



*Journal of Advances and  
Scholarly Researches in  
Allied Education*

*Vol. XI, Issue No. XXI,  
April-2016, ISSN 2230-7540*

**A STUDY ON ANALYSIS THE PERFORMANCE OF  
HDFC STANDARD LIFE INSURANCE COMPANY  
LIMITED AND TATA AIG LIFE INSURANCE  
COMPANY LIMITED**

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INTERNATIONALLY  
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# A Study on Analysis the Performance of HDFC Standard life Insurance Company limited and Tata AIG life Insurance Company Limited

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**Abstract** –HDFC Standard Life insurance is the oldest life insurance company in the world. It is the largest insurer in the UK and is the 28th largest company in the world. In India, the company is marketing life insurance products and unit linked investment plans. It has been found from the study that HDFC, SLIC has a lot of competition with other private insurers. The ideal premium would be between Rs. 5000 – Rs. 25000 and an ideal policy term would be 10 – 20 years.

**Keywords:** Riders and Bonuses, Points of Difference, Factors Influencing Customers

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## INTRODUCTION

The Indian consumer has a false perception about insurance – they feel that it would not benefit them if they do not live through the policy term. This message should be conveyed to potential customers so that they readily invest in insurance. The company should try to create awareness about itself in India. In the global market it is already very popular. With an improvement in the sales techniques used, a fair bit of advertising and modifications to the existing product portfolio, HDFC would be all set to capture the insurance market in India as it has around the globe.

## THE INSURANCE INDUSTRY IN INDIA

Together with banking services, it adds about 7% to the country's Gross Domestic Product. The Insurance sector, to some extent, can enable investments in infrastructure development to sustain the economic growth of **HDFC STANDARD LIFE INSURANCE COMPANY LIMITED**

### Tata AIG Life Insurance Company Ltd.

Tata AIG Life is a joint venture company, formed by the Tata Group and American International Group. Tata AIG Life is the leadership position in India and AIG's global presence as the world's leading international insurance and financial services organization. The Tata Group holds 75 per cent stake in the insurance venture with AIG holding the balance 25 percent.

## POINTS OF PARITY FUNDS AVAILABLE WITH ULIP PLANS

General Description	Nature of Investments	Risk Category
Equity Funds	Primarily invested in company stocks with the general aim of capital appreciation	High
Income, Fixed Interest and Bond Funds	Invested in corporate bonds, government securities and other fixed income instruments	Medium
Cash Funds	Sometimes known as Money Market Funds — invested in cash, bank deposits and money market instruments	Low
Balanced Funds	Combining equity investment with fixed interest instruments	Medium

Both HDFC SLIC and Tata AIG LIC have 7 types of funds based on combination of Debt–Equity fund. These are liquid fund, stable managed fund, secure managed fund, defensive managed fund, balanced managed fund, equity managed fund, growth fund.

### Riders and Bonuses

	HDFC Standard Life Insurance	Tata AIG Life Insurance
Free Look Period	15 days	15 days
Reversionary Bonus	Based on company's performance	Based on company's performance
Terminal Bonus	Based on company's performance	Based on company's performance
TOP UP	Minimum Rs. 5000	Minimum Rs. 5000
<b>Riders</b>		
Critical Illness (CI) Benefit	Gives on diagnosis of anyone of 6 critical illness	Gives on diagnosis of anyone of 12 critical illness
Additional Term Benefit (ATB)	Provides	Provides
Accidental Death Benefit (ADB)	Provides	Provides
Double Benefit	Provides	Does not provide
Triple Benefit	Provides	Does not provide
Payer Benefit Rider (PBR)	Does not provide	Provides
Waiver of Premium (WOP) Benefit	Provides	Provides

### Points of Difference

	HDFC Standard Life Insurance	Tata AIG Life Insurance
Grace Period	15 days	31 days
Policy Administration Charge	Rs. 60 per month	Rs. 55 per month
Guaranteed Bonus	Does not give	10% on sum-assured after 10 year
Loyalty Bonus	0.1% every year	0.25% after every 4 <sup>th</sup> year
Fund Switching Charge	Total 24 free switches in a policy after this Rs. 100 per Switch	4 free switches per year after this Rs. 250 per switch
Guaranteed Surrender value	50% of all premium paid excluding 1 <sup>st</sup> premium	30% of all premium paid excluding 1 <sup>st</sup> premium
Fund Management Charge	0.80% per annum on the fund value	1.75% per annum on the fund value
Premium Redirection Charge	Total 12 free Premium Redirection in a policy after this Rs. 250 per Premium Redirection	First 2 Premium Redirection in a year is free after this Rs. 1000 per Premium Redirection
Last Year Return	42.70%	72%

We see that both the life insurance companies' products are almost same. They have same charges, fees and deductions. There is slightly difference in charges and maximum limits of all charges are fixed by IRDA. Before buying any life insurance policy one should check charges and fees on policy and company's overall performance and return given to its consumer.

### OBJECTIVES OF THE RESEARCH

- To know about the product of HDFC Standard life Insurance Company limited and Tata AIG life Insurance Company Limited.
- To know Points of Parity' and Points of Difference of HDFC Standard Life Insurance Company Limited and Tata AIG Life Insurance Company Limited.
- To find out factors that influence customers to purchase insurance policies and give suggestions for further improvement.

### RESEARCH METHODOLOGY

Descriptive research design has been used by the researcher for achieving the objectives of the study.

### TYPE OF DATA COLLECTED

There are two types of data used. They are primary and secondary data. Primary data has been used by the researcher for achieving the objective of the study. Questionnaire method is used to collect the data.

### SAMPLE SIZE

The sample size for the survey conducted was 270 respondents. This sample size was taken on 5 significant levels.

### SAMPLING TECHNIQUE

Random sampling technique was used in the survey conducted.

### TECHNIQUES OF ANALYSIS

Tables, graphs and pie charts were used for the analysis of the collected data.

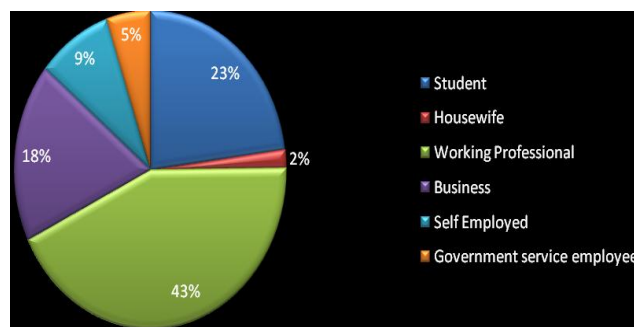
### DATA ANALYSIS & INTERPRETATION

#### CUSTOMER PROFILE OF SURVEYED RESPONDENTS

TABLE-1

Customer profile	No. of respondents
Student	62
Housewife	5
Working Professional	116
Business	49
Self Employed	24
Government service employee	14

CHART -1



### INTERPRETATIONS

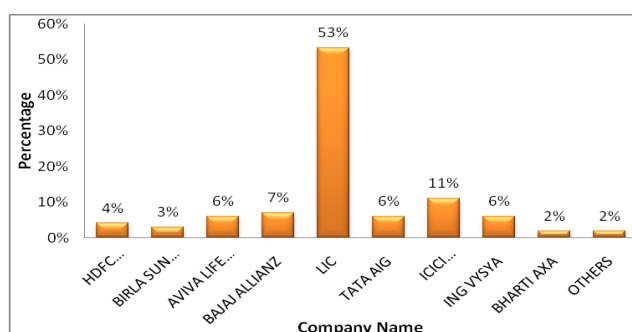
From the chart above it can clearly be seen that 43% of the respondents are working professionals, 23% are students and 18% are into business.

## MARKET SHARE OF LIFE INSURANCE COMPANIES

TABLE-2

LIFE INSURER	NUMBER OF POLICIES
HDFC STANDARD LIFE	4
BIRLA SUN LIFE	3
AVIVA LIFE INSURANCE	6
BAJAJ ALLIANZ	7
LIC	55
TATA AIG	6
ICICI PRUDENTIAL	12
ING VYSYA	6
BHARTI AXA	2
OTHERS	2

CHART-2



### INTERPRETATIONS

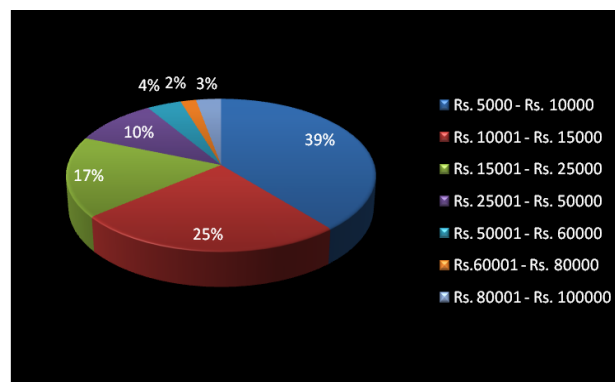
It has been from here that in India since 1956 the organization has grown to 2048 offices serving 20 crore policies.

### ANNUAL PREMIUM PAID BY INDIVIDUALS FOR LIFE INSURANCE

TABLE -3

Premium paid (p.a.)	No. of respondents
Rs. 5000 - Rs. 10000	40
Rs. 10001 - Rs. 15000	26
Rs. 15001 - Rs. 24900	18
Rs. 25000 - Rs. 50000	10
Rs. 50001 - Rs. 60000	4
Rs. 60001 - Rs. 80000	2
Rs. 80001 - Rs. 100000	3

CHART-3



### ANNUAL PREMIUM PAID BY INDIVIDUALS FOR LIFE INSURANCE

#### INTERPRETATIONS

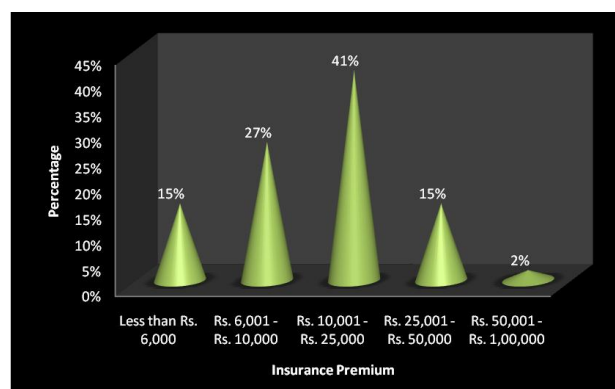
It has been found from the above chart that 39% of the respondents surveyed pay an annual premium towards life insurance. 25% of the respondents pay an annual premium less than Rs. 15001 and 17% pay an annual premium less than Rs. 25000.

### CONSUMER WILLINGNESS TO SPEND ON LIFE INSURANCE PREMIUM

TABLE-4

Willingness to spend on premium	No. of respondents	Percentage
Less than Rs. 6,000	41	15%
Rs. 6,001 - Rs. 10,000	73	27%
Rs. 10,001 - Rs. 25,000	110	41%
Rs. 25,001 - Rs. 50,000	41	15%
Rs. 50,001 - Rs. 1,00,000	5	2%

CHART -4



### CONSUMER WILLINGNESS TO SPEND ON LIFE INSURANCE PREMIUM

## INTERPRETATIONS

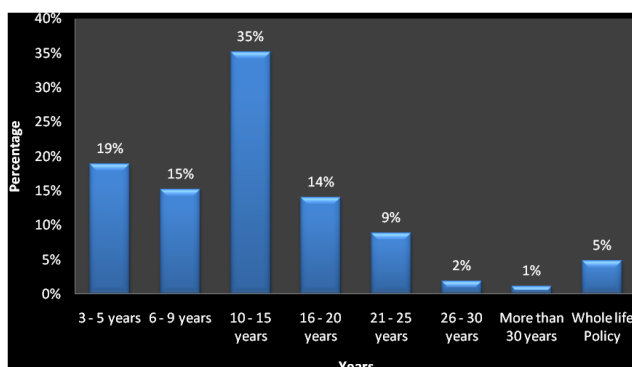
From the graph above, we can clearly see that 41% of the respondents would be willing to spend between Rs. 10001 – Rs. 25000 for life insurance. 27 % would be willing to spend between Rs. 6001 – Rs. 10000 per annum. Only 15% would be willing to spend more than Rs. 25000 per annum as life insurance premium.

## CHART SHOWING IDEAL POLICY TERM

TABLE-5

Ideal policy term	No. of respondents
3 - 5 years	51
6 - 9 years	41
10 - 15 years	95
16 - 20 years	38
21 - 25 years	24
26 - 30 years	5
More than 30 years	3
Whole life Policy	13

CHART-5



## CHART SHOWING IDEAL POLICY TERM

## INTERPRETATIONS

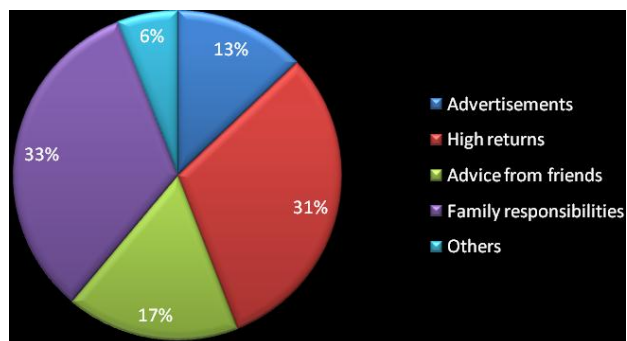
The above chart depicts that 35% of the respondents prefer a policy term of 10 to 15 years, 19% prefer a term of 3 to 5 years and 15% prefer a term of 6 to 9 years.

## FACTORS THAT MOTIVATE RESPONDENTS TO PURCHASE INSURANCE

TABLE-6

Parameter	No. of Respondents
Advertisements	35
High returns	84
Advice from friends	46
Family responsibilities	89
Others	16

CHART-6



## INTERPRETATIONS

From the chart above it can be seen that 33% of the respondents purchase life insurance to secure their families, 33% take life insurance to get high returns, 17% purchase insurance on the advice of their friends and 13% purchase insurance because of the influence of advertisements.

## CONCLUSIONS

The medium of advertising used could be television since most of its competitors use this tool to promote their products. The company must be promoted as an Indian company since consumers seem to have more trust in investing in Indian firms. People should not be afraid to invest money in insurance and must use it as an effective tool for tax planning and long term savings. There are individuals who are willing to pay small amounts as premium but the plans do not accept premiums below a certain amount. This was a general conclusion drawn during prospecting clients.

## SUGGESTIONS

The future topics for research in the organization could be setting up of an appropriate ad campaign. The advertisements have to be emotionally appealing. They might also include a celebrity. A large number of changes could be introduced and this would help in saving operating costs and improving the efficiency of the firm.

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- [www.icici.prulife.com](http://www.icici.prulife.com)

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