 non-Indian safety net providers as likewise 75 fortunate social orders—245 Indian and out of doors guarantors on the entire. The LIC had imposing business model till the late 90s when the Insurance segment was revived to the private part.

Insurance is an agreement with an insurance agency where fixed instalments called 'premiums', are made over some stretch of time called the 'term' in return the organization vows to pay a single amount sum which is named 'Demise Benefit' or 'Aggregate Assured' in the deplorable occasion of death of the individual (Life Assured) to his family (Nominees).

The historical backdrop of general protection goes back to the Industrial Revolution in the west and the resulting development of nautical exchange and trade in the seventeenth century. It came to India as a tradition of British occupation. Triton Insurance Company Ltd. Started the business of general insurance in Calcutta (Kolkata) in 1850. This was set up by the British. However, the company that looked into all kind of general insurance was Indian Mercantile Insurance Ltd. In 1907.

The Insurance Association of India had got a wing created for itself which came to be known as the General Insurance Council in 1957. This was done so that the business practices could be conducted in a fair manner in the general insurance sector. The amendment of Insurance act in 1968 meant that they could also regulate the investments and the set a solvency ratio. Along with it came the Tariff Advisory Committee.

The general insurance business came into effectiveness on 1st of January 1973 as soon as the General Insurance Business Act was passed in 1972. Through this act four companies were formed. These were formed by merging 107 companies. This is how the General Insurance Corporation of India was incorporated and started its business.

This millennium has seen insurance come back a full circle during a journey extending to nearly two hundred years. The method of re-opening of the world had begun in the early Nineteen Nineties and the last decade and a lot of has seen it been detached substantially. In 1993, the govt got wind of a committee headed by the chairmanship of RN Malhotra, former Governor of run, to propose recommendations for reforms within the insurance sector. The target was to complement the reforms initiated within the money sector. The committee submitted its report in 1994 whereby, among different things, it counselled that the personal sector be allowable to enter the insurance business. They explicit that foreign corporations be allowed to enter by floating Indian companies, preferably a venture with Indian partners.

Following the suggestions of the Malhotra Committee report, in 1999, the Insurance prohibitive related Development Authority (IRDA) was furrowed as a self-sufficient body to control and build up the protection business. The IRDA was consolidated as a legal body in Gregorian schedule month, 2000. The key goals of the IRDA grasp advancement of rivalry accordingly on improve customer fulfilment through expanded customer choice and lower premiums, while making certain the cash security of the protection market.

Enrolment were welcomed by IRDA as the markets were open. Unfamiliar firms were permitted ownership of up to 26%. The Authority has the office to outskirt laws under Section 114A of the Insurance Act, 1938 and has from 2000 forward confined various laws beginning from enlistment of firms for carrying on insurance business to security of policyholders' inclinations.

Today there are 31 general insurance companies operating in the country. This also includes Agriculture Insurance Corporation.

The insurance segment is a huge one and is developing at an expedient pace of 15-20%. Along with banking administrations, insurance administrations add about 7% to the nation's GDP. An all-around created and advanced insurance division is an aid for financial improvement as it gives long haul assets to framework advancement simultaneously fortifying the hazard taking capacity of the nation.

Extra security is a legitimately restricting agreement. For the agreement to be enforceable, the extra security application should precisely reveal the guarantee's past and current wellbeing conditions and high-hazard exercises. For an Insurance to stay in power, the policyholder must compensation a solitary premium in advance or pay normal premiums after some time.

Comprehensively, there are five fundamental kinds of Insurance plans: -

1. **Non-endowment life insurance**
2. Endowment plans
3. Unit linked insurance plans (ULIP)
4. Whole life policy
5. Money back policy

Non-endowment life plans are the most fundamental type of extra security. They give life spread no reserve funds/benefit segment. They are the most moderate type of Insurance as premiums are less expensive contrasted with other life coverage plans.

3. Industry Scenario

The life assurance industry in India is regulated by the Insurance Regulatory and Development Authority of India (IRDAI). Currently Twenty-four life assurance companies are licensed that would do Insurance Business in India.

- **Steady Growth Rate:** India's life assurance industry has been growing at a constant pace. Over a period of 6 years from the fiscal year 2012 to 2018, the new business premium has grown at a CAGR (Compounded Annual Growth Rate) of 14.44%.
- **Low Insurance Penetration:** Despite the constant growth rate, life insurance penetration (Premiums as % of GDP) in India still remains low, at 2.76 % as of 2017. The combined penetration of life and non-life insurance is 3.69 % as of 2017.

Growth in Life Insurance Industry- 2018 Vs 2019

Table 1

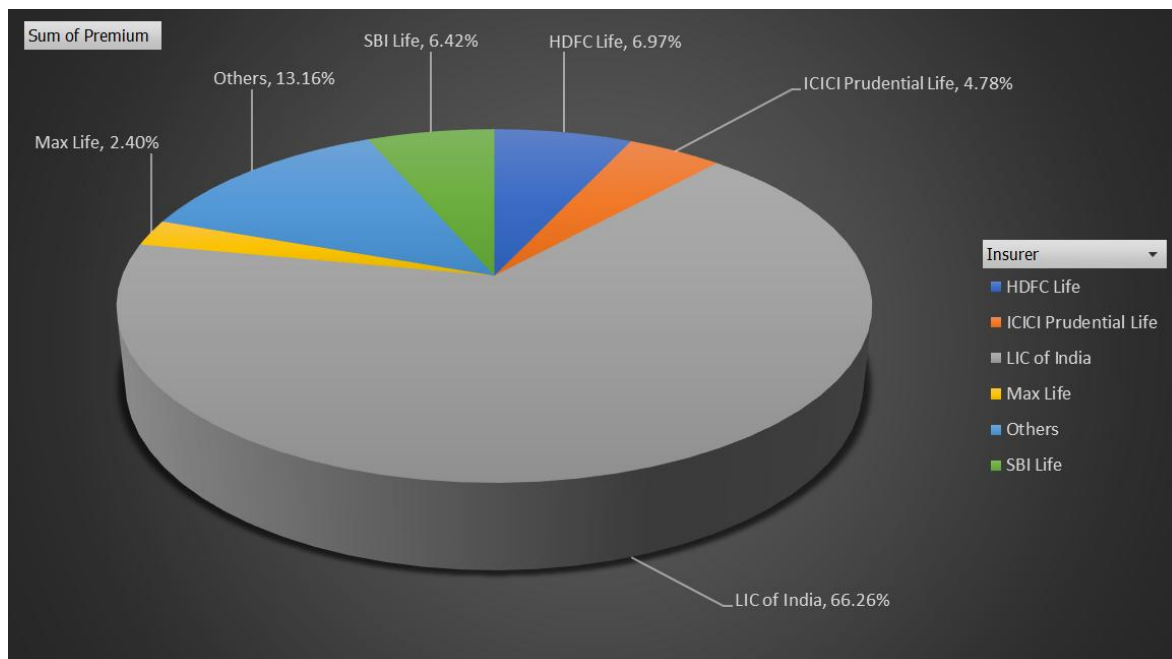
	2018	2019	Growth Rate (in %)
Premium (Crores)	193866.24	214672.86	10.73%
No. of Policies	28198778	28687812	1.73%
Sum Assured	3882171.65	4333541.41	11.63%

- **Premiums:** - We can clearly see from the above table that the premium collected by the insurance industry in 2018 is ₹193866.24 Cr which went out to be ₹214672.86 Cr in 2019 displaying a 10.73% growth in a financial year.
- **Policies:** - In the section of no. of policies in 2018 the industry accounted for 28198778 which grew to 28687812 in 2019 accounting for a growth rate of only 1.73% in that financial year.

- **Sum Assured:** - For sum assured the industry recorded a amount of ₹3882171.65 Cr in 2018 whereas in 2019 it turned out to be ₹4333541.41 Cr showing a growth of 11.63%.

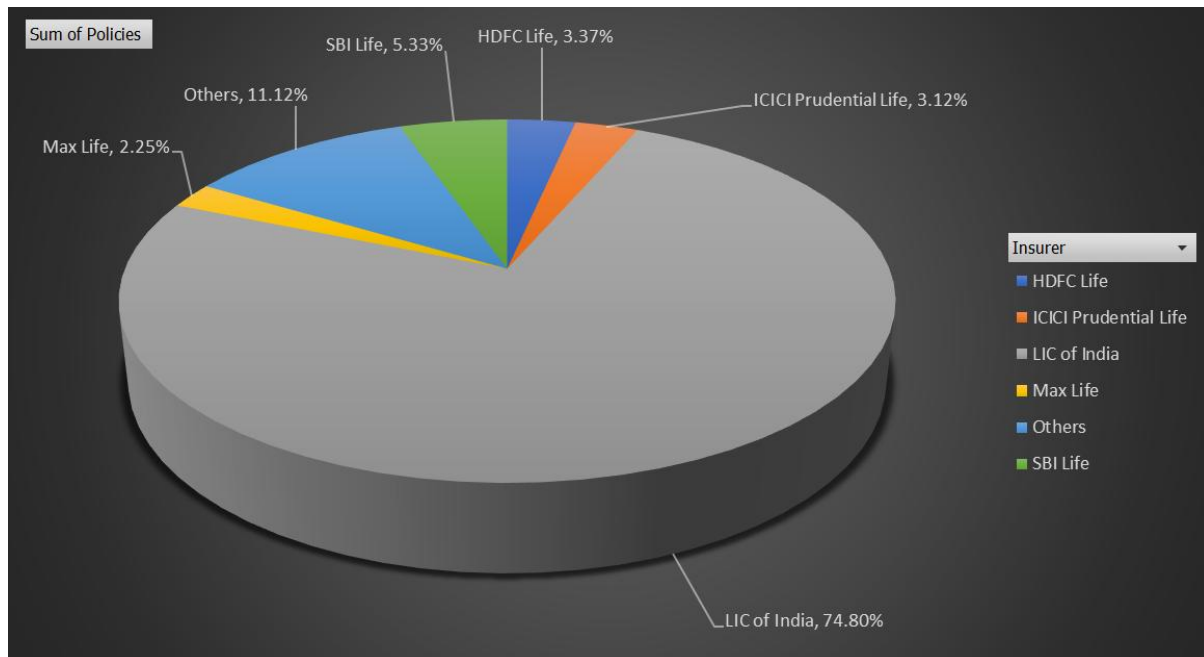
4. Market Scenario

Market share with respect to premiums



LIC India has the maximum market share in premiums with 66.26% and HDFC Life is the market leader amongst the private companies with 6.97% market share followed by SBI Life with 6.42%, ICICI Prudential Life with 4.78%, Max Life with 2.40% and 13.16% constituting others. These are the top five players in the insurance sector. The other companies are Bajaj Allianz Life, Kotak Mahindra Life, Aditya Birla Sun Life, IDBI Federal Life, Shri Ram Life etc.

Market share with respect to policies



LIC India is the market leader in the number of policies sold as well with 74.80%. SBI Life is the market leader amongst the private companies with 5.53% followed by HDFC Life with 3.37%, ICICI Prudential Life with 3.12%, Max Life with 2.25% and others constitute of 11.12%. These are the top five players in the insurance sector. The other companies are Bajaj Allianz Life, Kotak Mahindra Life, Aditya Birla Sun Life, IDBI Federal Life, Shri Ram Life etc.

5. Research Problem

Non-endowment life insurance is a financial product where buyer do not get anything in return before maturity period but secure his/her family in unforeseen situations. In such scenario it is difficult to understand what is the satisfaction level of the customer and what are the factors influencing this satisfaction level.

6. Objectives

- To study the satisfaction level of policy holder about the non-endowment life insurance policies provided by the life insurance companies.

7. Hypothesis

H_0 : - The policy holders are not satisfied with the non-endowment life insurance policies provided by the life insurance companies on the basis of sum assured.

H₁ : - The policy holders are satisfied with the non-endowment life insurances policies provided by the life insurance companies on the basis of sum assured.

H₀ : - The policy holders are not satisfied with the non-endowment life insurance policies provided by the life insurance companies on the basis of raider benefit.

H₁ : - The policy holders are satisfied with the non-endowment life insurances policies provided by the life insurance companies on the basis of raider benefit.

H₀ : - The policy holders are not satisfied with the non-endowment life insurance policies provided by the life insurance companies on the basis of terms and conditions.

H₁ : - The policy holders are satisfied with the non-endowment life insurances policies provided by the life insurance companies on the basis of terms and conditions.

H₀ : - The policy holders are not satisfied with the non-endowment life insurance policies provided by the life insurance companies on the basis of timely issue of premium notice.

H₁ : - The policy holders are satisfied with the non-endowment life insurances policies provided by the life insurance companies on the basis of timely issue of premium notice.

8. Literature Review

1. **Maya Kannan (2018):** - The main aim of the study was to find out the customer satisfaction level of the policy holders towards LIC in Chennai region. The study also tried to cover the factors and attributes that influence the policy holders towards different policies. Descriptive research design was adopted by the researcher and convenient sampling technique was adopted for this. For this research a sample of 100 sample were taken.
2. **Antonio Coviello and Giovanni Di Trapani (2012):** - The primary reason for the examination is to create calculated establishment for researching the client maintenance process, with the utilization of procedure of consumer loyalty and relationship quality. As per the analyst consumer loyalty is a key matric for insurance agencies to screen so as to check which regions of the client support are solid and which territories need improvement so as to keep up or increment their customer base.
3. **Ha Thu Nguyen, Hoang Nguyen, Nhan Duc Nguyen and Anh Chi Phan (2018):** - This paper presents the consequences of an experimental investigation on the determinants of consumer loyalty and dedication in life insurance benefits in Vietnam. For this an example of 1400 respondents were gathered. As per the researcher the measurable examination demonstrates that consumer loyalty in extra security administrations is altogether clarified by variables, for example, corporate image, administration quality and perceived value. As indicated by the researchers the Insurance organizations should concentrate on improving service quality and corporate image so as to get consumer loyalty that prompts customer satisfaction.

4. **Dr. Ruchi Jain (2018):** - The fundamental target of the investigation was to investigate factors influencing consumer satisfaction in the insurance sector and the explanation expressed by the policyholders for the acquisition of the life insurance. Simple random sampling technique was used and the sample size was of 156 respondents. This examination was just limited to Jaipur city.

9. Research Gap

- This research is a generalised research and not a brand specific research.
- Due to this getting idea of customer satisfaction of a particular brand is not possible.
- This research is also related to the satisfaction of non-endowment insurance policies and not on all types of policies.
- Further research can be conducted on ULIP and endowment policies.

10. Research Methodology

Research Design

Descriptive research type was used in the research to prove the hypothesis through data collection that could address the problems of the customers.

Sample Size

For this research a sample of 150 respondents were collected from Pune region.

Sampling Method

Convenience sampling and judgement sampling method were used to collect data through structured questionnaire.

Questionnaire Format

The data was collected by the respondents through a structured questionnaire using-

- i) Multiple Choice Questions
- ii) Likert Scale

Methods of Data

Data was collected using a structured questionnaire. This was done online using google forms. The responses were recorded in an excel file and later coded for analysis.

Software Used

SPSS software was used for analysis and interpretation of data. The coded data was fed into SPSS and then the analysis was done.

11. Analysis of Data

For analysis of data, Factor analysis was done to reduce the number of factors and see the most influential factors that affect the overall satisfaction. Chi Square test was performed to check the independence of variables and see whether there is a relationship between the two variables or not.

Factor Analysis

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.814
Bartlett's Test of Sphericity	Approx. Chi-Square
	729.689
	Df
	21
	Sig.
	.000

Here the KMO measure of sampling adequacy is 0.814 which closer to 1. Generally, a value above 0.5 is preferable but a value above 0.7 is considered good.

Communalities

	Initial	Extraction
Rate of Premium	1.000	.195
Mode of Payment	1.000	.585
Raiders Benefit	1.000	.643
Sum Assured	1.000	.676
Claim Settlement	1.000	.539
Terms and Conditions	1.000	.751
Timely issue of Premium	1.000	.773
Notice		

Here the extraction values show the proportion of each variance retained by each factor. The higher the variance the better it is and factors with low variance are not represented well. So, in this case only rate of premium has 0.195 variance which means that the data is not well represented. Apart from that the proportion of variance explained by the other variables have a value above 0.5 which means the variance is good.

Chi Square test

1. Sum Assured * Overall Satisfaction

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	80.703 ^a	16	.000
Likelihood Ratio	77.586	16	.000
Linear-by-Linear Association	50.997	1	.000
N of Valid Cases	150		

The Chi Square value is the difference between the observed and the expected frequency. Here the χ^2 value is 80.703, the p value is 0.000 and the level of significance is 0.05. There is a significant relationship between sum assured and the overall satisfaction. ($\chi^2 = 80.703$, $df = 16$, $p \leq 0.05$)

Therefore, we reject our null hypothesis.

2. Raider Benefit * Overall Satisfaction

Chi-Square Tests			
	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	489.330 ^a	16	.000
Likelihood Ratio	361.158	16	.000
Linear-by-Linear Association	137.072	1	.000
N of Valid Cases	150		

The Chi Square value is the difference between the observed and the expected frequency. Here the χ^2 value is 489.330, the p value is 0.000 and the level of significance is 0.05. There is a significant relationship between raider benefit and the overall satisfaction. ($\chi^2 = 489.330$, $df = 16$, $p \leq 0.05$)

Therefore, we reject our null hypothesis.

3. Terms and Conditions * Overall Satisfaction

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	93.187 ^a	16	.000
Likelihood Ratio	83.604	16	.000
Linear-by-Linear Association	56.552	1	.000
N of Valid Cases	150		

The Chi Square value is the difference between the observed and the expected frequency. Here the χ^2 value is 93.187, the p value is 0.000 and the level of significance is 0.05. There is a significant relationship between terms and conditions and the overall satisfaction. ($\chi^2 = 93.187$, $df = 16$, $p \leq 0.05$) **Therefore, we reject our null hypothesis.**

4. Timely issue of Premium Notice * Overall Satisfaction

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	89.640 ^a	16	.000
Likelihood Ratio	85.053	16	.000
Linear-by-Linear Association	57.166	1	.000
N of Valid Cases	150		

The Chi Square value is the difference between the observed and the expected frequency. Here the χ^2 value is 89.640, the p value is 0.000 and the level of significance is 0.05. There is a significant relationship between timely issue of premium notice and the overall satisfaction. ($\chi^2 = 89.640$, $df = 16$, $p \leq 0.05$)

Therefore, we reject our null hypothesis.

Since all the factors have a significant relationship with the overall satisfaction, we can infer that the overall satisfaction is dependent on the independent factors. All the chi square analysis suggest that the p value is less than or equal to the alpha value, which means that the null hypothesis will be rejected and we have to accept the alternate hypothesis in each case.

$$\begin{aligned}
 \text{CSat Score} &= (\text{No. of positive response} / \text{Total No. of responses}) * 100 \\
 &= (81/150) * 100 \\
 &= 54\%
 \end{aligned}$$

From the above study we can infer that: -

1. **H₁:-The Policy Holders are satisfied with the non-endowment life insurances policies provided by the Life insurance Companies on the basis of Sum Assured.**
2. **H₁:-The Policy Holders are satisfied with the non-endowment life insurances policies provided by the Life insurance Companies on the basis of Raider Benefit.**
3. **H₁:-The Policy Holders are satisfied with the non-endowment life insurances policies provided by the Life insurance Companies on the basis of Terms and Conditions.**
4. **H₁:- The Policy Holders are satisfied with the non-endowment life insurances policies provided by the Life insurance Companies on the basis of Timely issue of Premium notice.**

12. Findings

- It was noted from the study that 52.6% of the respondents were satisfied with raider benefit and 30% were neutral with the same.
- The study shows that 49.4% of the respondents were satisfied with sum assured 34% were neutral with the same.
- It was noted from the study that 53.3% of the respondents were satisfied with terms and conditions and 26.7% were neutral with the same.
- The study also showed that 50.7% of the respondents were satisfied with timely issue of premium notice and 26% were neutral with the same.
- It was found that 69.3% & 64% of the respondents see it as risk cover and assurance in times of uncertainty.
- It is seen that 21.1% and 20.4% of the respondents pay their premium through cash and cheques respectively which are offline modes of payments.
- The study shows that 66% of the respondents bought insurance from LIC India and only 34% bought from the private insurers.

13. Suggestions

- Cash and cheques are highly used as a mode of payment to pay the premium. The companies should make their website more user friendly to avail online payment options and make good tie ups with the merchant service for e-commerce application for payment processing so that people start using online methods of payments.
- People still prefer buying insurance from LIC India rather than from the private insurers. The private players should work on their brand image to grab a greater market share.
- Most of the people perceive insurance as a product which will assure them in the times of uncertainty which is correct. But the agents or the advertisements should also make people aware of the tax benefits that they get from the policy.

14. Limitations of the Study

- This study was done during the Covid-19 times which means that the fear of life could have influenced the respondents to have a positive perception about the product.
- The study was only limited to Pune city so the results cannot be generalized to other parts of the country.
- The collection of data was done online and is very much possible that the respondents might have filled them casually.

15. Conclusion

- The primary objective of the research was to study whether the customers are satisfied with the non-endowment life insurance policies provided by the life insurance companies of Pune.
- The satisfaction was based on factors like Sum Assured, Raider Benefit, Terms and Conditions, Timely issue of Premium.
- For this a sample size of 150 respondents were taken and statistical test like factor analysis and chi square tests were performed.
- The study shows that the customers are satisfied on the basis of the above factors mentioned.
- It was found that the respondents belonging from the age group of 15-30 are more satisfied and females are more satisfied than males.
- The companies do not have a good online payment system forcing the customers to pay their premiums through cheques and cash.

16. Reference

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