

## **POLICY HOLDERS' SATISFACTION LEVELS ON ONLINE PURCHASE OF LIFE INSURANCE POLICIES: A COMPARISON OF SELECTED COMPANIES**

---

Dr. H. Radhika\*

### **ABSTRACT**

*Insurance is a basic form of risk management which provides protection against possible loss to life or physical assets. All assets have some economic value attached to them. There is also a possibility that these assets may get damaged / destroyed or become non-operational due to risks like breakdowns, fire, floods, earthquake etc. Life insurance is one among various types of insurances which not only provides security to the life of the insured but also provides financial security to the dependents of the insured. Before liberalization of life insurance sector in India, LIC was the only life insurance company satisfied the life insurance requirements of the public with mass number of agents who used to sell the policies in areas in which they reside. Being a monopoly in the Indian insurance market LIC could not tap the markets, which lead the Govt. to liberalize the insurance industry. After the entry of private players, to reach the product to the ultimate customer the companies came with new intermediaries. In today's scenario, insurance companies must move from selling insurance to marketing an essential financial product. The distributors have to become trusted financial advisors for the clients and trusted business associates for the insurance companies. This leads to introducing multiple distribution channels in a cost effective and customer friendly manner one among them is online sale of policy. In this busy life style customers prefer online purchasing and shopping rather than offline due to time constraint and availability of variety of products and brands on one platform. The same is applicable incase of life insurance which reduces the time and cost and provides more information about variety of life insurance products for choice. In this context, the present study focuses on various types of distribution channels used by Indian life insurance companies and the satisfaction levels of policyholders' of select life insurance companies with regards to various aspects of online purchase of life insurance policy.*

**KEYWORDS:** *Distribution Channels, Perceptions on Online Services One Way ANOVA.*

### **Introduction**

Liberalization of insurance sector has opened gates to private players to grab the market. The public sector companies have already established themselves in the market. But there are multiple challenges faced by the new insurance companies, of which two are critical: Designing of products suiting the market, using the right distribution channel to reach the customer. The companies have been quite successful in dealing with the existing product features, but though the product is ready with the company it should reach the ultimate customer, which is possible through an intermediary / a distribution channel which plays vital role in reaching the right product to the right customer. Here in case of insurance business it is the distributor who makes the difference in terms of the quality of advice for choice of product, servicing of policy post sale and settlement of claims. In the Asian markets, with their distinct cultural and social ethos, these conditions will play a major role in shaping the distribution channels and their effectiveness. In today's scenario, insurance companies must move from selling insurance to marketing an essential financial product. The distributors have to become trusted financial advisors for the clients and trusted business associates for the insurance companies. This leads to

---

\* Associate Professor, Department of Commerce (M.Com.), Badruka College of Commerce and Arts, Kachiguda, Hyderabad, Affiliated to Osmania University, Telangana, India.

introducing multiple distribution channels in a cost effective and customer friendly manner. Online sale of life insurance is one of the modes of direct selling which is convenient, fast and less cost. The insurers know the potential of this distribution channel and therefore have the entire product range-from life to health, motor and travel-available on the net for the prospective policyholder. With click of a mouse you can buy any policy from any corner of the world at any point of time.

### **Benefits of Buying Online**

As the customer buys directly from the insurer, the distributor's margin (or commissions) is saved. Also, the entire process is carried in the virtual world and is paperless which reduces the costs for the policyholder. These savings are usually shared with the customer in the form of lower premiums. The biggest benefit of online platform is that it offers the customer to make an informed choice. Various sites, such as Policybazaar.com, MyInsuranceClub.com and Easypolicy.com help the policyholder to compare the features and prices of a particular type of policy across various companies. So, that the prospective policyholders can measure the pros and cons and then buy the policy that suits their need the best. Moreover, when buying online, they can check the reviews and comments section. This is first-hand posted genuine information about the services of the insurer from existing customers. This is an important feedback that is missing when buying from any other channel.

### **Review of Literature**

**Gurupreet Kaur (2010):** He noted that the distribution channels have become the strongest drivers for the growth of insurance sector. In her study on "Distribution channels of Life Insurance in India", she examined the alternative distribution channels of life insurance business as how they are important and their contribution for the growth of the insurance business. The author also worked out on the perceptions and satisfaction of the customers towards various distribution channels as how the age, gender, income and occupation levels have an impact on the selection of an insurance company, the type of intermediary to be selected for taking the policy and preferences towards different insurance plans. The study examined the satisfaction levels regarding services of companies and post sales services provided by insurance companies. It has been found that individual agents are playing major role in increasing new business of insurance sector, it is concluded that the distribution channels play a never ending role and may help in increasing awareness and knowledge among people, it can differentiate its products on the basis of customer needs and they can make the distribution channel more customer oriented than target oriented.

**Towers Watson - Risk Consulting, India (2014):** in their news letter on "India market life insurance update", it was concluded that online sale of insurance policies is gaining importance among various other distribution channels. This was proved by a recent survey by Max Life and Nielsen has ranked life insurance as the most popular financial product being bought online. Among overall online purchases, it ranked next to only apparels and accessories. Lower premiums, ease of comparability, absence of agents and less paperwork have been cited as some of the benefits responsible for encouraging customers to choose the online sales channel. The survey has also revealed some of the customers' concerns pertaining to the online medium such as lack of personal interaction, inadequate customer support, unclear instructions and limited information. The survey also indicated a tendency of prospective customers to research products online but makes their purchase offline.

**Supriya, M. Lakhangaonkar (2014):** in the article named "Online Insurance In India: A Long Way To Go", the authors concluded that most of the existing insurance companies started selling online in 2010-2011 and at present, almost close to 33 insurers are offering more than 1000 products online. A majority of them are currently focusing on term insurance but many brands are looking beyond term insurance and car insurance. They are considering the Internet as a future channel of distribution which can bring immense expansion to their business. Three insurance companies i.e. Aegon Religare, Aviva Life Insurance & HDFC Life Insurance have already included internet and online aggregators as a major focus in their distribution strategy. Over 65% of insurance based searches are dominated by one player i.e. Policybazaar.

**A report (2015) on:** "Life insurance consumer purchase behavior Tailoring consumer engagement for today's middle market" Deloitte surveyed over 1,700 middle market buyers and non-buyers of life insurance in the United States to understand how Life Insurance companies might better equip themselves to effectively reach an underserved market segment. They identified that digital distribution will remain increasingly important as younger consumers come to dominate the middle market. These consumers tend to rely heavily on online or mobile interactions for receiving information,

engaging with companies, and making purchases. To that end, complementing digital channels with advice can provide today and tomorrow's consumers the convenience they often seek and the confidence involved in making important financial decisions.

### **Need of the Study**

Before liberalization of insurance sector in India, LIC was the only life insurance company satisfied the life insurance requirements of the public. Being a monopoly in the Indian insurance market LIC could not tap the markets, which lead the Govt. to liberalize the insurance industry. After the entry of private players, to reach the product to the ultimate customer the companies came with new intermediaries. At present there are four major distribution channels through which insurance companies are serving the needs for the public. They are individual agent, corporate agents (banks and others), brokers and online (direct) selling. As said above, Online selling is one of the major distribution channel which is contribution more to the life insurance market after life insurance agents. This is very convenient mode of purchasing the policy as it reduces the time and cost to the customer for selecting policy and provides more information about variety of life insurance products available for their choice. Considering all the above aspects the present study is undertaken to know various types of distribution channels used by Indian life insurance companies and a comparison of satisfaction levels of policyholders' of select life insurance companies with regards to various aspects of online purchase of life insurance policy.

### **Objectives**

- An overview of various distribution channels in Indian life insurance sector.
- To compare the satisfaction levels of policyholders' of select life insurance companies with regards to various aspects of online purchase of life insurance policy.

### **Hypothesis**

**H<sub>0</sub>:** There is no significant difference in satisfaction levels of policyholders' of select life insurance companies with regards to various aspects of online purchase of life insurance policy.

### **Research Methodology**

#### **Sample Size**

- **Insurance Companies:** In India presently there are 7 Life insurance subsidiaries of commercial banks, 16 other life insurance companies and the LIC. For the purpose of the study, the top four life insurance companies from the Life insurance subsidiaries of commercial banks and from Other Life insurance companies are included in the sample in addition to the LIC which is a separate category by itself. The top four companies from each category are selected based on: a) market share for six years out of the ten year period and b) existence on or before 31<sup>st</sup> March 2002. Based on these yardsticks, of the seven life insurance subsidiaries of commercial banks, HDFC Standard Life, ICICI Prudential, Kotak Mahindra and SBI Life are included in the sample. Of the 16 other life insurance companies, the companies taken as sample are - Bajaj Allianz, Birla Sun Life, Max Life, Reliance life and the LIC is considered as a separate group.
- **Policy Holders:** The sample size for primary data collection is 400 life insurance policy holders, out of which 136 are LIC policy holders, 33 policy holders from each company selected under the above mentioned two categories (life insurance subsidiaries of commercial banks and other life insurance companies). The population of life insurance policy holders of Hyderabad is 95 lakhs as per the survey made by [www.indiaonlinepages.com](http://www.indiaonlinepages.com). A structured questionnaire consisting of 63 questions is constructed to collect data from the life insurance policy holders of Life Insurance Subsidiaries of Commercial Banks, LIC and Other Life Insurance Companies, to find out their perceptions on the three groups of companies taking in to account various aspects related to online purchase of policies. The data has been analyzed by applying one way ANOVA using SPSS.

### **Overview on Distribution Channels OF Life Insurance Sector**

Before liberalization of insurance sector in India, LIC was the only life insurance company satisfied the life insurance requirements of the public. Being a monopoly in the Indian insurance market LIC could not tap the markets, which lead the Govt. to liberalize the insurance industry. After the entry of private players, to reach the product to the ultimate customer the companies came with new intermediaries. The following are the various insurance distribution channels presently used by life insurance companies to grab the market.

### **Individual Agent**

According to Insurance act 1938, section 42 and with section 12 (2) (a) &(c) of the IRDA act 1999 defined the "Insurance Agent" means an individual appointed by an insurer for the purpose of soliciting or procuring insurance business including business relating to the continuance, renewal or revival of policies of insurance. Any individual who wants to become an insurance agent need to satisfy requirements laid down by IRDAI. There are close to three million licensed life insurance agents, split almost equally between the LIC and the private players. Agents generate 85% of LIC's new business and about half for private companies.

### **Banks**

With the objective of increasing insurance penetration using the entire network of bank branches, the Finance Minister in the budget speech 2013-14 announced that banks will be permitted to act as insurance brokers. Consequent to the announcement, IRDA formulated and notified the IRDA (Licensing of Banks as Insurance Brokers) Regulations, 2013 to enable banks to take up the business of insurance broking departmentally. Reserve Bank of India has given guidelines for banks to undertake insurance business by setting up a subsidiary/joint venture, as well as undertake insurance broking/ insurance agency/either departmentally or through a subsidiary. However, it may be noted that if a bank or its group entities, including subsidiaries, undertake insurance distribution through either broking or corporate agency mode, the bank/other group entities would not be permitted to undertake insurance distribution activities, i.e., only one entity in the group can undertake insurance distribution by either one of the two modes mentioned above. There are also about 3,000 corporate insurance agents, mostly banks, brokers and firms engaged in personal loans. Bancassurance is now emerging as a key distribution channel through a network of more than 70,000 branches of banks (Asia pacific insurance review, www.towerswatson.com).

### **Broker**

Sections 14 and 26 of the Insurance Regulatory and Development Authority Act, 1999 (41 of 1999), defines Broker: "Insurance broker" means a person for the time-being licensed by the Authority under regulation 15, who for remuneration arranges insurance contracts with insurance companies and/or reinsurance companies on behalf of its clients. The requirements to be satisfied by a person / institution to become a broker are clearly explained in schedule IV of Insurance and Regulatory Authority of India (Insurance Brokers) Regulations, 2013.

### **Directing Selling**

Few life insurers sell life policies through direct sales, where companies use direct mail or advertising by television or radio calling for coupon or telephone response. Group life insurance is a popular product sold through direct sales, usually as large sales to companies and employers. It is also called as Distance marketing includes every activity of solicitation (including lead generation) and sale of insurance products through the following modes:

- Voice mode, which includes telephone-calling.
- Short Messaging service (SMS).
- Electronic mode which includes e-mail, internet and interactive television (DTH).
- Physical mode which includes direct postal mail and newspaper & magazine inserts.
- Solicitation through any means of communication other than in person.

These Guidelines cover distance marketing activities of insurers/brokers and corporate agents (with specific approval of insurers) at the stages including offer, negotiation as well as conclusion of sale.

### **Benefits of Direct Selling**

- There is no need to share profit margins and the insurer has complete control over the sales process.
- There may also be specific market factors that encourage direct selling.
- There may be a need for an expert sales force, to demonstrate products, provide detailed presale information and after-sales service.
- Retailers, distributors, dealers and other intermediaries may be unwilling to sell the product.

Therefore distribution channels play major role in the development of insurance companies, industry and economy as a whole.

**Table 1: Share of Direct Selling in the Total Life Insurance Business  
(in Terms of Premium in Crore)**

2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
235 (0.39)	2643 (3.33)	3310.33 (4.76)	3389.85 (4.13)	2016.32 (2.42)	1222.61 (1.89)	1588.71 (2.55)	1883.57 (3.09)

Source: Hand Book on Indian Insurance Business- 2013-14.

From the above table, it is observed that the share of direct selling in the total life insurance business is gradually growing from 0.39% in the year 2006-07 to 4.13% in the year 2009-10, there was a fall in the years 2010-11 (2.14%) to 2011-12 (1.89%) in these years agents share in the total life insurance business was more compared with all other distribution channels. Again from the year 2012-13 there is a growth in the share of direct selling in the total life insurance business. Therefore it can be concluded that still the online sales as a part of direct selling has to try hard to increase its share in the total life insurance business.

#### Data Analysis

- **Demographic Profile of the Policy Holders**

The demographic profile of the respondents in terms of their age, gender, education, employment and monthly income is presented in table 2.

**Table 2: Demographic Profile of the Policy Holders**

Variable	Options	Number of respondents	Percentage (%)
Age	UP to 35 years	169	42
	35 years to 55 years	191	48
	55 years or above	40	10
	<b>Total</b>	<b>400</b>	<b>100%</b>
Gender	Female	138	34%
	Male	262	66%
	<b>Total</b>	<b>400</b>	<b>100%</b>
Educational Qualifications	Illiterate	17	4%
	Up to SSC	51	13%
	Intermediate	29	7%
	Graduation	168	42%
	Post graduation	135	34%
	<b>Total</b>	<b>400</b>	<b>100%</b>
Employment	Govt. employee	70	18%
	Private employee	200	50%
	Practicing professional	18	5%
	Self employed	90	22%
	Retired	22	5%
	<b>Total</b>	<b>400</b>	<b>100%</b>
Monthly income	Below Rs. 40,000	183	46%
	Rs. 40,000 to Rs. 60,000	115	29%
	Rs. 60,000 to Rs.80,000	55	14%
	Rs.80,000 to Rs. 100,000	26	6%
	Rs. 100,000 or above	21	5%
	<b>Total</b>	<b>400</b>	<b>100%</b>

Source: Primary data

As may be observed from the table, nearly one half of the respondents are in the middle age group (35 year to 55 years). Those in the young age group (Up to 35 years) account for about 42% of the sample and the remaining 10% of respondents are in the old age group ( 55 years or above). Two third of respondents are male. A vast majority, 76%, are having graduation or higher education, only 4% respondents are illiterate. The highest percentage of the respondents, 50%, is in private employment. Majority of the respondents fall under the income group of below Rs. 40,000 monthly income, this is followed by Rs. 40,000 to Rs. 80,000 as monthly income with 29% of total respondents. Only 5% of the respondents belong to the income group of Rs. 100,000 or above which can be considered as high income group.

### Distribution Channel from Which the Policy is Taken

There are different distribution channels available for policy holders to take life insurance policy. The following question presents the data related to various types of distribution channels through which the life insurance policy has been taken by the policy holders. The relevant data related to the responses to this question is given in table 3.

**Table 3: Channel through which the Policy is Taken**

Distribution Channel	Frequency	Percentage (%)
Bank (Bancassurance)	48	12%
Insurance agent	213	53%
Online	105	26%
Directly by approaching the company	34	9%
<b>Total</b>	<b>400</b>	<b>100%</b>

Source: Primary data

The insurance agent figured as the most important channel through which the policy is taken with 53% of the respondents mentioning that they have taken policy through this channel. This is followed by online, (26%) and bancassurance, (12%). Only 9% of the respondents took a policy directly from their company. Therefore, it can be said that life insurance agents are playing major role in selling policies and it is also observed that public is slowly moving towards online purchase of policy.

**H<sub>0</sub>:** There is no significant difference between the opinions of policy holders of LIC, Life Insurance Subsidiaries of Commercial Banks and Other Life Insurance Companies on the various aspects (variables) related to online purchase of life insurance policy

#### The following are the Aspects

- V1: Costs are lower than other channels, since it is directly purchased from insurer
- V2: Easy availability of data related to various insurance policies offered by different companies
- V3: Difficult to understand the terms and terminology of policies sold online
- V4: Online chat is available to clarify doubts regarding policy terms and conditions
- V5: Time consuming to search for the needed information
- V6: Easy to get clarification regarding doubts through live chat
- V7: Reviews of existing policy holders on various aspects helps in decision making during purchase of policy
- V8: Online reminders help in payment of premium on time
- V9: Online payments save time
- V10: Difficult to access the website in emergencies due to weak network
- V11: No replies for the complaints raised online
- V12: No acknowledgement by company for receipt of complaints
- V13: Difficult to check the status or download a policy document copy which is taken offline
- V14: Easy to make corrections in the policy (name, age other details) online

**Table 4: Summary of One way ANOVA**

#### Opinions/ Satisfaction levels of the life insurance policy holders on online purchase summary of One way ANOVA

Variable	Group	N	Mean	Std. Deviation	F	Sig.	H0
V1: Costs are lower than other channels, since it is directly purchased from insurer	LIC	14	4.8571	.36314	7.329	.001	Reject
	Life Insurance Subsidiaries of Commercial Banks	34	4.0294	.75820			
	Other Life Insurance Companies	57	4.1754	.71020			
	<b>Total</b>	<b>105</b>	<b>4.2190</b>	<b>.73355</b>			
V2: Easy availability of data related to various insurance policies offered by different companies	LIC	14	4.3571	.49725	.989	.376	Accept
	Life Insurance Subsidiaries of Commercial Banks	34	4.1471	.55772			
	Other Life Insurance Companies	57	4.1053	.64598			
	<b>Total</b>	<b>105</b>	<b>4.1524</b>	<b>.60098</b>			

V3: Difficult to understand the terms and terminology of policies sold online	LICI	14	2.0714	.91687	2.126	.125	Accept
	Life Insurance Subsidiaries of Commercial Banks	34	2.6471	.84861			
	Other Life Insurance Companies	57	2.4035	.92311			
	<b>Total</b>	<b>105</b>	<b>2.4381</b>	<b>.90855</b>			
V4: Online chat is available to clarify doubts regarding policy terms and conditions	LICI	14	3.3571	1.33631	.719	.490	Accept
	Life Insurance Subsidiaries of Commercial Banks	34	3.7059	1.08793			
	Other Life Insurance Companies	57	3.4386	1.14981			
	<b>Total</b>	<b>105</b>	<b>3.5143</b>	<b>1.15288</b>			
V5: Time consuming to search for the needed information	LICI	14	1.7857	.80178	3.614	.030	Reject
	Life Insurance Subsidiaries of Commercial Banks	34	2.6471	.91725			
	Other Life Insurance Companies	57	2.4035	1.09967			
	<b>Total</b>	<b>105</b>	<b>2.4000</b>	<b>1.03404</b>			
V6: Easy to get clarification regarding doubts through live chat	LICI	14	3.0714	1.32806	.546	.581	Accept
	Life Insurance Subsidiaries of Commercial Banks	34	3.3235	.87803			
	Other Life Insurance Companies	57	3.0877	1.15389			
	<b>Total</b>	<b>105</b>	<b>3.1619</b>	<b>1.09302</b>			
V7: Reviews of existing policy holders on various aspects helps in decision making during purchase of policy	LICI	14	4.1429	.66299	2.166	.120	Accept
	Life Insurance Subsidiaries of Commercial Banks	34	4.0000	.55048			
	Other Life Insurance Companies	57	3.7018	1.03449			
	<b>Total</b>	<b>105</b>	<b>3.8571</b>	<b>.87077</b>			
V8: Online reminders help in payment of premium on time	LICI	14	4.2143	.42582	.491	.613	Accept
	Life Insurance Subsidiaries of Commercial Banks	34	3.9706	.75820			
	Other Life Insurance Companies	57	4.0351	.84441			
	<b>Total</b>	<b>105</b>	<b>4.0381</b>	<b>.77116</b>			
V9: Online payments save time	LICI	14	4.3571	.84190	3.031	.053	Accept
	Life Insurance Subsidiaries of Commercial Banks	34	4.1471	.74396			
	Other Life Insurance Companies	57	4.5263	.65752			
	<b>Total</b>	<b>105</b>	<b>4.3810</b>	<b>.72564</b>			
V10: Difficult to access the website in emergencies due to weak network	LICI	14	1.9286	.99725	1.407	.249	Accept
	Life Insurance Subsidiaries of Commercial Banks	34	2.0294	1.02942			
	Other Life Insurance Companies	57	2.3333	1.04083			
	<b>Total</b>	<b>105</b>	<b>2.1810</b>	<b>1.03572</b>			
V11: No replies for the complaints raised online	LICI	14	2.2143	.80178	.281	.756	Accept
	Life Insurance Subsidiaries of Commercial Banks	34	2.4412	.70458			
	Other Life Insurance Companies	57	2.4035	1.13168			
	<b>Total</b>	<b>105</b>	<b>2.3905</b>	<b>.96571</b>			
V12: No acknowledgement by company for receipt of complaints	LICI	14	1.8571	.86444	3.351	.039	Reject
	Life Insurance Subsidiaries of Commercial Banks	34	2.6765	1.19900			
	Other Life Insurance Companies	57	2.6842	1.10450			
	<b>Total</b>	<b>105</b>	<b>2.5714</b>	<b>1.13389</b>			
V13: Difficult to check the status or download a policy document copy which is taken offline	LICI	14	2.4286	.75593	.576	.564	Accept
	Life Insurance Subsidiaries of Commercial Banks	34	2.7059	1.05971			
	Other Life Insurance Companies	57	2.7193	.88144			
	<b>Total</b>	<b>105</b>	<b>2.6762</b>	<b>.92503</b>			
V14: Easy to make corrections in the policy (name, age other details) online	LICI	14	3.5000	1.34450	.257	.774	Accept
	Life Insurance Subsidiaries of Commercial Banks	34	3.5588	.82356			
	Other Life Insurance Companies	57	3.4035	1.03267			
	<b>Total</b>	<b>105</b>	<b>3.4667</b>	<b>1.01020</b>			

Source: Primary data, Note: 'V'- Variable

The results reveal that there is no statistically significant difference between the opinions of the policy holders of the three groups of companies with respect to the variables/ aspects V2, V3, V4, V6, V7, V8, V9, V10, V11, V13 and V14 as their Sig.(p) values are greater than 0.05. Therefore, the null hypothesis is accepted. The one way ANOVA reveals that there is a statistically significant difference between the opinions / satisfaction levels of the policy holders of the LICl, Life Insurance Subsidiaries of Commercial Banks and Other Life Insurance Companies with respect to the aspects V1, V5, and V12 as the Sig. (p) values are lesser than 0.05. Therefore, the null hypothesis is rejected. This means that there is a difference in the opinions of policy holders with regard to the above mentioned aspects. To find out further as to which groups policy holders opinion is significantly differing with each other with regards to the above mentioned three variables (aspects) the Tukey post-hoc test is conducted and the results are presented in table 5.

**Table 5: Tukey Post Hoc Tests**  
**Tukey HSD**  
**Multiple Comparisons**

Dependent Variable	(I) Group	(J) Group	Mean Difference (I-J)	Sig.	H0
V1: Costs are lower than other channels , since it is directly purchased from the company	LICl	Life Insurance Subsidiaries of Commercial Banks	.82773 <sup>*</sup>	.001	Reject
		Other Life Insurance Companies	.68170 <sup>*</sup>	.004	Reject
	Life Insurance Subsidiaries of Commercial Banks	Other Life Insurance Companies	-.14603	.596	Accept
V5: Time consuming to search for the needed information	LICl	Life Insurance Subsidiaries of Commercial Banks	-.86134 <sup>*</sup>	.023	Reject
		Other Life Insurance Companies	-.61779	.105	Accept
	Life Insurance Subsidiaries of Commercial Banks	Other Life Insurance Companies	.24355	.508	Accept
V12: No acknowledgement by company for receipt of complaints	LICl	Life Insurance Subsidiaries of Commercial Banks	-.81933	.057	Accept
		Other Life Insurance Companies	-.82707 <sup>*</sup>	.037	Reject
	Life Insurance Subsidiaries of Commercial Banks	Other Life Insurance Companies	-.00774	.999	Accept

Source: Primary data

\*.The mean difference is significant at 0.05 level

### Findings

- From the demographic profile of the respondents it is found that, out of 400 respondents, nearly one half, (48%) of the respondents are in the middle age group, i.e., 35 year to 55 years, a majority, (66%) of the respondents, are male, 42% of the respondents are graduates and 34% of them are post graduates, 50% of the respondents are private employees and a majority of the respondents fall under the monthly income group; of below Rs. 40,000.
- A highest percentage of the respondents, (40%), is save 10% to 20% of their monthly income.
- The highest percentage of the respondents, 41%, expressed that life coverage is the main reason for which they have taken a life insurance policy and 34% of the respondents mentioned safety of investment is the reason for taking a policy.

**A One way ANOVA** test is conducted to analyze, if there is a significant difference between the opinions of policy holders of the LICl, Life Insurance Subsidiaries of Commercial Banks and Other Life Insurance Companies on the following aspects related policy holders' opinion on online purchase of life insurance policy. It is found that there no statistically significant difference between the opinions of policy holders of Life Insurance Subsidiaries of Commercial Banks, LICl and Other Life Insurance Companies about the following aspects / variables related to policy holders' opinion on online purchase of life insurance policy.



- V2: Easy availability of data related to various insurance policies offered by different companies.
- V3: Difficult to understand the terms and terminology of policies sold online.
- V4: Online chat is available to clarify doubts regarding policy terms and conditions.
- V6: Easy to get clarification on doubts through live chat.
- V7: Reviews of existing policy holders on various aspects helps in decision making during purchase of policy.
- V8: Online reminders help in payment of premium on time.
- V9: Online payments save time.
- V10: Difficult to access the website in emergencies due to poor network.
- V11: No replies for the complaints lodged online.
- V13: Difficult to check the status or download a policy document copy which is taken offline.
- V14: Easy to make corrections in the policy (name, age other details) online.

There is a statistically significant difference between the opinions / satisfaction levels of the policy holders of LIC, Life Insurance Subsidiaries of Commercial Banks and Other Life Insurance Companies with respect to the following aspects V1, V5, and V12. The following are the variables/ aspects.

- V1: Costs are lower than other channels, since it is directly purchased from insurer.
- V5: It is time consuming to search for the needed information.
- V12: No acknowledgement by company for the receipt of complaints.

#### **Findings from Tukey Post HOC Test for V1, V5 and V12**

- The Tukey post-hoc test is conducted to find out as which group's policy holders' opinion is significantly differing with each other with regard to the above mentioned three variables (aspects). It is found that there is a significant difference between the opinions/ satisfaction levels of the policy holders of the LIC, Life Insurance Subsidiaries of Commercial Banks with respect to the aspect that cost incurred for buying policy online is less than that of the other channels (V1). The same is the case with the LIC and Other Life Insurance Companies with respect to the policy holders' opinion on the aspect V1. There is no statistically significant difference between the opinions/ satisfaction levels of the policy holders of Life Insurance Subsidiaries of Commercial Banks and Other Life Insurance Companies with respect to the aspect - V1.
- With respect to the V5, it is found that there is a significant difference between the opinions/ satisfaction levels of the policy holders of LIC and Life Insurance Subsidiaries of Commercial Banks with respect to the aspect: is time consuming to search the needed information online. There is no significant difference between the opinions of policy holders of LIC and Other Life Insurance Companies with respect to the aspect- V5. There is no significant difference between the opinions of policy holders of Life Insurance Subsidiaries of Commercial Banks and Other Life Insurance Companies with respect to policy holders' opinion/ satisfaction about the aspect: it is time consuming to search the needed information online.
- There is no significant difference between the opinions / satisfaction levels of the policy holders of the LIC and Life Insurance Subsidiaries of Commercial Banks with respect to the aspect V12. There is no significant difference between the opinions / satisfaction levels of the policy holders of Life Insurance Subsidiaries of Commercial Banks and Other Life Insurance Companies with respect to the policy holders' opinion on the aspect: no acknowledgement by the company on receipt of complaint. There is a significant difference between the opinions / satisfaction levels of the policy holders of the LIC and Other Life Insurance Companies with regard to the aspect V12.

#### **Conclusion**

Though the insurers are trying to sell their products through online still agency force is the major distribution channel for the LIC, for the Life Insurance Subsidiaries of Commercial Banks, the

'bancassurance' is the major channel. Other Life Insurance Companies is increasing its reliance on cheaper 'online' channel as a direct selling distribution channel but majority of the insurers are depending on agents for their sales. The reason for not going for online can be difficulty in understanding the terms of insurance, keeping lot of information at one place which may lead to confusion and the survey found that customers are facing problems in finding the relevant data about policy. Therefore, if insurers take proper measures on the above aspects online sales benefits both insurer and insured. Though the insurance companies and the IRDAI are educating the investors, as to how they need to protect themselves from insurance frauds and how they can address their issues to the grievance cell, still, some policyholders have been trapped by fraudsters. Therefore, it is suggested that the regulator and insurance companies need to take stringent measures to curb insurance frauds.

### Suggestions

- Life insurance companies have to motivate the policy holders to go online for purchasing a policy, payment of premium and for other insurance related activities. This reduces the cost of operations in terms of reduction in number of agents, branch offices, and number of employees in the branches. With this, the life insurance companies can charge fewer premiums on the policies which will help the lower middle class population to go for life insurance.
- While offering a policy to the prospective investor, the intermediary need to explain about various policies offered by the company, the terms and conditions of the product being offered and it should be compared with the policies of rival companies so that the investor will take proper decision about selecting the policy.
- The study found that the investors, who are buying the policies through the online channel, are finding it difficult to understand the terms used in policy and they also expressed that it is time consuming to search for the relevant data and some companies are not responding for the complaints raised online. Therefore, it is suggested that the insurance companies use easy terms in the policy which can be understood by a common man and they need to develop the web page in such a way that the investor can find the needed data easily.

### References

- ✧ A report (2015) on: "Life insurance consumer purchase behavior Tailoring consumer engagement for today's middle market" survey made by Deloitte, Sep-2015, pg-9
- ✧ Gurpreet Kaur, "An Empirical Study on Distribution Channels of Life Insurance in India", Bimaquest, Vol. 10 Issue 2, July 2010.
- ✧ Gurpreet Kaur, "Distribution Strategies of Life Insurance Business in India", Guru Nanak Dev University, 2013 (Ph.D thesis).
- ✧ IRDA hand book 2013-14.
- ✧ Ms. Supriya M. Lakhangaonkar, "Online Insurance In India: A Long Way To Go", International Journal of Engineering Research and Applications (IJERA) ISSN: 2248-9622 International Conference on Industrial Automation and Computing (ICIAC-12th & 13th April 2014), p.g.24.
- ✧ <http://hdl.handle.net/10603/43624>
- ✧ <http://www.towerswatson.com/en-IN/Insights/Newsletters/Asia-Pacific/india-market-life-insurance/2014/India-Market-Life-Insurance-Update-June-2014>.
- ✧ <https://economictimes.indiatimes.com/wealth/insure/advantages-of-online-insurance/articleshow/29098660.cms>.
- ✧ <https://www.irdai.gov.in/>
- ✧ <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/strategy/us-cons-life-insurance-consumer-study.pdf>.

