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A Financial Study Of Insurance Plans Of S.B.I. Life Insurance

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ABSTRACT:
Today, only one business, which affects all walks of life, is insurance business. That's why insurance industry occupies a very important place among financial services operative in the world. Owing to growing complexity of life, trade and commerce, individuals as well as business firms are turning to insurance to manage various risks. Therefore a proper knowledge of what insurance is and what purpose does it serve to individual or an organization is therefore necessary.
Insurance is a mechanism that ensures an individual to thrive on adverse consequences by compensating the individual his/her loss financially. Insurance is defined as the equitable transfer of the risk of a loss, from one entity to another, in exchange for a premium, and can be thought of as a guaranteed small loss to prevent a large, possibly devastating loss. The insurance rate is a factor used to determine the amount to be charged for a certain amount of insurance coverage, called the premium. Risk management, the practice of appraising and controlling risk, has evolved as a discrete field of study and practice.

Keywords: Risk Management. Pooling, Edelweiss, indemnify, Medi-claim policy.

INTRODUCTION:

Insurance can be defined as a contract between two parties by which one party undertakes to make good or indemnify any financial loss suffered by other party, in consideration of a sum of money, on the happening of a specified event e.g. fire, accident or death. We call the party agreeing to pay for the losses the insurer. We call the party whose loss makes the 'insurer' pay the claim the insured. We call the payment insured pays to the insurer the premium. We call the insurance contract a policy.

Insurance is a transfer of risk from the individual to the group and there is a sharing (pooling) of losses on some equitable basis such that fortuitous losses can be indemnified (paid).
It is one of those things that one would not like to think and talk about but if you don't you may leave your family unprotected. In simple terms life insurance provides money for my family in the event that I die. It is a financial resource for my family and loved ones in case of my death. A "Contract" between me and the insurance company.

Insurance business in the whole world is progressed a lot. The traditional insurance schemes are gradually be running together now with unit linked plan schemes. Primarily, one can distinguish insurance as

- ✓ Life Insurance
- ✓ General Insurance
- ✓ Marine Insurance

ISSN: 2235-767X
Volume 07 Issue 05
May 2019

The insurance products may include life insurance, health insurance, vehicle insurance, goods insurance, stock insurance etc. Likewise there are a number of companies engaged in insurance business.
The various insurance companies include the followings:

- Life Insurance Corporation of India
- AEGON Religare Life Insurance
- Aviva Life Insurance
- Bajaj Allianz Life Insurance
- Bharti AXA Life Insurance
- Birla Sun Life Insurance
- Canara HSBC Life Insurance
- DLF Pramerica Life Insurance
- Edelweiss Tokio Life Insurance
- Future Generali India Life Insurance Co. Ltd.
- HDFC Standard Life Insurance
- ICICI Prudential Life Insurance
- IDBI Fortis Life Insurance Company Ltd.
- India First Life Insurance Co. Ltd
- ING Vysya Life Insurance
- Kotak Mahindra Old Mutual Life Insurance
- Life Insurance Corporation of India
- Max Life Insurance
- PNB MetLife India Insurance
- Reliance Life Insurance
- Sahara India Life Insurance
- SBI Life Insurance
- Shriram Life Insurance
- Star Union Dai-ichi Life Insurance Co. Ltd
- TATA AIG Insurance

The research proposed to conduct a financial study of various insurance plan schemes offered by various insurance companies. The study has taken its sample organization for the purpose of study of various plan schemes. The sample unit selected for the purpose of study is SBI Life Insurance Company.

NEED FOR THE STUDY

The need of the study was to appraise the insurance plans offered by insurance companies from the investors' point of view. As Life Insurance Company is the prime name associated with life insurance, the study proposed to take into consideration a different company than LIC for the study. It is therefore the SBI Life Insurance was taken into consideration.

SCOPE OF THE STUDY

The scope of the study may cover the various insurance products by taking into consideration the products offered by SBI Life Insurance. The prime tool was questionnaire in order to appraise the various plan schemes of the SBI Life Insurance. In all 50 respondents were taken in to consideration.

OBJECTIVES OF THE STUDY

ISSN: 2235-767X
Volume 07 Issue 05
May 2019

The objectives of the research study are as follows:

- ✓ To study the various insurance products presently being offered.
- ✓ To study the traditional insurance plan schemes.
- ✓ To analyze the worth of Unit Linked Insurance Plan schemes.
- ✓ To study the financial aspects involved on overall basis.

PERIOD OF STUDY:

The study has covered the insurance products, both traditional and unit linked offered by SBI Life Insurance.

TYPES OF INSURANCE

The insurance from business point of view can be categorized into:

I. Life Insurance,
II. General Insurance, and
III. Social Insurance.

LIFE INSURANCE

Life Insurance in the sense that the subject matter of insurance is life of human being. The insurer will pay the fixed amount of insurance at the death or at the expiry of certain period. Types of insurance plans offered in our country:

- Term assurance plans
- Whole life plans
- Endowment assurance plans
- Assurances for children
- Family income policy
- Life annuity Joint life assurance
- Pension plans
- Unit linked plan
- Policy for maintenance of handicapped dependent
- Endowment policies with health insurance benefits

GENERAL INSURANCE

The general insurance includes property insurance, liability insurance Types of insurance policies available are:

- ✓ Health insurance
- ✓ Medi-claim policy
- ✓ Personal accident policy
- ✓ Group insurance policy
- ✓ Automobile insurance
- ✓ Worker's compensation
- ✓ Liability insurance

ISSN: 2235-767X
Volume 07 Issue 05
May 2019

- ✓ Aviation insurance
- ✓ Business insurance
- ✓ Fire insurance policy
- ✓ Travel insurance policy

SOCIAL INSURANCE

The social insurance is to provide protection to the weaker sections of the society who are unable to pay the premium for adequate insurance. Pension plan, disability benefits, unemployment benefits, sickness insurance and industrial insurance are the various forms of social insurance.

MARINE INSURANCE

Marine insurance provides protection against loss of marine perils. The marine perils are collision with rock, or ship attacks by enemies, fire and capture by pirates etc. Marine insurance insures ship (Hull), cargo and freight.

Types of policies are:

- ➢ Voyage policies
- ➢ Time policies
- ➢ Valued policies
- ➢ Hull insurance
- ➢ Cargo insurance
- ➢ Freight insurance

FIRE INSURANCE

Fire insurance covers risks of fire. In the absence of fire insurance, the fire waste will increase not only to the individual but to the society as well. Policies available in this insurance are

- Consequential loss policy
- Comprehensive policy
- Valued policy
- Valuable policy
- Floating policy
- Average policy

MISCELLANEOUS INSURANCE

The property, goods, machine, furniture, automobile, valuable goods etc., can be insured against the damage or destruction due to accident or disappearance due to theft. Miscellaneous insurance covers:

- ❑ Motor
- ❑ Disability
- ❑ Engineering and aviation risks
- ❑ Credit insurance
- ❑ Construction risks
- ❑ Money insurance
- ❑ Burglary and theft insurance

ISSN: 2235-767X
Volume 07 Issue 05
May 2019

- All risks insurance

RESEARCH METHODOLOGY

The research methodology was questionnaire. It analyzed the various insurance products offered by sample unit i.e. SBI Life Insurance. It covered traditional and unit linked plan schemes. A questionnaire consisting of 15 questions was prepared and distributed to 50 customers of SBI Life Insurance.

DATA COLLECTION METHOD:

The research study is based on both primary and secondary data. The primary source also included the information collected from the offices of SBI Life Insurance. The secondary data has been collected from the company manual.

HYPOTHESIS

The proposed hypothesis is:

The SBI Life Insurance offers a complete range of insurance products providing insurance coverage with adequate returns.

LIMITATIONS OF THE STUDY

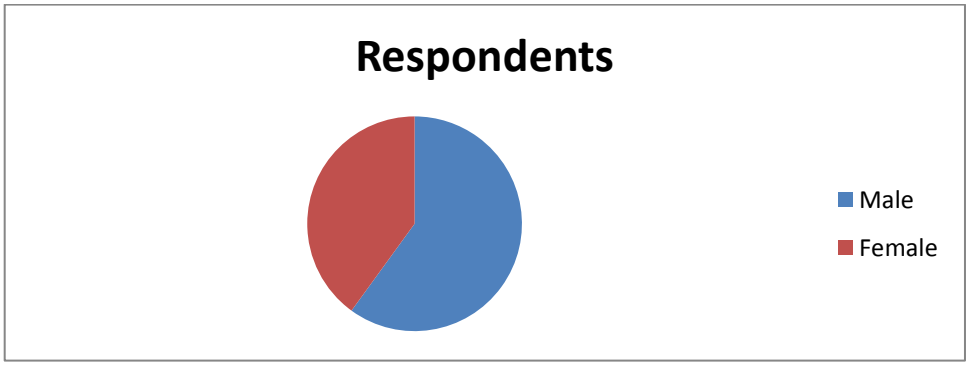
- The study covered the insurance products offered by SBI Life Insurance only.
- The study attempted to cover traditional and unit linked plan schemes.
- The insurance products being offered in Nagpur city are considered.
- The financial study covered products in an exhaustive manner.
- The conclusion is based on the views and opinions of the customers.

DATA ANALYSIS & INTERPRETATION

The analysis and interpretation of various responses is presented below:

(1) Gender wise composition of customers

Particulars	Numbers	Percentage
Male	30	60%
Female	20	40%
Total	50	100%

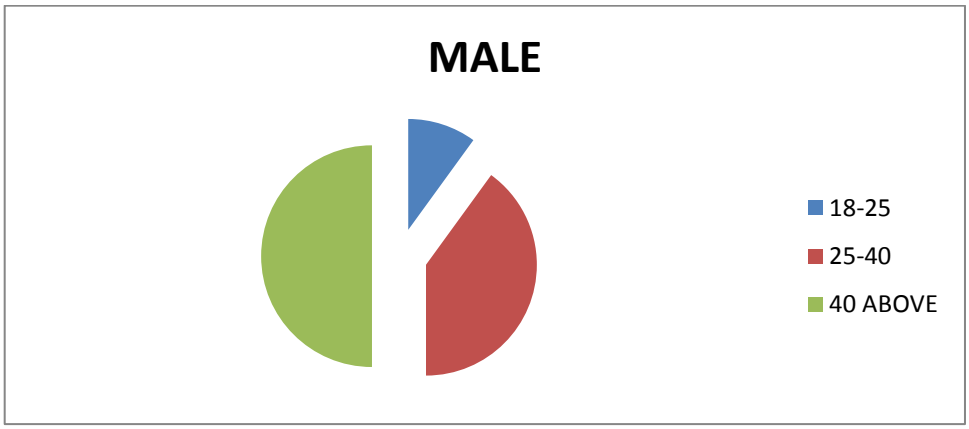


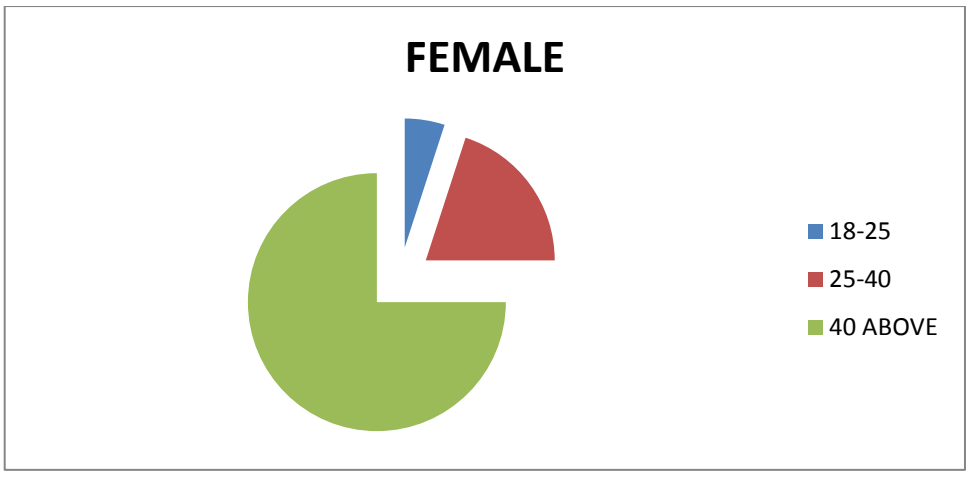
European Journal of Business & Social Sciences
Available at https://ejbss.org/
ISSN: 2235-767X
Volume 07 Issue 05
May 2019

The study has taken 30 male customers and 20 female customers for the purpose of the study. All the respondents were either presently having or previously had the insurance policy of SBI Life Insurance.

2. Age Group of respondents

Particulars	MALE	FEMALE	TOTAL
18-25	03	01	04
25-40	12	04	16
40 ABOVE	15	15	30
TOTAL	30	20	50



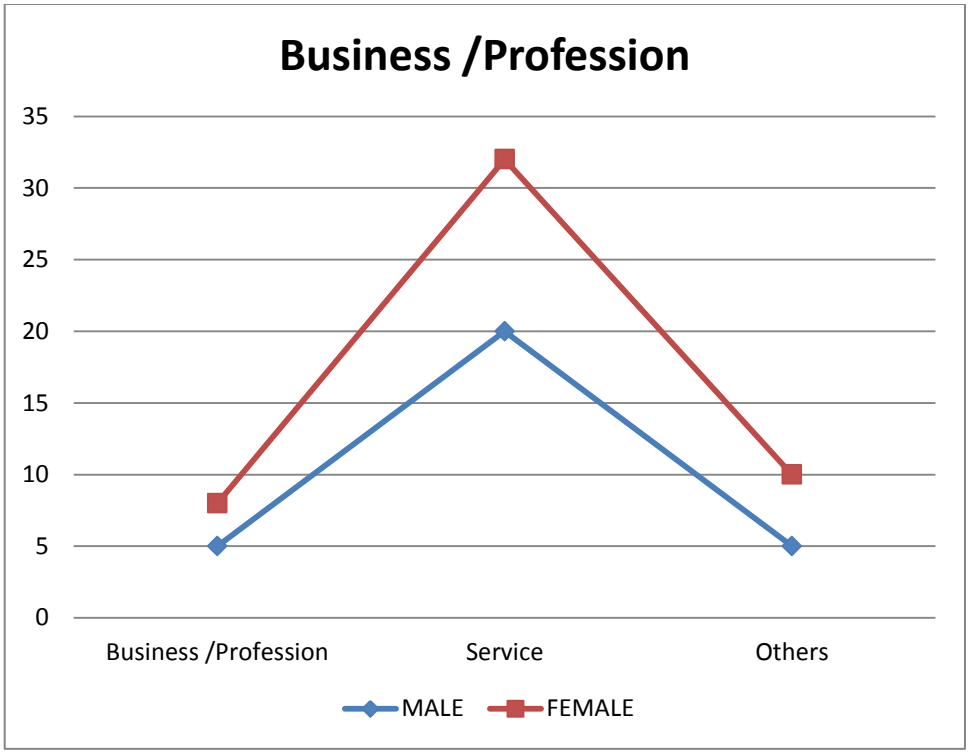


Three age groups were taken on the basis of responses. The ratio of male female was 3:2. Most of the male and female respondents fall in age group 40 above i.e. 15 and 15 respectively. The percentage in the group is 60% of the total.

European Journal of Business & Social Sciences
Available at https://ejbss.org/
ISSN: 2235-767X
Volume 07 Issue 05
May 2019

(2) Business / Profession

Particulars	MALE	FEMALE	TOTAL
Business /Profession	05	03	08
Service	20	12	32
Others	05	05	10
TOTAL	30	20	50

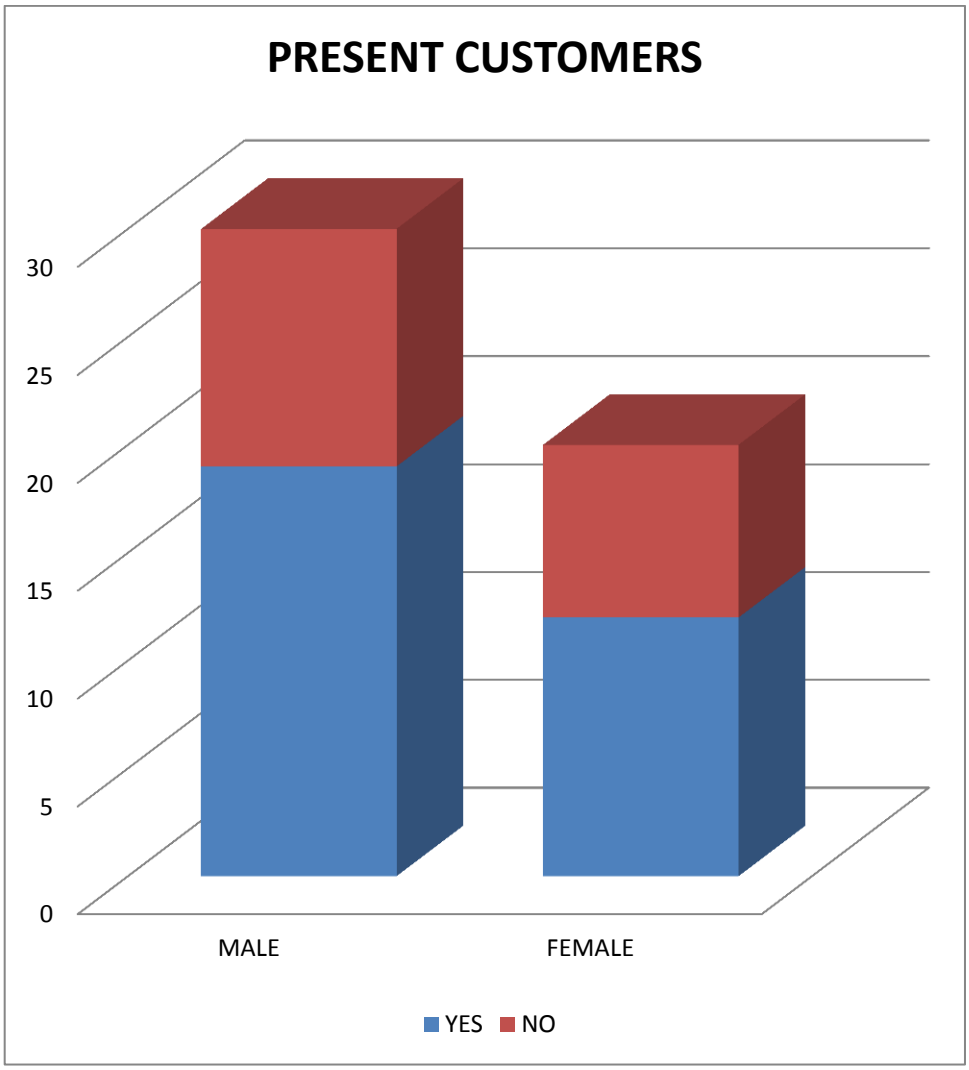


The basic intention was to study that about the sector most interested in insurance plans. It is basically the service sector dominates. Out of 50, 32 were doing services while 8 in total doing business. The reason may be income rebate associated with insurance policies.

(3) Are you presently having insurance plan schemes of SBI Life Insurance?

Particulars	MALE	FEMALE	TOTAL
YES	19	12	31
NO	11	08	19
TOTAL	30	20	50

European Journal of Business & Social Sciences
Available at https://ejbss.org/
ISSN: 2235-767X
Volume 07 Issue 05
May 2019

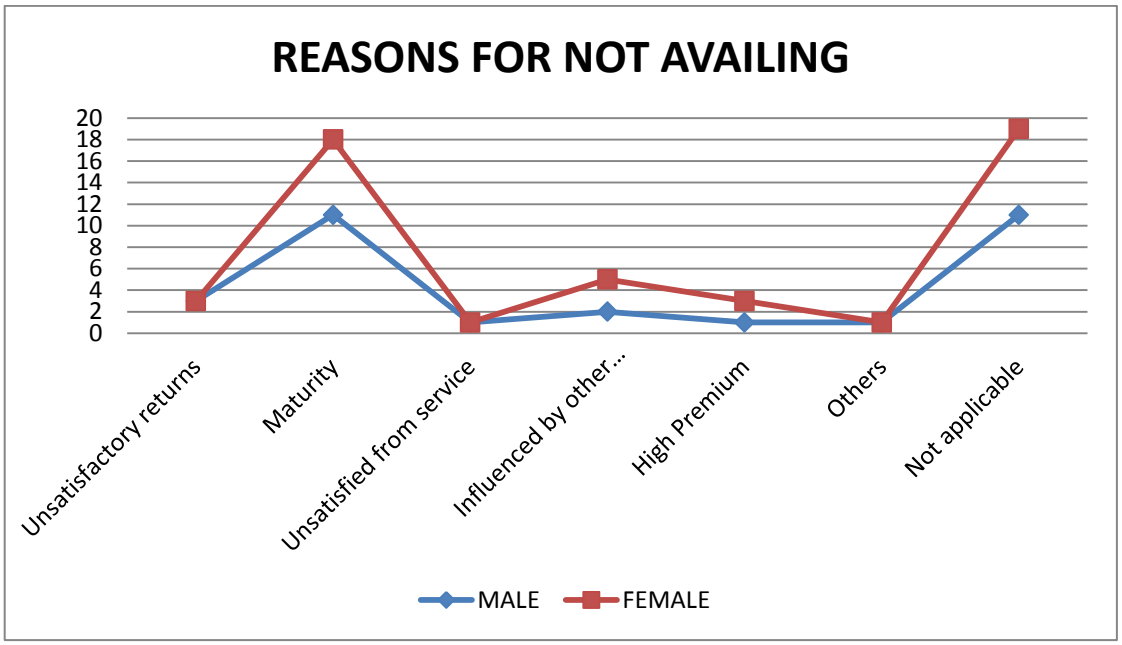


Not very surprising to observe that out of 30 males, 19 were presently having insurance schemes of SBI Life Insurance while in case of female it was 60% of the females presently having insurance plans of SBI Life Insurance .

4. Reasons for not availing SBI Life Insurance at present?

PARTICULARS	MALE	FEMALE	TOTAL
Unsatisfactory returns	03	00	03
Maturity	11	07	18
Unsatisfied from service	01	00	01
Influenced by other company	02	03	05
High Premium	01	02	03
Others	01	00	01
Not applicable	11	08	19
TOTAL	30	20	50

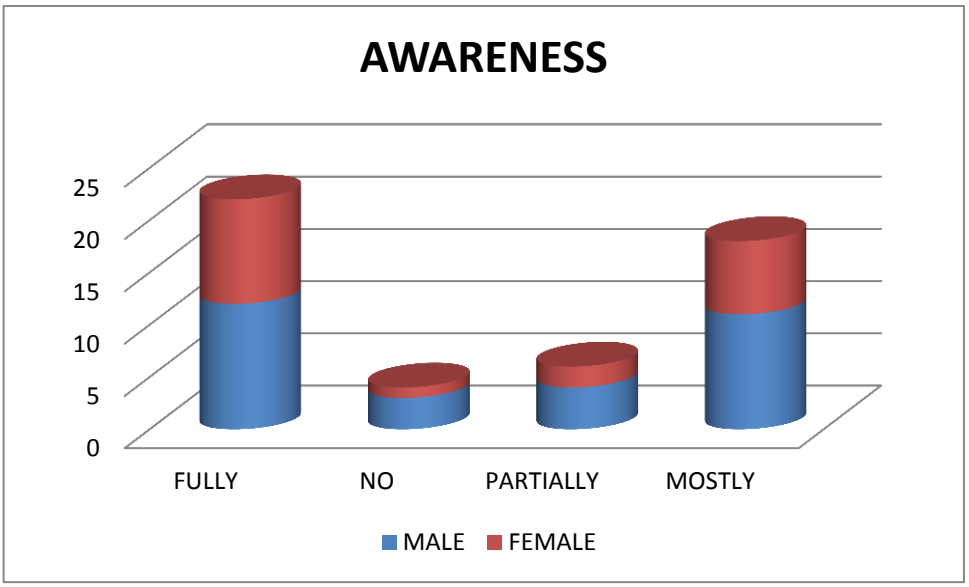
European Journal of Business & Social Sciences
Available at https://ejbss.org/
ISSN: 2235-767X
Volume 07 Issue 05
May 2019



of course, this question is for those who were previously having insurance plan of SBI Life Insurance. Therefore it was not applicable for 11 male respondents and 08 female respondents. Out of the remaining most of the respondents left the schemes due to its maturity, the figure was 18 out of 31 in total. Three in total were found not satisfied with returns.

(4) Are you well aware of wide range of its products/ Plan schemes?

PARTICULARS	MALE	FEMALE	TOTAL
FULLY	12	10	22
NO	03	01	04
PARTIALLY	04	02	06
MOSTLY	11	07	18
TOTAL	30	20	50

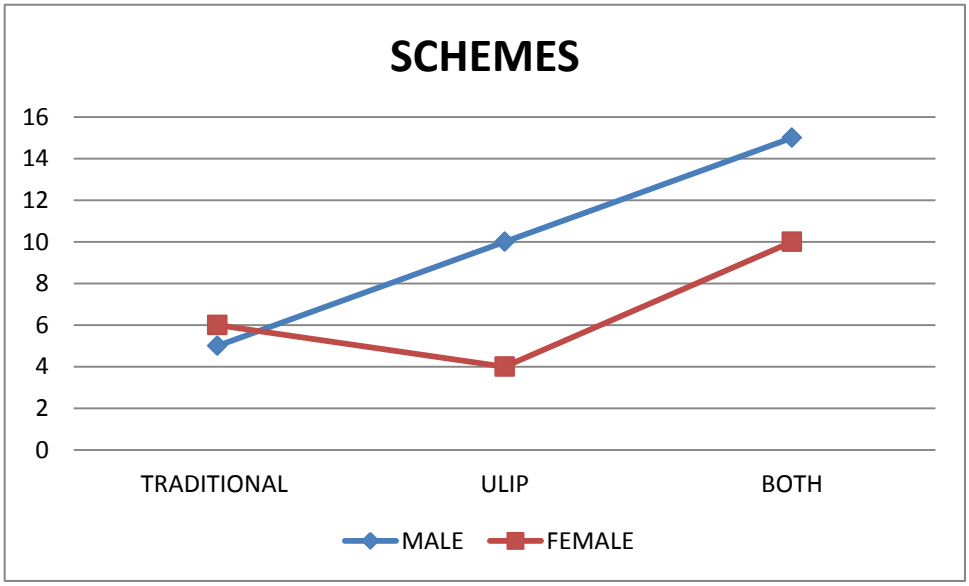


European Journal of Business & Social Sciences
Available at https://ejbss.org/
ISSN: 2235-767X
Volume 07 Issue 05
May 2019

Not very surprising again, as it is age of awareness. The customers get aware of different schemes through internet, web access etc. it is therefore those who are full aware or mostly ware are 4o out of 50 i.e. 80%. Out of the remaining, 04 are not aware and 06 are partially aware.

(5)**Have you dealt in traditional or ULIP schemes?**

PARTICULARS	MALE	FEMALE	TOTAL
TRADITIONAL	05	06	11
ULIP	10	04	14
BOTH	15	10	25
TOTAL	30	20	50

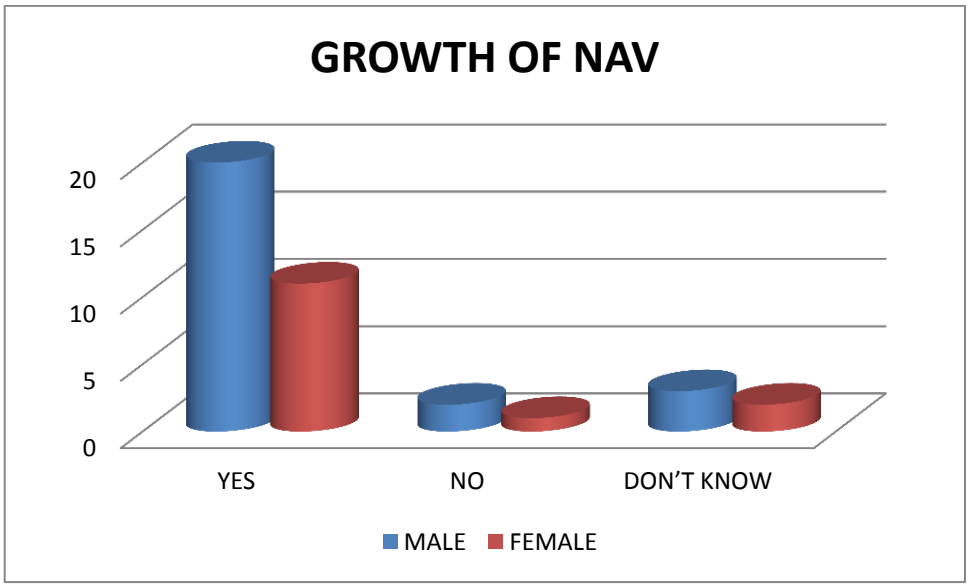


The importance of ULIP plans have increased a lot. The study found only 22% engaged in traditional plans only. On the other 28% were fully engaged in ULIP while 50% engaged in both traditional and ULIP schemes.

(5) Have you find the NAV progressing?

PARTICULARS	MALE	FEMALE	TOTAL
YES	20	11	31
NO	02	01	03
DON'T KNOW	03	02	05
TOTAL	25	14	39

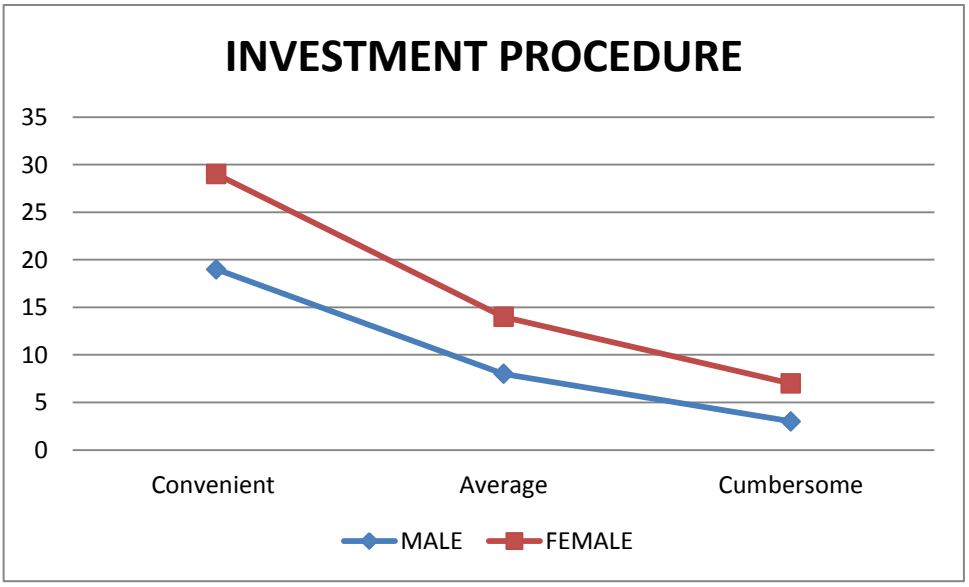
ISSN: 2235-767X
Volume 07 Issue 05
May 2019



It is applicable for ULIP schemes holders only. 31 out of 39 in total were found aware of NAV and observe the NAV progressing. It is a sign of good market as well however the 05 were unware and 03 found it not progressing. It implies that moust of schemes of ULIP of SBI Life Insurance is giving good returns.

(6) What is your experience about insurance modalities?

PARTICULARS	MALE	FEMALE	TOTAL
Convenient	19	10	29
Average	08	06	14
Cumbersome	03	04	07
TOTAL	30	20	50

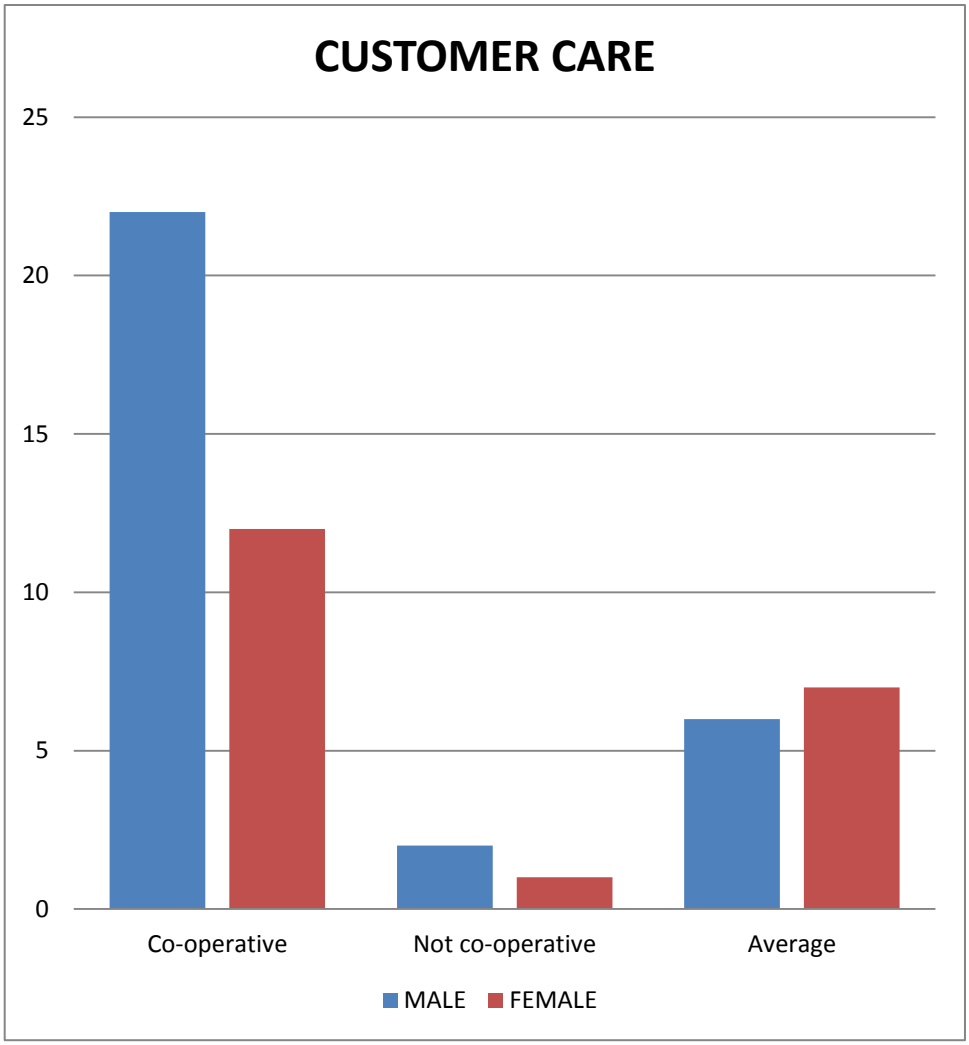


European Journal of Business & Social Sciences
Available at https://ejbss.org/
ISSN: 2235-767X
Volume 07 Issue 05
May 2019

Most of the respondents observed the modalities very convenient. The same is applicable for all insurance companies as insurance companies are usually conduct business through insurance agents. The agents for the sake of commission want to give good services to the customers and take care of their comfort.

(7) How you find the customer care team?

PARTICULARS	MALE	FEMALE	TOTAL
Co-operative	22	12	34
Not co-operative	02	01	03
Average	06	07	13
TOTAL	30	20	50

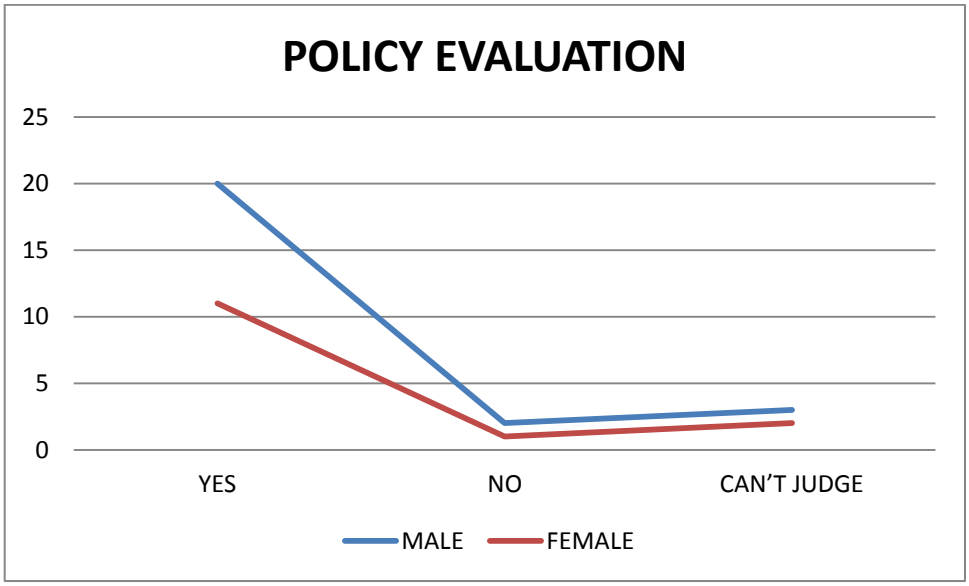


Respondents considered the customer care team co operative in overall. 68% respondents recorded their responses in favour while 26 % average and 06 % were not satisfied at all.

European Journal of Business & Social Sciences
Available at https://ejbss.org/
ISSN: 2235-767X
Volume 07 Issue 05
May 2019

(8) Have you find the policy beneficial so far?

PARTICULARS	MALE	FEMALE	TOTAL
YES	20	11	31
NO	02	01	03
CAN'T JUDGE	03	02	05
TOTAL	25	14	39

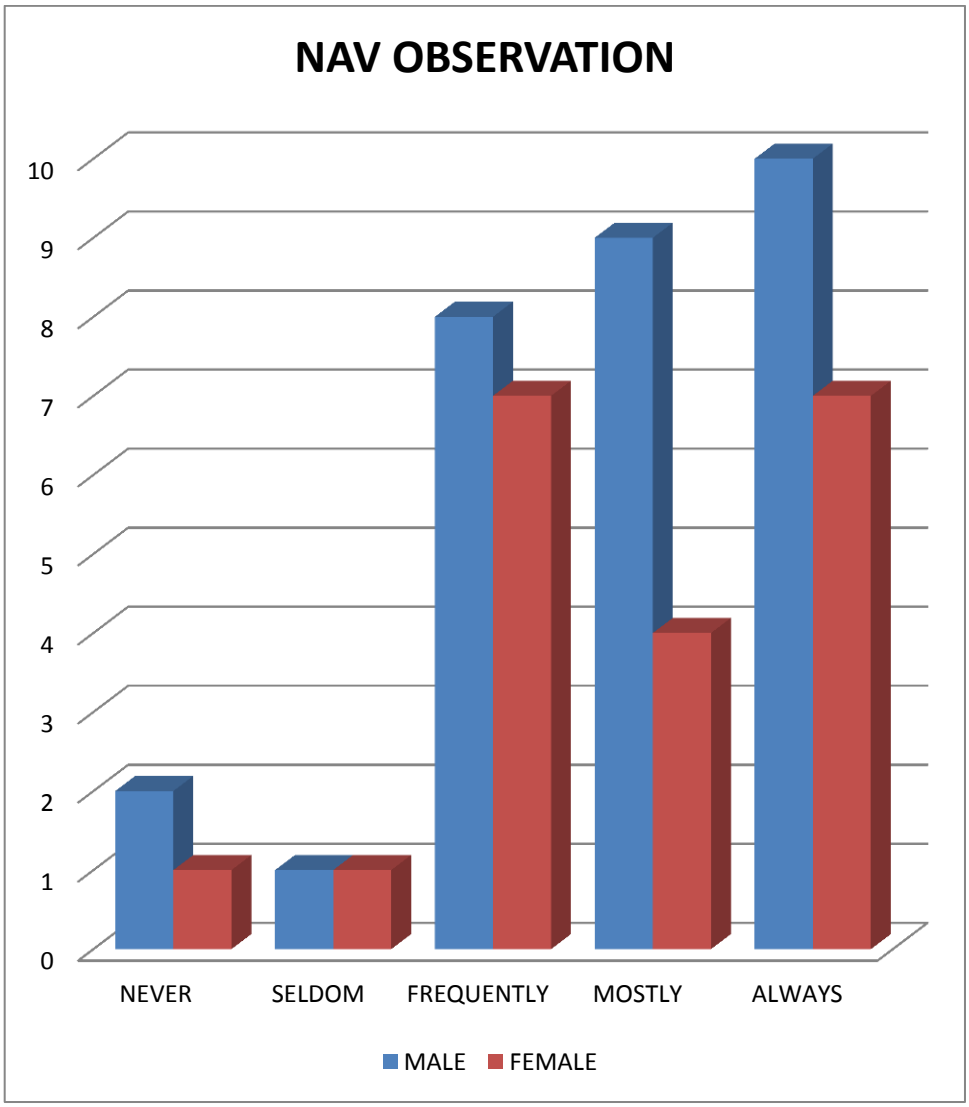


Similarly response was received as got earlier for NAV. Ofcourse, those who found NAV progressing and their money growing were found policy beneficial. It applies to traditional plan holders also. 62% in total found it very beneficial while 6% were not satisfied, 10% declared that could not able to judge.

(9) Do you regularly observe NAVs of the schemes?

PARTICULARS	MALE	FEMALE	TOTAL
NEVER	02	01	03
SELDOM	01	01	02
FREQUENTLY	08	07	15
MOSTLY	09	04	13
ALWAYS	10	07	17
TOTAL	30	20	50

European Journal of Business & Social Sciences
Available at https://ejbss.org/
ISSN: 2235-767X
Volume 07 Issue 05
May 2019

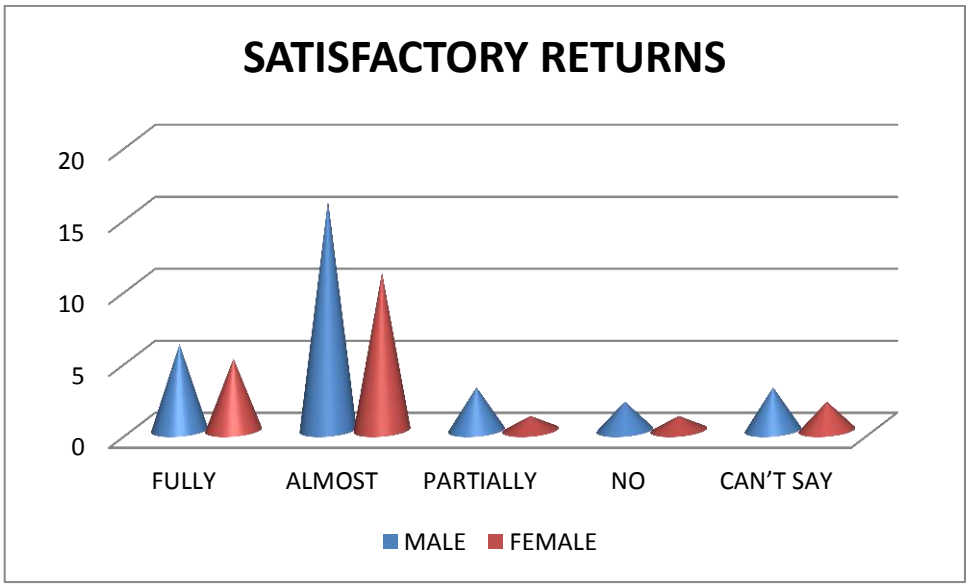


Most of the respondents do observe their NAV as today the web site made it a lot easy. 60% of the respondents may be considered as aware customers. 30% were aware too but not fully aware to watch NAVs. 10% in total were ignorant about it growth.

(10) Have you got satisfactory returns so far?

PARTICULARS	MALE	FEMALE	TOTAL
FULLY	06	05	11
ALMOST	16	11	27
PARTIALLY	03	01	04
NO	02	01	03
CAN'T SAY	03	02	05
TOTAL	30	20	50

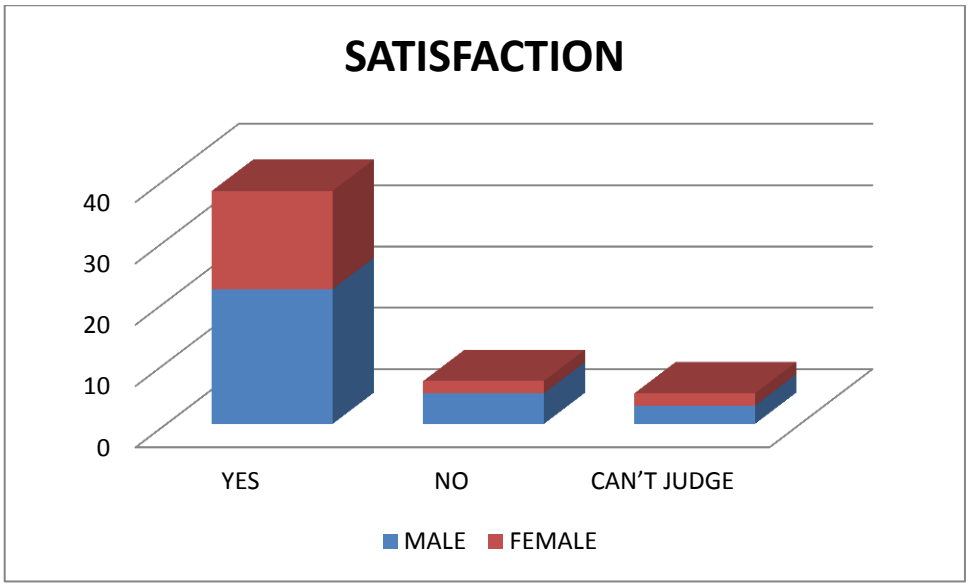
European Journal of Business & Social Sciences
Available at https://ejbss.org/
ISSN: 2235-767X
Volume 07 Issue 05
May 2019



76% were getting either fully or almost returns. Out of which, 22% were fully satisfied with returns. However 6% found the returns unsatisfactory as per the time. Here the question was asked strictly in purview of insurance plans and not to compare the same with share, mutual funds or other investments schemes.

(11) Are you satisfied by the insurance plan schemes so far?

PARTICULARS	MALE	FEMALE	TOTAL
YES	22	16	38
NO	05	02	07
CAN'T JUDGE	03	02	05
TOTAL	30	20	50



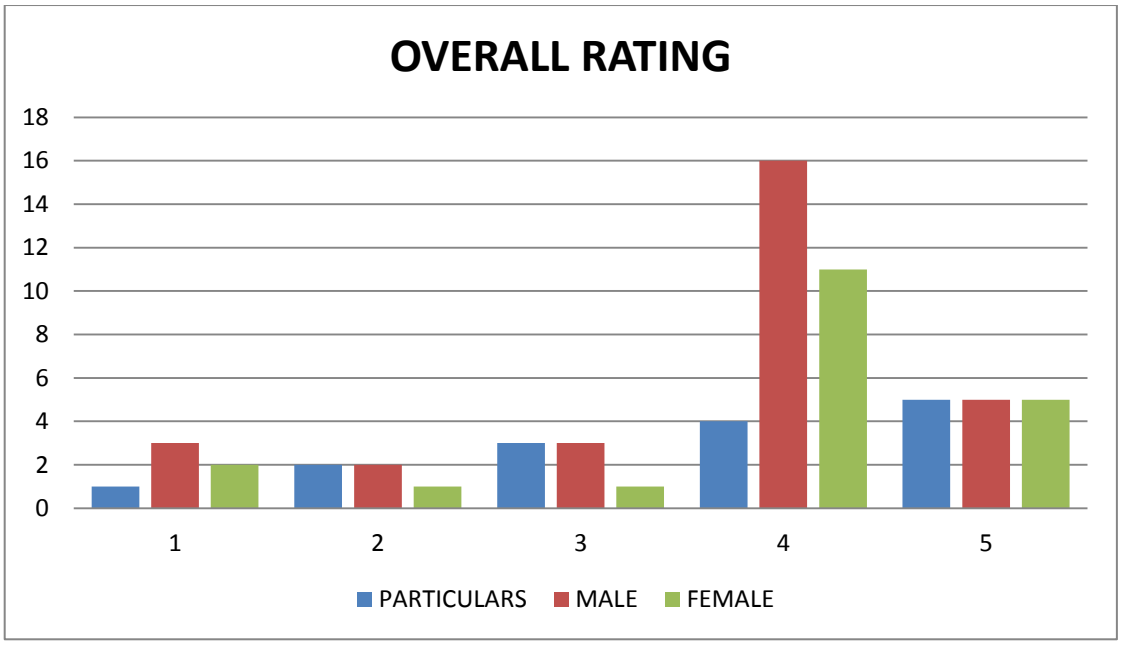
European Journal of Business & Social Sciences
Available at https://ejbss.org/
ISSN: 2235-767X
Volume 07 Issue 05
May 2019

The response found working synonymous with previous question. 76% were satisfied with the insurance policies of SBI Life Insurance. 14% were found unsatisfied with SBI Life Insurance Plans while for remaining 10% cant able to judge or evaluate.

(12) Overall rating of the company

1	**Not Good at all**
2	Below Average
3	Average
4	Good
5	Excellent

PARTICULARS	MALE	FEMALE	TOTAL
01	03	02	05
02	02	01	03
03	03	01	04
04	16	11	27
05	05	05	11
TOTAL	30	20	50



22% had given the company excellent rating, however 54% given it very good. So in all 76% were found in favour of company. 8% remained neutral and 16% wanted the company to improve a lot as there are a number of insurance companies giving similar returns or better returns.

On the basis of the above analysis and interpretation, conclusion was drawn in the next chapter.

CONCLUSION AND SUGGESTIONS

ISSN: 2235-767X
Volume 07 Issue 05
May 2019

The present study was appraisal of various insurance schemes offered by an insurance company. In order to appraise the performance of the insurance company, the company has taken into consideration the SBI Life Insurance company.

The study was done by studying and analyzing the various traditional and Unit Linked Insurance Plan Schemes. The study observed the company is providing wide range of plans and schemes. It comprised of individual and group plans also.

The study moved further by taking a group of 50 customers and recorded their responses in order study the performance of the mutual fund schemes. The study was a financial study so the questionnaire was framed in such a way to appraise the financial performance of the schemes.

The findings were as follows:

- The study has taken 30 male customers and 20 female customers for the purpose of the study. All the respondents were either presently having or previously had the insurance policy of SBI Life Insurance.
- The ratio of male female was 3:2. Most of the male and female respondents fall in age group 40 above i.e. 15 and 15 respectively.
- The basic intention was to next question that about the sector most interested in insurance plans. It is basically the service sector dominates. Out of 50, 32 were doing services may be for tax rebate associated with insurance policies.
- Out of 30 males, 19 were presently having insurance schemes of SBI Life Insurance while in case of female it was 60% of the females presently having insurance plans of SBI Life Insurance .
- Most of the respondents left the schemes due to its maturity, the figure was 18 out of 31 in total. Three in total were found not satisfied with returns.
- The customers get aware of different schemes through internet, web access etc. it is therefore those who are full aware or mostly ware are 4o out of 50 i.e. 80%. Out of the remaining, 04 are not aware and 06 are partially aware.
- The importance of ULIP plans have increased a lot. The study found only 22% engaged in traditional plans only. On the other 28% were fully engaged in ULIP while 50% engaged in both traditional and ULIP schemes.
- It is applicable for ULIP schemes holders only. 31 out of 39 in total were found aware of NAV and observe the NAV progressing.
- Most of the respondents observed the modalities very convenient.
- Respondents considered the customer care team co operative in overall. 68% respondents recorded their responses in favour.
- Those who found NAV progressing and their money growing were found policy beneficial. It applies to traditional plan holders also. 62% in total found it very beneficial while 6% were not satisfied, 10% declared that could not able to judge.
- Most of the respondents do observe their NAV as today the web site made it a lot easy. 60% of the respondents may be considered as aware customers. 30% were aware too but not fully aware to watch NAVs. 10% in total were ignorant about it growth.
- 76% were getting either fully or almost returns. Out of which, 22% were fully satisfied with returns.
- 76% were satisfied with the insurance policies of SBI Life Insurance. 14% were found unsatisfied with SBI Life Insurance Plans while for remaining 10% cant able to judge or evaluate.

ISSN: 2235-767X
Volume 07 Issue 05
May 2019

- 22% had given the company excellent rating, however 54% given it very good. So in all 76% were found in favour of company. 8% remained neutral and 16% wanted the company to improve a lot as there are a number of insurance companies giving similar returns or better returns.

In view of the above, the study considers that the hypothesis true and accepted to state that the SBI Life Insurance offers a complete range of insurance products providing insurance coverage with adequate returns. The products / insurance plans offered by SBI Life Insurance could therefore be regarded as successful in order to provide financial satisfaction to its customers.

SUGGESTIONS

- The study suggests to consider the plan schemes of other insurance companies in order to provide more beneficial schemes to the customers.
- The company may advertise its insurance plans as it is LIC which is most popular in the sector and has maximum business.
- The study suggest to contract the range of plan schemes as the SBI Life Insurance is having wide range of insurance plan schemes which may confuse the customers.
- The study suggests to provide mobile / sms facility to its customers free of cost in order make them aware of NAV etc.
- The insurance maturity and other modalities may be made more simpler. However the SBI Life insurance provides online facility which is appreciated.

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2	Research Methodology	Kothari
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6	Basic Financial Management	MY Khan & PK Jain

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- www.rediffmail.com
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