# A Study on Insurance as An Investment Strategy with Reference To BHDFC

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**Abstract.** Assets are insured, because they are likely to be destroyed or made non-functional, through an accidental occurrence. Such possible occurrences are called perils. Fire, floods, breakdowns, lightning, earthquakes, etc, are perils. A possibility of loss or damage. It may or may not happen. There must be uncertainty about the risk. Insurance is done against the contingency that it may happen. People/Assets must be exposed to the same risks. Risk is spread among the community and the likely big impact on one is reduced to smaller manageable impacts on all. Collect money in advance and create a fund from which the losses are paid. A human life is also an income generating asset. This asset also can be lost through unexpectedly early death – Accidents may or may not happen. Living too long can be as much of a problem as dying too young. These are risks which need to be safeguarded against. Insurance covers economic or financial losses – tangible and intangible assets.

**Keywords:** Assets, Insurance, Risk, tangible and intangible assets

## 1. INTRODUCTION

HDFC Life is one of India's leading life insurance companies, offering a range of individual and group insurance solutions that meet various life stage needs of customers. The products include Protection, Pension, Savings & Investments, Health, etc. HDFC Life Insurance Company Limited (Formerly HDFC Standard Life Insurance Company Limited) ('HDFC Life' / 'Company') is a joint venture between HDFC Ltd., one of India's leading housing finance institution and Standard Life Aberdeen, a global investment company.

## 2. REVIEW OF LITERATURE

**Alok Mittal and Akash Kumar** (2003), in their study "An Exploratory Study of Factors Affecting Selection of Life Insurance Products" have attempted to identify the factors which are affecting the consumers in taking into consideration before selecting a life insurance product and determining the extent to which these factors are taken into consideration for choosing life insurance products. The study highlighted that consumers take into consideration factors like product attributes, customer delight, payment mode, product flexibility, risk coverage, grace period, professional advisor, and maturity period as important before deciding on selection of a life insurance product but most important factors which are of vital importance was product attributes, and the least important was maturity period.

## 3. OBJECTIVES OF THE STUDY

The primary objective was to analysis the market and find out the scope of insurance as an investment strategy.

**The secondary objectives include:**

- To do a comparative analysis of different investment options available in the market and to bring forth, thus to the potential customer.
- To create awareness on financial investments among the customers
- To analyze the different investment patterns

## 4. SCOPE OF THE STUDY

The study is an analysis of insurance products as an investment strategy with special regard to HDFC Life. Generally, the companies provide insurance for life, motor, home, etc…. The study was carried out by interviewing 50 customers who were in the age group above 26 years. It has been deliberately decoded to conduct the survey among this age group because they are the people who generally look for life / home / motor insurance policies.

## 5. METHODOLOGY OF THE STUDY

For study, both primary and secondary data has been collected. The observational method and survey research method is used to collect the primary data. The survey research method is used to gain insight into customer satisfaction with HDFC Life Products. The main research instrument using the required data is a well-structured questionnaire. A detailed questionnaire has been prepared to reflect the opinions of the customers towards HDFC Life products and administered to the same. The necessary data has also been collected from official records and other published sources. The collected data is classified, tabulated, analyzed and interpreted. Finally, the conclusion is drawn based on the study and suggestions are offered for improving HDFC Life's customer base.

**Sample Design:** For ascertaining the awareness of insurance as an investment strategy, 50 customers have been randomly selected from Hyderabad city only. The primary data was collected through a survey that was systematically carried out in Hyderabad. The responses of the respondents were recorded in the questionnaire prepared for them. The data was collected through personal interviews.

**Data Collection:** There are two types of data collection.

1. Primary data
2. Secondary data

## 3. LIMITATIONS OF THE STUDY

1. While calculating the percentages, approximations are made to the nearest figures, for convenience in understanding.
2. The analysis is based on the customers' opinion at the time of the survey. Suggestions and conclusions are based on the limited data.
3. Due to time constraint detailed information cannot be collected, but many efforts are made to collect the actual information.
4. There was a constraint about time allocation for the research study i.e. for a period of 45 days.

## 5. DATA ANALYSIS AND INTERPRETATION

**1. What is your age?**

**TABLE 1:** Age of The Customers

| S.No. | Age | No. of Respondents | Percentage (%) |
|-------|-----|--------------------|----------------|
| 1 | Less than 25 | 7 | 14% |
| 2 | 25-35 | 29 | 58% |
| 3 | 35-45 | 12 | 24% |
| 4 | 45-55 | 1 | 2% |
| 5 | Greater than 55 | 1 | 2% |
| **Total** | | **50** | **100%** |

Source: Primary Data

**Interpretation:** The above graph illustrates the 58% of the respondents were in the age group of 25-35 years, while 24% of the respondents were agedbetween 35-45 yearsin the survey.

### 2. Gender?

**TABLE 2**: Gender

| S.No. | Gender | No. of Respondents | Percentage (%) |
|---|---|---|---|
| 1 | Male | 37 | 74% |
| 2 | Female | 13 | 26% |
| **Total** | | **50** | **100%** |
| Source: Primary Data | | | |

**Interpretation:** Out of the total 50 sample chosen,74% of the respondents are male and 26% of the respondents are female.

### 3. Are you single or married?

**TABLE 3:** Customers Marital Status

| S.No. | Option | No. of Respondents | Percentage (%) |
|---|---|---|---|
| 1 | Single | 22 | 44% |
| 2 | Married | 28 | 56% |
| **Total** | | **50** | **100%** |
| Source: Primary Data | | | |

**Interpretation:** The above graph depicts that 28 of the total 50 respondents are married and 22 employees are unmarried.

### 4. Preferred Investment Plan

**TABLE 4:** Individual's Preferred Investment Plan

| S.No. | Type of Investment | No. of Respondents | Percentage (%) |
|---|---|---|---|
| 1 | Bank FD | 8 | 16% |
| 2 | Insurance | 13 | 26% |
| 3 | Mutual Funds | 10 | 20% |
| 4 | Stock Market | 11 | 22% |
| 5 | SIP | 8 | 16% |
| **Total** | | **50** | **100%** |
| Source: Primary Data | | | |

**Interpretation:** The above graph indicates that 26% of the respondents, representing 13 people, prefer to invest in Insurance, 11 people preferred investing in stocks, and 10 people preferred investing in mutual funds.

### 5. Preferred Sector for Insurance

**TABLE 5:** Customer Preferred Insurance Sector

| S.No. | Option | No. of Respondents | Percentage (%) |
|---|---|---|---|
| 1 | Private Sector | 17 | 34% |
| 2 | Government Sector | 33 | 66% |
| **Total** | | **50** | **100%** |
| Source: Primary Data | | | |

**Interpretation:** The above graph depicts that 17 of the total 50 respondents prefer to insure withprivate sector, while 33 people prefer to invest in government sector.

### 6. What type of insurance do you generally look for?

**TABLE 6.** Types Of Insurance

| S.No. | Option | No. of Respondents | Percentage (%) |
|---|---|---|---|
| 1 | Life | 28 | 56% |
| 2 | Motor | 12 | 24% |
| 3 | Home | 5 | 10% |
| 4 | Health | 5 | 10% |

| Total | 50 | 100% |
|---|---|---|
| Source: Primary Data | | |

**Interpretation:** The above graph indicates a dearth of active insurers for life,despite of the huge returns that a insurance company is promising currently. Only 18 people said they look for life insurance, 12 said for motor insurance, and 5 people each said for home and health.

### 7. Have you ever heard about the insurance products of HDFC Life?

**TABLE 7:** Customers Hearing/Knowing of Insurance Products of HDFC Life

| S.No. | Option | No. of Respondents | Percentage (%) |
|---|---|---|---|
| 1 | Yes | 35 | 20% |
| 2 | No | 15 | 46% |
| **Total** | | **50** | **100%** |
| Source: Primary Data | | | |

**Interpretation:** Out of the total 50 sample chosen,the respondents were asked about their knowing of insurance products / services of HDFC Life. 35 out of 50 that is 70% people responded that they know about HDFC Life products/services offered; 30% people said they doesnot about the products or services of HDFC Life.

### 8. Factors Influencing Life Insurance Plans

**TABLE 8:** Factors Influencing Life Insurance Plans

| S.No. | Option | No. of Respondents | Percentage (%) |
|---|---|---|---|
| 1 | Family Protection | 12 | 24% |
| 2 | Retirement Corpus | 20 | 40% |
| 3 | Child Future | 8 | 16% |
| 4 | Tax Exemption | 10 | 20% |
| **Total** | | **50** | **100%** |
| Source: Primary Data | | | |

**Interpretation:** The above graph illustrates that majority of the people (40%) take insurance as a retirement corpus. 24% of the respondents take the insurance policies as a protection cover for their families in case of untimely death, while 20% take it for tax exemption and the remaining for securing their children's future.

### 9. Who is your insurer?

**TABLE 9:** Insured Company

| S.No. | Company Name | No. of Respondents | Percentage (%) |
|---|---|---|---|
| 1 | LIC | 18 | 36% |
| 2 | Tata AIG | 10 | 20% |
| 3 | HDFC Life | 14 | 28% |
| 4 | Max New York Life | 8 | 16% |
| **Total** | | **50** | **100%** |
| Source: Primary Data | | | |

**Interpretation**: The above graph depicts that 18 of the 50 respondents said that they haveinsured from LIC, while 14 responded that they insured from HDFC Life. 10 of the 50 respondents said that they insured through Tata AIG.

### 10. What made you buy insurance from HDFC Life?

**TABLE 10:** Factors For Taking Insurance from HDFC Life

| S.No. | Option | No. of Respondents | Percentage (%) |
|---|---|---|---|
| 1 | Better Service | 10 | 20% |
| 2 | Attractive Plans | 8 | 16% |
| 3 | Better Returns | 18 | 36% |
| 4 | Agent known | 6 | 12% |

| 5 | Other | 8 | 16% |
|---|-------|---|-----|
| **Total** | | **50** | **100%** |
| Source: Primary Data | | | |

**Interpretation:** The above graph depicts that 18 of the 50 respondents said that they have insured from HDFC Life because of better returns, while 10 respondentssaid that it is because of better services provided by the company. 16% thought because of attractive plans they preferred HDFC Life.

### 11. Are you satisfied with the present services of HDFC Life?

**TABLE 11.** Customer Satisfaction Towards HDFC Life Products/Services

| S.No. | Option | No. of Respondents | Percentage (%) |
|-------|--------|--------------------|----------------|
| 1 | Yes | 42 | 84% |
| 2 | No | 8 | 16% |
| **Total** | | **50** | **100%** |
| Source: Primary Data | | | |

**Interpretation:** The above graph indicates that 84% of the respondents are satisfied with the products/services provided by HDFC Life, and only 16% of the respondents are not satisfied with the products/services. It is suggested that HDFC Lifeneed to take precautionary measures for improving its products/services, thereby enabling the company to withhold its customers going forward.

### 12. How would you rate the overall product offerings of HDFC Life?

**TABLE 12.** Rating Of Products Offered at HDFC Life

| S.No. | Option | No. of Respondents | Percentage (%) |
|-------|--------|--------------------|----------------|
| 1 | Excellent | 12 | 24% |
| 2 | Good | 20 | 40% |
| 3 | Fair | 12 | 24% |
| 4 | Poor | 6 | 12% |
| **Total** | | **50** | **100%** |
| Source: Primary Data | | | |

**Interpretation:** The above graph represents that about 40% i.e. 20 respondents said good about product offerings of HDFC Life, 12 respondents each said excellent and fair, and 6 customers said the product offerings were poor at the store.

### 13. Will you take your next insurance policy at HDFC Life?

**TABLE 13:** Customers' Thinking On Taking Next Policy At HDFC Life

| S.No. | Option | No. of Respondents | Percentage (%) |
|-------|--------|--------------------|----------------|
| 1 | No | 8 | 16% |
| 2 | To Some Extent | 18 | 36% |
| 3 | Yes | 24 | 48% |
| **Total** | | **50** | **100%** |
| Source: Primary Data | | | |

**Interpretation:** The above graph illustrates 48% of the respondents were planning to taking policies fromHDFC Life in future if there is a need for them. However, 16% of the existing customers of the company said they will not take any more policies fromHDFC Life.

### 14. Will you recommend your friends for taking insurance products at HDFC Life?

**TABLE 14.** Customers' Recommendation for taking insurance products At HDFC Life

| S.No. | Option | No. of Respondents | Percentage (%) |
|-------|--------|--------------------|----------------|
| 1 | Yes | 43 | 86% |
| 2 | No | 7 | 14% |
| **Total** | | **50** | **100%** |
| Source: Primary Data | | | |

**Interpretation:** The above graph indicates that the 86% of the customers were satisfied in recommending their friends for taking policies from HDFC Life. Only 14% of the respondents said that they will not recommend for taking policies fromHDFC Life.

**Findings**

1. 84% of the respondents, representing 42 people, are younger and middle age group people who said that they were affirmative and optimistic regarding their knowledge about the insurance market. Only 16% of the people does not know about insurance
2. 26% of the respondents, representing 13 people, prefer to invest in Insurance, 11 people preferred investing in stocks, 10 people preferred investing in mutual funds.
3. Of the total, 18 people said they look for life insurance, 12 said for motor insurance, and 5 people each said for home and health
4. 17 of the total 50 respondents prefer to insure with private sector, while 33 people prefer to invest in government sector.
5. Majority of the people (40%) take insurance as a retirement corpus. 24% of the respondents take the insurance policies as a protection cover for their families, while 20% take it for tax exemption and the remaining for securing their children's future.
6. 84% of the respondents are satisfied with the products/services provided by HDFC Life, and only 16% of the respondents are not satisfied with the products/services.
7. 18 of the 50 respondents said that they have insured from LIC, while 14 responded that they insured from HDFC Life
8. 18 of the 50 respondents said that they have insured from HDFC Life because of better returns, while 10 respondents said that it is because of better services provided by the company. 16% thought because of attractive plans they preferred HDFC Life
9. 48% of the respondents were planning to taking policies from HDFC Life in future if there is a need for them. However, 16% of the existing customers of the company said they will not take any more policies from HDFC Life.

**Suggestions**

1. Suggestions are done on the basis of finding and analysis of data collected through questionnaire
2. Seminars should be conducted in business organization to bring awareness about investment and financial plan for employees and stimulating them to make investment.
3. Effective promotional measures should be taken up to bring awareness on insurance products among the different investors.
4. It is recommended to have a weekly or monthly update session to the insurance agents to make them clear about the updates and new policies introduced or going to be introduced.
5. It is recommended to conduct road shows and campaigns to promote the importance of insurance.
6. HDFC Life should enhance more of marketing strategies to increase its market share.
7. HDFC Life should come up with new ideas, such as providing extra security cover to the existing and prospective clients.
8. The company should provide regular and update market information to its new and existing clients.
9. Total financial planning and advice should be given to every customer.
10. The company should quite frequently send their agent to the customer so that they should be aware of the latest offers.

# 6. CONCLUSION

There is a lot of growth for life insurance and plays an important role by contributing the share to the GDP. Private players are having the competition, but they are having their own strategy to survive in the market. Also, there is a high scope for Unit Linked Insurance plan plus. It is the goodwill and the trust of the company that people would go for an insurance plan. Insurance is seen as a source of gaining tax benefits. HDFC Standard Life is second to Life Insurance Corporation in the field of insurance, though it was LIC who enjoyed a monopoly in the industry. There are several investments to choose from these include equities, debt, real estate, gold and insurance. Each class of assets has its peculiarities. At any instant, some of those assets will offer good returns, while others will be losers. Most investors in search

of extraordinary investments try hard to find a single asset. Of late, Insurance has become an important investment for most of the investors as it also provides security apart from returns. To succeed in the insurance industry, marketers need to engage, excite, enable customers, to fulfill their expectations. The marketing system is more agile and responsive. Customer experience and trust, security and privacy are critical factors. Insurance is unforgiving and has less patience. Hence promise to perform to keep up promise. Insurance has resulted in consumer power shift and marketing ability to respond and anticipate. Still the need for creative marketing exists. There is a need to synergies insurance products to offer better value. Designing product plans and selling them is essential. The Internet serves a new business for advertising, marketing research and sales promotion, distribution. Similar studies need to be conducted across diverse areas in B2C and B2B domains to understand attitudes, behavior, and key success factors.

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