



Buying Behaviour and Customer Satisfaction vis-a-vis Life Insurance in India

Survey Results and Analysis

2012

Executive Summary

In a phase when Indian Insurance Industry is undergoing regulatory and policy level changes, and the industry is looking to grow at a high rate, low insurance penetration still remains a matter of concern for all. At this stage, it becomes important to understand the buying behaviour of existing customers i.e. what actually motivates them to take a purchase decision? Evaluate the needs of potential customers in terms of what type of product are they looking for? Identify the challenge areas in customer service that should be dealt on a priority basis so that the levels of satisfaction of customers can be improved for business reputation and continuation.

In the context of the above, the present study was conducted with an objective to analyze the buying behaviour of the respondents with respect to life insurance and to explore any pattern in this behaviour based on socio-economic and geographical parameters. The study also aimed at evaluating the level of customer satisfaction on services of life companies and awareness levels on various aspects of the policy held by them. The survey was conducted at a pan-India level with around 1650 respondents from various regions.

Some of the Main findings of the Survey are:

- ✓ Majority of the respondents displayed a risk-averse nature; they saved in low risk and regular return instruments; Securing future of their children and meeting for post-retirement expenses was their prime motive to save; Tax saving was not in the top three motives for savings;
- ✓ Rate of return was secondary in importance and security of their savings was a major priority while choosing instruments;
- ✓ People looked for medium term instruments and had lower preference to very short term and very long term instruments;
- ✓ Around 77 percent of the respondents perceived that their present savings was not capable of fully meeting the requirements of critical illness and prolonged hospitalization;

- ✓ There was a predominant preference to agency channel by both current and potential customers;
- ✓ Average preference for agency as a channel among potential customers seen to be lower when compared to existing customers;
- ✓ Average preference for banks and internet seen to increase marginally among potential customers. Younger age group shows an inclination to usage of banking and internet channel.
- ✓ Endowment and Money back among top preference by both existing and potential customers. However, a trend towards preference for life policy with fixed benefits (health) by potential customers seen.
- ✓ Perception on insurance as an instrument for saving seen to be very strong;
- ✓ Better returns from other instruments quoted as the main reason for non-purchase of Insurance; affordability also remains a hindrance factor for potential buyers.
- ✓ Trustworthiness is the key determinant while choosing a company for purchase of life products; existing customers also looked at Brand Name/Image;
- ✓ Only one-fourth of the existing customers are fully satisfied with the overall services of their life companies
- ✓ A major proportion of the customers are ignorant of the minute details of their policies;
- ✓ Customer Grievances seen to revolve mostly around ULIP's and Policy servicing matters;
- ✓ Agent remains the one-touch contact point for customers for grievances related queries also. Customers are seen to normally resort to consumer courts only as last resort.

If you are interested in the Detailed Analysis and Region-wise patterns, please send an email to research@iii.org.in for receiving a Complimentary .pdf version of the complete report.

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