

# AWARENESS AMONG CONSUMERS TOWARDS INSURANCE VS INVESTMENT

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## ABSTRACT

This paper is focused on awareness of insurance and its products among the people. Study has been conducted on the sample of 250 people selected randomly. People get insurance products but at the same time they follow the objective of return rather insured. It is surprising to see that people are not aware with the fund allocation concept of insurance companies, neither they are aware with the charges being deducted by the insurance companies, and even they do not want to bear risk like investing in stock market, but their expectation from insurance product is not only being insured but they look for similar return as pure investment product.

## INTRODUCTION

At present time insurance sector has emerged as growing market because the act of insurance gives meaning to life. In the words of a well known scholar "The process of insurance has been evolved to safeguard the interests of people from uncertainty by providing certainty of payment at a given contingency." (Mishra: 22) competition in the insurance sector has increased so policy holders are getting the competitive advantages. But on the other hand it is very important for the people to understand the product of the insurance companies to meet the requirements. There are many people who could not understand the difference between investment and insurance, so they want to get insured their lives but they seek exceptional return from their insurance product because of their misconception about insurance. Meanwhile, people have been getting mixed products by the insurance companies which can give insurance and return as well. But fact is many policy holders are being cheated by the company in terms of promising hypothetical return and investing their fund in the equity market, as a result people who are buying insurance product with the objective of exceptional return are facing disappointment. So it is needed to make people aware to choose the separate product for investment and separate for insurance.

## OBJECTIVES OF THE STUDY

- The present paper has been written to present a descriptive view of different type of life insurance products available to the people.
- To explore the awareness of people from the view point of Insurance Product vs Investment Product.
- To find the brand awareness product among the consumers of various products.

- To analyze the current market share of different insurance companies in Patna.
- To know the people's belief or hypothesis behind developing or choosing criteria of buying insurance products.
- To know the prospects of Insurance Products in Patna.

## LITERATURE REVIEW

The concept of insurance has been extended beyond the coverage of tangible assets. Human life is also an income generating asset. The asset can be lost through because of unexpected death due to some accident or diseases or the asset can also become non functional because of unexpected death due to some disabilities. In case of such unforeseen mishaps insurance become essential to those who are dependents of the victim to maintain their life in normal and regular manner. Life is full of uncertainties and insurance is based on those uncertainties. As insurance sector has broken up the monopoly of government companies and many private players through their joint venture have entered the insurance sector, the focus of new players has been on need based setting of life business which allow integrations of asset liability fund inflow and outflow and reconcile them with important life events such as children education, marriage, death, disability, critical illness, retirement etc.

## METHODOLOGY

Data has been collected from both the sources-primary and secondary. Secondary data has been gathered from books, journals, websites etc. Primary data has been collected from chosen sample of 250 people of Patna. Simple random sampling technique has been used to choose sample from sampling frame. Initially five areas North, East, South, West and Central have been identified and from each area 100 people were listed to create

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sampling frame. So out of 500 people 250 were chosen randomly. Primary data were collected by using most useful instrument of primary data collection a questionnaire. Questions of the questionnaire were in such a straight way that everybody could understand it. The survey was conducted throughout Patna and its surrounding areas. Survey was conducted in various departments of government offices and private sector offices, residential complexes which were located as per geographical areas-North, east, south, west and central.

**DATA ANALYSIS**

*Brand Awareness of Bajaj India Life Insurance Product*

It was found that most of the insured population was insured with LIC and Bajaj Allianz was at the second position. According to a report published in The Economic Times: "more than 70% is dominated by LIC which shows the dominant position of LIC and the nonlevel playing field existent in the market! denying healthy competition. A rise of almost 47% has been witnessed by LIC in its average premium per policy."(The Economic Times)

*One of the reasons for this is that most of the private insurance companies are yet to start their function in Patna. The interest of the people can be understood by the study of the given table:*

Name of Companies	No of People insured	%Of People Insured
L I C	195	78%
Bajaj Alliance	20	8%
I C I C I Prudential	18	7%
H D F C Standard Life	15	6%
Others	3	01%

Selection criteria for brands present the perfect picture that LIC rules in India. It shows that most of the population gives priority to reliability and next to return. This shows that private players have been unable to present themselves as reliable. Service comes at last at only 8% where as it should be given priority in concept selling.

Basis for brand Selection	No of people selected the brand	%Of brand selection
Reliability	115	46%
Returns	85	34%
Service	20	8%
Other Reason	30	12%

Most of the population who were not insured was not aware of Bajaj Allianz Life Insurance Co. This may be an eye opener for the company in Patna as it presents the picture of its function and its strategies adopted.

Brand image of private insurance company such as Bajaj is positive when asked if given a choice they should opt for Bajaj Allianz Life Insurance products. Response can be observed as follows:

Whether interested in Bajaj Insurance Product	No of People	%Of People
Yes	135	54%
No	80	32%
Can't Say	35	14%

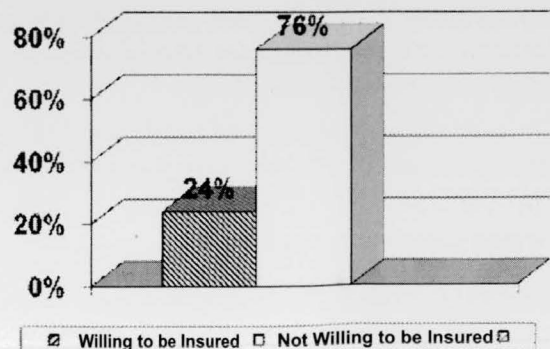
**ANALYSIS OF MARKET SHARE OF PRIVATE INSURANCE COMPANY SUCH AS BAJAJ**

It was found that % of population insured as per age group level was highest in the middle age group which is 35-45 succeeded by next level which is 45-55. This shows that population within this age group are much more concerned than the lower age group level regarding insurance.

Different Age Group Of people Insured	No of People insured	%Of People
25-35	33	13%
35-45	113	45%
45-55	80	32%
55-65	25	10%

Attitude of Unmarried people towards Insurance:

Most of the unmarried population is unwilling to go for insurance and when asked for the reason in general they said that to get insurance is being part of responsibility for their family and since they do not have their families they do not need insurance. The concept can be well represented through the following graph:



*Awareness of the Types of Insurance Products:*

50% of population was not aware of what type of product they have bought. All these were the customer LIC. Private insurers were better in this respect. Population insured was found to be more interested in ULIP than traditional products due to higher returns.

Type of Product	No of People preferred	%Of preference
Traditional Product	20	8%
Unit Link	105	42%
Don't Know	125	50

It was being found that most of the people select the product in which they can less get maximum relief from tax payment.

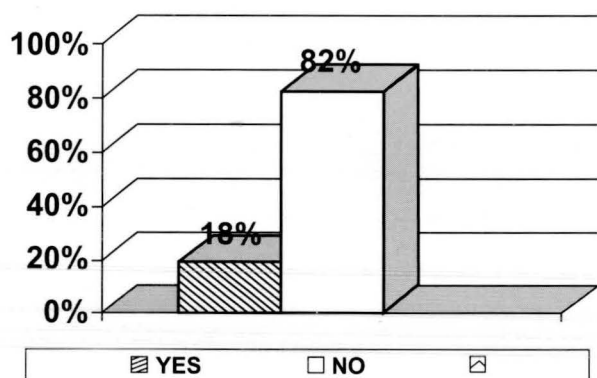
*Awareness of people towards difference between insurance and investment objectives*

Aware	50	20%
Not Aware	200	80%

Above analysis reveals the peculiar fact of the people, as they have put their money in the insurance product but they are not able to differentiate investment with insurance. They want good return from their insurance product like any other investment product such as investment in government securities where they are bound to get fixed return.

*Willingness to bear risk for higher return*

Yes	45	18%
No	205	82%



Above response of the respondents towards their risk bearing intention shows that they do not want to bear risk. 82% people are not interested to bear risk whereas only 18% people are ready to bear risk. But it is very interesting that people expect good return from their insurance product without bearing risk and simultaneously they want insurance coverage as well.

*Awareness about allocation of fund by the insurance companies:*

Yes	2	1%
No	248	99%

Out of 250 people only 2 that is nearly about 1% of total respondents were aware with the fund allocation concept of insurance companies other 99% people did not know the concept of fund allocation by the insurance companies. Put the same thing in a different way people are not aware how their premium amount is being invested in the investment avenues available with the insurance company that is similar to other investment products.

**PROSPECT FOR DEVELOPMENT OF MARKET SHARE**

Only 12% of the sample of 250 people are insured in Patna. This may be good news for the industry whereas the other side of the story shows that little effort has been done to capture the market.

Total no of Sample	No of people Insured	No. Of People Not insured
250	30 (12%)	220 (80%)

**INSURANCE PRODUCT SELECTION CRITERIA**

It was being found that most of people select the product in which they get less maximum relief for tax payments. Investment plan came to no. 2 position and pension at no. 3. The irony is that only 2% of the population bought insurance for the risk coverage of their life.

Basis of Product Selection	No of people	% Of People
Insurance	5	2%
Pension Plan	30	12 %
Tax Saving	120	48%
Investment	95	38%

#### AWARENESS OF BAJAJ ALLIANZ INSURANCE PRODUCT IN DIFFERENT AGE GROUPS:

Demand Of Bajaj Allianz Life Insurance Products in different age groups shows that on which age group the company should focus in Patna. Further going into details it also shows that in which income group company should focus in Patna.

Different age groups	No of BALIC Product Demand	% Of BALIC Product Demand
25-35	58	23%
35-45	77	31%
45-55	83	33%
Above 55	32	13%

#### AWARENESS OF RURAL PEOPLE TOWARDS INSURANCE AND INVESTMENT

As in India the maximum number of people is living in rural areas; The less educated people are unaware of the different policies and products of insurance and investment. That is why different insurance companies are tending to work in this direction. In this connection the words of Nagarajan are worth quoting :

“HDFC Standard Life and ICICI Prudential have been taking active and special interest in rural India to sprad their business, followed by other insurance companies. ICICI Prudential entered in the rural market with a basket of policies specially designed for the rural segment.” (Nagarajan: 39)

#### CONCLUSION

Keeping in mind the objectives of the paper and response of the questionnaire by the respondent's author is very much comfortable to conclude that people of Patna are still not very much aware of the insurance products. Study demonstrates that only 13% of the sample were able to differentiate the difference between insurance objective and investment objective. People are confused with the return of the insurance product. One thing is very much clear that if a person is investing in pure investment instrument then most of their fund is being invested but in insurance product, some part is being kept for providing insurance to the policy holder and additionally some charges are also being paid from the same premium. On one hand it is the policy holder who has to understand that it is not the pure investment avenue so their expectation from their insurance product must focused on getting insured and should not be compared with the normal and pure investment product.

#### WORKS CITED

- Mishra, M N. Insurance: Principles and Practice. New Delhi: S Chand & Company Ltd. 2006.
- Nagarajan, N R. 'Life Insurance Marketing in Rural Segment.' The Insurance Times, Vol. xxiv, No 8. The Economic Times, 15th Feb'2010.

