



Customers Perception towards HDFC Life insurance and Aditya Birla sun life insurance- A Comparative Study

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Abstract

Health insurance industry has been changing very rapidly as the people perception towards insurance has been changing. This change has resulted in increase of competition between the service providers. This study is been carried out to compare the services offered by HDFC life insurance and Aditya Birla sun life insurance company. A total of 400 customers were been involved in the study. The study main aim is to understand the customers satisfaction towards the services provided by these two insurance companies. The findings of the study can be used for better understanding of what customer wants and how companies can improve their service offerings to gain competitive advantage in the market.

Key words: Insurance, Customer satisfaction, customer perception, customer service

1. Introduction

After the opening up of the insurance sector, the rules of the game have changed. Few years back insurance was treated as a puzzling word; but today insurance is neither an unexciting business nor an uninviting career. Though the public sector insurance companies made gigantic contribution in spreading awareness about the insurance and expanded the market it was recognised that their reach was limited, the range of products offered restricted and the services to the consumer inadequate. It was recognized that India has enormous potential waiting to be tapped and could be achieved when sufficient competition is generated and wide-open to the improvements in rest of the world. The insurance sector is therefore opened up for private sector participation with a clause to restrict the foreign partnership to tap the potential of more than 200 million middle class households and other income groups. To grab the larger pie of the premium, each insurance company is adopting new distribution and marketing strategies.

Indian insurance business which remained under developed with low levels of insurance penetration and insurance density has shown significant signs of improvement. The winds of liberalization have initiated vast changes in the functioning of the industry. Increasing number of multinational partnerships with private insurers paved the way for a radical shift in the sector. The present growth is the result of privatisation which cumulates to the growth rate of approximately 20-25%, as compared to earlier 10-15%. The credit goes to private companies using new delivery channels, advertisements, bancassurance, corporate agents, brokers etc. besides bringing more awareness on the need for insurance and also stressing on the important role of the technology can play. All this has increased the penetration of insurance in India which is now 4.8% as compared to early average of 1.77%.

Conceptual Framework of Marketing Strategies

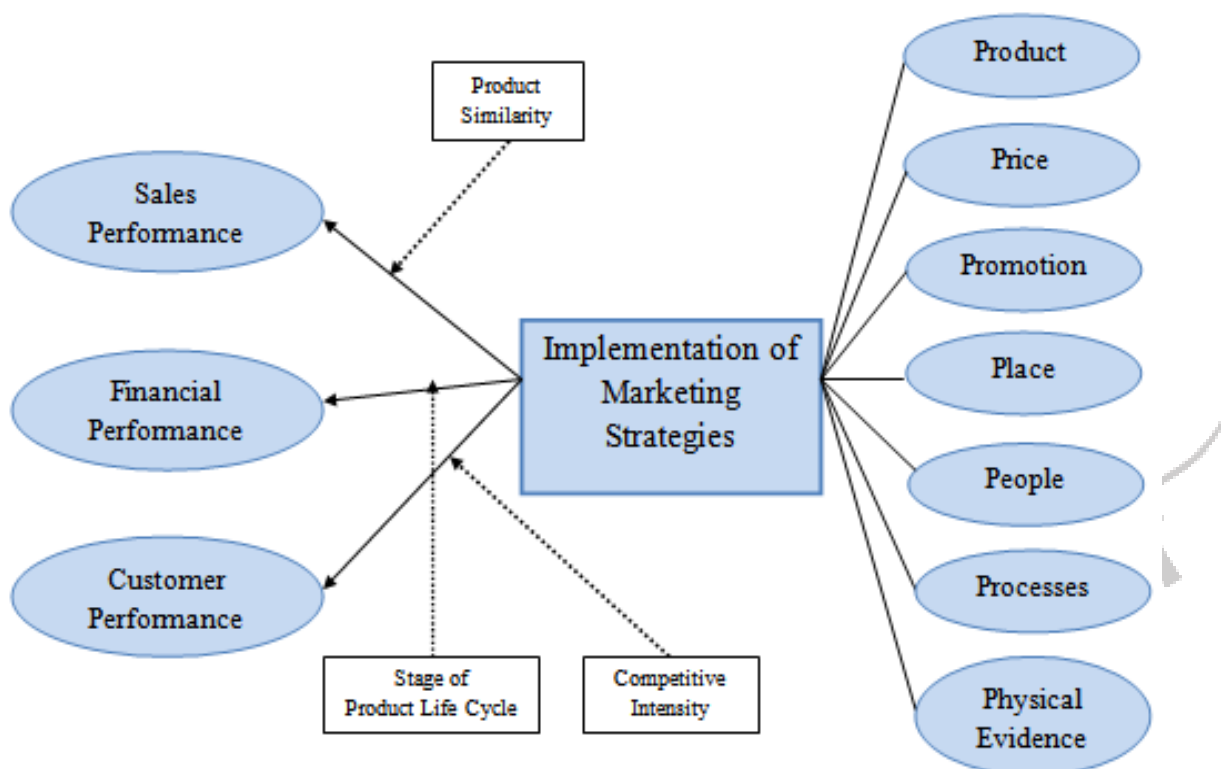


Fig: Conceptual Framework of Implementation of Marketing Strategies in an organization

Source: Developed by Researcher

The anecdote of marketing services is very old concept. No business interpreter would have predicted that such an affray for the customer's money, for the survive and existence of companies with such tremendous changes in the service industries to satisfy the growing expectations of the customers. This is witnessed recently in each and every industry including insurance sector.

2. Literature review

Insurance marketing is all about delivering value to the customers in which IT services play its own role of satisfying the customers in rendering the services (Aduloju, K. et.al., 2014). Service mix is vital in reaching the customer, the elements of brand awareness, brand image and brand loyalty plays important role in forming customers perception towards a service (Akroush, M et. Al, 2005). Service quality has become a

competitive tool in insurance sector, the service providers are using quality service offerings to its customers to gain competitive advantage (Anjor, P. et al, 2014). Risk products like insurance are facing challenges to penetrate in rural markets of India, after privatisation of insurance sector in 1999 many companies have started rendering their services in partnership with foreign insurance firms (Ashfaque Ahmed (2013). Low penetration of insurance in India, as elsewhere, has varied explanations, economic and sociological. One basic factor that puts a brake on growth is low propensity to consume: low propensity for life insurance, not necessarily because of considerations of affordability nor because of inadequate range of insurance products and services. Insurance is the instrument which needs to be positioned in the minds of customers as tool of risk reduction (Balaji, C. (2015). There is a need to reduce the gap of expectancy and experience the customer is undergoing with the insurance products (Bhowal, A. et al. 2014). Insurance companies are in constant search for marketing innovations to reach wider segment of customers which acts as a competitive advantage for these insurance firms (Epetimehin, F. M. 2011)

3. Research Methodology

The study for the present paper is from both primary and secondary sources of data.

Primary data is collected from selected customers of select life insurance companies.

Secondary data is collected from various articles published in different journals, magazines, newspapers, reports and websites.

4. Data Analysis and Interpretation

4.1 Insurance Company Name and Respondents Association with the Insurance Company: The outcomes of the results with respect to their association with the life insurance companies are presented in the table below:

Table: Insurance Company Name and Respondents Association with the Insurance Company

Insurance Company Name	Less than 1 year	1-3 years	3-5 years	5-7 years	Above 7 years	Total
HDFC Life Insurance	20 (5.0%)	37 (9.2%)	95 (23.8%)	40 (10.0%)	8 (2.0%)	200 (50.0%)
Aditya Birla Sun Life Insurance	17 (4.2%)	9 (2.2%)	61 (15.2%)	83 (20.8%)	30 (7.5%)	200 (50.0%)
Total	37 (9.2%)	46 (11.5%)	156 (39.0%)	123 (30.8%)	38 (9.5%)	400 (100.0%)

5. Source: Primary Data

It is indicated that at HDFCLI majority of the customers with 23.8% are associated with the company from 3-5 years, followed with 10% from 5-7 years, 9.2% from 1-3 years, 5% less than 1 year and least 2% more than 7 years. Whereas at ABSLI 20.8% of the customers are associated with the company from 5-7 years, followed by 15.2% from 3-5 years, 7.5% above 7 years, 4.2% less than one year and 2.2% from 1-3 years.

4.2 Insurance Company Name and Source of purchase of insurance policy: The results of the customers of the select insurance companies with regard to source of purchase of insurance policies are depicted in the table below:

Table: Source of purchase of insurance policy

Insurance Company Name	Direct company	Company sales person	Brokers	Insurance Agencies	Online	Total
HDFC Life Insurance	40 (10.0%)	27 (6.8%)	12 (3.0%)	98 (24.5%)	23 (5.8%)	200 (50.0%)
Aditya Birla Sun Life Insurance	39 (9.8%)	17 (4.2%)	12 (3.0%)	98 (24.5%)	34 (8.5%)	200 (50.0%)
Total	79 (19.8%)	44 (11.0%)	24 (6.0%)	196 (49.0%)	57 (14.2%)	400 (100.0%)

Source: Primary Data

With the results in the above table, it is evident that at HDFCLI 24.5% of the customers opined that they purchased the insurance policies from Insurance agencies, followed with 10% directly from the companies, 6.8% from Company sales person, 5.8% from online and least 3% from brokers. Whereas at ABSLI, 24.5% of the customers stated that they purchased the insurance policies from Insurance agencies, followed with 9.8% from the companies, 8.5% from online, 4.2% from company sales person and 3% from the brokers.

4.3 Insurance Company Name and the transparency of the insurance schemes: The outcomes of the level of agreement of the customers of the study with regard to the transparency of the insurance schemes are presented in the table below:

Table: The transparency of the insurance schemes

Insurance Company Name	SD	D	U	A	SA	Total
HDFC Life Insurance	38 (9.5%)	32 (8.0%)	36 (9.0%)	53 (13.2%)	41 (10.2%)	200 (50.0%)
Aditya Birla Sun Life Insurance	9 (2.2%)	9 (2.2%)	17 (4.2%)	75 (18.8%)	90 (22.5%)	200 (50.0%)
Total	47 (11.8%)	41 (10.2%)	53 (13.2%)	128 (32.0%)	131 (32.8%)	400 (100.0%)

Source: Primary Data

With the results in the above table, it is evident that at HDFCLI 13.2% of the customers agreed that there the insurance schemes are fair and transparent, followed with 10.2% strongly agreeing, 9.5% strongly disagreeing, 9% being uncertain and 8% disagreeing whereas at ABSLI it is observed that 22.5% of the customers strongly agreed that the insurance schemes are fair and transparent, followed by 18.8% agreeing, 4.2% uncertain and 4.4% disagreeing.

4.4 Insurance Company Name and the improvement of the customer service quality after the entry of private insurance companies: The following table outlines the level of agreement of the customers w.r.t. the improvement of the customer service quality after the entry of private insurance companies.

Insurance Company Name	SD	D	U	A	SA	Total
HDFC Life Insurance	24 (6.0%)	32 (8.0%)	29 (7.2%)	59 (14.8%)	56 (14.0%)	200 (50.0%)
Aditya Birla Sun Life Insurance	8 (2.0%)	16 (4.0%)	16 (4.0%)	80 (20.0%)	80 (20.0%)	200 (50.0%)
Total	32 (8.0%)	48 (12.0%)	45 (11.2%)	139 (34.8%)	136 (34.0%)	400 (100.0%)

Source: Primary Data

It is observed from the results in the table above, that at HDFCLI majority of the customers with 19.5% agreed about the fair premium charges against the insurance policies by the company, followed by 14.5% strongly agreeing, 6.8% uncertain, 5.5% strongly disagreeing and 3.8% strongly disagreeing. Whereas at ABSLI majority of the customers with 24.5% agreed about the fair premium charges against the insurance policies by the company, followed by 15.5% strongly agreeing, 5.5% strongly disagreeing. 3% being uncertain and 1.5% strongly disagreeing.

4.5 Insurance Company Name and the availability of information on the company's website for the purchase of insurance product: The table below furnishes the level of agreement of the customers of the select insurance companies with regard to the availability of information on the website for the purchase of insurance product.

Insurance Company Name	SD	D	U	A	SA	Total
HDFC Life Insurance	16 (4.0%)	21 (5.2%)	32 (8.0%)	74 (18.5%)	57 (14.2%)	200 (50.0%)
Aditya Birla Sun Life Insurance	22 (5.5%)	10 (2.5%)	16 (4.0%)	86 (21.5%)	66 (16.5%)	200 (50.0%)
Total	38 (9.5%)	31 (7.8%)	48 (12.0%)	160 (40.0%)	123 (30.8%)	400 (100.0%)

Source: Primary Data

With the results in the above table, it is evident that at HDFCLI, more than 32% of the customers agreed on the availability of information on the website for the purchase of insurance product, followed with 8% being uncertain, 5.2% disagreeing and 4% strongly disagreeing whereas at ABSLI, majority of the customers with 38% agreed on the availability of information on the website for the purchase of insurance product, followed with 5.5% strongly disagreeing, 4% being uncertain and 2.5% disagreeing.

4.6 Insurance Company Name and the approach, politeness, punctuality & knowledge of the marketing executives: The outcomes of the level of agreements of the customers with respect to the approach, politeness, punctuality & knowledge of the marketing executives of the select insurance companies are presented in the table below:

Table : Insurance Company Name and The approach, politeness, punctuality & knowledge of the marketing executives

Insurance Company Name	SD	D	U	A	SA	Total
HDFC Life Insurance	17 (4.2%)	13 (3.2%)	22 (5.5%)	88 (22.0%)	60 (15.0%)	200 (50.0%)
Aditya Birla Sun Life Insurance	22 (5.5%)	6 (1.5%)	12 (3.0%)	98 (24.5%)	62 (15.5%)	200 (50.0%)
Total	39 (9.8%)	19 (4.8%)	34 (8.5%)	186 (46.5%)	122 (30.5%)	400 (100.0%)

Source: Primary Data

At HDFCLI majority of the customers' with 22% agreed on the approach, politeness, punctuality & knowledge of the marketing executives, followed with 15% strongly agreeing, 5.5% being uncertain, 4.2% strongly disagreeing and 3.2% disagreeing whereas at ABSLI it is indicated that majority of the customers' with 24.5% agreed on the approach, politeness, punctuality & knowledge of the marketing executives, followed with 15.5% strongly agreeing, 5.5% strongly disagreeing, 3% being uncertain and 1.5% disagreeing.

5. Conclusion

Insurance industry has taken a long period to penetrate into Indian market especially rural markets. It is very much essential to make insurance products highly aware and motivate the customers to insure their health and life by minimizing risk. The insurance products need to be promoted aggressively along with transparency. The companies need to focus aggressively in promoting and attracting customers towards insurance products. The companies need to focus more on the services such as building long term relationship with their customers. This association will encourage the customers to refer others to avail the insurance services. Till now the major source of selling insurance products is through agents and with aggregators like policy bazar has made the selling process and selection process much simple than ever before. Companies in order to raise their customer base should be more accurate in providing information through their websites. The study also reveals that the private companies need to improve their trust by recruiting right agents. LIC is one of the strong entities in having the trust among the people. The agents and marketing executives should have enough knowledge to be transparent in providing information about the products to greater extent. The major insurance players should be focused more on concentrating hassle

free insured amount disbursement after the risk occur, this will increase the trust among the customers who would like to insure.

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