A STUDY ON COMPARATIVE ANALYSIS OF TERM INSURANCE PRODUCTS OFICICI PRUDENTIAL LIFE INSURANCE WITH OTHER MAJOR INSURANCEPLAYERS IN BENGALURU

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ABSTRACT

The research explores the relevance of term insurance as a form of life coverage, highlighting its focus on providing financial protection for a specific duration. Unlike permanent life insurance options, term insurance offers simplicity and affordability, addressing temporary coverage needs. The research identifies a gap in understanding consumer perceptions of term insurance and its associations with negative emotions. It discusses the uniqueness of term insurance and its customizable nature, catering to various financial goals and obligations. The study's focus on a paired samples analysis within Diverse age categories indicate considerable variations in profit returns, emphasizing the impact of age on returns and offering strategic insights. While relying on secondary data sources presents limitations, the findings suggest varied premium rates among insurance providers based on factors like financial stability and reputation. The research proposes strategies for companies with different premium rates and recommends picking the right age ranges for term insurance. In summary, this research amplifies comprehension, of term insurance's significance and aids in informed decision- making for both insurance providers and consumers.

Key words: Comparative analysis, Term Insurance, Premium rate, other Insurance Players, Affordability, Ages, Policyholders, Policy Time

Introduction

Term insurance is a variant of life insurance policy that furnishes coverage for a designated term or duration. Its intent is to furnish monetary safeguard to the beneficiaries of the policyholder in the occurrence of the policyholder's demise within the policy's designated term. Unlike permanent life insurance options, term insurance focuses on providing a straightforward and cost-effective solution for individuals seeking temporary coverage.

At its core, term insurance offers a safety net to ensure in the occurrence of the policyholder's sudden death during the term, a predetermined amount of money, known as the death benefit, is paid out to designated beneficiaries. This benefit can assist beneficiaries in managing immediate expenses, outstanding debts, funeral costs, and ongoing financial needs.

Term insurance policies are flexible and customizable, allowing policyholders to select the coverage amount, term length, and increased features that are consistent with their unique circumstances. Whether it's safeguarding a family's financial stability, protecting against outstanding debts, or securing the future of dependents, term insurance provides a straightforward and practical solution to address specific life stages and needs.

While term insurance doesn't accrue a cash value over time like some permanent life insurance options, its simplicity, affordability, and clear-cut purpose make it an attractive choice for those seeking essential life coverage without the complexities of investment elements. As life evolves and financial priorities change, term insurance remains a reliable tool for planning and ensuring a measure of financial security during crucial periods.

Definition:

Term insurance is a variety of life insurance where you pay for protection for a precise number of years. If a circumstance occurs involving you during that span the insurance gives money to the people you choose. If nothing happens in that interval the insurance doesn't give any money back. It's like renting life protection for a specific period.

Importance of term Insurance

- **Affordability:** Term insurance typically offers a high coverage amount for a relatively low premium compared to other types of life insurance. This makes it an accessible option for individuals with limited budgets who still want to ensure their family's financial well- being.

- **Risk Mitigation:** Life is unpredictable, and unforeseen events can produce a considerable outcome on your family's financial stability. Term insurance helps mitigate the risk of leaving your loved ones financially vulnerable in case of your premature death.
- **Estate Planning:** Term insurance can play a crucial role in estate planning, ensuring that assets are transferred smoothly and providing liquidity to cover estate taxes or other financial obligations.
- **Peace of Mind:** Knowing that your family will have financial support even if you're not there can offer you peace of mind. It affords you to focus on other aspects of life without worrying about the future well-being of your loved ones.
- **Specific Financial Goals:** Term insurance can be tailored to align with specific financial obligations, such as paying off a mortgage, funding a child's education, or covering a loan.

Factors That Affect Term Insurance Premium Rate

- **Age:** Younger individuals generally pay lower premiums because their statistical probability is lower to have health issues or pass away within the policy's term.
- **Health Condition:** Your current health status plays a significant role. Insurance companies often require a medical examination or review of your medical history to assess any potential risks.
- **Medical History:** Your family's medical history can impact your premium. A history of certain health conditions in your immediate family might lead to higher premiums.
- **Lifestyle Habits:** Factors like smoking, excessive alcohol consumption, or engaging in dangerous hobbies can increase your premium due to higher health risks.
- **Gender:** Women often have lower premiums than men since they generally have longer life expectancies and lower mortality rates.
- **Coverage Amount:** The higher the coverage amount (death benefit), the higher the premium. You're essentially paying for the level of protection you're receiving.
- **Term Length:** Longer terms may have slightly higher premiums due to the increased duration of coverage.

Literature review:

1. Perception of People regarding Term Insurance as a Financial Security Tool Author: Neelam Kathait Year :2021

Investigating how people view term insurance (TI) as a financial stability tool is crucial. TI is a genre of life insurance that guarantees coverage for a set period of time, typically between 10 and 30 years. If the insured individual dies during the policyholder's term, the beneficiary receives annuity payments. TI is underappreciated and poorly understood compared to other financial products. Many people associate TI with negative emotions like illness and mortality, making them averse to or reluctant to consider it. Policymakers, insurance companies, and financial advisors must understand consumer perceptions of TI as a financial planning tool. Addressing underlying causes that affect people's perceptions can improve TI adoption and use, leading to improved financial stability and protection for people and their families.

2. Investment Life Insurance versus Term Insurance and Separate Investment: A Determination of Expected-Return Equivalents

Author: J. Robert FerrariJ. **Year:** 2020

Insurance involves a combination of term insurance and distinct investment elements. The methodology employed aims to compute an anticipated-return counterpart, which refers to the after-tax rate of return minus investment costs that an individual would need to anticipate from a segregated investment fund along with term insurance over a specific period, like twenty or thirty years. This calculation is carried out to achieve a performance that is at least equal to that of investment life insurance. This assessment factors in the likelihood of continuing with eitherapproach and the time-value aspect of money.

3. Tittle: ICICI Prudential: challenges in reaching the last mile Author: Parthasarathi Das. Tapas Ranjan Moharana, Indirah Indibara

Year:2020

The learning Ambitions case are to contribute to Proficiency environmental challenges faced by financial companies, understand the distribution strategy adopted by insurance companies in rural and urban markets, apply concepts such as mental accounting to the designing and pricing of insurance products, analyse the available data on products and the rural market structure, and evaluate key rural market drivers. These objectives will help students develop an effective rural marketstrategy for insurance products.

4. Tittle: Claim Settlement of Life Insurance Policies In Insurance Services – A Comparative Study Of LIC Of India & ICICI Prudential Life Insurance Company

Author: Sarvesh Mohania **Year:** 2018

In today's economy, e-banking is a major factor. The globalisation of markets, the rise ofnonbank competitors, the continuous development and adoption of new technologies, as well as deregulation and disintermediation (i.e., the departure fromthe middleman role played by banks between depositors and lenders) have all had animpact on & will continue to have an impact on the role of banks. The report's objective is to explain in plain language how the twobanks' online banking answersdiffer from one another and what makes one bank superior to the other. With SBI and ICICI Bank, an effort is made to comprehend consumer expectations.

Research Gap

Despite the existing literature addressing various aspects of insurance, there is a notable research gap in understanding the nuanced factors influencing people's perception and acceptance of term insurance as a financial security tool. While Neelam Kathait's study acknowledges the underappreciation of term insurance and its affiliation with disadvantageous emotions, there is limited exploration into the specific psychological and behavioural barriers that deter individuals from considering term insurance as a viable financial planning instrument. Additionally, J. Robert Ferrari's work offers insights into the comparison pertaining to investment life insurance and term insurance but lacks an in-depth investigation into the socio-psychological Factors that shape preferences for either option. Furthermore, the research by Parthasarathi Das, Tapas Ranjan Moharana, and Indirah Indibara focuses on rural market strategies for insurance products, leaving a gap in understanding urban market dynamics and the convergence of the two. Lastly, Sarvesh Mohania's study touches on online banking differences between SBI and ICICI Bank, providing a basis for ongoing research into consumer expectations in the context of insurance services. In this research, the researcher compares the ICICI Prudential life insurance products with other major insurance players by calculatingpremiums for ages 30, 40, and 50, respectively.

Objectives of the study

- To study the term insurance plan of all the life Insurance companies
- To compare the plans based on key parameters
- To calculate the present value premium paid and determine the return
- To set up framework for the buyer by taking premium and present value

Research design:

Research methodology pertains to the methodologies employed for gauging data pertaining to the subject matter. The objective of the study is to perform a juxtaposed evaluation of ICICI'sPrudential term insurance offerings against those of other prominent insurers. Within the research, diverse approaches, instruments, and methodologies are employed, alongside variouschannels for procuring data.

Data collection

To obtain information, sources of secondary data are utilised. The following is a more detailed list of them:

Secondary data

1. Analyze the company's annual reports of ICICI Prudential and other major insurance companies.
2. Extract information from the official insurance company websites of ICICI Prudential and other major insurance players. This can encompass information regarding product features, premium calculators, terms and conditions, and customer reviews
3. Utilize online databases, research repositories, and academic journals that release research connected to insurance products, customer experiences, and competitive analyses
4. Analyze social media and customer reviews, comments, and feedback on social media platforms and review websites to gain insights into customer perceptions and experiences with ICICI's Prudential term insurance products and its competitors.

Tools for analysis

The data collected is analysed through the following tools:

1. Charts
2. Tables

Sample design

The sample design is 17 Term insurance companies have been selected. The study comparisonof term insurance plans to other insurance companies

Term Insurance Companies Selected for Analysis

1. Life Insurance Corporation of India
2. HDFC Life insurance Co. Ltd,
3. Max Life Insurance Co. Ltd,

4. ICICI Prudential life Insurance Co. Ltd,
5. Kotak Mahindra life Insurance Co. Ltd,
6. Aditya Birla Sunlife Insurance Co. Ltd,
7. Tata AIA life Insurance Co. Ltd,
8. SBI life insurance Co. Ltd,
9. Bajaj Allianz life Insurance Co. Ltd,
10. PNB Met life India Insurance Co. Ltd,
11. Reliance Nippon life Insurance Co. Ltd,
12. Bharati AXA life Insurance Co. Ltd,
13. Canara HSBC life Insurance Co. Ltd,
14. Star Union Dai-Ichi life Insurance Co. Ltd,
15. Aegon life Insurance Co. Ltd,
16. India First life insurance Co. Ltd,
17. Edelweiss ToKio life Insurance Co. Ltd,

Statistical Instruments

Statistical instruments are working for the investigation. like Present-Value, Future-value,paired sample T-test.

- **Present Value:**

The present worth is computed by considering the forthcoming cash flows anticipated froman investment and reducing their value to reflect the current time.

$$PV = FV\frac{1}{(1+r)^n}$$

PV = present value
FV = future value
r = rate of return
n = number of periods

- **Future value:**

The thing mean the value a current date based on an assumed rate of growth.

$$\text{Future Value Formula} = PV\,(1+R)^{n}$$

Types of hypothesis

1. Null Hypothesis
2. Alternative Hypothesis

For this study we require these hypothesis,

H0: There is no significant impact of age-related cash inflow on the policyholder.

H1: There is significant impact of age-related cash inflow on the policyholder.

Analysis

Data analysis & interpretation were done using SPSS software.

Paired sample t test

Comparison of age 30, 40 and age 50 return profits

Paired Samples Statistics					
		Mean.	N	Std. Deviation	Std. Error Mean
Pair 1	Aged 30	457704.3394	17	64916.02585	15744.44890
	Aged 40	1010936.2353	17	130530.75267	31658.35769
Pair 2	Aged 30	457704.3394	17	64916.02585	15744.44890
	Aged 50	2237907.8035	17	100140.12479	24287.54776
Pair 3	Aged 40	1010936.2353	17	130530.75267	31658.35769
	Aged 50	2237907.803 5	17	100140.12479	24287.54776

Paired Samples Correlations					
				Significance	
		N	Correlation	One-Sided p	Two-Sided p
Pair 1	Aged 30 & Aged40	17	.942	<.001	<.001
Pair 2	Aged 30 & Aged50	17	.871	<.001	<.001
Pair 3	Aged 40 & Aged50	17	.821	<.001	<.001

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Paired Samples Test										
		Paired Differences					t	df	Significance	
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				One-Sidedp	Two-Sidedp
					Lower	Upper				
Pair 1	Aged 30 - Aged 40	-553231.89588	72690.86155	17630.12354	-590606.08820	-515857.70356	-31.380	16	<.001	<.001
Pair 2	Aged 30 - Aged 50	-1780203.46412	53969.53043	13089.53380	-1807952.03618	-1752454.89206	-136.002	16	<.001	<.001
Pair 3	Aged 40 - Aged 50	-1226971.56824	74940.50153	18175.74138	-1265502.41870	-1188440.71777	-67.506	16	<.001	<.001

Paired Samples Effect Sizes						
			Standardizer[a]	Point Estimate	95% ConfidenceInterval	
					Lower	Upper
Pair1	Aged 30 - Aged 40	Cohen's d	213891.87548	-2.587	-3.571	-1.602
		Hedges' correction	224616.44959	-2.463	-3.401	-1.525
Pair 2	Aged 30 - Aged 50	Cohen's d	106417.73887	-16.728	-23.003	-10.454

		Hedges' correction	111753.54194	-15.930	-21.905	-9.955
Pair 3	Aged 40 - Aged 50	Cohen's d	125076.42851	-9.810	-13.499	-6.121
		Hedges' correction	131347.78138	-9.341	-12.854	-5.828

a. The divisor employed in calculating the magnitudes of the effect. Cohen's d employs thesample standard deviation of the mean disparitymodified by the correlation between measurements. Hedges' adjustment employs the sample standard deviation of the mean disparity adapted by the correlation between measurements, along with an amendmentcoefficient.

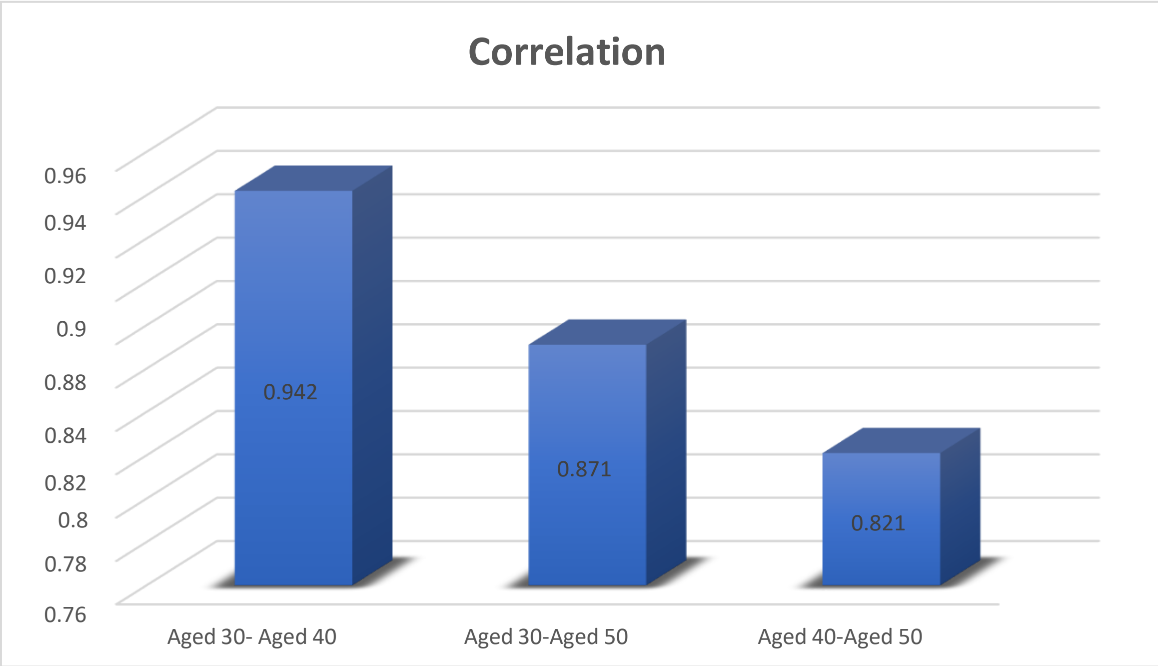
Correlation table

Age	**Correlation**
Aged 30- Aged 40	.942
Aged 30-Aged 50	.871
Aged 40-Aged 50	.821

Analysis

In this paired sample analysis involving three age groups (Aged 30, Aged 40, and Aged 50),the correlations between the groups were strong and statistically substantial, with correlationcoefficients spanning from. 0.821 to 0.942 ($p < 0.001$). The paired sample test results exhibitednoteworthy disparities. in profit returns among the ages groups. Aged 30 had lower profitreturns compared to both age 40 and age 50, with mean differences of -553,231.90 and – 1,780,203.46, respectively ($p < 0.001$). Additionally, age 40 had lower profit returns comparedto age 50, with a mean difference of -1,226,971.57 ($p < 0.001$).

The graph showing Correlation for different age groups



Interpretation

From the above statistical data involves paired samples examination spanning three different age categories. (Aged 30, Aged 40, and Aged 50) in the context of profit returns. The averages, deviations, and means of errors for every set of age groups were calculated. Following that, the associations between these age clusters were assessed and determined to be of great significance ($p < 0.001$), pointing to substantial connections.

The a paired samples examination was carried out. to assess differences in profit returns between the age groups. In Pair 1 (Aged 30 vs. Aged 40), the mean difference was -553,231.90, with a significant result ($p < 0.001$). Similar substantial differences were observed in Pair 2 (Aged 30 vs. Aged 50) and Pair 3 (Aged 40 vs. Aged 50), with mean differences of - 1,780,203.46 and -1,226,971.57, respectively ($p < 0.001$).

Effect sizes (Cohen's d) were calculated to gauge the practical significance of the differences. In Pair 1, the effect size for Aged 30 vs. Aged 40 was -2.587, indicating a moderate to large impact. For Pair 2 (Aged 30 vs. Aged 50), the effect size was - 16.728, reflecting a substantial effect. In Pair 3 (Aged 40 vs. Aged 50), the effect size was -9.810, representing a moderate effect.

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It's noteworthy that the correlations and significant differences emphasize the distinct patterns of profit returns among the age groups. Aged 30 generally exhibited better profit returns compared to both Aged 40 and Aged 50. However, these findings should be considered within with in the framework of conceivable external elements that could impact the noted disparities. The analysis underscores the importance of age as a determinant in profit returns, highlighting significant variations and offering insights that can aid decision-making and strategic planning for these age-specific groups.

Limitation of the study

- More information couldn't be gathered because of time restrictions.
- The study's main constraints are premium, policy term, and sum assured.
- When it comes to secondary data, the reliability of the data is based on its source.

Findings

1. Reliance Nippon premium is higher other company's because it has not fully financially stable.
2. LIC premium low because it is a government owned company and one of the best insurance providers it has a strong reputation on and goodwill among customers.
3. The top three insurance companies with the highest premiums are India First Life Insurance Co. Ltd., Reliance Nippon Life Insurance Co. Ltd., and Bharati AXA Life Insurance Co. Ltd.
4. HDFC Premium is medium. HDFC is a well-established brand with a wide range of insurance products and services, attracting a substantial customer base.
5. The maximum life insurance company cash outflow is less than the cash inflow. because profitability might result from a combination of effective cost management, competitive premium rates, and strong investment performance.

Suggestions

1. Companies with low rates might highlights their capacity to offers affordable coveragewhile maintaining high standards of benefits and services
2. Companies with high premium can work on providing transparent explanations of theadded benefits and value that justify the higher costs.
3. I advise customers to purchase LIC term insurance because it offers more benefits thanother types of policies.

4. Introduce a "convertible term insurance" option that allows policyholders to convert their term policy into a permanent life insurance policy without the need for additional underwriting.
5. Create term insurance that are intended to cover a specific portion of a policyholder's student loans in the event of their unexpected passing, relieving their family of some of the financial load

Conclusion

My research on term insurance at ICICI Prudential Life Insurance helped me understand howimportant it is in the current competitive world, where there are many Term insurance providers.

I have conducted my study with the comparison of different ages (30, 40, and 50), and I have identified which age is best for taking out a term insurance plan. In my study, I identified 30- to 40-year-olds as the best for taking out term insurance because the premium is low.

In my study, I have selected 17 insurance providers. In comparison to the other insurance companies When it comes to term insurance, LIC, Max Life, HDFC Life Insurance, and ICICI Prudential Life are the major participants. On the basis of three criteria: market share,client base, and claim settlement ratio. The premiums at Nippon Life Insurance Company are very high because it has not become financially stable.

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