A Study of Importance of Life Insurance with Reference to IDBI Federal Life Insurance

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Abstract – Insurance is divided into two types: life insurance and general insurance. General insurance means insurance against burglary or theft, fidelity guarantee, insurance for employer's liability, and insurance of motor vehicles, livestock and crops. For achieving the objective of the study, primary data collection method has been used.

Keywords: Factors of Life Insurance Rates, investment Alternatives, IRDAI

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INTRODUCTION

Insurance is a cover used for protecting oneself from the risk of a financial loss. There are mainly two parties involved in this – the insurer and the insured. The insurer is the insurance company who will provide the cover to the insured against any financial losses. The policy is paid through which is called premium, which is a set amount that must be paid by the insured on a monthly, semi-annual or annual basis. On the happening of an event like death, disability, fire, etc, for which the insured is covered, the benefit amount stated in the policy contract can be claimed by the insured and successor of insured.

CLASSIFICATION OF INSURANCE

There are mainly two broad classes of Insurance – Life and Non Life.

1. Life insurance products include Term Life policies, which give pure risk coverage of only the death benefit, whereas endowment or money back policies have a risk as well as savings component i.e. death as well as maturity benefit. Also coming under the life insurance umbrella are the Unit – Linked Policies in which there is a risk component and a savings component, which is invested in equity, debt or gilt funds, depending on the insurance company.

2. Non-Life insurance products include property or casualty, health insurance or house, fire, marine insurance etc. This insurance class deals with all the non-life aspects of an insured like his/her house, health, land, office, cargo, etc which might bring financial loss.

FACTORS OF LIFE INSURANCE RATES

As with any type of coverage, life insurance rates are a simple expression of the financial risk you pose to the insurer. Anything that increases your chance of death, (and the likelihood your insurer will have to pay out) means a cost increase to you. The factors are health, age, behavior etc.

Age

A term life insurance policy will always be slightly more expensive for a man then it would be for a woman of the same age.

Health

One big factor will be your and your family's health histories. If you have a serious or chronic health condition, obtaining an affordable policy (or even any policy at all) may be tough. If you have a family history of such an ailment, your premiums will likely be higher as a result. Your health "profile" will also be of interest to the insurer.

Lifestyle

Any high risk or dangerous activity participated in on a regular basis means   higher premiums. Smoking is the big fish here. It is virtually impossible for a smoker to earn a preferential rate, even with an otherwise pristine bill of health. "Bad habits" aren't the only high-risk behaviors punished with higher rates.

IDBI Federal Life Insurance Co Ltd.

It is a three way joint-venture of IDBI Bank, an Indian development and commercial bank; Federal Bank is one of India's leading private sector banks.

History

In 2006, IDBI Bank, Federal Bank and Belgian-Dutch insurance MoU to start a life insurance company in India. The company received its license from Insurance Regulatory and Development Authority of India (IRDAI) in December 2007. IDBI Fortis Life Insurance Co. Ltd. officially began its operations in March 2008. In August 2008, the company collected the premium of over Rs.100 crore within a record time of five months, thus becoming the fastest growing new life insurance company in the private sector.

OBJECTIVES OF THE RESEARCH

- To know about various investment alternatives preferred by the customers.

- To find out the criteria that people think about before investing in a life insurance policy.

- To find out the level of awareness of IDBI federal life insurance

RESEARCH METHODOLOGY

Research is an important pre-requisite for a dynamic organization to be précised. The present research is exploratory in nature. The main objective of the exploratory research design is to define the problem into researchable one and transformation of discovered problem into defined one.

SAMPLE SIZE

It indicates the number of individuals who would be surveyed. Here the sample size is 50 respondents.

SAMPLING METHOD

In this case Judgment Sampling would be used.

DATA COLLECTION METHOD

The main method of data collection adopted here is primary data. There are several methods of primary data collection like questionnaire, interview, observation etc. The method used by the researcher is Questionnaire.

LIMITATIONS OF STUDY

The study suffers from some limitations; few of them are as follows:

- Due to shortage of time the studies conducted on very small scale.

- The findings of the research are limited to a particular area & cannot be applied to all places.
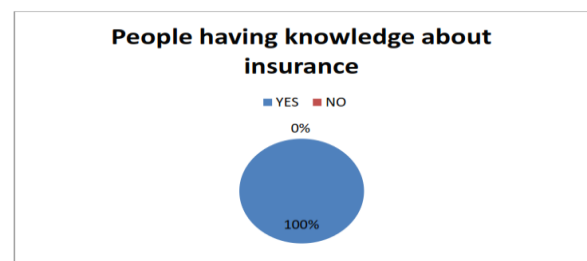
DATA ANALYSIS AND INTERPRETATION

1: Knowledge of People about the insurance

TABLE NO-1

Person having knowledge about Insurance	No. of Respondent	% of Respondent
YES	50	50
NO	0	0

CHART NO-1

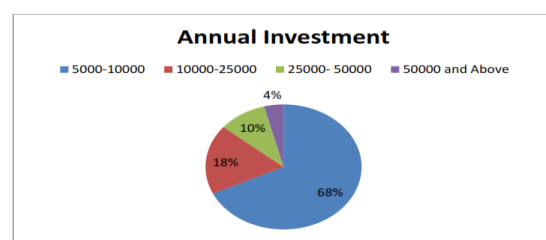People having knowledge about insurance

INTERPRETATION:

Every respondent was aware about insurance. So it helps in the study a lot.

2: How much of your income you want to invest?

TABLE NO-2

| Amount of income invest in Policy Annually	No. of Person invested	% of Person invest
5000-10000	34	68
10000-25000	9	18
25000- 50000	5	10
50000 and Above	2	4

CHART NO-2

Annual Investment

INTERPRETATION:

68% people wishes to invest in insurance in between 5000-10000, 18%people wishes to invest in between 10000-25000,10% people wishes to invest in between 25001-50000 and only 4% people wishes to invest more than 50000 in insurance.

3: Which company's insurance you are having?

TABLE NO-3

Insurance Company	No. of Person having Insurance	% of Person having Insurance
LIC	24.5	49
ICICI PRU	7	14
BAJAJ ALLIANZ	13	26
IDBI FEDERAL LIFE INSURANCE	3	6
ANY OTHER	2.5	5

CHART NO-3

No. of Person having Insurance

■ LIC ■ ICICI PRU ■ BAJAJ ALLIANZ ■ KOTAK MAHINDRA ■ ANY OTHER
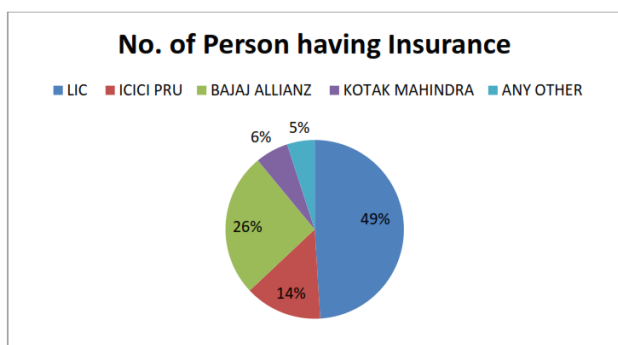
INTERPRETATION:

Out of 50 people interviewed 49% are having LIC insurance, 14% are having ICICI Prudential insurance, 26% are having Bajaj Allianz,6% are having IDBI Federal Life Insurance and remaining 5% are having insurance of other companies. So, on the base of this survey we can say that the company needs to do a lot for capturing the market.

How much preference you give to protection while buying policy?

TABLE NO-4

Preference to Protection	No. of Person need Protection	% of Person need Protection
High Preference	29	58
Average	12	24
No Preference	9	18

CHART NO-4

No. of Person need Protection

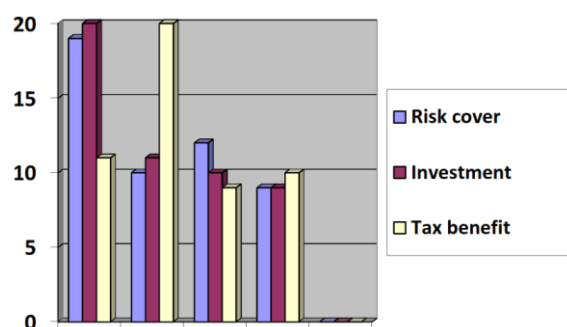■ High Preference ■ Average ■ No Preference
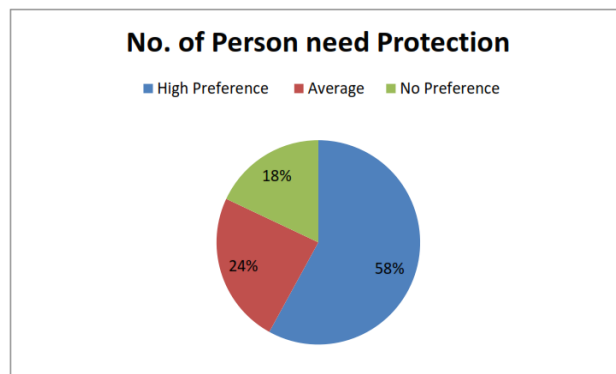
INTERPRETATION:

By the study we come to know that 58% people give high preference to to protection, 24% people give average and rest 18% gives no preference to protection.

5: Provide with the rank according to your preference during investment in insurance policy.

TABLE NO.-5

S. No.	Particulars	Most Preferred	Preferred	Neutral	Less Preferred	Not preferred
1	Risk cover	19	10	12	9	0
2	Investment	20	11	10	9	0
3	Tax benefit	11	20	9	10	0

CHART No.-5

■ Risk cover ■ Investment □ Tax benefit
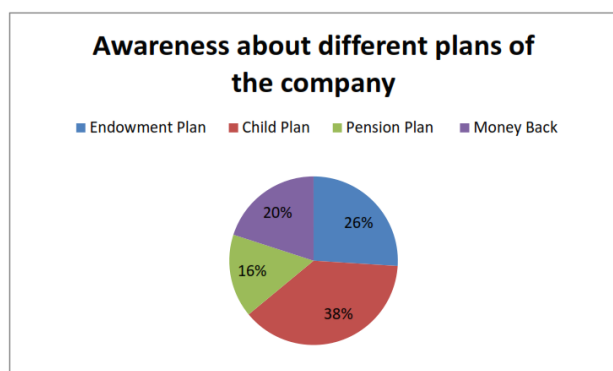
INTERPRETATION:

By the study we come to know that around 40% people give high preference to risk cover and investment. Then 40 % people give preference the insurance policy in regard of tax benefits.

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6: Are you aware of these plans of this company?

TABLE NO-6

| Insurance Plan	No. of Person knows	% of Person knows
Endowment Plan	13	26
Child Plan	19	38
Pension Plan	8	16
Money Back	10	20

CHART NO-6

INTERPRETATION:

Our study gives us the information that 38% people have information about child gain, 26% knows about endowment plan, 20% know about money back and 16% people have information about pension plan.

7: Did you face any kind of problem in knowing your fund value?

TABLE NO-7

Problem in knowing the Fund Value	No. of Person Involved	% of Person Involved
YES	15	30
NO	35	70

**CHART NO-7**
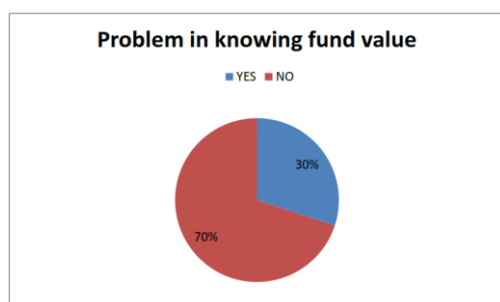
INTERPRETATION:

Sometimes customers have to face a problem when they wish to know the fund value   of their plan but still 30% faced problems when they want to know about their fund value rest 70% people are happy.

8 : Rank according to your satisfaction level

Table No. 8

S. No.	Particulars	Highly Satisfied	Satisfied	Neutral	Less Satisfied	Not satisfied
1	Saving	20	12	10	8	0
2	Security of money	30	10	8	0	0
3	Services	15	16	10	9	0
4	Risk cover	18	22	10	0	0
5	Behavior of agent	10	12	12	10	6
6	Availability of brand	12	10	10	10	8
7	Easy mode for claim	22	14	9	5	0

Chart No. 8
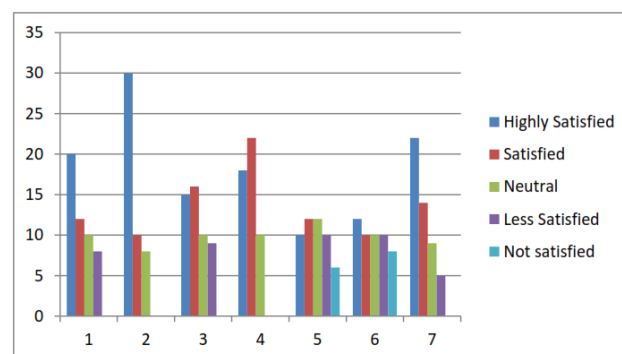
INTERPRETATION:

From the study we can say that mostly people are highly satisfy from various parameters such as saving, security of money, risk cover and easy mode of claim. And people are satisfied from the behaviour of their agents and risk cover.

FINDINGS

• On the basis of previous study we find that many of the people have knowledge about the insurance sector.

• The study shows that people know about IDBI FENERAL LIFE INSUARNACE through various sources like friends, agents, advertisements and others.

• The study shows that while doing policy through agent, a very small number of people faces any problem.

CONCLUSIONS

The entry of more Pvt. Players in the Insurance Sector has expanded the product segment to meet the different level of the requirement of the customers. It has brought about greater choice to the customers.

SUGGESTIONS

- Awareness of customer is very low in India, even educated person are ignorant about various products of insurance.

- Company should have make endeavour in this context like advertisements.

- Give assurance to people that they will not go anywhere taking their money, because this is regulated by IRDA and backup by RBI.

- Company should provide more benefits with their products like major surgical benefits and income benefits.

- Companies should open customer services points in rural areas also.

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