

POLICYHOLDERS AWARENESS ON SBI LIFE INSURANCE PLANS IN COIMBATORE DISTRICT

Article Particulars

Received: 25.10.2017

Accepted: 28.10.2017

Published: 30.10.2017

V.PREMA

Ph.D., (Full Time) Research Scholar, Department of Commerce
Government Arts College, Udumalpet, Tamil Nadu, India

Dr.R.GOPI

Assistant Professor, Department of Commerce
Government Arts College, Udumalpet, Tamil Nadu, India

Abstract

Indian Insurance Industry is growing at a rapid speed. SBI Life Insurance Industry is one of the leading insurance companies which have over 32.22 crores customers across its operations as on 30th June 2017. It continuously innovate new plans and services to facilitate its customers. This induced the researcher to know the customers reason for choosing SBI life insurance, their level of awareness on the plans offered and the factors that influence their level of awareness. One hundred and twenty SBI life insurance company in Coimbatore district were selected to express their view by adopting convenient sampling technique. The study revealed that respondents have selected SBI life insurance Company due to its "secured savings" followed by Brand Image/Goodwill. Majority of the respondents are with low level of awareness on the plans offered by SBI life insurance. There exist a significant difference between gender and level of awareness on the plans offered. Occupation of the customers has an influence on the level of awareness on the plans.

Keywords: Awareness, Customer and Plans.

Introduction

In the modern world, life insurance is an acceptable risk evasion tool. It ensures financial security for one-self and their dependents in future and enables the insure to enjoy the tax benefits. As on 30th June 2017, life insurance sector comprises 24 players including one national insurer and 23 private players, 2.48 direct employees, 20.82 lakhs agents and 32.22 Crores policies in force. SBI life insurance is a joint venture between State Bank of India (74 per cent) and BNP Paribas Assurance (26 per cent). The company primarily deals with variety of innovative life insurance plans with 758 offices across India. It has issued 1.275 million insurance policies during 2016-2017.

Review of Literature

Agila.M,(2015) in her article entitled "A Study on the Awareness Level of LIC Policyholders in Krishnagiri District " reveals that there exists a relationship between area of residence, educational qualification, occupation, respondents annual income, family annual income and the awareness level of the policyholders.

Anitha.P in her thesis entitled "Policyholders' Satisfaction on the Services of Selected Private Life Insurers in Coimbatore District", found that area of residence, gender, age, marital status, educational qualification, occupation, type of family, status in the family, number of earning members in the family, number of non-earning members in the family, total number of members in the family, monthly income, family income per month, family expenditure per month and total savings per month are associated with policyholders' level of awareness on private life insurance.

Kathirvel.N and Radhamani.S (2014) in their research article entitled "Policyholders' Awareness on LIC's Services with Reference to Tirupur District,Tamilnadu". Reveals that Age and Number of policies are found to associate with policyholder awareness

Statement of the Problem

Indian life insurance sector has witnessed an immense growth during the past two decades. The entry of private players has enabled the companies to introduce innovative products and offers incentives on the policies to woo the customers towards them. SBI is in forefront in providing a variety of customized products to meet the emerging expectations of the policy holders. As on 31st August 2017, it offered 38 products including 30 individual plans and 8 group plans to its policy holders (*Life Insurance Council Report, 2017*).The company is ranked as 3 by collecting 3.1 US \$ billion as total premium in 2016-2017. But it is found that life insurance penetration has increased from 3.17 in 2005 to 5.2 in 2010 and further declined year by year and reached 3.4 in 2016. In this context, the following questions raise: Why the policy holders have chosen the SBI life to avail life cover? To what extent the customers are aware on the products offered by SBI Life? And which factor influence their awareness level?

Objectives of the Study

1. To identify the reason for selecting SBI Life Insurance Company
2. To assess the level of awareness on the plans offered by SBI Life Insurance Company
3. To determine the factors influencing their level of awareness

Methodology

The study basically depends on primary data collected through interview schedule from 120 SBI Life Insurance Policyholder in Coimbatore district by adopting convenient

sampling technique. IRDA Annual reports, SBI Annual reports of the company and Articles from magazines, journals as well as websites form the secondary source. Data was analyzed using T-test, ANNOVA, Chi-square test and Garrett Ranking method.

Limitations of the Study

The study relies on the opinion of SBI Life Insurance Policyholders in Coimbatore District. Caution may be taken while generalizing the results.

Findings of the Study

Reason for Choosing SBI Life Insurance Company

A Policyholder may have various reasons to choose SBI Life Insurance Company. The prime reason for choosing SBI Life Insurance Company is identified using Garrett Ranking.

Table 1 Reason for Choosing SBI Life Insurance Company – Garrett Ranking

Variables	Total Garrett Score	Average Score	Rank
Brand Image /Goodwill	7903	65.86	II
Secured Savings	8568	71.4	I
High Return on Investment	6652	55.43	III
Attractive Bonus	6259	52.16	VI
Low Premium	6452	53.77	V
Loan Facility	5390	44.92	XI
Low Rate of Interest on Loan	5025	41.88	XII
Availability of Innovative Products	5858	48.82	IX
Provision of Salary Scheme	5926	49.38	VII
Easy Accessibility	6564	54.7	IV
Quality of Services	5870	48.92	VIII
Known Officials	5493	45.78	X

Table 1 reveals that respondents have selected SBI Life Insurance Company due to its "Secured Savings" followed by Brand Image /Goodwill, High Return on Investment, Easy Accessibility, Low Premium, Attractive Bonus, Provision of Salary Scheme, Quality of Services, Availability of Innovative Products, Known Officials, Loan Facility and Low Rate of Interest on Loan. Hence, it is found that *Secured Savings* highly influence *Low Rate of Interest on Loan* has least influence in selecting the company.

Level of Awareness

Awareness Index is computed to ascertain the level of awareness of the respondents on the plans offered by SBI Life Insurance Company. SBI Life Insurance offers various types of policies to its policyholders. Twelve plans are considered for the present study. The response is rated on a three point scale and answer to the question range from three

to one. Thus the maximum score is 36. The mean awareness is 270 and the standard deviation is 32. The score up to 238 is categorized as low; the score from 239 to 301 is categorized as medium and the score 302 and above is categorized as high.

Table 2 Level of Awareness on SBI Life Insurance Plans

Level of Awareness	Number of Respondents	Percentage
Low	57	47.50
Medium	47	39.17
High	16	13.33
Total	120	100.00

Source: Primary Data

Table 2 shows that 57 (47.50 per cent) respondents have low level of awareness, 47(39.17 per cent) respondents have medium level of awareness and 16 (13.33 per cent) respondents have high level of awareness on the plans offered by SBI Life Insurance Company. Hence, it is inferred that majority of the respondents are with low level of awareness on the Life Insurance Plans Provided by their insurer.

Factors Influencing Level of Awareness

Independent T-Test

Independent T - test is carried out to know whether there exist a significant difference between select variables –Gender, Marital Status, Type of Family, Status in the Family, - and the level of awareness on the plans offered by SBI Life Insurance Company.

Ho: There does not exist a significant difference between the select personal variables and level of awareness

Table 3 Select Personal Variables and Level of Awareness (T-Test)

Variables		N	Mean	F	Sig
Gender	Male	66	1.5455	-1.965	0.052**
	Female	54	1.7963		
Marital Status	Married	88	1.7273	1.795	0.075
	Un married	32	1.4688		
Type of the Family	Nuclear	44	1.6818	0.277	0.782
	Joint	76	1.6447		
Status in the Family	Head	52	1.6346	-0.321	0.748
	Member	68	1.6765		

Source: Primary Data ** Significant

Table No. 3 reveals that there exist a significant difference between Gender and level of awareness on the plans offered ($p < 0.05$) where as there does not exist a significant difference between the select variables - Marital Status, Type of Family and Status in the Family - and level of awareness on the plans offered ($p > 0.05$).

Analysis of Variance (ANOVA)

ANOVA test is carried out to know whether there exist a significant difference between select variables – Area of Residence, Age, Educational Qualification, Occupation, Earning Members in the Family, Non-Earning Member in the Family, Total Members in the Family , Monthly Income of the Respondents, Family Income, – and the level of awareness on the plans offered by SBI Life Insurance Company Ltd.

Ho: There does not exist a significant difference between the select personal variables and level of awareness.

Table 4 Select Personal Variables and Level of Awareness (ANOVA)

Variables		N	Mean	F	Sig
Area of Residence	Rural	42	1.6905	0.257	0.774
	Semi Urban	42	1.5952		
	Urban	36	1.6944		
	Total	120	1.6583		
Age (In Years)	Up to 24	24	1.5833	2.062	0.132
	25 - 48	78	1.7436		
	49 and Above	18	1.3889		
	Total	120	1.6583		
Educational Qualification	No Formal Education	9	1.5556	1.116	0.356
	Up to HSC	36	1.4722		
	Diploma	24	1.7917		
	Under Graduate	21	1.6190		
	Post Graduate	15	1.8667		
	Others	15	1.8000		
	Total	120	1.6583		
Occupation	Daily Wage Earners	10	1.5000	2.474	0.028 **
	Agriculturist	11	1.3636		
	Business man	17	1.5294		
	Govt.Employee	23	2.0435		
	Private Employee	31	1.7097		
	Professionalist	11	1.8182		
	Others	17	1.3529		
	Total	120	1.6583		
Earning Members in the Family(Nos)	1	20	1.4500	1.980	0.143
	2	68	1.7647		
	3 and Above	32	1.5625		
	Total	120	1.6583		
Non- Earning Members in the	1	51	1.6863	0.968	0.383
	2	48	1.5625		
	3 and Above	21	1.8095		

Family(Nos)	Total	120	1.6583		
Total Members in the Family(Nos)	1	11	1.7273	0.237	0.789
	2	37	1.5946		
	3 and Above	72	1.6806		
	Total	120	1.6583		
Monthly Income of the Respondents (Rs)	Up to 10000	45	1.4889	2.141	0.122
	10001-25000	48	1.7708		
	25001 and Above	27	1.7407		
	Total	120	1.6583		
Family Income Per month (Rs)	Up to 30000	41	1.4878	2.835	0.063
	30001-60000	48	1.8333		
	60001 and Above	31	1.6129		
	Total	120	1.6583		

Source: Primary Data**Significant

Table 4 reveals that among the personal variable selected there exist a significant difference between ($P < 0.05$) -Occupation and level of awareness on the plans offered by SBI Life Insurance. There does not exist a significant difference between select variables namely Area of Residence, Age, Earning Members in the Family, Non - Earning members in the family, Educational Qualification, Monthly Income of the Respondent and Family Income Per month and level of awareness on plans offered by SBI Life Insurance ($P > 0.05$).

Chi- Square Test

Chi square test is carried out to know whether there exist a significant association between select variables – Area of Residence, Gender, Age, Marital Status, Type of Family, Members in the Family, Earning Members in your Family, Non earning members in the family, Educational Qualification, Occupation, Respondent Monthly Income as well as Family Income per month – and the level of Awareness on the products offered by SBI Life insurance company limited.

Ho: There does not exist a significant association between the select personal variables and level of awareness.

Table 5 Select Personal Variables and Level of Awareness. (Chi Square Test)

Variables		Level of Awareness			N=120	X ²	'p' Value
		Low n=57	Medium n=47	High n=16			
Area of Residence	Rural	19(45.2)	17(40.5)	6(14.3)	42	0.631	0.960
	Semi Urban	22(52.4)	15(35.7)	5(11.9)	42		
	Urban	16(44.4)	15(41.7)	5(13.9)	36		
Gender	Male	38(57.6)	20(30.3)	8(12.1)	66	6.238	0.044

	Female	19(35.2)	27(50.0)	8(14.8)	54		**
Age (In Years)	Up to 24	14(58.3)	6(25.0)	4(16.7)	24	6.449	0.168
	25 - 48	32(41.0)	34(43.6)	12(15.4)	78		
	49 and Above	11(61.1)	7(38.9)	0(0.0)	18		
Marital Status	Married	37(42.0)	38(43.2)	13(14.8)	88	3.938	0.140
	Un married	20(62.5)	9(28.1)	3(9.4)	32		
Educational Qualification	No Formal Education	5(55.6)	3(33.3)	1(11.1)	9	11.350	0.331
	Up to HSC	22(61.1)	11(30.6)	3(8.3)	36		
	Diploma	9(37.5)	11(45.8)	4(16.7)	24		
	Under Graduate	11(52.4)	7(33.3)	3(14.3)	21		
	Post Graduate	6(40.0)	5(33.3)	4(26.47)	15		
	Others	4(26.7)	10(66.7)	1(6.7)	15		
Occupation	Daily Wage Earners	6(60.0)	3(30.0)	1(10.0)	10	15.127	0.235
	Agriculturist	7(63.6)	4(36.4)	0(0.00)	11		
	Business man	9(52.9)	7(41.2)	1(5.9)	17		
	Govt.Employee	6(26.1)	10(43.5)	7(30.4)	23		
	Private Employee	14(45.2)	12(38.7)	5(16.1)	31		
	Professionalist	4(36.4)	5(45.5)	2(18.2)	11		
	Others	11(64.7)	6(35.3)	0(0.00)	17		
Type of the Family	Nuclear	37(48.7)	29(38.2)	10(13.2)	76	0.120	0.942
	Joint	20(45.5)	18(40.9)	6(13.6)	44		
Status in the Family	Head	26(50.0)	19(36.5)	7(13.5)	52	0.284	0.868
	Member	31(45.6)	28(41.2)	9(13.2)	68		
Earning Members in the Family(Nos)	1	13(65.0)	5(25.0)	2(10.0)	20	4.800	0.308
	2	27(39.7)	30(44.1)	11(16.2)	68		
	3 and Above	17(53.1)	12(37.5)	3(9.4)	32		
Non- Earning Members in the Family(Nos)	1	23(45.1)	21(41.2)	7(13.7)	51	3.241	0.518
	2	25(52.1)	19(39.6)	4(8.3)	48		
	3 and Above	9(42.9)	7(33.3)	5(23.8)	21		
Total Members in the Family(Nos)	Up to 2	4(36.4)	6(54.5)	1(9.1)	11	1.945	0.746
	3	20(54.1)	12(32.4)	5(13.5)	37		
	4 and Above	33(45.8)	29(40.3)	10(13.9)	72		
Monthly Income of the Respondent (Rs)	Up to 10000	27(60.0)	14(31.1)	4(8.9)	45	4.679	0.322
	10001-25000	19(39.6)	21(43.8)	8(16.7)	48		
	25001 and Above	11(40.7)	12(44.4)	4(14.8)	27		
Family Income Per month (Rs)	Up to 30000	25(61.0)	12(29.3)	4(9.8)	41	7.908	0.095
	30001-60000	18(37.5)	20(41.7)	10(20.8)	48		
	60001 and Above	14(45.2)	15(48.4)	2(6.5)	31		

Source: Primary Data ** Significant

Table 5 reveals that among the personal variable selected there exist a significant association between Gender and the level of awareness on the plans offered ($P < 0.05$), whereas there does not exist a significant association between select personal variables namely Area of Residence, Age, Marital Status, Educational Qualification, Occupation,

Type of Family, Status in the Family, Earning Members in the Family, Non-Earning members in the Family, Total Members in the Family, Monthly Income of the Respondent and Family Income of the Respondent and level of awareness on the plans offered by SBI Life insurance company limited ($P > 0.05$).

Suggestions

1. SBI Life insurance must establish more branches rural and urban areas
2. Frequently organize awareness camps and seminars
3. Induce the agents to have regular contact with the policyholders
4. Effectively utilize modern technological tools to promote the plans

Conclusion

SBI Life insurance company is always in forefront to offer innovative product plans to its policy holders. The study reveals that majority of the policy holders are with low level of awareness on the products offered by SBI Life Insurance Company. There exist a positive association between the select variable gender and level of awareness on the plans. Further studies may be initiated by expanding the geographical area as well as considering loan facility and low rate of interest on loan.

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