

## Study of Consumer Behavior towards Insurance Products of IDBI Federal Life Insurance Co. Ltd

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### **ABSTRACT:**

The research paper helped the author to learn a lot of things of the corporate. As a researcher the first task was to understand the basic behavior of the consumer in order to manipulate the market according to our target competition.

The author had concluded that middle class people like to invest in life insurance policy.

### **LITERATURE REVIEW:**

**CONSUMER BEHAVIOUR IS A BRANCH WHICH DEALS WITH THE VARIOUS STAGES A CONSUMER GOES THROUGH BEFORE PURCHASING PRODUCTS OR SERVICES FOR HIS END USE.**

### **WHY DO YOU THINK AN INDIVIDUAL BUYS A PRODUCT?**

- Need
- Social Status
- Gifting Purpose

### **Why do you think an individual does not buy a product?**

- No requirement
- Income/Budget/Financial constraints
- Taste

### **WHEN DO YOU THINK CONSUMERS PURCHASE PRODUCTS?**

- Festive season
- Birthday
- Anniversary
- Marriage or other special occasions

There are in fact several factors which influence buying decision of a consumer ranging from psychological, social, and economic and so on.

In a layman's language consumer behaviour deals with the buying behaviour of individuals.

The main catalyst which triggers the buying decision of an individual is need for a particular product/service.

### **CONSUMERS PURCHASE PRODUCTS AND SERVICES AS AND WHEN NEED ARISE.**

According to Belch and Belch, whenever need arises; a consumer searches for several information which would help him in his purchase.

Following are the sources of information:

- Personal Sources
- Commercial Sources

- Public Sources
- Personal Experience

Perception also plays an important role in influencing the buying decision of consumers.

Buying decisions of consumers also depend on the following factors:

- Messages, advertisements, promotional materials, a consumer goes through also called **Selective Exposure**.
- Not all promotional materials and advertisements excite a consumer. A consumer does not pay attention to everything he sees. He is interested in only what he wants to see. Such behaviour is called **selective attention**.
- **Consumer interpretation** refers to how an individual perceives a particular message.
- A consumer would certainly buy something which appeals him the most. He would remember the most relevant and meaningful message also called as **selective retention**. He would obviously not remember something which has nothing to do with his need.

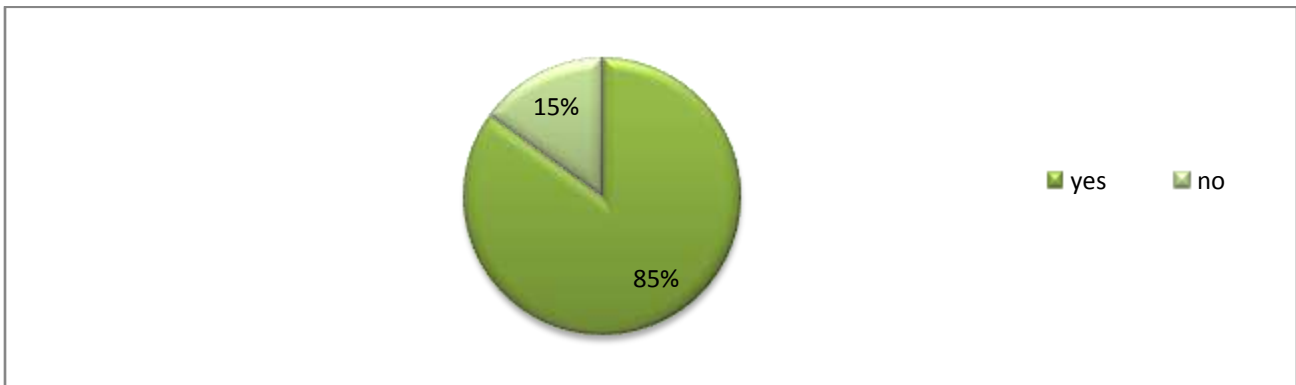
**COMPANY PROFILE:**

**IDBI Federal Life Insurance Co Ltd.** is a joint-venture of IDBI Bank, India’s premier development and commercial bank, Federal Bank, one of India’s leading private sector banks and Ageas, a multinational insurance giant based out of Europe. In this venture, IDBI Bank owns 48% equity while Federal Bank and Ageas own 26% equity each. Having started in March 2008, in just five months of inception, IDBI Federal became one of the fastest growing new insurance companies by garnering Rs 100 Cr in premiums. The company offers its services through a vast nationwide network of 2,118 partner bank branches of IDBI Bank and Federal Bank in addition to a sizeable network of advisors and partners. As on 30th June 2013, the company has issued nearly 5 lakh policies with a sum assured of over Rs. 29,000 Cr.

IDBI Federal today is recognized as a customer-centric brand, with an array of awards to their credit. They have been awarded the PMAA Awards (2009) for best Dealer/Sales force Activity, EFFIE Award (2011) for effective advertising, and conferred with the status of ‘Master Brand 2012-13’ by the CMO Council USA and CMO Asia.

**DATA PRESENTATION, ANALYSIS AND INTERPRETATION:**

**Respondents having Life Insurance**



From the survey it was found out that 85% of the respondents had a life insurance policy whereas 15% of the respondents didn’t had a Life Insurance Policy?

Above interpretation, shows that out of 90 respondents, 85% of the respondent holds the life insurance policy of any of the insurance company but still 15% of the respondent still doesn’t hold any life insurance of any

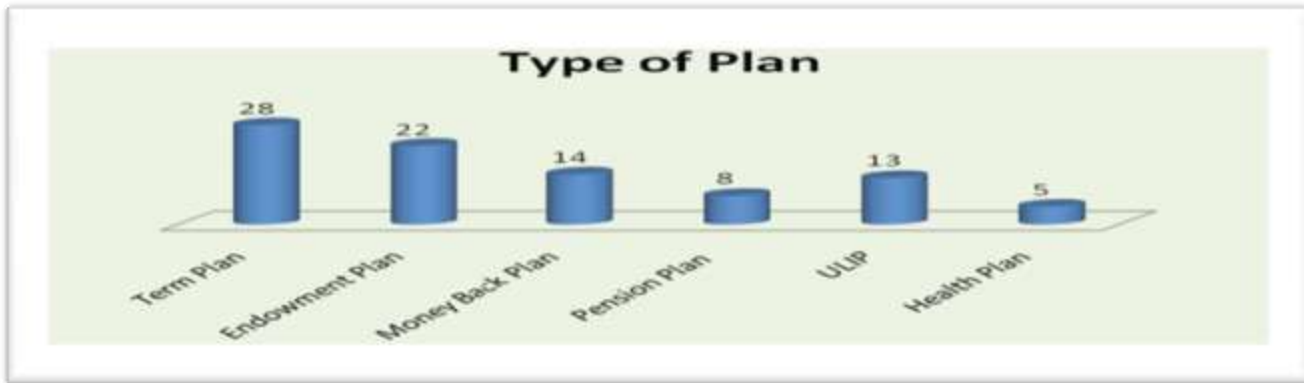
company which clearly reflect 15% of the market either does not believe need to convert to generate faith of life insurance policy.

**FROM WHOSE SUGGESTION HAVE THE RESPONDENTS TAKEN A POLICY?**



After the survey it was found that most of the respondents took policy or life insurance cover from the suggestions of their family or friends. And only 23 respondents took policy on the recommendation of the agents. Other sources like banks, corporate, tie-ups etc. play a significant role in reaching out people for insurance policies.

**TYPE OF PLAN:**



After the survey it was found that term plan was the most preferred plan. Next on the list was endowment plan and Money Back Plan. Pension plan and health plan are the least preferred by Customers.

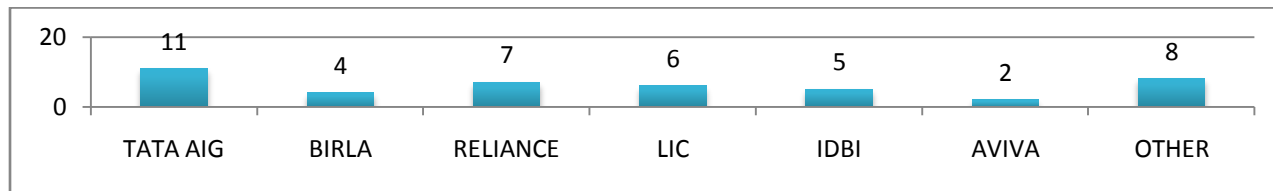
**PREFERENCE OF INSURANCE SECTOR ACCORDING TO AGE GROUP:**

Age group beyond 40



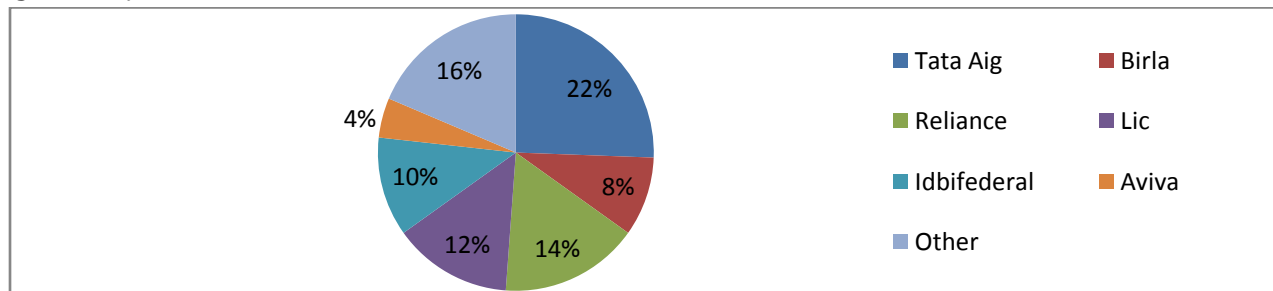
From this figure, it indicates that the preference of the age group of more than 40 that the LIC has captured the maximum share in the market which is more than the other companies.

Age Group 25 - 40



From the survey of age group of between 25 to 40 is preferred to TATA AIG Life Insurance which is highest other than the IDBI, BIRLA, and LIC and AVIVA. The IDBI has fifth rank in age group between 25 to 40. TATA AIG Life Insurance is leading the market, and is followed by IDBI, BIRLA, and LIC etc.

**PIE CHART:**



**CONCLUSION:**

- ❖ People do not want to wait for longer period. They want to invest in equity market, where the return is 15%.
- ❖ People do not have faith in private insurance companies. The perception about the companies is that they mislead the investors.
- ❖ People prefer to invest in LIC as it has created a good brand image among the people.
- ❖ LIC covers approximately 50% market share alone and rest of the 50% market share covered by different companies in Pune

**FINDING AND SUGGESTIONS:**

- ✓ People are not fully aware of the IDBI Federal Life Insurance. Most of them know only one company which provides life insurance i.e. LIC. So awareness campaign should be organized so that people are aware of IDBI Federal Life Insurance Company in India.
- ✓ People should be educated about the different types of products or plans offered by the IDBI Federal Life Insurance company. Most of them don't know much of the different types of plan or products.
- ✓ It was felt that most of the people took life for tax savings or just to cover up their life, not as an investment avenue. Life Insurance companies need to advertise in such a manner that people start investing in life insurance like the way they invest in the stock market.
- ✓ Now at the time of global turmoil, IDBI Federal Life Insurance company had to hold on to the policyholder's trust which might lead the company to the path of success.
- ✓ Insurance companies should try to adopt different strategies to market their products or plan.

**LIMITATIONS OF THE STUDY:**

1. Useful Financial insights are not easily available.
2. Due to time constraint sufficient research on all the investment tools is difficult.
3. Gathering information was very difficult.
4. Properly convincing people to invest in insurance products is challenging.

5. The research is confined to Pune and does not necessarily shows a pattern applicable to other parts of the country.

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