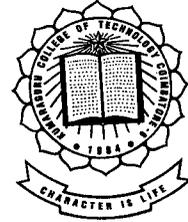




P-2460



A STUDY ON FACTORS INFLUENCING THE RESPONDENTS TO  
INVEST IN LIFE INSURANCE WITH RESPECT TO KOTAK LIFE  
INSURANCE  
COIMBATORE

by

T.NITHYA PRIYA

Reg.no.71206631035

Of

Department of Management Studies  
**Kumaraguru College of Technology**  
**Coimbatore**



A PROJECT REPORT

Submitted to the

**FACULTY OF MANAGEMENT SCIENCES**

In partial fulfillment of the requirements

For the award of the degree

Of

**MASTER OF BUSINESS ADMINISTRATION**

**May, 2008**

# *DECLARATION*

---

## DECLARATION

I, hereby declare that this project entitled “**A STUDY ON FACTORS INFLUENCING THE RESPONDENTS TO INVEST IN LIFE INSURANCE POLICIES WITH RESPECT TO KOTAK LIFE INSURANCE**”.**COIMBATORE** Has been undertaken for academic purpose submitted to Anna University in partial fulfillment of the requirements for the award of the degree of Master of Business Administration. The project report is the record of the original work done by me under the guidance of Ms.S Sangeetha during the academic year 2007-2008.

I, also declare hereby, that the information given in this report is correct to best of my knowledge and belief.

Date: 3.07.08

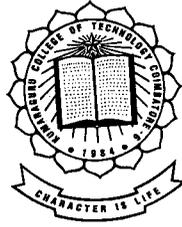
Place: Coimbatore



**T.Nithya Priya.**

*CERTIFICATE*

---



**KCT Business School**  
**Department of Management Studies**  
**Kumaraguru College of Technology**  
**Coimbatore – 641006**

**BONAFIDE CERTIFICATE**

Certificate that this project report titled “A Study On Factors Influencing The Respondents To Invest In Life Insurance With Respect To Kotak Life Insurance”. Coimbatore”. Is the bonafide work of T.NITHYA PRIYA, (Reg no 71206631035) who carried this research under my supervision Certified further, that to the best of my knowledge the work reported herein dose not form part of any other project report or dissertation on the basis of which a degree or award was conferred on an earlier occasion on this or any other candidate.

**Faculty Guide**

**Director**

Evaluated and Viva voce conducted on \_\_\_\_\_

3/7/08

**Examiner I**

**Examiner II**

**6-May-2008****PROJECT COMPLETION CERTIFICATE**

This is to certify that Ms. Nithya Priya (Roll No) 06MA35 a student of KCT Business School, Kumaraguru College of Technology, had undergone a Project between 10<sup>th</sup> Jan 2008 till 6<sup>th</sup> May 2008 titled "A Study on Factors influencing people to invest in Life Insurance".

During the tenure her performance was Good.

Name and Designation

Of the Organization Guide:

Vignesh R

Senior Manager – Channel Marketing,

Kotak Life Insurance.



# *ACKNOWLEDGEMENT*

---

## ACKNOWLEDGEMENT

It's my pleasure in acknowledging the people who help us with their ideas and thoughts to proceed with our work. I their by acknowledge to all those who have helped me in preparation of this project work.

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It's my pleasure to thank **my adorable parents, encouraging friends, all my well wishers**, and all those who have directly and indirectly helped for the successful completion of the dissertation report.

# *EXECUTIVE SUMMARY*

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## EXECUTIVE SUMMARY

Insurance is a mechanism by which the financial loss experienced, due to the damage or loss of an asset because of happening of uncertainties or not happening of certainties, is transferred to an insurance pool. It is a loss distribution method in which the loss or damage incurred by one individual is shared by all the members of insurance company. It never acts as a force to curb the risk prevailing to assets due to happening of uncertainties or not happening of certainties, but it reduces financial loss due to asset damage.

Life Insurance in its modern form came to India from England in the year 1818. Oriental Life Insurance Company started by Europeans in Calcutta was the first life insurance company on Indian Soil. All the insurance companies established during that period were brought up with the purpose of looking after the needs of European community and Indian natives were not being insured by these companies. However, later with the efforts of eminent people like

Major factor that influence the people to invest in life insurance is safety and tax benefits. Thus Kotak Mahindra has to create a confidence among the customers that the money invested in Kotak is safe and assured of good returns.

Kotak Mahindra life insurance targets only the A1 and A2 category of people, which will not help them to withstand their position in this competitive world. Once if they widen their target level they may be able to create a good customer network.

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# *INTRODUCTION*

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## CHAPTER – I

### INTRODUCTION

#### **1.1 Background:**

Life insurance business is defined in section 2(11) and includes the contract of insurance upon human life, including any contract whereby the payment of money is assured on death or the happening of any contingency dependent on human life, and any contract which is subject to payment of premiums for a term on human life.

Insurance is a mechanism by which the financial losses are experienced, due to the damage of an asset because of happening of uncertainties. Thus these uncertainties are transferred to an insurance pool. It is a loss distribution method in which the loss or damage incurred by one individual is shared by all the members of insurance company. It never acts as a force to curb the risk prevailing to assets due to happening of uncertainties or not happening of certainties, but it reduces financial loss due to asset damage.

#### **Insurance Act 1938:**

The insurance act 1938 consists of five parts and eight schedules. Part one of the act deals with definitions of various terms used in insurance act and the provisions relating to the appointment of controller of insurance. Other parts deal with various topics like provision applicable to insurance, investigation, amalgamation and transfer of business, assignment of transfer of policies and nominations, agents and appointment of agents and their commission payments, winding up procedures of insurance companies, administration, management and regulation authorities under the act. The schedules of the act contain regulations and guidelines for preparation of balance sheets, profit and loss accounts, provision relating to valuation of asset and liabilities and also payment of compensation.

## **Insurer:**

Section 2(9) as amended by the IRDA act, 1999 defines insurer as an individual, body of individuals unincorporated, body corporate but not incorporated under the law of country, any person who has standing contract with the underwriter.

## **Duties of the Insurer:**

- The insurer has a duty to pay the claim of the insured on happening of event or risk against which the insurance is done
- Insurer has the duty to pay the compensation or should indemnify the insured from the loss concerned within a reasonable time and not to indulge in delaying tactics
- Insurer has the duty to accept the premium of the insurance contract if paid within the usual course of insurance business. It cannot refuse the business on account malified intentions or other personal motives
- It should supply the stationary or standard forms like the proposal form, claim form and other required information asked by the insured or his authorized agent
- After accepting the insurance premium, the insurer is under an obligation to issue the insurance policy. The terms of policy should be informed to the insured.

## **Elements of insurance contract:**

### **Good Faith:**

The good faith is the positive duty voluntarily to disclose, accurately and fully all facts material to the risk being proposed, whether request or not.

### **Insurable interest:**

Insurable interest is an essential element in the contract of insurance which diminishes the influences of wagering nature of insurance contract. There is no definite definition of insurable interest. It is the legal right between the insured and subject matter which give rise to pecuniary right. It supplements the presence of consideration.

## **Principle of Indemnity:**

The contract of indemnity in which the insurer promises to indemnify from the loss or damage of asset due to risk attributed to it. It is the payment of money or the pecuniary interest that is compensated due to happening of a certain event to the insured subject. This principle, in India, is applicable to all the policies other than life policy, because the valuation of life cannot be made. Marine insurance, fire insurance and property insurance stand in relation to the principle of indemnity. Payment of insurance amount, i.e. pecuniary benefit depends upon various factors.

## **Proximity of Cause:**

The proximity of cause is the other important element of insurance contract. The payment of compensation depends upon the nature and proximity of the cause resulting in the loss to the asset. Proximate cause is the immediate cause that resulted in the loss of the asset. It is that cause without which the loss would not have occurred. It is the cause which is most closely and directly connected with the loss not necessarily in time but in efficiency and effectiveness. This doctrine is applicable when the insured peril need not be the initial cause and it is not direct result of the operation of an external peril, but then risk insured against must actively take place. An insurer is liable for any loss proximity caused by a peril insured against.

## **Features of the Insurance Contract:**

- In a contract there should be two parties
- The party signifying to the other party is the promisor and the party who reciprocates the assent is the promisee
- One party should signify his 'thought or idea or willingness' to other party
- Signifying willingness is related to some thing either 'to do or to abstain from doing it' - about purchasing a policy and promise to compensate for the loss

- The party should signify to the other party with an intention to receive the 'assent of the other party'. Conveying something casually without any intention to receive the assent is not an offer
- The process of 'signify the willingness' signifies making an offer or making proposal and communicating 'assent' are the acceptance of the offer or the promise.

### **Classification of insurance in India:**

- First and third party insurances
- Personal property and liability insurance
- Voluntary and compulsory insurances
- Personal, commercial and social insurance
- Long- term and short -term insurance
- Life and general insurance

### **Contents of the insurance policy:**

#### **Heading:**

The heading is the first part of the insurance policy that contains the particulars of insurer, address of the insurer, company logo and the type of insurance. It also contains the preamble having name of the insured, amount of insurance, the premium and the period of insurance. The recital in the heading does not control the body of the policy.

#### **Body of the policy:**

The body of the policy contains the real terms of the contract concluded between the parties. It gives us to understand the nature of the contract, which is being concluded, and other terms of the contract.

#### **Back:**

The back of the policy, which contains the terms, conditions and stipulations of the contract, becomes a part of the policy.

## **Life Insurance Products:**

### **Single Life Policies and Joint Life Policies:**

If a life insurance policy only a single person is covered it is called a single life policy and where more than one person is covered it is called joint life policy. In joint life policies, one person or all of them can pay the premium. The policy amount is paid either on maturity to all the person are jointly or happening of the event to the survivors of the policy.

### **Endowment Assurance Policy:**

In this policy the premium is paid for a fixed period. The amount is paid either on death of the insured or on maturity of the policy. The policy may be with or without benefits of bonus. On the death of the insured, the total sum assured and bonus accrued up to date is paid and on maturity, the sum assured and the total bonus is paid. The policy with benefit will have extra rate of premium where as the policy without profit will have less rate of premium. The policy is payable to the family members on happening of the event or to the policyholder himself on maturity.

### **Whole life Policies:**

The life policy is for a fixed period up to 85 years or through out the life of the assured. The insurance claim is payable either on the death of the insured or attaining the age 85 years whichever is earlier. On the natural death the insured amount is payable along with the bonus accrued and on accidental death, double the insured amount and the bonus accrued are paid.

### **Valued and Open Policies:**

The life policies can be either open or valued policies. The insured and insurer agree before hand to value the policy and the premium is fixed accordingly. But, difficulties will come during the payment of the policies because of change in the system of valuation and otherwise. The valued policy is not a policy of wagering contract and the

drawback of this kind of policy is about system of valuation which may be subject to the wrong declarations representation amounting to fraud.

### **Limited Payment Policies:**

In this category of policies, the premium- paying period of the policy can be for a short-term although policy is for whole life. The premium may be paid at one time or in installment depending upon the period of the policy. The policy amount is payable only on the death of the person.

### **Pension Plan:**

These plans provide for immediate or an amendment or the noon deferred pension for life. The pension payment is made till the death of annuitant unless the policy restricts the period of the payment. In these policies, the insured pays the premium in one lump sum or otherwise, you than but after certain period the insurer arrange the payment of insured amount in monthly in the installment or otherwise as desired or agreed by parties.

### **Children Benefit Plan:**

These plans provide for immediate or deferred pension for life. The pension's payments are made till the death of annuitant unless the policy restricts the period of the payment. In these policies, the insured pays the premium in one lump sum or otherwise, but after certain period the insurer arranges the payment of insured amount in monthly installment or otherwise as desired or agreed by the parties.

### **Child Benefits Plan:**

The life insurance corporation has been marketing a number of children benefit policies such as jeevan balya, jeevan kishore, jeevan sukanya. These plans are specially designed to provide the children higher educational expenses with added attractions of guaranteed additions and family benefit scheme option.

## Claim Settlement:

- The policyholder is the first person having the right to claim during his life after the maturity of policy or an expiry of the policy or before the expiry of the policy by surrendering the policy to the insurer
- After the death of insured, the nominees appointed as per the provision of the section 39 of the Insurance Act, 1938. if the nominee is the minor, his guardian or legal guardian appointed by the court, on behalf of the minor claim the insured amount
- If the policy is assigned or transferred as per the provision of the act, the assignee or transferee can claim the insurance amount
- In the absence of any nomination, on the death of the insured, legal heirs of the insured, as per the provisions of Hindu Succession Act. 1958 can claim the amount. But, the legal heirs have the edge over the nominees of the policy. The nominees, though they claim the insurance amount, they can hold the funds as trustees of the legal heirs only
- Any creditor to whom the policy has been assigned with an intention to secure the death, in an interested party to claims.

## 1.2 Review of literature:

J. A. Bikker<sup>a</sup>; M. van Leuvensteijn<sup>1</sup>. The lack of available prices in the Dutch life insurance industry makes competition an elusive concept that defies direct observation. Therefore, this article investigates competition by analysing several factors which may affect the competitive nature of a market and various indirect measurement approaches. After discussing various supply and demand factors which may constitute a so-called tight oligopoly, we establish the existence of scale economies and the importance of cost X-inefficiency, since severe competition would force firms to exploit available scale economies and to reduce X-inefficiencies. Both scale economies and X-inefficiencies turn out to be substantial, although more or less comparable to those found for insurers in other countries and to other financial institutions. Further, we apply the Boone indicator,

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<sup>1</sup> . J. A. Bikker<sup>a</sup>; M. van Leuvensteijn. in the Dutch life insurance industry makes competition an elusive concept that defies direct observation.

a novel approach to measuring the effects of competition. This indicator points to limited competition in comparison to other sectors in the Netherlands. Further investigations of submarkets should reveal where policy measures in order to promote competition might be appropriate.

Christine Ennew, Alison McGregor, Stephen Diacon (1994) *Ethical Aspects of the Marketing of Savings and Investment Products in the UK Business Ethics*<sup>2</sup>. In spite of strengthened financial regulation, ethical concern continues about the promotion and distribution of financial services in Britain, including savings and investment products. Greater ethical attention needs to be paid to products, price, promotion and distribution. The authors are all faculty members of the School of Management and Finance, University of Nottingham, University Park, Nottingham NG7 2RD, UK. Correspondence should be addressed to Dr Ennew. Alison McGregor gratefully acknowledges funding provided by the Association of British Insurers.

The *Journal of Risk and Insurance*, Vol. 40, No. 2 (Jun., 1973), pp. 245-261<sup>3</sup>. The drafters of the interest-adjusted index of the cost of life insurance attempted to incorporate personal time preferences for wealth into the calculus of their index. This critique shows that the index cannot be considered truly responsive to such preferences and, as a result, is subject to manipulation. After a classification scheme is developed for analyzing the parameters of various net cost indexes, an alternative index is proposed that reflects better the underlying time preferences for wealth that most buyers of life insurance exhibit. Furthermore, the new index is shown to be suitable for the evaluation of dissimilar policies.

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<sup>2</sup> Christine Ennew, Alison McGregor, Stephen Diacon (1994) *Ethical Aspects of the Marketing of Savings and Investment Products in the UK Business Ethics*

<sup>3</sup> . The *Journal of Risk and Insurance*, Vol. 40, No. 2 (Jun., 1973), pp. 245-261. The drafters of the interest-adjusted index of the cost of life insurance attempted to incorporate personal time preferences for wealth into the calculus of their index

T. E. Cooke (1991) Environmental Factors Influencing Mergers and Acquisitions in Japan. *Journal of International Financial Management & Accounting* 3 (2)<sup>4</sup>. The purpose of this paper is first to dispel the myth that mergers and acquisitions do not occur in Japan and secondly to highlight the major environmental factors that influence such corporate reorganisations. The main influences discussed include corporate culture and Japanese enterprises, the government as a regulator, the regulatory agencies, and institutional influences. These issues are of importance because not only have they featured in trade negotiations between Japan and the West but also in highlighting to financial managers those factors that are crucial to the outcome of corporate reorganisations in Japan.

Charles Frederick “the determination of interest rate” *The Journal of Political Economy*, Vol. 50, No. 4 (Aug., 1942), pp. 501-535<sup>5</sup>. The article reports on the decision of Fidelity Investments to buy back a class of preferred shares from stockholders which could lead to a new ownership structure that would lower its corporate income taxes. Shareholders of Fidelity exchanged another class of preferred stock for \$1.17 billion of non-voting common stock in December 2006. Spokeswoman Anne Crowley believes that the company decided to buy back the preferred stock to simplify its structure.;

### **1.3 Statement of the problem:**

In the fast moving arena, life insurance industry contributes the major percentage of income to the country thereby through which there is an immense growth in the GDP.

With the entry of the private players in the market, competition is to the great extend. There are many players with variety of products, difference in pricing, after sales services and timely claim settlement.

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<sup>4</sup> T. E. Cooke (1991) Environmental Factors Influencing Mergers and Acquisitions in Japan. *Journal of International Financial Management & Accounting* 3 (2)

<sup>5</sup> Charles Frederick “the determination of interest rate” *The Journal of Political Economy*, Vol. 50, No. 4 (Aug., 1942), pp. 501-535

In this competitive market Kotak Mahindra Life Insurance has gained its own place in the minds of the customers. Thus the study focuses on identifying the factors that influences the investors to invest in the life insurance.

## **1.4 Objectives of the Study:**

### **Primary Objective:**

- To study the Factors influencing the respondents to invest in life insurance

### **Secondary Objectives:**

- To identify the reasons for which people invest in Life Insurance
- To know whether the awareness level of the respondents about the insurance policies & benefits
- To know whether the investors have enough life insurance coverage.
- To Study the Methods of creating awareness amongst the investors about life insurance coverage.

## **1.5 Scope of the Study:**

This study helps to known about the factors that influences the investors to invest in life insurance, and the awareness they have towards the various life insurance policies that are available.

They also give the details of about whether the investors have the enough life insurance cover that will fulfill their future needs.

## **1.6 Methodology:**

### **1.6. A Type of the study:**

This type of study is known as descriptive research which includes survey, facts findings and enquires of different kind.

The major purpose of descriptive research is description of the state of affairs as it exists at present.

## **1.6.B Method of data collection:**

1. Primary Data
2. Secondary Data

### **1.6. B.1 Primary Data:**

- ❖ The primary data are those which are collected afresh for the first time
- ❖ The primary data were collected through direct communications with the investors through structured questionnaire and by personal interview.

### **1.6. B.2 Secondary Data:**

- ❖ Company Profile
- ❖ Books
- ❖ Company Website

## **1.6. D Tools for Analysis:**

- Percentage analysis
- Correlation
- Chi – Square
- Weighted average

## **1.7 Limitations of the Study:**

- 1.Only respondent's views are considered for the findings.
- 2.The data is collected form Kotak Mahindra Life Insurance only hence it may be biased.
- 3.The study is conducted for a short span of time so they may not consider the changes in the market.

## **1.8 Chapter Scheme:**

Chapter ONE is introductory in nature. This chapter tells about the objectives and scope of the study and its limitations

Chapter TWO conveys about the history of the KOTAK MAHINDRA LIFE INSURANCE., and also their competitive strength, future plans of the organization in brief.

Chapter THREE gives the prevailing scenario with respect to KOTAK MAHINDRA LIFE INSURANCE in brief.

Chapter FOUR gives the details about the data analysis and interpretation of the data using Percentage analysis and Correlation.

Chapter FIVE gives the key Findings and conclusions emerging from the study. This chapter also attempts to make suggestions to improve the companies approach towards their customers.

# *ORGANISATION PROFILE*

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## Chapter-II

### ORGANISATION PROFILE

#### **2.1 History of the Organization:**

Kotak Mahindra Old Mutual Life Insurance Ltd. is a joint venture between Kotak Mahindra Bank Ltd.(KMBL), and Old Mutual plc. Kotak Life insurance came into the existence in the year 1984 in Mumbai.

Udaya Kotak the founder of the Kotak family. Kotak has branches all over India. It is one of the leading life insurance companies with a net worth of about Fourteen thousand crores. At Kotak Life Insurance, mainly aim to help customers take important financial decisions at every stage in life by offering them a wide range of innovative life insurance products.

Kotak Holds the Seventh place among the top fourteen life insurance companies. Major competitors are LIC, ICICI Prudential, and Bajaj Allianz etc.

#### **2.2 Management:**

##### **2.2.1 Managing Director:**

Mr.Gaurang Shah Managing is the Director of Kotak Mahindra Old Mutual Life Insurance Limited. At Kotak Life Insurance, Mr. Shah develop the new lines of businesses and leveraging the company's existing competencies and network to steer Kotak Life Insurance on its ongoing growth path with even greater thrust.

##### **2.2.2 Chief Financial Officer:**

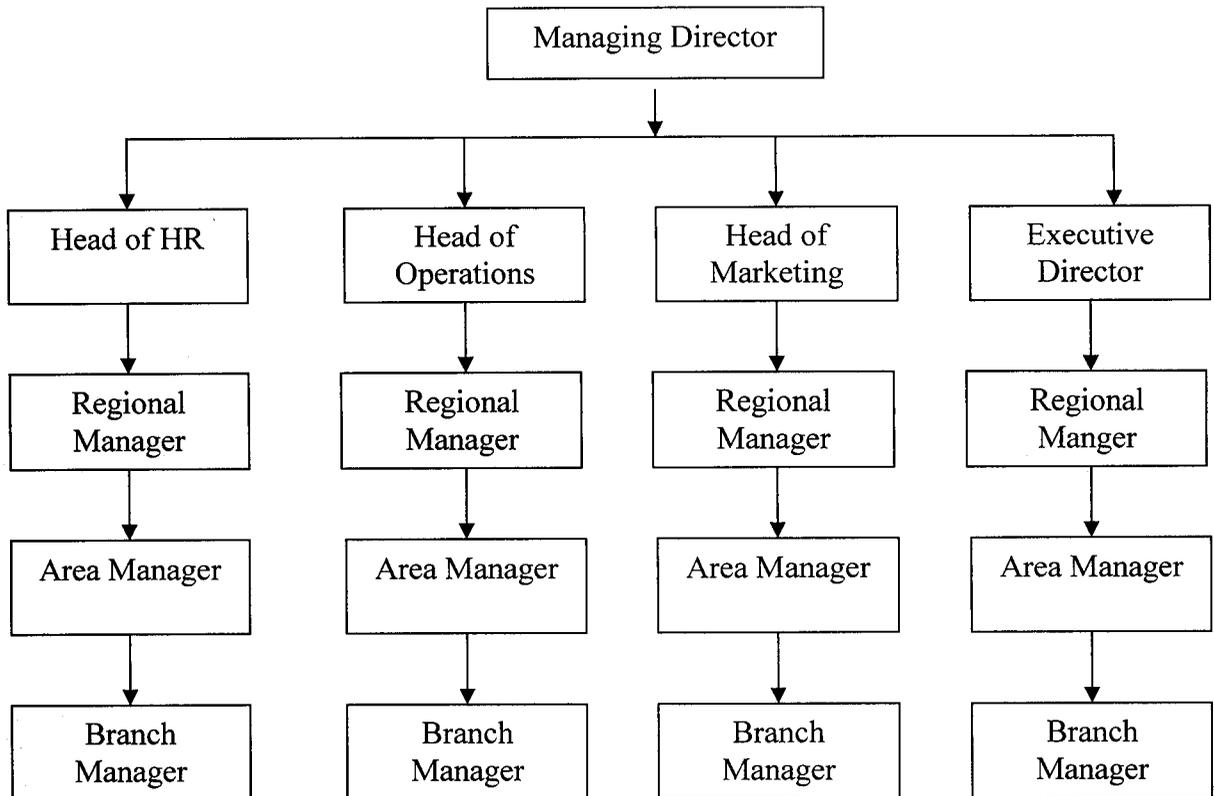
Mr. Murlidhar the Chief Financial Officer and Company Secretary of Kotak Life Insurance. As Chief Financial Officer at Kotak Life Insurance, he oversees all aspects of

Finance including Operations, Regulatory, Internal Control, Finance, Accounts and Treasury.

### **2.2.3 Vice President - Sales & Management Development:**

Mr. Arun Patil the Vice President - Sales & Management Development with Kotak Life Insurance. Mr. Patil is presently responsible to enhance the skills, knowledge, productivity, and professionalism of the sales-force, with special emphasis on developing all Managers to enhance their competencies, capabilities & managerial effectiveness.

## 2.3 Organization Structure:



## **2.4 Products Profile:**

### **2.4.1 Individual Plans:**

#### **2.4.1. Kotak Eternal Life Plans**

Kotak Eternal Life Plans are participating whole life plans that provide enhanced protection till the golden age of 99. The plans provide for a high cover at lower premiums, cash lump sum benefits at desired stage and a way to care for your spouse in the second innings of the life

#### **Key Features:**

- Lifelong cover protection till age 99 with a few years of premium payment.
- Higher Protection at affordable premiums
- Complete safeguard against uncertainties of Accidental Disability and Critical Illness.
- Lump sum Cash at the end of the premium payment term
- Premiums that match your preference and lifestyle
- Tax Benefits under Sec 80C and Sec 10(10)D.

#### **2.4.1. Kotak Platinum Advantage Plan**

This plan is built around the core values of flexibility and transparency, Kotak Platinum Advantage Plan features capital protection, embedded investment advice, life cover and aggressive market linked growth options — all under one life insurance plan. This plan even offers you the flexibility to adjust the risk profile and tenure of your investments as you climb the ladder of success and your needs evolve and change.

#### **Advantages**

- Unique blend of safety & returns
- Wealth maximization through superior fund management

- Protection for loved ones
- Flexibility to increase savings
- High liquidity through easy withdrawals

#### **2.4.1.Kotak Headstart Child plans:**

Sukhi Jeevan is a long-term savings and protection plan that keeps pace with the changing needs at every step of life - be it saving for your kids' future, or your retirement. This plan helps you prepare for important milestones in your life. And, most importantly, it ensures your family is secure when life dishes up harsh misfortunes.

#### **Benefits**

- Fulfill your children's dreams or plan your retirement
- Small savings to meet your varying needs
- Regular bonuses
- Easy application:
  - Simple documentation
  - No medical tests\*
  - Hassle-free sign-up
- Premium payment options: yearly, half-yearly or monthly (through ECS only)

#### **2.4.1. Kotak Privileged Assurance Plan:**

Kotak Privileged Assurance Plan is exclusively crafted to ensure that while your money is protected, it multiplies. Concocting the best mix of steady and stable growth with dynamic and flexible management of your funds, the plan strives to give you that extra bit of return, protection and flexibility, in a single plan made specially for discerning customers like you. The plan offers you access to two# funds to provide you avenue for growth while offering you Capital Guarantee.

### **2.4.1.e Kotak Term Plan:**

Kotak Term Plan is a pure risk product that aims to cover your life at a nominal cost. You may want to take this plan to cover your outstanding debts like a mortgage, a home loan etc.

Minimum 18 years. Maximum 60 year. Term that can be availed for premium is 10-30 years regular and 5-30 years single premium.

### **2.4.1.f Kotak Preferred Term Plan:**

The Kotak Preferred Term Plan is designed to provide you with reduced premium rates for a sum assured of Rs 10 Lakhs and above.

### **2.4.1.g Kotak Money Back Plan:**

The Kotak Money Back Plan not only covers your life, it also assures you a certain percent of the sum assured as cash payment at regular intervals of every 5 years. It is a savings plan with the added advantage of life cover and regular cash inflow. This plan is ideal for planning special moments like a wedding, your child's education or purchase of an assets etc. This is a participating plan.

### **2.4.1.h Kotak Child Advantage Plan:**

The Kotak Child Advantage Plan is an investment plan designed to meet your child's future financial needs. It's a plan that gives your child the "azaadi" to realize his dreams. The plan is a participating plan with a 15-day free look period.

### **2.4.1.i Kotak Endowment Plan:**

Kotak Endowment Plan is a protection plan that covers your life and at the same time ensures that your money does not lie idle. It invests a portion of your premium in financial instruments and ensures a considerable growth in savings.

### **2.4.1. Kotak Capital Multiplier Plan:**

The Kotak Capital Multiplier Plan is a participating plan that is built in such a way that it allows your money to multiply, and gives you the flexibility of using this money the way you need it, in regular withdrawals. This is an endowment plan, which is very flexible, and has a lot of other in-built benefits.

### **2.4.1. Kotak Retirement Income Plan:**

The Kotak Retirement Income Plan is a savings plan designed to meet your post-retirement needs. It is a plan that gives you "Jeene ki azaadi". It gives you the choice to remain independent even after retirement.

### **2.4.1. Kotak Safe Investment Plan II:**

This is a unit linked plan that combines the benefits of insurance and capital market returns into one. Through this plan you may enjoy a guaranteed maturity value, with varying degree of equity exposure depending on your risk appetite.

### **2.4.2 Group plan:**

#### **2.4.2. Employee Benefits:**

- Insurance protection at a relatively low cost.
- Hassle free and convenient process.
- Cover is available 24 hours a day, 7 days a week, anywhere in the world.
- Conversion option- Option to convert to an individual policy from Kotak Life Insurance.
- All claim payments may be considered as non-taxable receipts and could consequently be considered as tax exempt under Section 10(10D) of the Income Tax Act, 1961.
- If the employee pays part or whole of the premium, he/she may be able to claim a deduction under Section 80(C) of the Income Tax Act, 1961.

### **2.4.2.2 Kotak term Group plan:**

- Minimum eligible cover amount is Rs. 62,000.
- It is a pure term plan and the benefits are payable to the nominee(s) of the member in the event of his unfortunate death.
- This will be applicable only to employer-employee groups.
- The maximum entry age is 79yrs.

### **2.4.2.3 Kotak Credit – Term group plan:**

The plan provides life cover for a group of employees, by paying a lump sum benefit to the beneficiary on the death of an employee.

The plan is offered on a yearly renewable basis and is non-participating. It is secured via a single policy on the lives of all the employees of the group. At the end of the term, experience refund is offered based on the actual claims incurred by that particular group. This means that the employer will reap the benefit of good experience. For further details, please contact our dedicated Relationship Managers.

### **2.4.2.4 Kotak Gratuity Group plan:**

Gratuity is not just a statutory obligation but also a very important tool today to retain and attract talented employees. A comprehensive and effective gratuity plan can reduce your business cost and corporate tax. At Kotak Life Insurance, we understand this. We have therefore designed a gratuity management solution that not only manages your retirement liability effectively but also helps you release resources for your core business activities.

### **2.4.2.5 Kotak Superannuation Group plan:**

In today's time when the prospect of out-living retirement savings is larger than ever, few employees take the time to plan their long-term financial goals or have the discipline to systematically save for their retirement years. As an employer of choice, you

can help your employees tremendously by assisting in their retirement planning and in turn increase employee retention. The solution lies in the Kotak Life Insurance's Superannuation Groupplan.

### **2.4.3 Rural:**

#### **2.4.3.1 Kotak Gramin Bima Yojana:**

The Kotak Gramin Bima Yojana is an insurance plan that not only covers your life but also ensures that your money works hard for you and generates returns. The plan lets you pay a one-time premium so you are saved the bother of remembering to make annual payments.

Among the above listed policies the major contributor of revenue to the company is Kotak Head Start Child Plans, Kotak Safe Investment plan, Kotak Sukhi jeevan Plan.

## **2.5. Competitive Strength of the company:**

### **2.6 Future plans if any:**

Kotak Mahindra future plan is to increase their number of branches from 100 to 200 all over India.

## **2.7 Description of various functional areas:**

### **2.7.1 Finance Department:**

Finance is the life blood of business. Finance is that activities which is concerned with acquisition and conversion of capital funds in meeting the financial needs and over all objectives of business enterprises. The main function of this department is to provide finance to various departments. The finance department is controlled by the finance manager.

## **2.7.2. Marketing Department:**

### **2.7.2.a Rules and Responsibility of marketing manager:**

1. Setting targets of sales.
2. Planning for the growth of the organization through marketing.
3. Promotion of new existing products.
4. Surveying the demand.
5. Coordinating with the demand
6. Controlling & directing the marketing team.
7. Monitoring the activities and weakness of the competitors.
8. Analyzing the expectation of the customers.

### **2.7.2.b Marketing Management communication system:**

Two kinds of communication system are followed.

- Communicating within the organization between various departments and other sources.
- Communicating with the field representatives in respective zones.

### **2.7.2.c. Marketing Research activities:**

Surveying method is followed through representatives of respective zones to find out the reach of the product. Intermediaries, the purpose of this survey process quality check, warranty providence, regulation of services for defective product etc, are done while research activities are carried out.

## **2.7.3 HRD:**

Kotak Mahindra has a strong people-oriented work culture that can be seen and felt across all its member concerns. Whether they work in group or in isolation, their

effort is well appreciated and achievements well rewarded. They have a sense of belonging and they revel in an environment of openness and trust. Cross-functional teams function as one seamless whole and foster the true spirit of teamwork.

Kotak Mahindra as a learning organization systematically trains its employees at all levels. Conducted in-house, the training programmed equips them to meet new challenges head on. Employees are encouraged to voice their feelings, ideas and opinions. There is a successful suggestion scheme in operation and best suggestions are rewarded .Lasting relationship will evolve only when people know that their work is valued and that they contribute meaningfully to the growth of the organization. At Kotak Mahindra, people across the group companies, through interactions at workshops and seminars, get to know each other individually, share their common experiences and learn something about life.

#### **2.7.4 a Sales department:**

Kotak Mahindra depend on various channels for their distribution they are through bancassurance, tied agency, alternate channel and direct marketing.

# *MACRO-MICRO ANALYSIS*

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## CHAPTER – III

### MACRO – MICRO ANALYSIS

#### 3.1 Overview:

The Indian economy has been growing rapidly and the growth impulses continued during 2005 – 2006. GDP was 8.4 % during 2005-06 as against 7.5% in 2004 – 05. with the services sector there has been an improved performance in finance, insurance, real estate and business services. There has been a substantial increase in GDP from insurance sector which constituted 12 % of GDP in 2001 – 02 increased to 19.3% in 2004 – 05.

Improvement in the public sector savings and private corporate sector has reflected in the savings rate of the economy. Savings in the form of insurance have accounted to 15.1% in 2005-06.

#### 3.2 Performance of the life insurance in the first half of 2006-07:

The life insurance underwrote a premium of Rs.29664.64 crore during the six month in the current financial year against Rs.11323.13 crore in the comparable period of last year recording a growth of 161.98%. of the total premium underwritten, LIC accounted for Rs.23435.08 crore and the private insurers for Rs.6229.56 crore. The premium underwritten by the LIC and the new insures grew by 178.69% and 113.78% respectively, over the corresponding period in the previous year.

The number of policies written by the LIC increased by 2.14% where the private insurers increased by 91.92%. Of the total premium underwritten, individual premium accounted for Rs.25637.42 crore and the remaining Rs.4027.22 crore from the group business. In respect of LIC, the growth in individual and group business was 177.86% and 183.71% respectively. In the case of private insurers, the individual and group business increased by 111.94% and 130.44% respectively. The market share of LIC was 79% in premium collection and 80.09% in number of policies underwritten. In the corresponding period of last year these shares were 74.26% and 88.32% respectively. the

life insurers covered 38.97% Lakhs lives in the social sector with a premium of Rs.69.75 crore. In the rural sector the insurers underwrote 21.92 Lakhs policies with a premium of Rs.2271.31 crore.

### NUMBER OF REGISTERED INSURERS IN INDIA

Type of business	Public sector	Private sector	Total
Life insurance	1	15	16
General insurance	6	9	15
Re- insurance	1	0	1
<b>Total</b>	<b>8</b>	<b>24</b>	<b>32</b>

### PREMIUM UNDERWRITTEN BY LIFE INSURERS

Insurers	2004 – 05	2005 – 06
LIC	7512728.98	9079222.36
Private Sector	772750.82	1508353.79
<b>Total</b>	<b>8285479.80</b>	<b>10587576.15</b>

### 3.3. Market share of life insurers:

The size of life insurance market increased on the strength of growth in the economy and concomitant increase in per capita income. This resulted in a favorable growth in total premium both for LIC (20.85%) and to the new insurers (95.19%) in 2005-06. However, the new insurers have improved their market share from 9.33% in 2004-05 to 14.25% in 2005-06.

## Market Share of the life insurers

Insurer	2004-05	2005-06
LIC	90.67	85.75
Private Sector	9.33	14.25
<b>Total</b>	<b>100</b>	<b>100</b>

### 3.4. Operating expense:

Management expenses of private insurers continue to exhibit a mixed trend during 2005-06, with some insurers exceeding the limits prescribed by the act. Of the fourteen private players nine insurers were within the stipulated limits. In case of Metlife, there was a decline from 207.45% in the previous year to 143.95% in this year. In ING Vysya, having contained its expenses within limits in the previous year at 66.36%, slightly breached the limits at 104.44% in 2005- 06. in case of Reliance life, the allowable expense limits decline to 168% as against 297% in 2005 – 06, both the insurers exceeded their limits on management expenses.

Management expense of LIC continued to be within the allowable limits. Alternate channels of distribution like bancassurance, direct marketing, internet and telemarketing reduce costs and enable the insurers besides reaching a wider customer base. While agency force remained the mainstay of most insurance companies, insurers are making efforts to explore new channels. Most companies have successfully tapped the bancassurance route both with commercial and cooperative banks. Insurers have also initiated on – line sales of policies. It is pertinent to note that the reduction in marketing costs would enable insurers to provide affordable insurance to low income households. The operating expenses as a per cent of gross premium underwritten, for the private insurers worked out to 23.72%.

### **3.5 Agriculture Insurance:**

Natural disasters have an enormous impact on the lives of the farmers. Traditional crop insurance has many inherent shortcomings making it not very popular. Moral hazard, adverse selection, use of multiple agencies and their huge administrative cost, lack of reliable methodology for estimating and reporting crop yields re some of the challenges for insurers. In- ordinate delays in settlement of claims are also a matter of annoyance for the policyholder. Further, it has limitation of choice. To make insurance some innovation insurance instruments are currently being experimented e.g. index-based weather insurance. Based on the initial experience of index based weather insurance policies introduced earlier by ICICI Lombard and IFFCO Tokio, agricultural insurance co. has launched during 2005-06 few more weather insurance pilots on wheat insurance, mango insurance, and coffee insurance besides continuing with the existing NAIC and other products. The basic concept of weather insurance is to estimate the percentage deviation in crop output due to adverse deviations in weather conditions. This gives the linkage between the financial losses suffered by farmers due to weather variations and also estimates the indemnities that will be payable to them. The analysis could also include contingencies associated with the timing and the distribution of weather parameters, particularly rainfall over the season. These form the basis for designing rainfall insurance contracts.

It was reported that taking technological advantage into consideration, one of the insurers has studied 7-8 years satellite images for calculation of biomass/crop vigour compensates the insured against the likelihood of diminished wheat output/yield resulting from low crop vigour as measured using satellite images in terms of Normalized Difference Vegetative Index within the specified tehsil/block during 2/3<sup>rd</sup> week of February subject to a maximum of the sum insured specified under the schedule of the policy.

Compared to yield based insurance, weather/ index insurance is inexpensive to operate. Since very few agencies would be involved in implementation, the aggregate administration cost would be far lower. These products are allowed for speedy settlement

of claims over traditional crop insurance, as they can be settled even within a fortnight of the expiry of policy period.

### **3.6. Micro – Insurance:**

Insurance can play a positive role in meeting the financial needs of the poor, and one would need to examine the many challenges involved in offering insurance to them through micro- insurance agents with simpler types of insurance cover for property, personal accident, health and life insurance. The authority had notified micro insurance regulation on 10 th November 2005. This has provided framework for insurers to design suitable micro-insurance products. Norms are also laid down to recognize micro – insurance agents, like Non Government Organizations and Self Help Groups.

#### **Some of the silent features of the regulations include:**

- (i) Tie up between one life and one life insurance Company to market micro – insurance products. The tie up can be either at product level or at distribution level
- {ii} NGO's/MFI and SHG are allowed to distribute micro – insurance products as micro-insurance agents. The normal distribution channels, i.e... Agents, corporate agents and brokers can also distribute micro – insurance products.
- (iii) The model adopted for micro – insurance is the principal/ agent model.
- (iv) Micro – insurance sold would be recognized while reckoning the social and rural sector obligation.
- (v) Some restrictions are prescribed in the minimum and maximum sum assured for endowment insurance, term insurance, health insurance, dwelling insurance, livestock insurance, etc;
- (vi)All life insurance products are available for a maximum term of fifteen years;

(vii) Commission to be paid on life insurance products increased to twenty percent of the premium for the whole of premium-paying term;

(viii) The minimum qualification for appointment as an insurance agent is removed, and the requirement of hundred hours of training followed by an examination waived;

(ix) the insurance company has to impart twenty-five hours of training to micro-insurance agent as part of capacity building;

(x) all products designed to be sold as micro-insurance products have to be cleared by the Authority and have to clearly identify themselves as micro-insurance products when launched in the market;

(xi) the insurance contracts are to be delivered in local language to the policy holders;

(xii) all micro-insurance products will necessarily be underwritten by insurance companies only and

(xiii) for group insurance products, the minimum size of the group is reckoned at twenty. Consequent to Notification of these regulations, Authority has been highlighting the need for promoting the concept of micro-insurance at various forums especially with all insurance companies. With a view to synergize the efforts of all state governments that are promoting poverty alleviation programs, IRDA has taken a proactive initiative by requesting all the state governments through its letter addressed to Chief Secretaries on 26.05.2006 to publicize the concept of micro-insurance through various agencies. Authority is also contemplating the idea of having a direct interaction with all the insurance companies to deliberate upon their business initiatives in this specific class of Business, to take cognizance of the practical constraints faced by the insurers for necessary intervention and facilitate a progressive growth of micro-insurance business.

xi) Directions, orders and regulations issued by the Authority In exercise of the powers under Section 64 UM (2) of the Insurance Act, 1938, the Authority raised the limit of Losses required to be surveyed by a licensed surveyor and loss assessor for settlement of claims, from Rs. 20,000/- to 50,000/- for the flash floods in Surat,Gujarat as a special case for a period of two months from the date of issue of the order. The insurers were permitted to utilize the services of in-house surveyors for assessing losses up to Rs. 50,000/-. This special dispensation was given to insurers to ensure expeditious Disposal of claims and for mitigating hardships to policyholders affected by

### **Intermediaries**

<b>Players</b>	<b>Individuals</b>	<b>Corporate agents</b>		<b>Brokers</b>	<b>Referral</b>	<b>%Direct Business</b>
		<b>Agents</b>	<b>Banks</b>			
Private sector	59.71	16.87	8.92	0.83	7.06	6.61
LIC	98.37	1.25	0.32	0,06	0	0
<b>Total</b>	<b>85.67</b>	<b>6.38</b>	<b>3.15</b>	<b>0.31</b>	<b>2.32</b>	<b>2.17</b>

### **3.7. Life Insurance Council:**

Life Insurance Council is a statutory body under 64J of the Insurance Act 1938. It is a forum of licensed life insurers with functions of setting up Codes of Conduct, Standards of Service, advising IRDA on management expenses of life Insurers, brings to the attention of IRDA, matters relating to errant insurers etc. The Council held several meetings during the year 2005-06 and some of the core issues that were discussed were on ULIP product guidelines, Declined Lives Database of Life Insurance sector, Anti Money Laundering guidelines, Code of Conduct relating to Unit Linked Insurance Products, New Syllabus for agents examinations, Common Proposal and Policy Formats etc. It was also decided that the Council will meet once a quarter and the Sub Committees could meet more frequently and report to the Council.

## **COMMITTEE TO DRAFT GUIDELINES FOR MAKING RECOMMENDATION TO IRDA:**

Council has also approved Constitution of an external committee to draft guidelines for making recommendation to IRDA on waiver of limitation of management expenses. A group was also constituted to work with IRDA for formulating a statistical information system through data to be collected from all insurers. IRDA has also taken the views of the Council Members on the draft of new rural and social sector obligations. On several issues the IRDA has followed the practice of getting the industry's views through the Council. The Council has come to stay as a regular forum of interaction between the IRDA and the Life Insurance Industry. It is the intention of IRDA that the Council emerges as a strong and effective 'Self Regulatory Body' in the Life Insurance Sector and complement its efforts to establish a sound, healthy and competitive Life Insurance Industry.

### **3.8. Concluding remark:**

The insurance industry has moved away from a public sector monopoly with private capital entering the industry five years ago. It was hoped that it would usher in economic benefits to individuals, business and industrial establishments. The response to the opening up of the sector has been encouraging. Some of the leading industrial houses and well-established banks of India have collaborated with leading international insurers to establish joint ventures. With the entry of banks there has been a sudden increase in the capacity to underwrite risk. The concerted efforts of the public and private sector insurers resulted in expansion of the insurance market in the last five years. Private sector insurers are increasing their market share in both life and non-life segments. At present 15 life insurance companies and 9 general insurance companies under private ownership are operating in India. Private life insurance companies collected 26 per cent of new life premium written during 2005-06. During this period private general insurance companies had a market share of 26 per cent. While Unit Linked products are helping growth in the

life segment, motor and health insurance portfolios are the major segments in general insurance.

## **DEVELOPMENT OF THE INSURANCE MARKETS:**

Insurance markets develop when a variety of insurance products are available and the agency force is capable of marketing these products. With private insurers developing many products consumers can choose products depending on their needs and risk taking attitude. In this context the agency force can help the consumers by explaining the products more clearly. This requires skills and proper training. At present there are more than 20 lakh individual agents and nearly 5000 corporate agents. A significant development noticed last year is the arrangement entered into between the insurers and commercial banks for marketing the contracts either as corporate agents or on referral basis through supply of information on bank customers to the insurers.

## **Demand for a Large Tied Agency Force:**

The sudden demand for a large tied agency force had an adverse effect on the quality of the training imparted by the Institutes. Inspection of these Institutes revealed a number of areas where improvements were called for. It was noticed that the resources of the Institutes are overstretched; some of the Institutes did not have the infrastructure to conduct classes and the faculty was drawn on an adhoc basis; and courses were conducted in a short span as a result of which many agents did not receive adequate training. Further, the licensed training institutes allowed franchisees to conduct training on their behalf which was irregular. The insurers, in their anxiety to recruit agents, did not pay any attention to the quality of training imparted. The Authority had, during 2004 revised guidelines after extensive consultations with the stakeholders and streamlined the system of training. The Authority impressed on the insurers the need for greater attention being paid to the training of their agency force. It is hoped that this effort would result in improving the quality of the agency force. It will be in the interest of all that the agency

force is properly equipped with the insurance knowledge, as the insurance products as no longer simple and the agents are supposed to advise the consumers on the appropriate policy considering their requirements. The Authority has also been in close contact with the Insurance Institute of India for streamlining the examination system as instances have been noticed where the sanctity of the examination process was compromised by a few interested parties.

### **Institution of Corporate Agents:**

The Authority has started a new experiment with the institution of corporate agents to facilitate sale of insurance policies through existing institutions which are in contact with a large section of the population while discharging their normal activities. While this experiment is fruitful, of late the Authority has come across cases where corporate agents have resorted to use of introducers or finders or sub agents who, in fact sold the contracts and the corporate agent passed on varying levels of commission to them. Since insurance contracts are technical in nature, the Authority stipulated that canvassing should be done only by specified persons “who are qualified to be Agents”. The Authority also asked the insurers to follow a set of instructions while issuing licenses to corporate agents. Some aberrations that have crept into the sale of group insurance policies, to some extent, have also been removed.

Unlike the life insurance market which is manned by the agents, the general insurance market is largely driven by brokers. Though paid by the insurers, brokers package the client’s requirements and negotiate with the insurers on the rates and terms and conditions of the contract. The relevance of the broker is limited at present in the Indian context as the general insurers have no flexibility in determining the rates or the terms. Both rates and terms are prescribed by the Tariff Advisory Committee and any deviation would invite penalties. However, the importance of the brokers will be visible with the detariffing of general insurance business from January 1, 2007.

The Authority believes that unless appropriate standards are set and followed by the insurers and the intermediaries, there is distinct possibility of the insurance market getting distorted which would affect the interests of the insured as well as the insurer.

The language of the insurance contract has traditionally been unfathomable except to a privileged few! Since an insurance contract is a promise, clear and precise language in describing what is being promised and when and under what circumstances those promises would be honored need to be clearly known to both the parties entering into the contract. This will facilitate smooth and fair business dealings. It is equally essential that the insured has a clear understanding of the limitations of the contract. This becomes important because the insured does not have the complete information and the wherewithal at his disposal to understand fully what he is buying. Because of this the insured has to rely totally on the insurer.

The Plain Language movement which aims at converting these legal contracts into familiar words equips the common man with his rights and duties. The plain language movement in India is still an emerging concept. Given that the insurance industry is in its infancy, movement towards use of plain language is consumer friendly. It is hoped that once the insurance contracts become simpler and intelligible, there will be greater awareness among the people about insurance and the associated benefits. This will help increasing demand for insurance and thereby insurance penetration.

The insurance industry has come a long way and the Authority has facilitated the deepening of the market. There is vast untapped potential of savings which can migrate to insurance. This has been attracting the global insurance companies to India. It may be possible that in their anxiety to access more business, the insurers resort to aggressive methods of expansion. Though aggressive selling of insurance in the short run may help rapid growth, in the long run it might lead to a situation where in the insurers may not be able to honour their commitments. Such a situation is detrimental not only to the business interests of insurers but also to the welfare of the society.

In the light of these sensitivities, the Authority believes that the prescribed solvency margin is a critical parameter which needs to be monitored continuously. This will ensure whether a company is in a position to meet its obligations. This will be a

continuing challenge for the new insurers who are on a growth path as they will be called upon to inject additional capital, to meet their increasing liabilities.

The concerns regarding solvency are generally addressed through prudent regulatory measures. Such measures include stringent capital and solvency requirements, prudent investment and reserving rules and regular monitoring of the activities of the insurers. Besides monitoring financial solvency of insurance companies, supervision of how the insurers conduct their business also becomes important. This necessitates market conduct regulations. Market discipline can provide right incentives for companies to act prudently and in the best interest of owners and customers. This requires free and open information exchange. With this understanding the Authority is ascribing high priority for information dissemination as an effective check against improper market behavior. The above concerns can be addressed either through regulations issued by the Authority through self-regulatory regime put in place by the insurers. The Authority believes that too many regulations have the potential to compromise competition and perhaps even endorse unwanted entry barriers, restrictive practices and other anti-competition measures. It is therefore becoming difficult to assess optimum areas for which regulations can be made when the country is moving towards a free market regime. An optimum market structure can be achieved with some trade-offs between security and competitions. It is believed that when the insurers acquire deeper understanding of the market including the manner in which it operates, it may be possible for the Authority to allocate greater responsibility to the insurers in the areas of market conduct. Under such a situation the Authority can concentrate on protection of consumers' interest and monitoring solvency margins continuously.

Activating Life Insurance Council and General Insurance Council is a step towards building self regulatory organizations to take care of the interests of their respective segments. Uninhibited discussions in the Council on important issues and arriving at a consensus help the Authority in framing the necessary guidelines / regulations. In a similar vein, the General Insurance Council has been functioning. The Life Council has been tackling issues of significance like misselling and disclosure.

Recent deliberations on the de-tariffing in General Insurance Council have immensely helped the Authority in framing a road map in this direction. Insurance brokers and TPAs are also attempting to become self regulatory organizations. The Authority has been helping to strengthen the self regulatory organizations so that micro management issues can be addressed by these bodies.

### **Corporate Governance:**

Corporate Governance, of late, has become an important agenda of the business houses. It has always been the endeavor of corporate managements to conduct their business in a fair manner while keeping in view the bottom line. Managements may have to realize that it is not merely the appreciation of shareholders' value which is the ultimate objective but the way in which it is achieved. The recent past has revealed that in most of the corporate failures, the common thread was the larger than life image of the CEO which has reduced the Board to a body approving the proposals without strictly scrutinizing. In the case of insurance companies, the fiduciary responsibility of the managements takes a twopronged direction. As they deal with the policyholders' money, insurers have to be cautious not just about their own managements but also the way in which the funds are invested and how they conduct their businesses. Any failure on either side would be detrimental to the interests of the insurance company.

For better management of investment portfolios prudential investment norms have been notified to further enhance the financial flexibility and risk management ability of the insurers. The Authority believes that prudent investment management becomes increasingly critical to insurers in maintaining stability in their operations due to globalization. In addition management integrity and public accountability in the conduct of insurance business may also be emphasized. The guidelines issued by the Authority in this context reinforce the fiduciary duty owed by insurers to properly manage insurance funds in an independent and transparent manner in the interest of policyholders at all times.

There has been a persistent demand for freeing the general insurance market from the inherent rigidities due to the present tariff regime. It has been argued that the insurers should be allowed to determine what risks and at what rates they would be prepared to underwrite the risk. It was also pointed out that the present system of having tariffs in some risks and freeing of rates in the others leads to distortion in pricing as the insurers are underwriting risks not covered by tariff at throwaway prices in order to gain access to lucrative business covered by tariff.

The Authority recognizes that the consumer would normally stand to gain when there is a free market. The Authority is also convinced that de-tariffing is an essential prerequisite for the healthy growth of the market. However, it may be recognized that absence of data and lack of experience in underwriting at present could upset the market with adverse consequences for the insurer as well as the insured if tariffs are withdrawn abruptly.

The Authority therefore, in September, 2005 announced a roadmap for an orderly transition from the present tariff market to a free market. It was announced that insurers can determine their rates from 1st January, 2007 for all risks that they undertake. If a free market scenario is to be largely successful, knowledge management should occupy the top slot in strategic management. In a market free of tariffs, any responsible insurer should have in place internal capabilities to do underwriting. It is felt that underwriting and rating of insurance business should be independent of the business development function. In order to ensure that sound underwriting principles are not sacrificed for gaining access to business, people who have specialized in underwriting need to be recruited and trained. In order to facilitate proper planning by the insurers, the Authority has been reviewing the programs at various stages. These interactions will help in increasing clarity about the roles and possible difficulties. It is hoped that the new regime would benefit all the stakeholders.

Even though insurance industry was opened up to private sector in 2000, the penetration of medical insurance still remained very low. It is estimated that only around 10 per cent of the Indian population are covered under some sort of healthcare whether it

is private health insurance or government schemes. Although medical insurance was introduced in the country in the late eighties, it suffered from a lack of trust among the public; and the product itself was under cloud for several reasons associated with its abuse. Moral hazard was quoted to be the biggest factor for its undoing. Besides, the delays associated with settlement of bills; poor servicing of the policies etc. were quoted to be the reasons for the product not taking off the way it should have. The institution of Third Party Administrators (TPAs) though ran into rough weather in the initial period has now stabilized. The number of complaints about poor servicing of health insurance contracts has also reduced in recent time.

The potential in the health segment is tremendous considering the huge untapped market. Awareness in the general masses about the benefits of health insurance is important and a great deal needs to be done in this area. The Authority feels that the thrust to health insurance could come only when stand alone health insurance companies start functioning in India. The IRDA has recently licensed a stand alone health insurance company which started its operations. It is hoped that more will follow.

The Authority keeping in mind the importance of greater spread of insurance coverage, felt that this could be possible if greater impetus is given to covering rural households and that too weaker sections. The Insurance Act and Regulations issued under this Act prescribe certain percentage of policies should cover exclusively the weaker sections of the population. Spreading the concept of insurance to such masses require innovative products which are affordable by them and are sold to them through those agencies with which this segment of population is comfortable to deal with. To this end, the Authority has introduced a novel micro insurance regulation through micro insurance products which can be sold with the help of SHGs, NGOs, Co-operative Societies etc. Detailed guidelines have been issued and it is learnt that micro insurance has caught the imagination of the people in the rural areas. It is hoped that by covering the simple assets of the poor along with their lives, the social objective of equity can be achieved.

### Savings of the household sector

Item	2005-06	2004 -05
<b>(a) Currency</b>	8.8	8.5
<b>(b) Deposits</b>		
(i) with banks	47.4	36.4
(ii) with non banking	46.7	0.8
(iii) with co-operative banks	0.8	0.0
<b>(c) Shares and Debentures</b>		
(i) private corporate business	1.3	1.4
(ii) banking	0.0	0.1
(iii) unit trust of India	-0.1	-0.7
(iv) bonds of public sector undertaking		
(v) mutual funds	0.0	0.0
	3.6	0.4
<b>(d) claims settlement</b>		
(i) investment in government securities	2.4	4.9
(ii) investment in small savings		
	12.3	19.5
<b>(e) insurance funds</b>		
(i) life insurance funds	13.5	15.1
(ii) postal insurance	0.2	0.3
(iii) state insurance	0.5	0.6
<b>(f) provident and pension funds</b>	10.0	12.9

### 3.12 Key Players of Life Insurance:

#### **Public Sector**

- Life Insurance Corporation of India

#### **Private Players**

- Bajaj Allianz Life Insurance Company Ltd.
- Birla Sun-Life Insurance Company Ltd.
- HDFC Standard Life Insurance Co. Ltd.
- ICICI Prudential Life Insurance Co. Ltd.
- ING Vysya Life Insurance Company Ltd.
- Max New York Life Insurance Co. Ltd.
- MetLife Insurance Company Ltd.
- Kotak Mahindra Old Mutual Life Ins. Co. Ltd.
- SBI Life Insurance Company Limited
- TATA AIG Life Insurance Co. Ltd.
- Reliance Life Insurance Co. Ltd.
- Aviva Life Insurance Co. Pvt. Ltd.
- Sahara India Life Insurance Co. Ltd.
- Shriram Life Insurance Co. Ltd.
- Bharti AXA Life Insurance Co. Ltd.

### **3.13 Types of Products available:**

#### **3.13.a General types of Product:**

- Term Insurance
- Permanent Insurance
- Whole Life Insurance
- Money Back Insurance
- Endowment Assurance
- Universal Life
- Unit Linked Product
- Riders

#### **3.13.b Other type's products:**

- Life Premium Back Term Plan
- Cancer Care Plus
- Life Best Years Retirement Plan
- Maha Life Gold
- Home Builder
- Safe Investment Plan
- Gramin Bima Yojana

# *DATA ANALYSIS & INTERPRETATION*

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## CHAPTER –IV

### DATA ANALYSIS AND INTERPRETATION

#### 4.1 Percentage analysis:

**TABLE No. 4. 1.1**

**Table showing the age of the respondents**

Sl.No	Age of the respondents	Number of respondents	Percentage (%)
1	18 – 25 years	35	18
2	26 – 35 years	61	30
3	36 – 45 years	77	39
4	46 years and above	27	13
	<b>Total</b>	<b>200</b>	<b>100</b>

#### **INTERPRETATION:**

39% of the respondents belong to 36 – 45 years of age category, 30% of the respondents belong to 26 – 35 years of age category. 18% of the respondents belong to 18 – 25 years of age category. 13% of the respondents belong to 46 and above years of age category.

#### **INFERENCE:**

It is inferred that most (39%) of the respondents belong to 36 - 45 years of age category.

**TABLE No. 4. 1.2****Table showing the gender of the respondents**

<b>Sl.No</b>	<b>Gender of the respondents</b>	<b>Number of respondents</b>	<b>Percentage (%)</b>
1	Male	139	69
2	Female	61	31
	<b>Total</b>	<b>200</b>	<b>100</b>

**INTERPRETATION:**

69% of the respondents are male, 31% of the respondents are female.

**INFERENCE:**

It is inferred that most (69%) of the respondents are male.

**TABLE No. 4. 1.3****Table showing the qualification of the respondents**

<b>Sl.No</b>	<b>Qualification of the respondents</b>	<b>Number of respondents</b>	<b>Percentage (%)</b>
1	Post Graduate	115	58
2	Graduate	85	42
3	Diploma	-	-
4	H.S.C	-	-
	<b>Total</b>	<b>200</b>	<b>100</b>

**INTERPRETATION:**

58% of the respondents are Post Graduates. 42% of the respondents are Graduates.

**INFERENCE:**

It is inferred that most (58%) of the respondents are Post Graduates.

**TABLE No. 4.1.4****Table showing the occupation of the respondents**

<b>Sl.No</b>	<b>Occupation of the respondents</b>	<b>Number of respondents</b>	<b>Percentage (%)</b>
1	Professional	51	26
2	Business	45	22
3	Agriculturists	10	5
4	Employed	94	47
	<b>Total</b>	<b>200</b>	<b>100</b>

**INTERPRETATION:**

47% of the respondents are employed. 26% of the respondents are professionals. 22% of the respondents are engaged in business. 5% of the respondents are agriculturists.

**INFERENCE:**

It is inferred that only 5% of the respondents are agriculturists where as 47% of the respondents are employed.

**TABLE No – 4. 1.5****Table showing the income of the respondents**

<b>Sl.No</b>	<b>Income of the respondents</b>	<b>Number of respondents</b>	<b>Percentage (%)</b>
1	Below Rs.100000	-	-
2	Rs. 100000 – Rs.1500000	85	42
3	Rs.1500000 – Rs. 200000	80	40
4	Rs. 200000 – Rs. 250000	34	17
5	Rs. 250000 and above	1	1
	<b>Total</b>	<b>200</b>	<b>100</b>

**INTERPRETATION:**

42% of the respondents' income lies between Rs. 100000 – Rs. 150000. 40% of the respondent's income lies between Rs. 150000 – Rs. 200000. 17% of the respondents' income lies between Rs. 200000 – Rs. 250000. 1% of the respondent's income lies between Rs.250000 and above.

**INFERENCE:**

It is inferred that most (42%) of the respondents annual income is between Rs.100000 – Rs. 150000.

**TABLE No. 4. 1. 6**

**Table showing the number of members in the respondents' family**

<b>SI.No</b>	<b>Number of Members in the respondents Family</b>	<b>Number of respondents</b>	<b>Percentage (%)</b>
1	1 – 3	34	17
2	3 – 5	139	69
3	5 – 7	27	14
	<b>Total</b>	<b>200</b>	<b>100</b>

### **INTERPRETATION:**

69% of respondents Family consist of 3 – 5 members. 17% of respondents Family consist of 1– 3 members. 14% of respondents Family consist of 5 – 7 members.

### **INFERENCE:**

It is inferred that most (69%) of the respondents family consist of 3 – 5 members.

**TABLE No. 4. 1. 7**

**Table showing the number of earning members in the respondents' family**

<b>Sl.No</b>	<b>Earning Members in the respondents Family</b>	<b>Number of respondents</b>	<b>Percentage (%)</b>
1	Single	16	8
2	2 members	111	56
3	Above 2	73	36
	<b>Total</b>	<b>200</b>	<b>100</b>

### **INTERPRETATION:**

56% of the respondent's family consists of 2 earning members. 36% of the respondent's family consists of more than 2 earning members. 8% of the respondent's family has one earning member.

### **INFERENCE:**

It is inferred that most (56%) of the respondent's family consists of 2 earning members.

**TABLE No. 4. 1.8****Table showing the respondents view about investment**

<b>Sl.No</b>	<b>Respondents view about Investment</b>	<b>Number of responses</b>	<b>Percentage (%)</b>
1	Security	89	31
2	Avail at the time of risk	74	25
3	Good return	75	26
4	Capital Growth	54	18
	<b>Total</b>	<b>292</b>	<b>100</b>

**INTERPRETATION:**

31% of the responses consider investment as security to life. 26% of the responses consider investment as good return. 25% of the responses consider investment as an avenue which would be availed at the time of risk. 18% of the responses consider investment as a source of Capital growth.

**INFERENCE:**

Most (31%) of responses consider investment as security to life.

**TABLE No. 4. 1.9**

**Table showing the methods through which the respondents avail  
Investment information**

<b>Sl.No</b>	<b>Ways through which respondents avail information about Investment</b>	<b>Number of responses</b>	<b>Percentage (%)</b>
1	Newspapers	137	48
2	Banks	15	5
3	Friends	128	45
4	Television	4	2
	<b>Total</b>	<b>284</b>	<b>100</b>

**INTERPRETATION:**

Newspaper was the source of information for 48% of the responses. Friends were the source of information for 45% of the responses. Bank was the source of information for 5% of the responses. Television was the source of information for 2% of the responses.

**INFERENCE:**

48% of the responses availed investment information through Newspapers.



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**TABLE No. 4. 1.10**

**Table showing the category of respondents with reference to investment**

<b>Sl.No</b>	<b>Category of respondents with reference to investment</b>	<b>Number of responses</b>	<b>Percentage (%)</b>
1	Conservative	87	42
2	Speculative	11	5
3	Enterprising	111	53
	<b>Total</b>	<b>209</b>	<b>100</b>

### **INTERPRETATION:**

53% of responses come under enterprising category. 42% of responses come under Conservative category. 5% of responses come under Speculative category

### **INFERENCE:**

It is inferred that most (53%) of the responses are Enterprising in nature with reference to the Investment.

**TABLE No – 4. 1.11**

**Table showing the modes of investment the respondents have adopted**

<b>Sl.No</b>	<b>Modes of investment the respondents have adopted</b>	<b>Number of responses</b>	<b>Percentage (%)</b>
1	Bonds, Savings Accounts, FD	65	23
2	Equity Shares	40	14
3	Real estate, Business Venture	24	8
4	Insurance, PF	158	55
	<b>Total</b>	<b>287</b>	<b>100</b>

### **INTERPRETATION:**

55% of the responses have selected insurance and PF as the mode of Investment. 23% of the responses have selected Bonds, Savings Accounts, and FD as the mode of Investment. 14% of the responses have selected Equity Shares as the mode of Investment. 8% of the responses have selected Real estate, Business Venture as the mode of Investment.

### **INFERENCE:**

It is inferred that most (55%) of the responses opted Insurance, PF as their mode of Investment.

**TABLE No. 4.1.12**

**Table showing the respondents opinion about the capability of the investment portfolio to meet their future financial needs**

<b>Sl.No</b>	<b>Capability of Investment portfolio to meet future financial needs</b>	<b>Number of respondents</b>	<b>Percentage (%)</b>
1	Yes	148	74
2	No	52	26
	<b>Total</b>	<b>200</b>	<b>100</b>

### **INTERPRETATION:**

74% of the respondents' investment portfolio meets their future financial needs.

26% of the respondents' investment portfolio dose not meets their future financial needs

### **INFERENCE:**

74% of the respondents opined that they are satisfied with their investment portfolio.

**TABLE No. 4. 1. 13**

**Table showing the respondents expectations regarding the improvements in the investment avenues**

<b>Sl.No</b>	<b>Respondents expectation on the investment avenues improvements</b>	<b>Number of responses</b>	<b>Percentage (%)</b>
1	More awareness	110	39
2	High return	63	22
3	More benefits	58	20
4	Good service	54	19
	<b>Total</b>	<b>285</b>	<b>100</b>

### **INTERPRETATION:**

39% of the responses expect to create more awareness about the investments. 22% of the responses expect High return for their investment. 20% of the responses wish to have more benefits for their investments. 19% of the responses expect good service.

### **INFERENCE:**

It is inferred that most (39%) of the responses are expecting to create more awareness about the investment methods.

**TABLE No. 4. 1.14**

**Table showing the respondents view about life insurance**

<b>Sl.No</b>	<b>Respondents view about life insurance</b>	<b>Number of responses</b>	<b>Percentage (%)</b>
1	Best mode of investment	80	24
2	Security to life	116	35
3	Risk free investment	77	23
4	Assured return	61	18
	<b>Total</b>	<b>334</b>	<b>100</b>

### **INTERPRETATION:**

35% of the responses consider life insurance as security to life. 24% of the responses consider life insurance as the best mode of investment. 23% of the responses view life insurance as risk free investment. 18% of the responses consider life insurance as assured return for their needs.

### **INFERENCE:**

35% of the responses opined that life insurance as security to their life.

**TABLE No. 4. 1.15**

**Table showing the methods adopted by the respondents to gather information about life insurance**

<b>SL.No</b>	<b>Source of information about life insurance</b>	<b>Number of responses</b>	<b>Percentage (%)</b>
1	Banks	21	6
2	Agents	147	38
3	Television	60	16
4	Newspapers & Journal	105	27
5	Friends & relatives	49	13
	<b>Total</b>	<b>382</b>	<b>100</b>

### **INTERPRETATION:**

38% of the responses depend on Agents for life insurance information. 27% of the responses depend on Newspapers & Journals for life insurance information. 16% of the responses depends on television for life insurance information. 13% of the responses depend on friends & relatives for life insurance information. 6% of the responses depend on bank for life insurance information.

### **INFERENCE:**

Most (38%) of the responses have stated that agents were the best source to avail life insurance information's.

**TABLE No. 4. 1.16****Table showing the respondents who have life insurance**

<b>Sl.No</b>	<b>Access towards life insurance</b>	<b>Number of respondents</b>	<b>Percentage (%)</b>
1	Yes	200	100
2	No		
	<b>Total</b>	<b>200</b>	

**INTERPRETATION:**

100% of the respondents have life insurance.

**INFERENCE:**

It is inferred that all the respondents have the life insurance.

**TABLE No. 4. 1.17**

**Table showing the factors that influence the respondents to invest in life insurance**

<b>Sl.No</b>	<b>Factors influencing the respondents to invest with life insurance</b>	<b>Number of responses</b>	<b>Percentage (%)</b>
1	Safety	107	33
2	Claim settlement	64	20
3	Tax benefits	107	33
4	Good return	43	14
	<b>Total</b>	<b>321</b>	<b>100</b>

### **INTERPRETATION:**

33% of the responses for life insurance information consider safety and tax benefits as the main factor for investment in life insurance. 20% of the responses claim settlement as the main factor for investment in life insurance. 14% of the responses consider good return as the main factor for investment in life insurance.

### **INFERENCE:**

It is inferred that most (33%) of the responses think safety and tax benefits as the main factors that influence them to invest in life insurance.

**TABLE No. 4. 1.18**

**Table showing the respondents awareness about all the policies and benefits of life insurance**

<b>Sl.No</b>	<b>Respondents awareness about the policies and benefits of life insurance</b>	<b>Number of respondents</b>	<b>Percentage (%)</b>
1	Yes	75	38
2	No	125	62
	<b>Total</b>	<b>200</b>	<b>100</b>

### **INTERPRETATION:**

62% of the respondents are not aware of all the policies and benefits available with life insurance. 38% of the respondents are aware of all the policies and benefits available with life insurance.

### **INFERENCE:**

It is inferred that most (62%) of the respondents are not aware about all the policies and benefits of life insurance.

**TABLE No. 4. 1.19**

**Table showing respondents' view about their investment, will it be sufficient enough to cover their financial needs**

<b>SI.No</b>	<b>Investment is sufficient enough to cover their financial needs</b>	<b>Number of respondents</b>	<b>Percentage (%)</b>
1	Yes	100	50
2	No	100	50
	<b>Total</b>	<b>200</b>	<b>100</b>

### **INTERPRETATION:**

50% of the respondents think their investment is sufficient enough to cover their financial needs. 50% of the respondents think their investment is not sufficient enough to cover their financial needs.

### **INFERENCE:**

50% of the respondents have stated that the present investment will cover their future financial needs.

**TABLE No. 4. 1. 20**

**Table showing the satisfaction of the respondents towards the existing policy**

<b>Sl.No</b>	<b>Respondents satisfaction regards to their existing policy</b>	<b>Number of respondents</b>	<b>Percentage (%)</b>
1	Yes	143	72
2	No	57	28
	<b>Total</b>	<b>200</b>	<b>100</b>

### **INTERPRETATION:**

72% of the respondents are satisfied with their existing policy. 28% of the respondents are not satisfied with their existing policy.

### **INFERENCE:**

It is inferred that most (72%) of the respondents are satisfied with the life insurance policy adopted by them.

**TABLE No. 4. 1. 21**

**Table showing the extent of satisfaction level of the respondents with respect to the policy held by them**

<b>Sl.No</b>	<b>Level of satisfaction</b>	<b>Number of respondents</b>	<b>Percentage (%)</b>
1	Highly satisfied	81	40
2	Satisfied	76	38
3	Moderately satisfied	43	22
4	Dissatisfied	-	-
5	Highly dissatisfied	-	-
	<b>Total</b>	<b>200</b>	<b>100</b>

### **INTERPRETATION:**

40% of the respondents are highly satisfied with the existing policy held by them. 38% of the respondents are satisfied with existing policy held by them. 22% of the respondents are moderately satisfied with the policy.

### **INFERENCE:**

It is inferred that 40% of the respondents are highly satisfied with the present life insurance policy adopted by them.

**TABLE No. 4. 1. 22**

**Table showing the companies selected by the respondents for their investment**

<b>SI.No</b>	<b>Companies selected by the respondents for their investment</b>	<b>Number of responses</b>	<b>Percentage (%)</b>
1	LIC	94	36
2	ICIC Prudential	53	21
3	Bajaj Allianz	40	16
4	ING Vysya	7	3
5	Max New York	9	4
6	HDFC Standard	19	7
7	Met life	6	2
8	SBI	20	7
9	TATA AIG	10	4
	<b>Total</b>	<b>258</b>	<b>100</b>

### **INTERPRETATION:**

36% of the responses have invested in LIC. 36% of the respondents have invested in LIC. 21% of the responses have invested in ICICI Prudential. 16% of the responses have invested with LIC. 36% of the responses have invested with LIC. 36% of the responses have invested with Bajaj Allianz. 3% of the responses have invested with ING Vysya. 4% of the responses have invested with Max New York. 7% of the responses have invested with HDFC. 2% of the responses have invested with LIC. 36% of the responses have invested with Met Life. 8% of the responses have invested with SBI. 4% of the responses have invested with TATA AIG.

### **INFERENCE:**

It is inferred that 36% of the responses have opted LIC as the company to make their life insurance investment

**TABLE No. 4. 1.23**

**Table showing the methods adopted by the respondents to gather information about life insurance companies**

<b>Sl.No</b>	<b>Information about the companies</b>	<b>Number of responses</b>	<b>Percentage (%)</b>
1	Banks	30	10
2	Newspapers	70	23
3	Friends	70	23
4	Agents & brokers	101	33
5	Television	35	11
6	Others	-	-
	<b>Total</b>	<b>306</b>	<b>100</b>

### **INTERPRETATION:**

33% of the responses depend on agents and brokers to gather information about the companies. 23% of the responses depend on newspaper and friends to gather information about the companies. 11% of the responses depend on television to gather information about the companies. 10% of the responses depend on banks to gather information about the companies.

### **INFERENCE:**

It is inferred that 33% of the respondents avail the information about the life insurance companies through Agents & Brokers.

**TABLE No. 4. 1. 24**

**Table showing the reasons for respondent's investment in these insurance companies**

<b>Sl.No</b>	<b>Reason for respondent's investment in these insurance companies</b>	<b>Number of responses</b>	<b>Percentage (%)</b>
1	Flexible plan	119	33
2	Good return	72	20
3	Brand name	105	30
4	Easy claim	27	8
5	Good service	31	9
6	Others	-	-
	<b>Total</b>	<b>354</b>	<b>100</b>

### **INTERPRETATION:**

33% of the responses have selected the insurance company for the flexibility plans given by them. 30% of the responses have selected the insurance company for the brand name. 20% of the responses have selected the insurance company for the good return yield by them. 8% of the responses have selected the company for the easy claim. 9% of the responses have selected the insurance company for the service provided by them.

### **INFERENCE:**

It is inferred that most (33%) of the responses selected the insurance companies for flexible plans provided by them.

**TABLE No. 4. 1. 25**

**Table showing the respondents who have invested with Kotak Mahindra**

<b>Sl.No</b>	<b>Invested with kotak mahindra</b>	<b>Number of respondents</b>	<b>Percentage (%)</b>
1	Yes	29	15
2	No	171	85
	<b>Total</b>	<b>200</b>	<b>100</b>

**INTERPRETATION:**

85% of the respondents have not invested with Kotak Mahindra life insurance. 15% of the respondents have invested with Kotak Mahindra life insurance.

**INFERENCE:**

It is inferred that only 15% of the respondents had made investment with Kotak Mahindra life insurance.

**TABLE No. 4. 1.26**

**Table showing how the respondents method of gathering information about kotak mahindra**

<b>Sl.No</b>	<b>Information about kotak</b>	<b>Number of responses</b>	<b>Percentage (%)</b>
1	Agents	6	19
2	Friends & relatives	8	25
3	Newspaper	13	41
4	Television	5	15
	<b>Total</b>	<b>32</b>	<b>100</b>

### **INTERPRETATION:**

41% of the responses prefer newspaper as their source of information. 25% of the responses prefer friends & relatives as their source of information. 19% of the responses prefer agents as their source of information. 15% of the responses prefer television as their source of information.

### **INFERENCE:**

It is inferred that most (41%) of the respondents availed information about Kotak from newspaper.

**TABLE No. 4. 1.27**

**Table showing the respondents' reason for choosing kotak mahindra**

<b>Sl.No</b>	<b>Reason for choosing kotak mahindra</b>	<b>Number of responses</b>	<b>Percentage (%)</b>
1	Safety	12	39
2	Rate of return	3	10
3	Customer Service	2	6
4	Claim Settlement	2	6
5	Less procedure	1	3
6	Brand name	1	3
7	Level of premium	1	4
8	Structure of the plan	9	29
	<b>Total</b>	<b>31</b>	<b>100</b>

### **INTERPRETATION:**

39% of the responses consider safety as the main factor for investing in Kotak. 29% of the responses consider Structure of the plan as the main factor for investing in Kotak. 10% of the responses consider Rate of return as the main factor for investing in Kotak. 6% of the responses consider Customer service as the main factor for investing in Kotak. 6% of the responses consider Claim Settlement as the main factor for investing in Kotak. 4% of the responses consider Level of premium as the main factor for investing in Kotak. 3% of the responses considered less procedure as the main factor for investing in Kotak. 3% of the responses consider Brand name as the main factor for investing in Kotak.

### **INFERENCE:**

It is inferred that most (39%) of the responses think safety as the main factor that influence them to invest in Kotak.

**TABLE No –4. 1.28**

**Table showing whether the respondents have compared the benefits offered by kotak mahindra with respect to other life insurance companies**

<b>Sl.No</b>	<b>Comparison of kotak with other life insurance companies</b>	<b>Number of responses</b>	<b>Percentage (%)</b>
1	Yes	24	83
2	No	5	17
	<b>Total</b>	<b>29</b>	<b>100</b>

### **INTERPRETATION:**

83% of the responses have stated that they had made a comparison of benefits offered by kotak mahindra with other companies. 17% of the responses have stated that they had made a comparison of benefits offered by kotak mahindra with other companies.

### **INFERENCE:**

Most of the responses (83%) have stated that the benefits offered by Kotak Mahindra are compared with all other Insurance Companies.

**Table no 4.1.29****Table showing the gender based selection of the investment**

<b>Mode of investment</b> <b>Gender</b>	<b>Bonds</b>	<b>Equity Shares</b>	<b>Real Estate</b>	<b>Insurance</b>	<b>Total</b>
Male	23	27	50	63	163
Female	16	9	59	40	124

**Table No 4.1.30****Table showing gender based method of gathering information.**

<b>Mode information</b> <b>Gender</b>	<b>Banks</b>	<b>Agents</b>	<b>Newspapers</b>	<b>Television</b>	<b>Friends &amp; Relatives</b>
Male	19	67	20	14	19
Female	-	40	17	-	4

## 4.2 Chi – Square Analysis

**Chi – Square analysis between gender and category of investment opted by the respondents.**

**Null Hypothesis:** There is no significant relationship between gender and category Investment opted by the investors.

**Alternate Hypothesis:** There is a significant relationship between the gender and Category of investment opted by the respondents.

**Table No. 4.2.1**

**Table showing the Chi – Square analysis between gender and category of investment opted by the respondents.**

<b>Category of investors</b> <b>Gender</b>	<b>Conservative</b>	<b>Speculative</b>	<b>Enterprising</b>	<b>Total</b>
Male	48	7	84	139
Female	38	7	16	61
	<b>86</b>	<b>10</b>	<b>104</b>	<b>200</b>

**Calculated value: 14.4**

**Level of significant: 5%**

**Degrees of freedom: 4**

**Table value: 9.49**

### **INTERPRETATION:**

Since the table value is less than the calculated value null hypothesis is rejected.

### **INFERENCE:**

Through this test it's proved that there is a significant relationship between gender and category of investors.

**Chi – Square analysis between income and mode of investment adopted by the respondents.**

**Null Hypothesis:** There is no signification relationship between income and the mode of Investment adopted by the respondents.

**Alternate Hypothesis:** There is a signification relationship between income and the Mode of investment adopted by the respondents.

**Table No. 4.2.2**

**Table showing the Chi – Square analysis between income and mode of investment opted by the respondents.**

<b>Modes of investment</b>					
<b>Income</b>	<b>Bonds</b>	<b>Equity shares</b>	<b>Real estate</b>	<b>Insurance</b>	<b>Total</b>
Rs.100000 – Rs.150000	22	12	6	45	85
Rs.150000 – Rs.200000	9		7	49	80
Rs.200000 – Rs.2500000	7	20	11	20	34
Rs.2500000 and above	1				1
	<b>39</b>	<b>32</b>	<b>24</b>	<b>105</b>	<b>200</b>

**Calculated value: 18**

**Level of significant: 5%**

**Degrees of freedom: 9**

**Table value: 16.9**

**INTERPRETATION:**

Since the table value is less than the calculated value, thus null hypothesis is rejected.

**INFERENCE:**

Through this test it's proved that there is a significant relationship between income and the mode of investment selected by the respondents.

**Chi – Square analysis between gender and factors influencing the respondents to invest with life insurance.**

**Null Hypothesis:** There is no significant relationship between gender and factors influencing the respondents to invest in life insurance.

**Alternate Hypothesis:** There is a significant relationship between the gender and Category of investment opted by the respondents.

**Table No. 4.2.4**

**Table showing the Chi – Square analysis between gender and factors influencing the respondents to invest in life insurance.**

<b>Factors influencing Gender</b>	<b>Safety</b>	<b>Claim Settlement</b>	<b>Tax</b>	<b>Ratio</b>	<b>Total</b>
Male	77	37	19	6	139
Female	26	13	9	13	61
	<b>103</b>	<b>50</b>	<b>28</b>	<b>19</b>	<b>200</b>

**Calculated value: 13.6**

**Level of significant: 5%**

**Degrees of freedom: 3**

**Table value: 11.1**

**INTERPRETATION:**

Since the table value is less than the calculated value null hypothesis is rejected.

**INFERENCE:**

Through this test it's proved that there is a significant relationship between gender and the factors influence the respondents to invest in life insurance.

## Chi – Square analysis between gender and source of investment information's.

**Null Hypothesis:** There is no significant relationship between gender and factors influencing the respondents to invest in life insurance.

**Alternate Hypothesis:** There is a significant relationship between the gender and Category of investment opted by the respondents.

**Table No. 4.2.5**

**Table showing the Chi – Square analysis between gender and source of investment information's.**

Source of investment Gender	Bank	Agents	Newspaper	Television	Friends & relatives	Total
Male	19	67	20	14	19	139
Female	-	40	17	-	4	61
	<b>19</b>	<b>107</b>	<b>37</b>	<b>14</b>	<b>23</b>	<b>200</b>

**Calculated value: 13**

**Level of significant: 5%**

**Degrees of freedom: 3**

**Table value: 7.8**

### **INTERPRETATION:**

Since the table value is less than the calculated value null hypothesis is rejected.

### **INFERENCE:**

Through this test it's proved that there is a significant relationship between gender and source of gathering information regarding life insurance.

### 4.3 Correlation

**Correlation analysis between income and mode of investment.**

**TABLE 4.3.1**

**Table showing correlation between income and mode of investment.**

Annual Income of the respondent	D	Mode of investment	X <sup>2</sup>	Y <sup>2</sup>	XY
Rs. 100000–Rs.1500000	-2	110	4	12100	-220
Rs.1500000–Rs. 200000	-1	100	1	10000	-100
Rs. 200000– Rs. 250000	0	76	0	5776	0
Rs. 250000 and above	1	1	1	1	1
<b>Total</b>	<b>-2</b>	<b>287</b>	<b>6</b>	<b>27877</b>	<b>-319</b>

$$r = \text{cov}(x, y) / \sigma_x * \sigma_y$$

$$r = 0.6$$

#### **INTERPRETATION:**

There is a positive correlation between income and mode of investment. Where  $r = 0.6$ , which indicates that there is high relationship between income and the mode of investments selected by the respondents.

## Correlation between age and respondents outlook about investment.

**TABLE 4.3.2**

**Table showing correlation between age and respondents view about investment.**

<b>Age of the respondent.</b>	<b>D</b>	<b>Outlook about investment</b>	<b>X<sup>2</sup></b>	<b>Y<sup>2</sup></b>	<b>XY</b>
18 – 25	-2	80	4	6400	-160
25 – 32	-1	116	1	13456	-116
32 – 39	0	40	0	1600	0
39 – 46	1	77	1	5929	77
46 - 53	2	21	4	441	42
<b>Total</b>	<b>0</b>	<b>334</b>	<b>10</b>	<b>27826</b>	<b>157</b>

$$r = \text{cov}(x, y) / \sigma_x * \sigma_y$$

$$r = 0.7$$

### INTERPRETATION:

There is a positive correlation between income and respondents view about investment. Where  $r = 0.7$  which indicates that there is a strong relationship between age and respondents outlook about life insurance.

## Correlation between gender and mode of investment.

**TABLE 4.3.3**

**Table showing correlation between gender and mode of investment.**

<b>Gender of the respondent</b>	<b>Mode of investment</b>	<b>X<sup>2</sup></b>	<b>Y<sup>2</sup></b>	<b>XY</b>
139	163	19321	26569	22657
61	124	3721	15376	7564
<b>200</b>	<b>287</b>	<b>23042</b>	<b>41945</b>	<b>30221</b>

$$r = \text{cov}(x, y) / \sigma_x * \sigma_y$$

$$r = 0.7$$

### **INTERPRETATION:**

There is a positive correlation between gender and mode of investment. Where  $r = 0.7$  which indicates that there is high relationship between gender and the mode of investments selected by the respondents.

**Correlation between age and category of investments opted by the respondents.**

**TABLE 4.3.4**

**Table showing correlation between age and category of investment.**

Age of the respondent	D	Category of investment	X <sup>2</sup>	Y <sup>2</sup>	XY
18 – 25	-2	11	4	121	-22
25 – 32	-1	36	1	1296	-36
32 – 39	0	87	0	7569	0
39 – 46	1	50	1	2500	50
46 - 53	2	25	4	625	50
<b>Total</b>	<b>0</b>	<b>209</b>	<b>10</b>	<b>12111</b>	<b>42</b>

$$r = \text{cov}(x, y) / \sigma_x * \sigma_y$$

$$r = 0.4$$

### **INTERPRETATION:**

There is a positive correlation between age categories of investment. Where  $r = 0.4$  which indicates that age does not influence more for the selection of the category of investment.

#### **4.4 Weighted Average:**

<b>Sl.No</b>	<b>Particulars</b>	<b>Total</b>	<b>Rank</b>
1	Safety	1000	1
2	Structure of the plan	815	6
3	Procedure	782	7
4	Rate of return	893	4
5	Level of premium	836	5
6	Tax planning	943	2
7	Customer service	728	8
8	Claim settlement	912	3

#### **INTERPRETATION:**

Safety, tax planning and claim settlement are considered to be the major factor by the respondents to invest in life insurance. Other factors are considered to be the sub factor for their investment with life insurance.

*CONCLUSION*

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## CHAPTER - V

### Conclusion

#### 5.a Results and Discussions:

##### Percentage analysis:

- ❖ 39% of the respondents belong to 36 -45 years of age category.
- ❖ Most of the respondents who have life insurance are male.
- ❖ Most of the respondents are post graduates.
- ❖ Only 5% of the respondents are agriculturists where as 47% of the respondents are employed.
- ❖ Most Respondents annual income range between Rs. 100000 – Rs. 150000
- ❖ 69% of the respondents' family consists of 3 – 5 members.
- ❖ 56% of the respondent's family consists of 2 earning members.
- ❖ 31% of responses consider investment for their security purpose.
- ❖ 48% of the responses availed investment information from Newspaper.
- ❖ 53% of the responses are Enterprising in nature with reference to the Investment.
- ❖ 55% of the responses opted Insurance and Provident fund as their mode of Investment.
- ❖ 74% of the respondents' opined that they are satisfied with their existing investment portfolio.
- ❖ 39% of the responses are expecting to create more awareness about the investment methods.
- ❖ 35% of the responses consider life insurance as a security to their life.
- ❖ 38% of the responses have stated that agents were the best source for referring information about life insurance.
- ❖ It is found that all the respondents have the life insurance.
- ❖ 33% of the responses think safety and tax benefits as the main factors that influence them to invest in life insurance.

- ❖ 62% of the respondents are not aware about all the policies and benefits of life insurance.
- ❖ 50% of the respondents have stated that the present investment will cover their future financial needs.
- ❖ 72% of the respondents are satisfied with the life insurance policy adopted by them.
- ❖ 40% of the respondents are highly satisfied with the present life insurance policy adopted by them.
- ❖ 36% of the responses have opted LIC as the company to make their life insurance investment
- ❖ 33% of the respondents avail the information regarding the life insurance companies through Agents & Brokers.
- ❖ 33% of the responses selected the insurance companies for flexible plans provided by them.
- ❖ 15% of the respondents have invested with Kotak Mahindra life insurance.
- ❖ 41% of the respondents availed information about Kotak from newspaper.
- ❖ 39% of the responses think safety as the main factor that influences them to invest in Kotak.
- ❖ 83% have stated that the benefits offered by Kotak Mahindra are compared with all other Insurance Companies.

### **Chi- Square:**

- ❖ Gender highly influences in selection of the category of investments by the respondents.
- ❖ Based on the income the respondents select their mode of investment.
- ❖ Factors influencing the respondents to invest in life insurance may differ according to their gender.
- ❖ Methods through which the respondents gather information about life insurance may vary based on the gender of the respondents.

### **Correlation:**

- ❖ Through this test it's proved that there is a strong relationship between age and respondents outlook about life insurance.
- ❖ Through this test it's proved that there is a strong relationship between gender and mode of investments selected by the respondents.
- ❖ There is a positive correlation between the income and the mode of investment.
- ❖ Through this test it's proved that age dose not influence more on the respondents' category of investment.

### **Weighted average:**

Safety, tax planning and claim settlement are considered to be the major factor by the respondents to invest in life insurance. Other factors are considered to be the sub factor for their investment with life insurance.

### **Conclusion:**

- ✓ Individual Agents and corporate Agents involved in distribution of LIC are 472,076, Bajaj Allianz 80,217. Most of the respondents select their company for investment through agent. Where as Kotak Mahindra holds only 7,374 agents.
- ✓ Kotak Mahindra can formulate more flexible plans.
- ✓ Awareness about Kotak Mahindra Life insurance is less.
- ✓ Lack of awareness about the policies and benefits offered by Kotak Mahindra life insurance.

## Suggestions:

- Most of the Respondents depend on the agents to gather information about life insurance. If Kotak Mahindra creates a strong bond with the agents they may be able to create a good customer network. (Refer Question no.25, Table no.4.23).
- Major factor that influence the people to invest in life insurance is safety and tax benefits. Thus Kotak Mahindra can take step create a confidence among the customers that the money invested in Kotak is safe and assured of good returns. (Refer Question no.19, Table no.4.17).
- Most of the respondents are not aware about all the policies and benefits of life insurance. Thus Kotak Mahindra can organize some awareness programs, through which the general public may get to know about the benefits of life insurance. (Refer Question no.20, Table no.4.18).
- Awareness about Kotak Mahindra life insurance and their policies is less. Kotak Mahindra life insurance can concentrate more on their advertisement activities, through which investors may be familiar with the policies available with Kotak Mahindra life insurance, which in turn it may increase the number of customers. (Refer Question No.28, Table No.4.26).
- Investors select the life insurance companies for their investment based on the flexibility of the plan. Kotak Mahindra can come with more flexible plans. (Refer Question No.29, Table No.4.27).

*ANNEXURE*

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## Respondents Profile

SI.No	Particulars	Characteristics
1	Age	36 – 45 years
2	Educational Qualification	Post Graduation
3	Occupation	Employed
4	Annual Income	Rs. 100000- Rs.150000
5	Number of Earning members in the family	2 members
6	Source of investment information	Newspapers
7	Mode of investment	Insurance
8	View about changes in current investment avenues	Requests for more awareness creation programmes on life insurance products
9	Outlook about life insurance	Security to life
10	Source of information about life insurance	Agents & brokers
11	Factors that influenced to invest in life insurance	Safety & Tax benefits
12	Satisfaction level of the existing policy	Satisfied
13	Companies selected for their life insurance polices	LIC
14	Source of information about the companies	Agents & Brokers
15	Reasons for choosing the company for their investment	Flexible plans

**1. Name :**

**2. Address :**

**3. Age :** (a) 18-25 years (b) 26-35 years  
(c) 36-45 years (d) 46years and above

**4. Gender:** (a) Male (b) Female

**5. Educational Qualification:** (a) Post Graduate (b) Graduate  
(b) Diploma (c) H.S.C

**6. Occupation:** (a) Professional (b) Business (c) Agriculturists  
(d) Employed (d) Other Specify \_\_\_\_\_

**7. Annual Income:** (a) Rs 100000-149999 (b) Rs150000-199999  
(c)Rs 2000000-249999 (d) Rs 250000and above

**8. Number of members in your family:** (a) 1 - 3 (b) 3 – 5 (c) 5 – 7 (d) above 7

**9. Number of earning persons in your family:** (a) Single (b) 2 members (c) Above 2

**10. Among the following what all you feel as important for investments:**

(a) Security (b) Avail at the time of risk (c) Good return (d) Capital Growth

**11. Methods through which you get information about investment.**

(a) Newspaper (b) Bank (c) Friends (d) Others specify \_\_\_\_\_

**12. How would you rate yourself with respect to the category of investors?**

(a) Conservative (b) Speculative (c) Enterprising

**13. What kinds of investments you have adopted:**

- (a) Bonds, Savings Account, FD (b) Equity Shares  
 (c) Real Estate, Business Venture (d) Insurance, PF

**14. Do you think your present investment portfolio will take care of all your future financial requirements?**

- (a) Yes (b) No

**15. As an investor what kind of changes you wish to have in the current investment avenues:**

- (a) More Awareness (b) High Return (c) More Benefits  
 (d) Good Service (e) Others specify \_\_\_\_\_

**16. From your point of view life insurance is:**

- (a) Best mode of investment (b) Security to life  
 (c) Risk free investment (d) Assured return

**17. How did you get to know about life insurance?**

- (a) Bank (b) Advisors (c) Newspaper & Journals  
 (d) Television (e) Friends & Relatives

**18. Do you have a life insurance policy: (a) Yes (b) No****19.(a) Factors that influence you to invest in life insurance:**

- (a) Safety (b) Claims settlement (c) Tax Benefits  
 (d) Good return (e) If others Specify \_\_\_\_\_

**19. (b) to what extend these factors have influenced you**

Factors	Very High				Very low
	5	4	3	2	1
Safety& Protection					
Structure of the plan					
Procedures					
Rate of return					
Level of premium					
Tax planning					
Customer service					
Claim settlement					

**20. Are you aware of all the policies benefits and available with life insurance?**

- (a) Yes                      (b) No

**21. Is your policy sufficient enough to cover all your financial needs at the right time?** (a) Yes                      (b) No

**22. (a). Whether you're satisfied with you existing policy:**      (a) Yes                      (b) No

**23. (b). Your view about your existing life insurance policy?**

- (a) Highly satisfied                      (b) Satisfied                      (c) Moderately satisfied  
(d) Dissatisfied                      (e) Highly Dissatisfied

**24. Mention the companies from which you have taken policies:**

- (a) LIC                      (b) ICICI Prudential                      (c) Bajaj Allianz  
(d) ING Vysya                      (e) Max New York                      (f) HDFC Standard life Insurance  
(g) MetLife                      (h) SBI                      (i) TATA AIG                      (j) Others Specify \_\_\_\_\_

**25. How did you come to know about these companies?**

- (a) Bank                      (b) Newspaper                      (c) Friends                      (d) Advisors  
(c) Television                      (d) If others specify \_\_\_\_\_

**26. Why did you choose these companies to invest in?**

- (a) Flexible Plans      (b) Good Return      (c) Brand Name      (d) Easy Claim  
(e) Good Service      (f) Others \_\_\_\_\_

**27. Have you invested in Kotak Mahindra life insurance?      (a) Yes      (b) No****28. If yes, how did you come to know about Kotak Mahindra Life Insurance?**

- (a) Advisors      (b) Friends & Relatives      (c) Newspaper  
(d) Television      (e) If others Specify \_\_\_\_\_

**29. What made you to choose Kotak Mahindra Life Insurance?**

- (a) Flexible plan      (b) level of premium      (c) Rate of return  
(d) Customer service      (e) Claim settlement      (f) Less procedure  
(g) Brand name      (h) Safety      (i) Others specify \_\_\_\_\_

**30. Did you compare Kotak Mahindra Life Insurance with other insurance companies?**

- (a) Yes      (b) No

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