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A STUDY ON PERCEPTION OF CUSTOMERS TOWARDS BIRLA SUN LIFE INSURANCE

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ABSTRACT

In today's tough competition, every company in service sector tries hard to satisfy their customer. In Insurance sector, various new private companies have entered in industry by doing the merger with foreign companies. Day by day they are offering new services with the basic plan to attract the new customers & for retaining the present customers. In this research paper, researcher tried to understand the perception of customers in Insurance sector. The main objective of this paper to identify customer preference regarding plans of Birla Sun Life Insurance company , their purpose of buying the insurance policies, satisfaction level & their future plans for new insurance policy. Data was collected with help of structured questionnaire from 100 customers of Ahmedabad city.

KEYWORDS: Insurance, Customers, Satisfaction, Birla Sun Life Insurance.

INTRODUCTION:

"Insurance, in law and economics, is a form of risk management primarily used to hedge against the risk of a contingent loss. Insurance is defined as the equitable transfer of the risk of a loss, from one entity to another, in exchange for a premium. An insurer is a company selling the insurance. The insurance rate is a factor used to determine the amount, called the premium, to be charged for a certain amount of insurance coverage. Risk management, the practice of appraising and controlling risk, has evolved as a discrete field of study and practice."

The evolution of human beings from the primordial 'wild' stage to the 'cave dwelling' stage is nothing but their saga of search for security. Their quest for security is eternal. Life insurance is a device invented by them to seek security against the most important hazards against which they found themselves quite helpless. It will not be an exaggeration to say that progress of civilization is due to human beings' unending pursuit for security.

Life insurance in its modern form is a western concept. Although it started taking shape since last 300 years, it came to India with the arrival of the Europeans .the first life insurance company was established in India in 1818 as oriental life insurance company mainly by Europeans to provide for widows of Europeans. The companies that followed mainly catered to Europeans and charge extra premium on Indians lives. The first Indian company, insuring Indian lives at standard rates, was Bombay mutual life insurance company, which was formed in 1870.this was the year also when the first Insurance Act was passed by the British parliament. The years subsequent to the Swedishi Movement saw the emerging of several insurance companies.

The end of the year 1955, there were 245 insurance companies and provident societies out of which 16 were non-Indian companies. These companies were nationalized in 1956 and brought under one umbrella – the life insurance corporation of India, which enjoyed monopoly of life insurance business, till almost up to the end of year 2000.By enacting the IRDA Act 2000,the government of India effectively ended LIC's monopoly and opened the doors for private insurance companies

How Life Insurance Works:

There are three parties in a life insurance transaction; the insurer, the insured, and the owner of the policy (policyholder), although the owner and the insured are often the same person. For example, if John Smith buys a policy on his own life, he is both the owner and the insured. But if Mary Smith, his wife, buys a policy on John's life, she is the owner and he is the insured. The owner of the policy is called the grantee (he or she will be the person who will pay for the policy). Another important person involved is the beneficiary. The beneficiary is the person or persons who will receive the policy proceeds upon the death of the insured. The beneficiary is not a party to the policy, but is designated by the owner, who may change the beneficiary unless the policy has an irrevocable beneficiary designation. With an irrevocable beneficiary, that beneficiary must agree to changes in beneficiary, policy assignment, or borrowing of cash value.

The policy, like all insurance policies, is a legal contract specifying the terms and conditions of the risk assumed. Special provisions apply, including a suicide clause wherein the policy becomes null if the insured commits suicide within a specified time for the policy date (usually two years). Any misrepresentation by the owner or insured on the application is also grounds for nullification. Most contracts have a contestability period, also usually a two-year period; if the insured dies within this period, the insurer has a legal right to contest the claim and request additional information before deciding to pay or deny the claim.

The face amount of the policy is normally the amount paid when the policy matures, although policies can provide for greater or lesser amounts. The policy matures when the insured dies or reaches a specified age. The most common reason to buy a life insurance policy is to protect the financial interests of the owner of the policy in the event of the insured's demise. The insurance proceeds would pay for funeral and other death costs or be invested to provide income replacing the deceased's wages. Other reasons include estate planning and retirement. The owner (if not the insured) must have an insurable interest in the insured, i.e. a legitimate reason for insuring another person's life. The insurer (the life insurance company) calculates the policy prices with an intent to recover claims to be paid and administrative costs, and to make a profit. The cost of insurance is determined using mortality tables calculated by actuaries. Actuaries are professionals who use actuarial science which is based in mathematics (primarily probability and statistics). Mortality tables are statistically based tables showing average life expectancies. The three main variables in a mortality table are age, gender, and use of tobacco. The mortality tables provide a baseline for the cost of insurance. In practice, these mortality tables are used in conjunction with the health and family history of the individual applying for a policy in order to determine premiums and insurability. The current mortality table being used by life insurance companies in the United States and their regulators was calculated during the 1980s. There is currently a measure being pushed to update the mortality tables by 2008.

LITERATURE REVIEW:

N. Namasivayam, S. Ganesan and S. Rajendran (2006) study titled "Socioeconornic factors influencing the decision in Taking Life Insurance Policies "The objective of the study was to analyze the socioeconomic factors that are responsible for taking life insurance policies and to examine the preference of the policyholders towards various types of policies of LIC. From the analysis it was found that factors such as age, educational level and sex of the policy holders are insignificant But (Income Level, Occupation & Family size are significant) while deciding on taking an insurance policy. From the analysis, it is inferred that respondents belonging to the age group between 31 to 40 years are very much interested in taking a life insurance policy.

Dr. N. Raman & Miss. C. Gayatri (2004) had observed the customers Awareness towards new insurance companies. It was found that 53% of the respondents belong to the age group "up to 30", 24% to the age group 31-40 , 20% belong to the age group of 41-50, and the remaining belong to the group of above 50. They also observed that a large percentage of the insured respondents (32%) are professionals and 56% of the respondents are married. It is also found that most of the respondents (52%) have taken a policy to cover the risk and 44% to avoid tax and the remaining to invest the surplus amount. The study suggests of the understanding the customer better will enable insurance companies to design appropriate products, determine price correctly and increase profitability.

Jagendra Kumar (2005) by his study, revealed that The Life Insurance penetration, in India is Just about 2% of GDP. The life insurance premium per capita is just Rs. 550/- The LIC is the largest player with over 2000 officers. After liberalization, it has improved efficiency and customer services, among the private life insurance companies ICICI Prudential life Insurance and Birla Sunlife are the first and second largest players. Other prominent companies in competition are – Bajaj -Allianz, HDFC Standard Life, Kotak Mahindra, ING Vysya Aviva Life,

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and Metlife etc.

A study conducted by Patil Kallinath S (2003) aimed at –"critically evaluation of the performance of existing insurance products." It revealed that the insurance coverage of agricultural groups and agricultural labor is very low. The performance of children related policies like Jeevan Kishore, Jeevan Balya etc. is very poor except the children money back policy, which has also not been contributing significantly. The demonstration of product features, by the agents, is not satisfactory.

OBJECTIVES:

1. To determine and analyse the market potential of the Birla Sun Life Insurance Company.

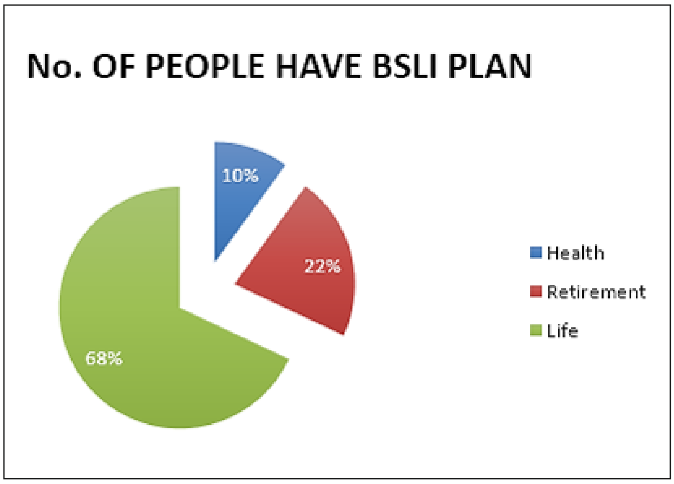
2. To analyse the perception of the customers towards Birla Sun Life Insurance Company.

Sample Size:

In this study researcher has targeted 100 customers of Birla Sun Life Insurance Company.

DATA ANALYSIS:

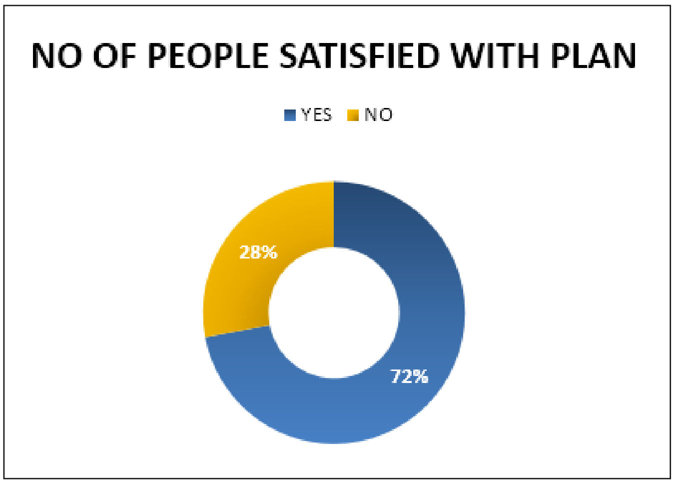
1. **Which Birla Sun Life Scheme does you have?**



Interpretation:

On the basis of above analysis it has been concluded that around 68% of the policy holders are having life plan, 22% of them are having Retirement plan and rest of them are having the health plan.

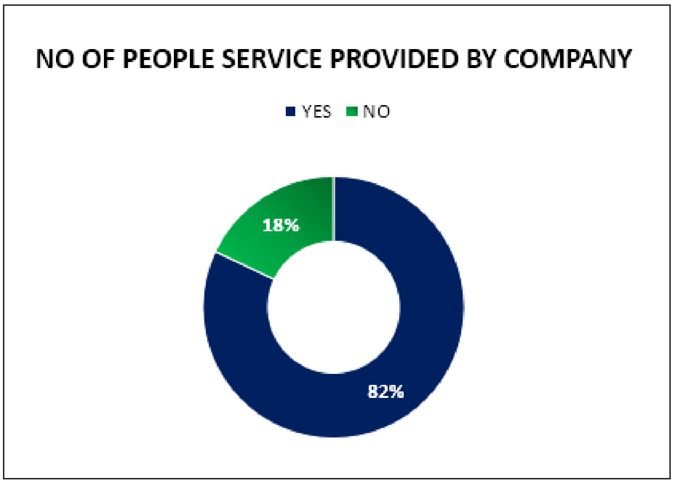
2. **Are you satisfied with the Insurance plan you have?**



Interpretation:

On the basis of the analysis it has been concluded that around 72%of the people are satisfied with plan they and rest of them are not satisfied.

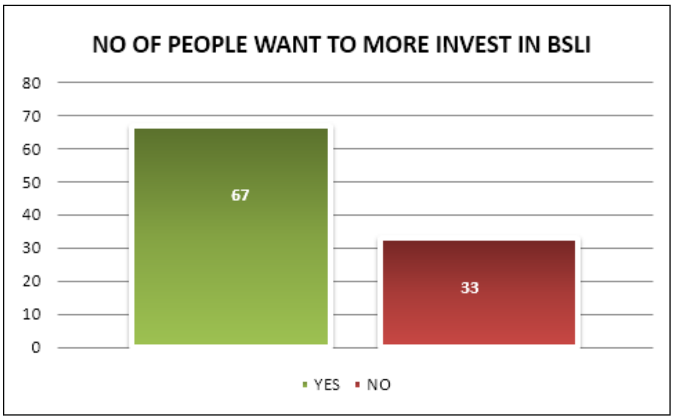
3. **Are you satisfied with the services provided by the company regarding new plans and schemes?**



Interpretation:

On the basis of the above analysis it has been concluded that around 82% of the policy holders are satisfied with the services provided by the company and rest of them are not satisfied.

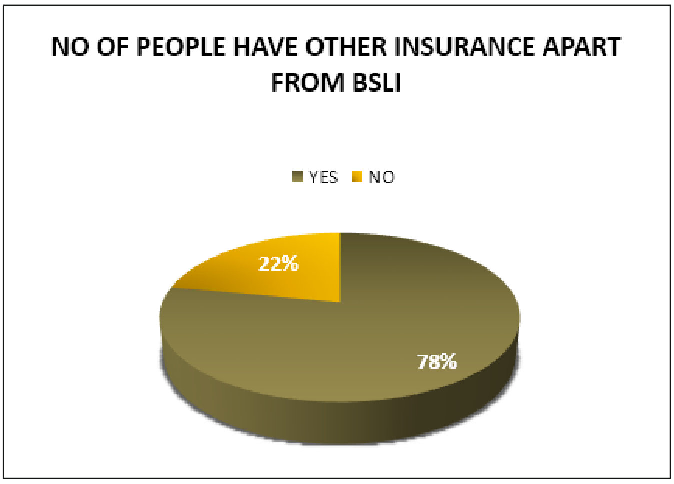
4. **Are you interested to make more investments in BSLI ?**



Interpretation:

On the basis of the above analysis it has been concluded that around 67% of the policyholders are interested to make more investments in BSLI and rest of them are not interested.

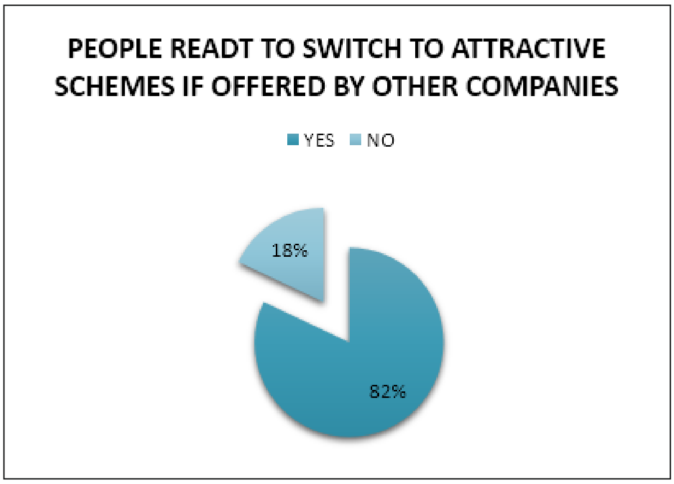
5. **Have you any other Insurance Plan apart from BSLI?**



Interpretation:

On the basis of above analysis it has been concluded that around 78% people have other insurance plan apart from BSLI and 22% people have BSLI

6. If you get any attractive plan than are you ready to switch over?



Interpretation:
On the basis of the above analysis it has been concluded that around 82% of the policy holders are ready to switch over if they get good attractive insurance plan and rest of them don't.

CONCLUSION:
Most insurance plans block money for certain period of time, a BSLI plan gives the double benefit of life insurance along with easy liquidity through lump sum cash. Birla Sun Life Insurance (BSLI), one of the largest private life insurers, is gearing itself to take advantage of the vast rural opportunity that has opened up as a result of the revised definition of rural areas by the IRDA. Over the last four years, BSLI has painstakingly built its rural infrastructure to create a cost-effective distribution network across the country. In today's world more than 50% of the total population is interested in having an insurance policy. From the study we have concluded that MF sector is adopting better & planned strategies to attract its customers. Various marketing strategies are also adopted by the Different players in the market; our focus is on Birla Mutual Fund apart from which investors are diversified among various other leaders of different segments.

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