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INTRODUCTION

RESEARCH DESIGN

PROFILE OF THE COMPANY

**ANALYSIS AND
INTERPRETATION**

**SUMMARY OF FINDINGS,
SUGGESTIONS AND CONCLUSION**

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ANNEXURE

CHAPTER 1

INTRODUCTION

With such a large population and the untapped market area of this population Insurance happens to be a very big opportunity in India. Today it stands as a business growing at the rate of 15-20 per cent annually. Together with banking services, it adds about 7 percent to the country's GDP .In spite of all this growth the statistics of the penetration of the insurance in the country is very poor. Nearly 80% of Indian populations are without Life insurance cover and the Health insurance. This is an indicator that growth potential for the insurance sector is immense in India.

It was due to this immense growth that the regulations were introduced in the insurance sector and in continuation "Malhotra Committee" was constituted by the government in 1993 to examine the various aspects of the industry. The key element of the reform process was Participation of overseas insurance companies with 26% capital. Creating a more

efficient and competitive financial system suitable for the requirements of the economy were the main idea behind this reform.

Since then the insurance industry has gone through many sea changes. The competition started facing from these companies were threatening to the existence of LIC. Since the liberalization of the industry the insurance industry has never looked back and today stand as the one of the most competitive and exploring industry in India. The entry of the private players and the increased use of the new distribution are in the limelight today. The use of new distribution techniques and the IT tools has increased the scope of the industry in the longer run.

A BRIEF HISTORY

The origin of insurance is very old .The time when we were not even born; man has sought some sort of protection from the unpredictable calamities of the nature. The basic urge in man to secure himself against any form of risk and uncertainty led to the origin of insurance.

The insurance came to India from UK; with the establishment of the Oriental Life Insurance Corporation in 1818.The Indian life insurance company act 1912 was the first statutory body that started to regulate the life insurance business in India. By 1956 about 154 Indian, 16 foreign and 75 provident firms were been established in India. Then the central government took over these companies and as a result the LIC was formed. Since then LIC has worked towards spreading life insurance and building a wide network across the length and the breadth of the country. After the liberalization the entrance of foreign players has added to the competition in the market.

The General insurance business in India, on the other hand, can trace its roots to the Triton Insurance Company Ltd., the first general insurance company established in the year 1850 in Calcutta by the British. In 1957 General Insurance Council, a wing of the Insurance Association of India, frames a code of conduct for ensuring fair conduct and sound business practices. In 1972 The General Insurance Business (Nationalization) Act, 1972 nationalized the general insurance business in India with effect from 1st January 1973. It was after this that 107 insurers amalgamated and grouped into four companies viz. the National Insurance Company Ltd., the New India Assurance Company Ltd., the Oriental Insurance Company Ltd. and the United India Insurance Company Ltd. GIC incorporated as a company.

INSURANCE SECTOR REFORMS

In 1993, Malhotra Committee, headed by former Finance Secretary and RBI Governor was formed to evaluate the Indian insurance industry and give its recommendations. The committee came up with the following major provisions; Private Companies with a minimum paid up capital of Rs.1bn should be allowed to enter the industry.” Foreign companies may be allowed to enter the industry in collaboration with the domestic companies”? Only one State Level Life Insurance Company should be allowed to operate in each state.

It was after this committee came into effect the regulatory body for insurance sector was formed with the name of IRDA.

IRDA: The IRDA since its incorporation as a statutory body has been framing regulations and registering the private sector insurance companies. IRDA being an independent statutory body has put a framework of globally compatible regulations.

IMPACT OF LIBERALIZATION

The introduction of private players in the industry has added to the colors in the dull industry. The initiatives taken by the private players are very competitive and have given immense competition to the on time monopoly of the market LIC. Since the advent of the private players in the market the industry has seen new and innovative steps taken by the players in this sector. The new players have improved the service quality of the insurance. As a result LIC down the years have seen the declining phase in its carrier.

The market share was distributed among the private players. Though LIC still holds the 75% of the insurance sector but the upcoming natures of these private players are enough to give more competition to LIC in the near future. LIC market share has decreased from 95% (2002-03) to 81 % (2004-05).

The following companies has the rest of the market share of the insurance industry.

Name of the player market share	percentage
Lic	82.3
ICICI prudential	5.63
Birla sun life	2.56
Baja allianz	2.03
SBI life	1.80
HDFC standard	1.36
TATA aig	1.29

Max new york	0.90
Aviva	0.79
Om kotak mahindra	0.51
Ing vyasa	0.37
Amp sanmar	0.26
Metlife	0.21

CURRENT SCENARIO OF THE INDUSTRY

INSURANCE MARKET IN INDIA India with about 200 million middle class household shows a huge untapped potential for players in the insurance industry. Saturation of markets in many developed economies has made the Indian market even more attractive for global insurance majors. The insurance sector in India has come to a position of very high potential and competitiveness in the market. Innovative products and aggressive distribution have become the say of the day.

Indians, have always seen life insurance as a tax saving device, are now suddenly turning to the private sector that are providing them new products and variety for their choice. Life insurance industry is waiting for a big growth as many Indian and foreign companies are waiting in the line for the green signal to start their operations.

The Indian consumer should be ready now because the market is going to give them an array of products, different in price, features and benefits. How the customer is going to make his choice will determine the future of the industry.

CUSTOMER SERVICE

Consumers remain the most important centre of the insurance sector. After the entry of the foreign players the industry is seeing a lot of competition and thus improvement of the customer service in the industry. Computerization of operations and updating of technology has become imperative in the current scenario. Foreign players are bringing in international best practices in service through use of latest technologies. The one time monopoly of the LIC and its agents are now going through a thorough revision and training programmes to catch up with the other private players. Though lot is being done for the increased customer service and adding technology to it but there is a long way to go and various customer surveys indicate that the standards are still below customer expectation levels.

DISTRIBUTION CHANNELS

Till date insurance agents still remain the main source through which insurance products are sold. The concept is very well established in the country like India but still the increasing use of other sources is imperative. It therefore makes sense to look at well-balanced, alternative channels of distribution.

LIC has already well established and have an extensive distribution channel and presence. New players may find it expensive and time consuming to bring up a distribution network to such standards. Therefore they are looking to the diverse areas of distribution channel to have an advantage. At present the distribution channels that are available in the market are:

- Direct selling
- Corporate agents
- Group selling

- Brokers and cooperative societies
- Bancassurance

To make all these channels a success the companies have to be very alert and skillful to know how to use these channels in a proper way. Bancassurance is one of the most upcoming channels of distribution and therefore is being discussed in details.

BANCASURANCE

India has an extensive bank network established over the years. What Insurance companies have to do is to just take advantage of the customers' long-standing trust and relationships with banks. This is a mutually beneficial situation as banks can also expand their range of products on offer to customers, while the insurance company will also earn profits from the exposure. Another advantage is that banks, with their network in rural areas, help to fulfill rural and social obligations stipulated by the Insurance Regulatory and Development Authority (IRDA) recently.

Insurance companies should see bancassurance as a tool for increasing their market penetration in India. It is also good for the one who sees bancassurance in terms of reduced price, high quality product and delivery at doorsteps. Everybody is a winner here. The creation of bancassurance operations has made an important impact on the financial services industry at large. This is though a new concept but it has gained a lot of importance in the industry at present and has a great future.

PRODUCT INNOVATION

There has been a plethora of new and innovative products offered by the new players. Customers have tremendous choice from a large variety of products from pure term (risk) insurance to unit-linked investment products. Customers are offered unbundled products with a variety of benefits as riders from which they can choose. More customers are buying products and services based on their true needs and not just traditional money back policies, which is not considered very appropriate for long-term protection and savings. There is lots of saving and investment plans in the market. However, there are still some key new products yet to be introduced - e.g. health products.

MERGERS AND ACQUISITIONS

This is an era of mergers and acquisitions. Private companies including MNC's are amalgamating the world over to get more competitive edge. Currently, the general insurance industry has been opened up. The question here is that for over two years, eight private companies have operated and has the size of the cake expanded. We here find that this is not true. The insurers are doing enough to raise the level of risk awareness or are they merely content to compete in the markets organized and established.

However sooner or later the private sector players will have to put in place strategies aimed not at winning the existing accounts of the public players but at diversifying markets penetration as a whole. The private players in the future would have to turn their attention to working in the unorganized and under served markets.

IMPACT OF BUDGET IN INSURANCE

The 2005-06 Budget has dampened the spirit of insurance companies. Hardly any changes have been made in the general insurance sector. The change in the tax structure may have some impact on the life insurers. With the removal of the Section 88 relief there is not much for the insurance players to cheer for.

FDI hike in insurance sector:

The Finance Minister commended on the growth in the insurance sector, there was no mention of the steps being taken for increasing FDI in insurance sector. There is a dire need to attract more foreign capital in the sector. However it seems that the Union Finance Ministry is looking at proposals to delink the FDI limit from the Insurance Act, when it is amended. This move would empower any future government to increase the FDI limit through an executive order without taking the issue to the Parliament.

Insurance is an instrument of security, savings and peace of mind. It provides several benefits by paying a small amount of premium to an insurance company. It provides protection against financial consequences of adverse events. Insurance plays a vital role in most people's lives as means of dealing with risks, which every one faces, and a means of savings. Insurance became much more sophisticated in post-Renaissance Europe, and specialized varieties developed. The business of life insurance in India in its existing form started in India in the year 1818 with the establishment of the Oriental Life Insurance Company in Calcutta.

Insurance is a contract, which provides risk coverage to the insured. The purchaser of insurance pays a fixed premium in exchange for a promise of compensation in the event of some specified loss. Insurance is bought because it gives peace of mind to the holders. This comfort level is important in personal as well as business life. The risk to be insured must result in a loss, which is measurable in financial terms. Insurance applies to situations where a loss may or may not occur. It cannot apply to situations where loss is expected to happen. Insurance is based on the operation of the law of large numbers. There must be sufficient number of risks of a similar class being insured so that the probability of loss can be estimated. Pure risks are those, which have an element of loss or break even but not gain.

The opening up of the insurance sector is likely to lead to greater spread and deepening of insurance in India and this may also include restructuring and revitalizing of

the public sector companies. A host of private Insurance companies operating in both life and non-life segments have started selling their insurance policies since 2001.

Introduction to Life Insurance

Life insurance has come a long way from the earlier days when it was originally conceived as a risk-covering medium for short periods of time, covering temporary risk situations, such as sea voyages. As life insurance became more established, it was realized what a useful tool it was for a number of situations that includes temporary needs/threats, savings, investment, retirement etc.

According to the U.S. Life office Management Inc. (LOMC), “Life Insurance provides a sum of money if the person who is insured dies whilst the policy is in effect”.

Life insurance is Insurance of you and your family’s peace of mind. Life insurance is a policy that people buy from a Life Insurance company, which can be the basis of protection and financial stability after ones death. Its primary life insurance company function is to help beneficiaries financially after the owner of the policy dies.

It can also be a form of saving in the long run if you purchase a plan, which offers the option of contributing regularly. Also a little known function of life insurance can be tied in with a person’s pension plan. A person can make contributions to a pension that is funded by Life Insurance Company. These are considered private pension arrangements. In addition, you should also make a list of what you feel needs to be protected in your family’s way of life. With a policy in place today, you can.

- Provide security for the family
- Protect your home mortgage
- Take care of your estate planning needs
- Look at other retirement savings/income vehicles.

Need of the Study

Insurance is one of life's necessities and probably the least-understood financial product. Insurance reimburses people for covered losses in the event of an unfortunate occurrence such as an illness, accident, or death. At the same time, it can encourage prevention and safety measures, provide investment capital, lend money, and help to reduce anxiety for society at large. As a mechanism against loss of income and a mean of safeguarding assets, many Indians have insurance in one form or another. This coverage's may include public coverage, such as disability insurance, a health care policy from an employer, or personal insurance to protect property such as homes, computers and cars.

Need for Insurance:

Insurance is a contract, which provides risk coverage to the insured. The purchaser of insurance pays a fixed premium in exchange for a promise of compensation in the event of some specified loss. Insurance is bought because it gives peace of mind to the holders. This comfort level is important in personal as well as business life. The risk to be insured must result in a loss, which is measurable in financial terms. Insurance applies to situations where a loss may or may not occur. It cannot apply to situations where loss is expected to happen. Insurance is based on the operation of the law of large numbers. There must be sufficient number of risks of a similar class being insured so that the probability of loss can be estimated. Pure risks are those, which have an element of loss or break even but not gain. Examples are fire, flood, accident etc. All these cases involve the probability of loss without any chance of gain. It is in this sense; pure risk has to be distinguished from speculative risk.

How much do you need?

A good life insurance policy can help you overcome financial problems and further provide the assurance that your near and dear ones are taken care of in the event of any unfortunate/untimely death of the bread winner. It is only natural that you should wonder what should

be the appropriate value of the insurance you need. Also remember that your insurance needs change through different stages of your life. When you are young, there is a lesser need for life insurance. However as you grow and your responsibilities do, your life insurance needs increase. Hence, you will need to review your coverage requirements approximately 4-7 times in a lifetime.

Basically, the amount of insurance one should buy is directly dependent on his/her economic value, otherwise known as the 'Human Life Value'. This varies from person to person. 'Human Life Value' is the capitalized value of the net earning of an individual for the rest of his working span

It is, in short, the present value of the total income of the individual, which is lost to the family in the event of his untimely death.

What is the right kind of life insurance?

All policies are not the same. Some give coverage for your lifetime and others cover you for a special number of years.

Insurance and Growth:

There is a close inter-action between insurance and economic growth. As economy grows, the living standards of people increase. As a consequence, demand for life insurance increases. As the assets of people and of business enterprises increase in the growth process, the demand for general insurance also increases. In fact, with the widening of the economy, the demand for new types of insurance products emerges. Insurance now extends not only to product market but also to service industries including finance. It is equally true that growth itself is facilitated by insurance. A well-developed insurance industry promotes economic growth by encouraging risk taking. Risk is endemic in many economic activities. Without some kind of cover against risk, some of these activities will not be carried out at all. Thus the firm is enabled to concentrate on its main or core activity, leaving some of the concerns such as loss arising from fire or theft to be insured. At this point, it is important to note that

not all activities can be insured. If that were possible, it would completely negate entrepreneurship. Professor Frank Knight in his celebrated book "Risk Uncertainty and Profit" emphasized that profit is a consequence of uncertainty. He made a distinction between quantifiable risk and non-quantifiable risk. According to him, it is non-quantifiable risk that leads to profit. He wrote "it is a world of change in which we live and a world of uncertainty. We live only by knowing something about the future; while the problems of life, or of conduct at least, arise from the fact that we know so little. This is as true of business as of other spheres of activity". The real management challenges are uninsurable risks. In the case of insurable risks, risk is avoided at a cost.

Types of Insurance

Unit Linked Product

Market-linked plans or unit-linked insurance plans (ULIP) are similar to traditional insurance policies with the exception that your premiums invested by the insurance company are invested in the stock market.

Market-linked insurance plans (MLP) mimic mutual funds and invest in a basket of securities, allowing you to choose between investment options predominantly in equity, debt or a mix of both (called balanced option).

A single cornerstone advantage market-linked plans offer is that they leave the asset allocation decision in the hands of investors themselves. You are in control of how you want to distribute your money among the broad class of instruments and when you want to do it or pull out. Thus any of the above products except term products could be unit-linked products

Riders

Riders are additional add on benefit that a person could buy other than the base policy. There are additional charges depending of the rider opted for. These riders cannot be bought separately and independently. Premium, nature and characteristic of the riders are based on the base policy that is attached

Some riders available in the market are

- Accident Death Benefit- Provides a additional amount in case death occurs as a result of an accident.
- Term Rider- It allows the payment of an additional amount should death of the insured happens.
- Waiver of Premium- In case of total and permanent disability of life insured due to accident or any other means this rider allows premiums on base policy or riders to be waived.

Critical Illness- It provides payment of an additional amount on the diagnosis of some critical illness

Term Insurance

Term Insurance covers you for a term of one or more years. It pays a death benefit only if you die in that term. Term Insurance generally offers the cheapest form of insurance. You can renew most Term Insurance policies for one or more terms even if your health condition has changed. Each time you renew the policy for a new term, premiums may climb higher. . This policy is particularly useful to cover any outstanding debt in the form of a mortgage, home loan, etc. For example if you have taken a loan of Rs 10 lacs you will have an option of taking insurance to protect the loan in case of the unfortunate demise of the earning member of the family.

Whole Life Insurance

Whole Life Insurance covers you for as long as you live if your premiums are paid. You generally pay the same amount in premiums throughout the term of the contract.

Some Whole Life policies let you pay premiums for a shorter period such as 15, 20 or 25 years. Premiums for these policies are higher since the premium payments are made during a shorter period. There are options in the market to have a return of premium option in a whole life policy. That means after a certain age of paying premiums the life insurance company will pay back the premium to the life assured but the coverage will continue

Money Back Insurance

The Money Back Plan not only covers your life, it also assures you a certain percent of the sum assured as cash payment at regular intervals. It is a savings plan with the added advantage of life cover and regular cash inflow. This plan is ideal for planning special moments like a wedding, your child's education or purchase of an asset etc. Money Back plan has participating and non-participating versions in the market.

Endowment Assurance

Endowment Insurance is a level premium plan with a savings feature. At maturity, a lump sum is paid out equal to the sum assured (plus dividends in a par policy). If death occurs during the term of the policy then the total amount of insurance and any dividends (par policy) are paid out. There are number of products in the market that offer flexibility in choosing the term of the policy namely you can choose the term between 5-30 years. There are products in the market that offer non-participating (no profits) version, the premiums for which are cheaper.

Important things to consider

1. Review your own insurance needs and circumstances. Choose the kind of policy that offers benefits that most closely fit your needs. Ask your financial advisor or company to help you.
2. Be sure that you can handle premium payments. Can you afford the initial premium? If the premium increases later and you still need insurance, can you still afford it?.
3. Don't sign an insurance application until you review it carefully to be sure all the answers are complete and accurate.
4. Don't buy life insurance unless you intend to stick with your plan. It may be very costly if you quit during the early years of the policy.
5. Don't drop one policy and buy another without a thorough study of the new policy and the one you have now. Replacing your insurance may be costly.
6. Read your policy carefully. Ask your advisor or company about anything that does not appear clear to you.
7. Review your life insurance program with your agent or company every few years to keep up with changes in your needs.
8. Your insurance policy gives you long term protection while offering immediate tax benefits. Your insurance needs are usually greater than the need for a tax benefit in the current financial year. Talk to your financial advisor.

Life insurance illustrations

You may be thinking of buying a policy where cash values, death benefits, dividends or premiums may vary based on events or situations the company does not guarantee (such as interest rates). If so, you may get an illustration from the agent or company that helps explain how the policy works. The illustration will show how the benefits that are not guaranteed will change as interest rates and other factors change. The illustration will show you what the company guarantees. It will also show you what could happen in the future. Remember, nobody knows exactly what will happen in the future. You should be ready to

adjust your financial plans if the cash value doesn't increase as quickly as shown in the illustration.

Finding a good value in life insurance

After you have decided on life insurance, find which policy is likely to give the best value for your money. A simple comparison of the premiums for various policies is not enough. There are other things to consider. For example:

- Do premiums or benefits vary from year to year?
- How much do the benefits build up in the policy?
- What part of the premiums or benefits is not guaranteed?
- What is the effect of interest on money paid and received at different times on policy?

Remember that no one company offers the lowest cost at all ages for all kinds and amounts of insurance. You should also consider other factors:

How quickly does the cash value grow? Some policies have low cash values in the early years that build quickly later on. Other policies have a more level cash value build-up. A year-by-year display of values and benefits can be very helpful. (The advisor or company will give you a policy summary or an illustration that will show benefits and premiums for selected years.)

- Are there special policy features that particularly suit your needs?
- How are non-guaranteed values calculated? For example, interest rates are important in determining policy returns. In some companies, increases reflect the average interest earnings on all of that company's returns for policies issued in a recent year, or a group of years, reflects the interest earnings on that group of policies; in this case, amounts paid are likely to change more rapidly when interest rates change.

Tax Benefits on Insurance and Pension

It's your choice

Investors often hear of various developments taking place in insurance industry especially in ULIP (Unit Link Insurance Plan). Such changes are often required to ensure that the ULIP scheme and its portfolio are in tune with regulatory requirements. But this requires a lot of scrutiny on the part of the investors too.

Most of ULIP investors remain in dark about development that takes place in their schemes. This is not because the company informs them, but because very few people take out the time to read all the documents that which the company sends it to the investors.

Many investors even give up due to a lack of understanding about what is proposed by IRDA the Insurance Regulatory and Development Authority. However, the information supplied to investors not only explains the changes that are being made in the schemes, but also states that an alternative is available to investors if they do not agree to the changes that are being proposed

One reason why several such notices have been sent to investors recently is the introduction of equity, debt, cash and money market trading in various schemes ULIP's have adopted this route to manage their funds better hence the schemes need to be changed. Also, when changes are made in the existing plan, investors need to be informed about the same.

Two important things need to be considered here.

- ❖ The first is the action that investors have to take immediate action when they are intimated of the change in the market and switch on to any other fund options.
- ❖ The second is the right to agree with such a move.

In the first case when investors are informed about a change in market condition or not. They can convey this to the agent or any consent person and there is a particular way in, which needs to be done. In most cases, investors are known about the market ups and downs as far as the agreement is concerned, there is nothing more for the investors to do because it is in the tune that have been proposed and hence, no further action is required.

However, in case the investor does not agree to the move, he/she can intimate the fund through the or through any other way prescribed by the fund, and at the same time he/she can stick to the fund option of what previously he/she chosen as their fund option.

Lets consider an example of a tax-saving scheme that falls under the ULIP category where there is a five-year lock-in. in this case the investor cannot terminate the policy or scheme but can surrender the policy. This is the situation for a majority of small investors because they hardly look at such intimation from the company and hence they are unaware of what happening in the scheme.

Regulatory Framework:

As in the case of all financial institutions, insurance is an activity that needs to be regulated. This is so because the smooth functioning of business depends on the trust and confidence reposed by the customers in the solvency of the financial institutions. Insurance products are of little value to customers, if they cannot trust the company to keep its promise. The regulatory framework in relation to the insurance companies seeks to take care of three major concerns - (a) protection of consumers' interest (b) to ensure the financial soundness of the insurance industry, and (c) to help the healthy growth of the insurance market. So long as insurance remained the monopoly of the Government, the need for an independent regulatory authority was not felt that strongly. However, with the acceptance of the idea that there can be private insurance entities, the need for a regulatory authority becomes paramount. With the passing of the Insurance Development and Regulatory Act, the insurance regulatory authority has become a reality. Protecting consumer interest involves proper disclosure, keeping prices affordable, some mandatory products and

standardization. Most importantly, it has to make sure that insurers pay consumers. From the consumers' point of view, the most important function of the regulatory authority will be to ensure quick settlement of claims without unnecessary litigation. With respect to solvency and financial health, regulations will have to be introduced to ensure that insurance companies follow appropriate prudential norms such as solvency margins. Large funds are under the custody of the insurers and they get invested to produce additional returns. The management of these funds is important to the insurer, the insured and the economy. Entry into the insurance industry must also be regulated with suitable capital adequacy norms. The third role should be one of development. The insurance industry in India has a large potential as the premium collection to GDP is about 3 per cent in India as against the world average of about 7.5 per cent and the framework of regulation must enable the industry to tap this vast potential. I must take this occasion to compliment IRDA and its dynamic Chairman, Sri Rangachary, for evolving an appropriate framework for insurance industry in India. In fact IRDA has become a model for other development countries and even some developed countries.

The insurance sector has a vast potential not only because incomes are increasing and assets are expanding but also because the volatility in the system is increasing. In a sense, we are living in a more risky world. Trade is becoming increasingly global. Technologies are changing and getting replaced at a faster rate; malfunctioning of technologies particularly in IT can cause serious damage both financial and personal. In this more uncertain world, insurance will have an important role to play in reducing the risk burden individuals and businesses have to bear. In the emerging scenario, the insurance industry must pay attention to:

1. Product Innovation,
2. Appropriate pricing,
3. Speedy settlement of claims.

With imaginative corporate planning and commitment to service, the vast potential that exists in the insurance sector can be tapped to the advantage of the economy. The approach to insurance must be in tune with the changing times. Needless to say the Actuaries must play their role in enabling the Industry to achieve these goals.

Features of ULIP

- Life protection
- Investment and savings where the customers can put their money in Equity Markets, Debt Markets, Balanced fund with a mix of the two namely Equity Markets and Debt Markets, and the last, Short term debt market
- Flexibility- adjustable life cover and investment options
- Transparency about the allocation of funds and about the charges allocated
- Options to take additional cover against death due to accident, disability, critical illness, surgeries.
- It provides greater liquidity compared to other plans
- It is an intelligent tax planning tool.

The project was done to find out the satisfaction level of the High Network customers for the ICICI PRU ULIP Plans in Bangalore. The duties involved were meeting with the Customers in Bangalore and administering Questionnaire to them. The information about various factors that the customers considered while choosing the ULIP Plan of ICICI Prudential was also studied. Then the whole data was consolidated and an analysis was done.

THEORETICAL BACKGROUND

Market

It is an area potential exchange. It is a place where goods are brought and sold. It is an area where forces of supply (seller) and forces of demand (consumer) operates. It consists of all the potential customers sharing a particular need or want that might be willing able to engage to satisfy that need or want.

Marketing

Consumer oriented activity backed with integrated marketing approach aimed at satisfying the needs of the consumer are also there by achieving organization objectives. Marketing could also be defined as the needs of consumer creating and supplying the required goods to the consumer so as to ensure optimum, level of consumer's satisfaction and at the same time taking care of the business profitability and social responsibility.

Marketing strategies

A strategy is a plan of action, which could help in achieving the set of objectives of goals. It could also be defined as the mechanism that adjusts the four P's namely product, price, place and promotion according to the change in time.

Market segmentation

The process of taking the total heterogeneous market for a product and dividing it into several sub markets, each of which tends to be homogeneous in all significance.

Market research

It is a process of systematic gathering, recording, analyzing and interpreting the data about the problem related to the marketing of goods and services. Thus marketing research involves an intensive study and adopts a scientific and decision approach.

Marketing research is becoming an integral part of information for planning controlling at market functions.

- Internal information relevant to marketing.
- External information.
- Marketing research.

There are three sources of information for marketing management: there is special marketing information as analysis centre having three major components

- Information gathering
- Information processing
- Information utilization

Information system offers information for planning, decision-making and control in the areas of management system.

Meaning of research

The advance learner's dictionary at current English lays down the meaning research as "A careful investigation or inquiry especially through search for new facts in any branch knowledge".

According to Clifford Woody "Research comprises defining and redefining problems, formulating hypothesis or suggested solutions, collected organization and evaluating data, maximum deductions and reaching conclusion and at least carefully testing the conclusion of determine whether they fit the formulating hypothesis".

Research is thus the original contribution to the existing stock of knowledge making for its advancement. It is the pursuit of truth with the help of study, observation comparison and experiment

CUSTOMER SATISFICATION

Customer satisfaction is the level of persons felt state resulting from comparing a products perceived performance in relation to the person's expectations. Thus the statisfication level is a function of the difference between perceived performance and expectations.

Consumer behavior

The term consumer behavior refers to the behavior that consumers' display in search for purchasing using evaluating and disposing of products and services that they expect will

satisfy their needs. It's the study of what consumer's buy, when they buy it how often they buy it, why they buy it and how often they use it.

Consumer research

Consumer research is the methodology used to study consumer behavior. Consumer research offers a set of diversified methods to identify consumer needs. It is used to identify both felt and unfelt needs, to learn how consumer perceives products and brands and store.

CHAPTER 2

RESEARCH DESIGN

Statement of the Problem:

‘A study on customer satisfaction towards life insurance services of ICICI Prudential in Bangalore’

Customers make decisions about products and brands. Decision making is matching of customer's cognitive evaluation of expectations with the likely performance expectation from the product. To make it simpler, when a customer buys a product, he has certain expectations out of it. It is important to manage customer satisfaction or dissatisfaction, as they influence long term profitability of the firm. Customer satisfaction has become sole goal of organization because customers are satisfied then an exponential revenue stream will follow and profitability will increase that is why the proposed study concentrates on customer satisfaction.

Objectives

1. To have a general understanding of financial services.
2. To study the financial services provided by ICICI Prudential.
3. To study the customer expectations from ICICI prudential life insurance service.
4. To study the customer satisfaction towards ICICI prudential.
5. To study the factors influencing the customer satisfaction.

Scope of the study:

- The research will be undertaken to gather information from the respondent to know exactly how many people are aware of services provided by ICICI prudential.
- The study helps to know major players in financial services.
- The study helps to understand factors influencing the decisions of consumers related to financial services.

Methodology

Descriptive method is used to carry out research where in primary data from the respondents will be collected through a structured questionnaire and secondary data through the various sources like magazines, News paper, web sites etc.

Sources of data

Sample Design

The sample can be defined as the group of similar items chosen from the Universe and it represents the universe. The sampling technique is Convenient sampling.

Sample Size is 100.

Data Collection

Primary

- Meeting up with the customers of ICICI PRUDENTIAL LIFE INSURANCE, Bangalore.
- Administering Questionnaires

Secondary

- Telephonic conversation
- Print media

Plan of Analysis

The data so collected was analyzed using percentage method, tables, graphs and will be presented in the form of bar diagrams and pie charts.

Limitations

- Time available for the study is not sufficient to collect data.
- Few customers may not be ready to share the information.
- The information given by the customers is biased.
- The study is limited to ICICI Prudential's life insurance service only.
- The study is confined to Bangalore city.

CHAPTER 3

COMPANY PROFILE

ICICI Prudential Life Insurance Company is a joint venture between ICICI, one of India's leading financial institutions and Prudential Plc, one of the world's largest life insurance companies headquartered in the United Kingdom. ICICI Prudential was amongst the first private insurance companies to begin operations in December 2000 after receiving approval from Insurance Regulatory and Development Authority. ICICI Prudential has consolidated its position as the leading private life insurer in India having 40% market share of Private Insurance companies. ICICI Prudential's annualized premium grew more than three fold over the previous year. Today, ICICI Prudential's equity base stands at Rs. 6.75 billion with ICICI Bank and Prudential plc holding 74% and 26% stake respectively. In the year ended March 31, 2004, the company had issued over 430,000 policies, for a total sum assured of over Rs.8, 000 crores and premium income in excess of Rs.980 crore. The company has a network of about 32,000 advisors; as well as 12 banks assurance tie-ups. Today the company is the Number 1 private life insurers in the country

ICICI Prudential offers excellent range of customized solutions to suit every need. The company is proud to possess highly professional, competent and well-trained advisors. It is the only private insurance company having the most exhaustive line up of products. During its first year itself, ICICI Prudential became the largest private insurer having sold more than 100,000 policies by March '02 and premium income of 1.2 billion rupees. Brand track puts ICICI Prudential as the number one with the highest brand call. It has got the most diversified distribution with the largest agency force and the most diversified portfolio with basket of the traditional, linked and pension products. The ICICI prudential Life Insurance as being the number one private player in this Industry is facing cutthroat competition from other private companies like are Birla Sunlife, HDFC, MAX and New York life. There are also strong performers like OM Kotak Mahindra, Tata AIG and Allianz Bajaj. The other private insurers who have come up and are establishing their presence includes Aviva life, Met Life India, SBI Life, AMP Sanmar, Sahara Life Insurance and, ING Vysya.

ABOUT THE PARTNERS OF ICICI PRU–LIFE financing to Indian businesses. In the 1990s, ICICI transformed its business from a development financial institution offering only project finance to a diversified financial services group offering a wide variety of products and services, both directly and through a number of subsidiaries and affiliates like ICICI Bank. In 1999, ICICI become the first Indian company and the first bank or financial institution from non-Japan Asia to be listed on the NYSE.

Mergers would enhance value for ICICI shareholders through the merged entity's access to low-cost deposits, greater opportunities for earning fee-based income and the ability to participate in the payments system and provide transaction-banking services. In October 2001, the Boards of Directors of ICICI and ICICI Bank approved the merger of ICICI and two of its wholly owned retail finance subsidiaries, ICICI Personal Financial Services Limited and ICICI Capital Services Limited, with ICICI Bank. Shareholders of ICICI and ICICI BANK approved the merger in January 2002, by the High Court of

Gujarat at Ahmedabad in March 2002, and by the High Court of Judicature at Mumbai and the Reserve Bank of India in April 2002. Consequent to the merger, the ICICI group's financing and banking operations, both wholesale and retail, have been integrated in a single entity.

PRUDENTIAL:

Prudential UK is a major financial services provider in the UK, offering a wide range of life and investment products to around 16 million customers across the globe. The company also has operations in Europe, the US, and in more than 12 countries in Asia.

Prudential has six reportable business segments including Prudential UK Insurance Operations, M&G and Egg, collectively referred to as UK Operations, US Operations, Asian Operations and European Operations. The major businesses of the company include Prudential UK & European Insurance Operations, M&G Investments, Egg, Prudential Corporation Asia, and Jackson National Life. In the UK, Prudential is the largest provider of life and pension products. The company's insurance operations in UK offers annuities, with-profits bonds savings and investment products, corporate and individual pensions and Individual Savings Accounts (ISAs) to more than seven million customers. For the fiscal year ended December 2003, the company generated revenues of £31,457 million.

Prudential's Asian operations have a strong presence in 12 countries including Singapore, Hong Kong, India and Malaysia. The Asian operations are conducted through Prudential Corporation Asia (PCA). Apart from direct operations the company also has strategic partnerships with regional leaders.

PCA offers life insurance products along with accident and health options, personal lines property and casualty insurance and mutual funds. It also offers a broad range of savings, protection and investment products.

Financial Highlights

ICICI Prudential's equity base stands at Rs. 1185 crores with ICICI Bank and Prudential plc holding 74% and 26% stake respectively. For the period April- December, 2005, the company garnered Rs. 1,430 crores of new business premium for a total sum assured of Rs. 15,170 crores and wrote 497,765 policies. For the year ended March 31, 2006, the company garnered Rs. 24.12 billion of weighted new business premium and wrote 837,963 policies. The sum assured in force stands at Rs. 458.88 billion. The company has a network of over 72,000 advisors; as well as 9 bank assurance partners and over 200 corporate agent and broker tie-ups. It is also the only life insurer in India to be assigned AAA credit rating from Fitch Ratings. For the past four years, ICICI Prudential has retained its position as the No. 1 private life insurer in the country, with a wide range of flexible products that meet the needs of the Indian customer at every step in life.

ICICI Prudential is also the only private life insurer in India to receive a National Insurer Financial Strength rating of AAA (Ind) from Fitch ratings. The AAA rating is the highest credit rating, and is a clear assurance of ICICI Prudential's ability to meet its obligations to customers at the time of maturity or claims.

Distribution

ICICI Prudential has one of the largest distribution networks amongst private life insurers in India, having commenced operations in over 116 cities and towns in India, stretching from Bhuj in the west to Guwahati in the east, and Amritsar in the north to Trivandrum in the south.

The company has 9 bank assurance tie-ups, having agreements with ICICI Bank, Bank of India, Federal Bank, South Indian Bank, Ernakulam Bank, Lord Krishna Bank, as well as about 290 corporate agents and brokers. It has also tied up with NGOs, MFIs and corporates for the distribution of rural policies and organizations like Dhan for distribution of Salaam Zindagi, a policy for the socially and economically underprivileged sections of society.

ICICI Prudential has recruited and trained more than 65,000 insurance advisors to interface with and advise customers. Further, it leverages its state-of-the-art IT infrastructure to provide superior quality of service to customers.

Product Profile

ICICI Prudential Life Insurance offers a range of innovative, customer-centric products that meet the needs of customers at every life stage. Its products can be enhanced with up to 5 riders, to create a customized solution for each policyholder.

A. Individual Insurance Plans

1. Savings Solutions

- SecurePlus is a transparent and feature-packed savings plan that offers 3 levels of protection.
- CashPlus is a transparent, feature-packed savings plan that offers 3 levels of protection as well as liquidity options.
- Save'n'Protect is a traditional endowment savings plan that offers life protection along with adequate returns.

- CashBack is an anticipated endowment policy ideal for meeting milestone expenses like a child's marriage, expenses for a child's higher education or purchase of an asset.
- LifeTime & LifeTimeII offer customers the flexibility and control to customize the policy to meet the changing needs at different life stages. Each offer 4 fund options Preserver, Protector, Balancer and Maximiser.
- LifeLink II is a single premium Market Linked Insurance Plan which combines life insurance cover with the opportunity to stay invested in the stock market.
- Premier Life is a limited premium paying plan that offers customers life insurance cover till the age of 75.
- InvestShield Life is a Market Linked plan that provides capital guarantee on the invested premiums and declared bonus interest.
- InvestShield Cash is a Market Linked plan that provides capital guarantee on the invested premiums and declared bonus interest along with flexible liquidity options.
- InvestShield Gold is a Market Linked plan that provides capital guarantee on the invested premiums and declared bonus interest along with limited premium payment terms

2. Protection Solutions

- LifeGuard is a protection plan, which offers life cover at very low cost. It is available in 3 options level term assurance, level term assurance with return of premium and single premium.
- HomeAssure is a mortgage reducing term assurance plan designed specifically to help customers cover their home loans in a simple and cost-effective manner.

3. Child Plans

- SmartKid education plans provide guaranteed educational benefits to a child along with life insurance cover for the parent who purchases the policy. The policy is

designed to provide money at important milestones in the child's life. SmartKid plans are also available in unit-linked form both single premium and regular premium.

4. Retirement Solutions

- Forever Life is a retirement product targeted at individuals in their thirties.
- SecurePlus Pension is a flexible pension plan that allows one to select between 3 levels of cover.

5. Market-linked retirement products

- LifeTime Pension II is a regular premium market-linked pension plan
- LifeLink Pension II is a single premium market-linked pension plan.
- InvestShield Pension is a regular premium pension plan with a capital guarantee on the investible premium and declared bonuses.
- Golden Years: is a limited premium paying retirement solution that offers tax benefits up to Rs 100,000 u/s 80C, with flexibility in both the accumulation and payout stages.

ICICI Prudential also launched "Salaam Zindagi", a social sector group insurance policy targeted at the economically underprivileged sections of the society.

6. Health Solution

- Health Assure: Is a regular premium plan which provides long term cover against 6 critical illnesses by providing policyholder with financial assistance, irrespective of the actual medical expenses.

- Health Assure Plus: Is a regular premium plan which provides long term cover against 6 critical illnesses by providing financial assistance, irrespective of actual medical expenses, as well as an equivalent life insurance cover

B. Group Insurance Solutions

ICICI Prudential also offers Group Insurance Solutions for companies seeking to enhance benefits to their employees.

- ICICI Pru Group Gratuity Plan: ICICI Pru's group gratuity plan helps employers fund their statutory gratuity obligation in a scientific manner. The plan can also be customized to structure schemes that can provide benefits beyond the statutory obligations.
- ICICI Pru Group Superannuation Plan: ICICI Pru offers a flexible defined contribution superannuation scheme to provide a retirement kitty for each member of the group. Employees have the option of choosing from various annuity options or opting for a partial commutation of the annuity at the time of retirement.
- ICICI Pru Group Term Plan: ICICI Pru's flexible group term solution helps provide affordable cover to members of a group. The cover could be uniform or based on designation/rank or a multiple of salary. The benefit under the policy is paid to the beneficiary nominated by the member on his/her death.

C. Flexible Rider Options

ICICI Pru Life offers flexible riders, which can be added to the basic policy at a marginal cost, depending on the specific needs of the customer.

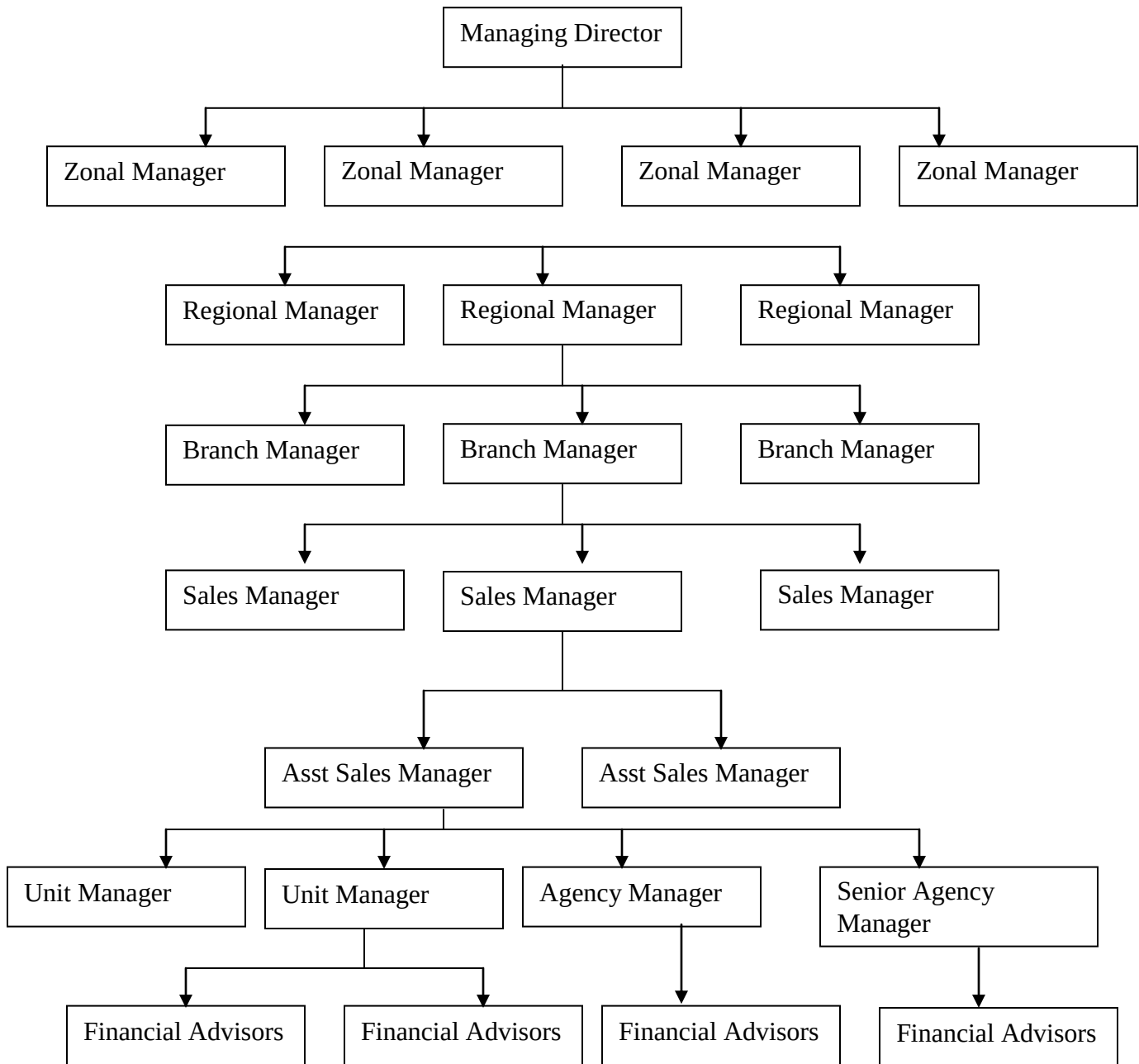
- Accident & disability benefit: If death occurs as the result of an accident during the term of the policy, the beneficiary receives an additional amount equal to the rider sum assured under the policy. If the death occurs while traveling in an authorized mass transport vehicle, the beneficiary will be entitled to twice the sum assured as additional benefit.

- Accident Benefit: This rider option pays the sum assured under the rider on death due to accident.
- Critical Illness Benefit: protects the insured against financial loss in the event of 9 specified critical illnesses. Benefits are payable to the insured for medical expenses prior to death.
- Income Benefit: This rider pays the 10% of the sum assured to the nominee every year, till maturity, in the event of the death of the life assured. It is available on SmarKid, SecurePlus and CashPlus
- Waiver of Premium: In case of total and permanent disability due to an accident, the premiums are waived till maturity. This rider is available with SecurePlus and CashPlus.

Latest Product of ICICI Prudential.

The latest product of the company is the Cancer Care which is a comprehensive cancer Insurance plan that covers most forms of cancer and is uniquely designed to provide benefits at both early and advanced stages of cancer.

ORGANIZATON STRUCTURE



KEY FUNCTIONS

1. Tied agency

- Direct Selling through ICICI Prudential commissioned Advisors, who are not on our rolls but work on commission basis under a unit manager

2. Bank assurance and Alliances

- Banks & other financial service providers such as advisory services, mutual fund distributors etc. act as intermediaries or “agents” in selling insurance.
- These institutions could choose to be our Corporate Agents, wherein they are exclusively ICICI Prudential distributors or Brokers, wherein they could sell the insurance products of other companies as well.

3. Group Business

We offer Group Insurance Solutions for companies seeking to enhance benefits to their employees. The Solutions offered are: Group Gratuity Plans, Group Superannuation Plans and Group Term Plans.

4. Rural Sales

All Private life insurance companies need to compulsorily source a certain percentage of Policies from the rural market every year (As per IRDA guidelines) which forms the basis of this segment.

5. Marketing

The marketing function is involved in effectively communicating the benefits of insurance to consumers & positioning the products after careful and exhaustive market segmentation. It also works on identifying new products and extending reach. The function consists of teams dedicated to Brand & Communications, Product Development & Channel Marketing.

6. Direct Marketing

Direct marketing taps databases to generate high quality leads for profitable business, mainly through telemarketing. DM works through a combination of direct mail and telesales for products with little or minimal under-writing

7. Finance

The Finance team is involved in ensuring regulatory compliance, carrying out financial accounting and control, business analysis and planning to assess the health of the business and build it and finally Internal auditing to build an effective organization through a system of internal checks and balances

8. Customer Services and Operations

The function is dedicated towards achieving value through Customer Centricity and consists of the following functions

- The Customer Service department is responsible for handling Customer acquisition, Query resolution on new products, schemes and features & Customer retention.
- The Operations department streamlines the work processes between the customer and the company. Composed of regional & central teams, it interfaces
- Between the clients and the agents, the branches and the underwriters to ensure consistent and quality service to the customer.

9. Investments

The team is dedicated to creating value through a sound investment strategy. The core functions are Market Assessment, Asset Allocation and Portfolio Risk Management.

10. Information Technology

The IT team conceptualizes implements and maintains various systems to meet user requirements. The function consists of the Departments dedicated to Systems Delivery, Operations & Infrastructure, IT Architecture and strategy & IT Quality.

11. Human Resources

The Human resources function is dedicated to attracting, retaining and developing talent to meet the increasing needs of Business. It consists of a Corporate HR team and Regional teams across the country.

VISION, MISSION AND VALUES

VISION

To make ICICI Prudential the dominant Life and Pensions player built on trust by world-class people and service.

MISSION

‘To cover at every step in Life’

CORE VALUES

- Integrity
- Customer First
- Boundary less,
- Ownership
- Passion

Enduring the vision and Values

- Understanding the needs of customers and offering them superior products and service
- Leveraging technology to service customers quickly, efficiently and conveniently
- Developing and implementing superior risk management and investment strategies to offer sustainable and stable returns to our policyholders
- Providing an enabling environment to foster growth and learning for our employees
- And above all, building transparency in all our dealings.

Corporate Profile

Incorporation

ICICI Prudential Life Insurance Company is a joint venture between ICICI Bank, a premier financial powerhouse, and prudential plc, a leading international financial services group headquartered in the United Kingdom. ICICI Prudential was amongst the first private sector insurance companies to begin operations in December 2000 after receiving approval from Insurance Regulatory Development Authority (IRDA).

Sales Review

ICICI Prudential's equity base stands at Rs. 1185 crore with ICICI Bank and Prudential plc holding 74% and 26% stake respectively. For the year ended March 31, 2006, the company garnered Rs 24.12 billion of weighted new business premium and wrote 837,963 policies. The sum assured in force stands at Rs 458.88 billion. The company has a network of over 72,000 advisors; as well as 9 banc assurance partners and over 200 corporate agent and broker tie-ups. It is also the only life insurer in India to be assigned AAA credit rating from Fitch Ratings. For the past five years, ICICI Prudential has retained its position as the No. 1 private life insurer in the country, with a wide range of flexible products that meet the needs of the Indian customer at every step in life.

Board of Directors

Mr. K.V. Kamath is the Chairman of ICICI Prudential. The other Members are MR. Mark Norbom, Mrs. Lalitha D. Gupte, Mrs. Kalpana Morparia, Mrs. Chanda Kocchar, Mr. H.T. Phong, Mr. M.P Modi, Mr. R. Narayanan, Mr. Keki Dadiseth, Mrs. Shikha Sharma, The managing Director and N.S. Kannan, The Executive Director.

Branches

The company has 23 operations in 12 countries in Asia. In India the Company has 95 branches. The main Branches are in Mumbai, Kolkata, Chennai, Delhi, Chandigarh, Hyderabad, Jaipur, Cochin, Lucknow and Pune.

Number of Employees: 20,000

Number of Customers: 16 million

Number of Advisors : 75000

Milestones of ICICI Prudential

- October 2002 : 2 % Brand Recall compared to 98% of LIC
- December 2002 :The first Financial Services Company to get the status Super brand
- November 2003 : Half-million policy milestone
- December 2003 : Rs 1000 crore premium income milestone
- September 2004 : Rs 1000 crore premium income milestone
- September 2005 : More than 5000 Crore in Funds under management
- December 2005 : 5 Years of leadership among Private Life Insurers

Remarkable achievements

- Prudential UK awarded “Best Pension Provider”
- Most Competitive Annuity Provider of the Year” (money facts 2003)
- Retained the position as the No. 1 private life insurer in the country
- Only life insurer in India to be assigned AAA ratings from the Fitch ratings

CHAPTER 4

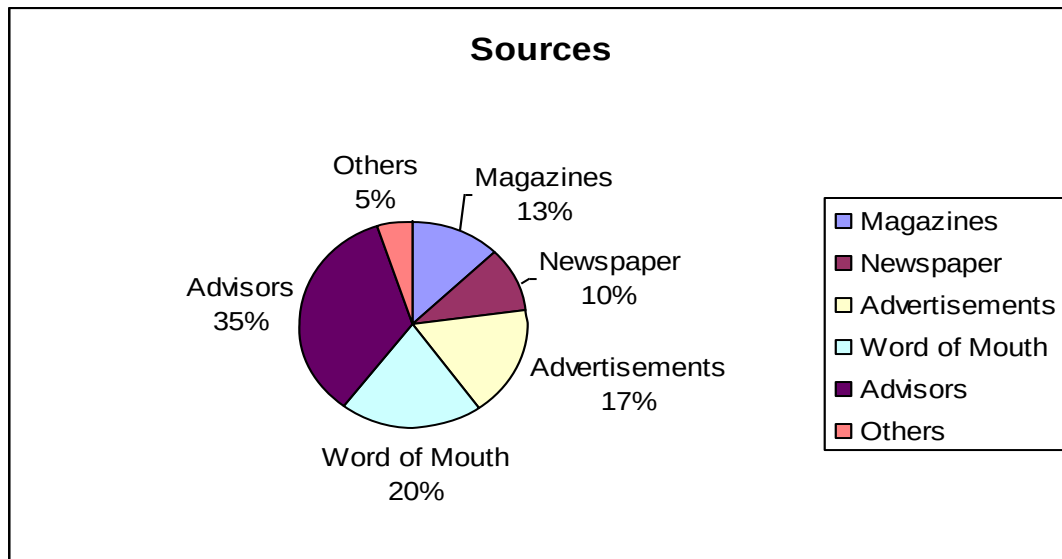
ANALYSIS & INTERPRETATION

4.1 Sources of Knowledge of ICICI Prudential

Table 4.1. Table Indicating the sources of knowledge of ICICI Pru.

Particulars	Respondents	Percentage
Magazines	13	13
Newspapers	10	10
Advertisements	17	17
Word of Mouth	20	20
Advisors	35	35
Others	5	5
TOTAL	100	100

Graph 4.1.a Graph showing indicating the sources of knowledge of ICICI Pru



Analysis of Data:

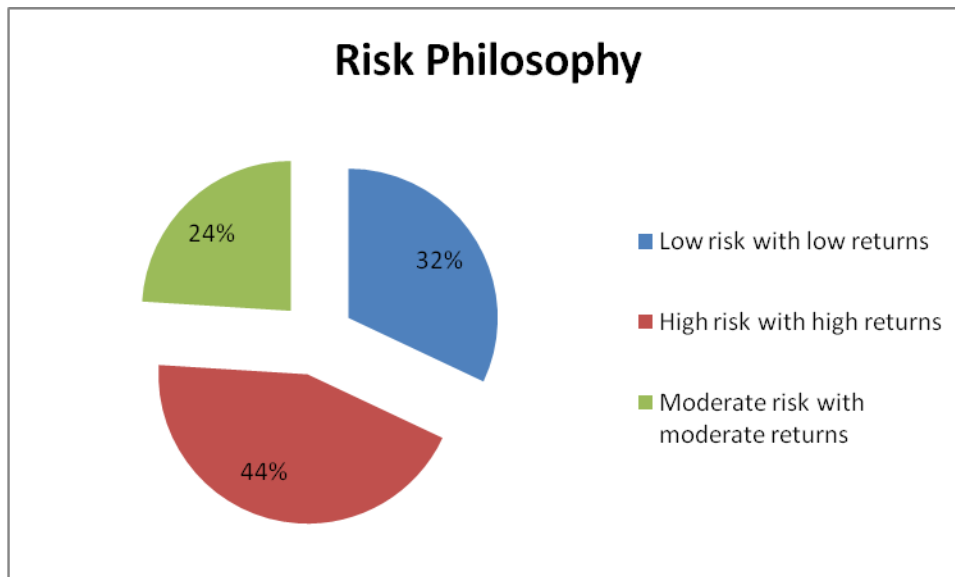
Major respondents had the knowledge of ICICI Pru through advisors, Word of mouth has its important role in sales growth of ULIP products, Advertisements, News paper, magazines and Good will of the company are the other sales promoting tools.

4.2 The Risk Philosophy of the customers

Table 4.2 Table showing Risk Philosophy of the Customers

Particulars	Respondents	Percentage
Low risk with low returns	32	32
High risk with high returns	44	44
Moderate risk with moderate returns	24	24
TOTAL	100	100

Graph 4.2. Graph showing Risk Philosophy of the Customers



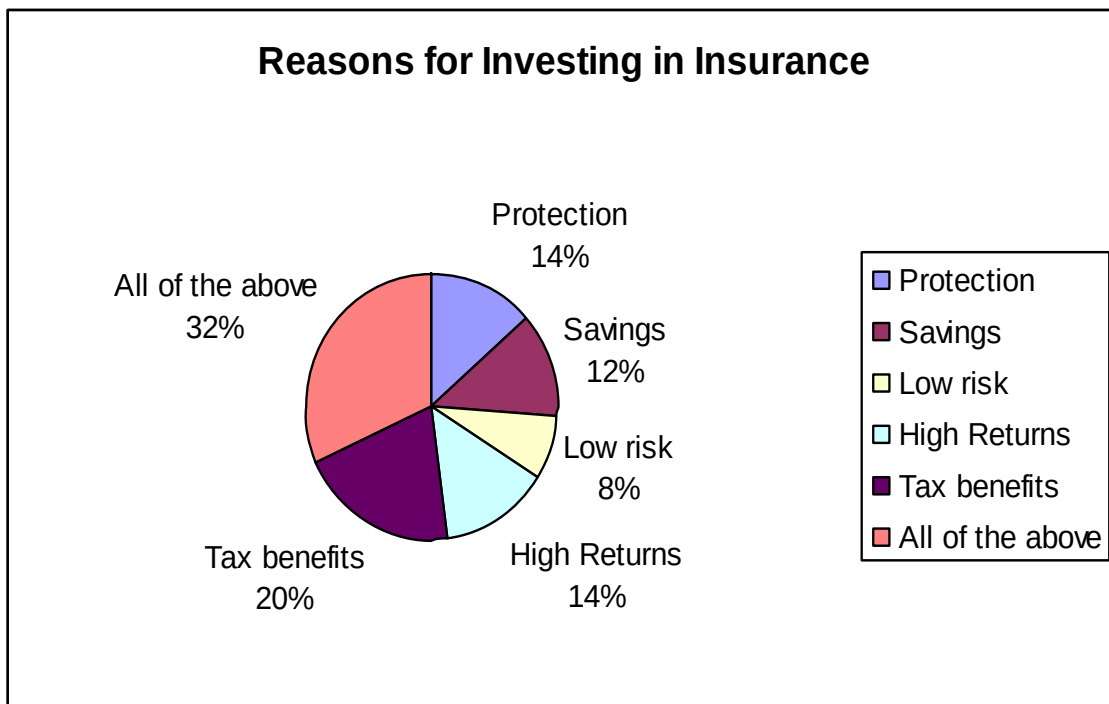
Analysis of Data: 32% of the respondents are of the opinion that their risk philosophy is low risk with low returns, 44% are of the opinion that their philosophy is high risk with high returns and 24% of them are of opinion that their risk philosophy is moderate risk with moderate returns. They are expecting a consistent market returns in terms medium risk.

4.3 Reasons for Investing in a Life Insurance Plan

Table 4.3 Table showing indicating the reasons for investing in a Life Insurance Plan

Particulars	Respondents	Percentage
Protection	14	14
Savings	12	12
Low risk	8	8
High Returns	14	14
Tax benefit	20	20
All of the above	32	32
Total	100	100

Graph 4.3 Graph showing indicating the reasons for investing in a Life Insurance Plan



Analysis of Data:

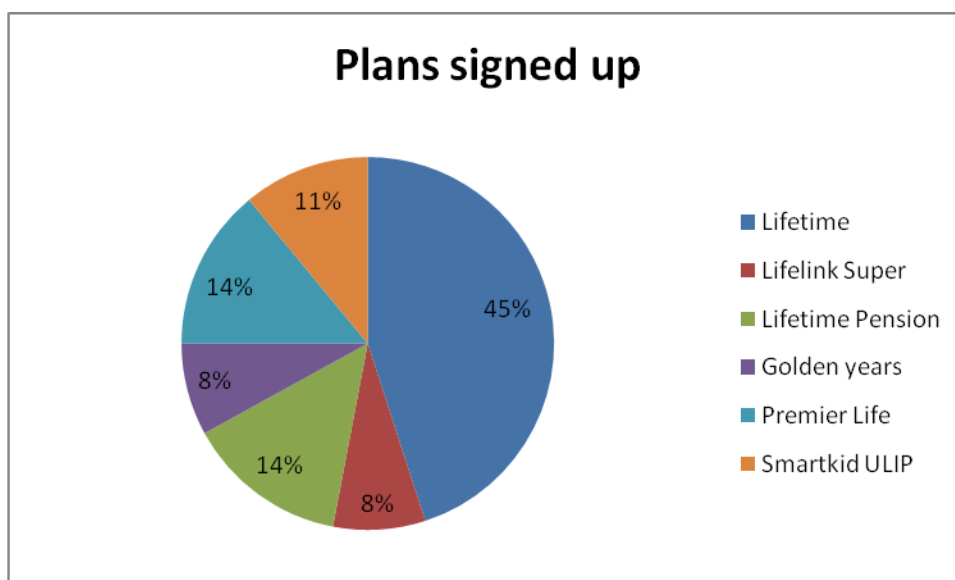
Some of the respondents is said to have invested in Insurance for protection some of them for the sake of saving, some of them invested for reducing their risk, somebody is said to have invested for getting high returns from the investments, some of the respondents have taken insurance for tax benefits and the remaining respondents is said to have taken insurance for all the above reasons.

4.4 The ULIP Plans the customers have signed up with the Company

Table 4.4 Table showing the ULIP plans that have been signed up

Particulars	Respondents	Percentage
Lifetime	45	45
Lifelink Super	8	8
Lifetime Pension	14	14
Golden years	8	8
Premier Life	14	14
Smartkid ULIP	11	11
Total	100	100

Graph 4.4. Graph showing the ULIP plans that have been signed up



Analysis of Data:

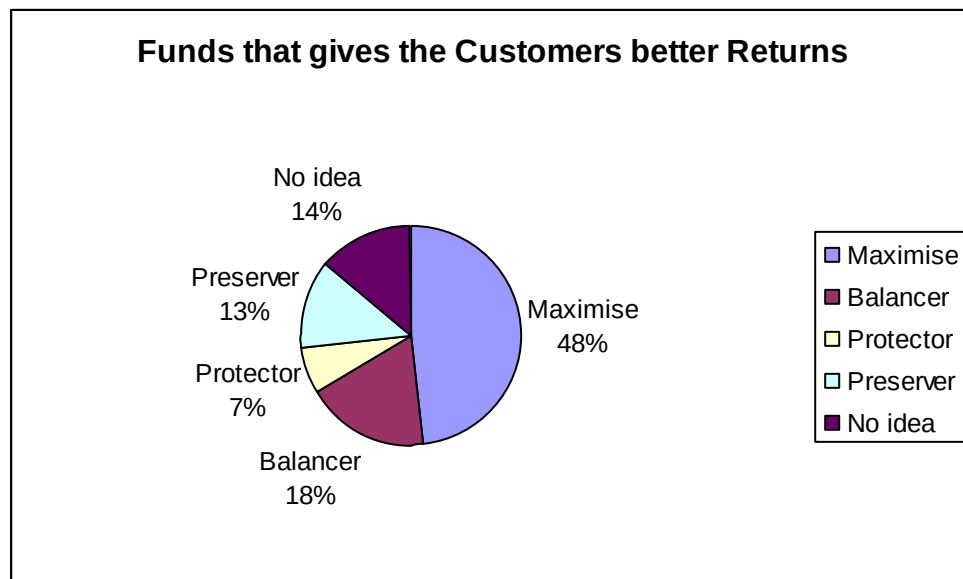
Most of the respondents have signed up with Lifetime which is the plan providing flexibility more, 8% with Life link Super and golden years each, 14% of them have signed up with Premier life and Lifetime pension each and 11% with smart kid.

4.5 The Funds that gives better Returns in Future

Table 4.5 Table showing the funds that gives better Returns

Particulars	Respondents	Percentage
Maximiser	48	48
Balancer	18	18
Protector	7	7
Preserver	13	13
No Idea	14	14
TOTAL	100	100

Graph 4.5. Graph showing the funds that gives better Returns



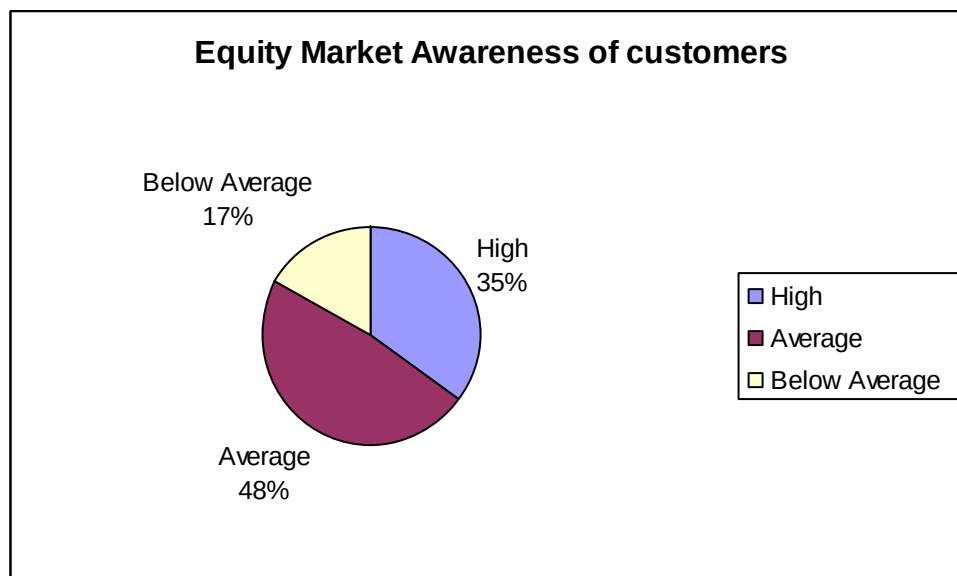
Analysis of Data: Most of the respondents are of opinion that Maximiser would fetch them better returns compared to others, some of them believe that balancer would give them the better returns, and some believe that Protector give them better returns, some for preserver and the remaining had no idea about the funds

4.6 Customers awareness about Equity Market

Table 4.6 Table showing customer awareness about equity market

Particulars	Respondents	Percentage
High	35	35
Average	48	48
Below Average	17	17
TOTAL	100	100

Graph 4.6. Graph showing customer awareness about equity market



Analysis of Data

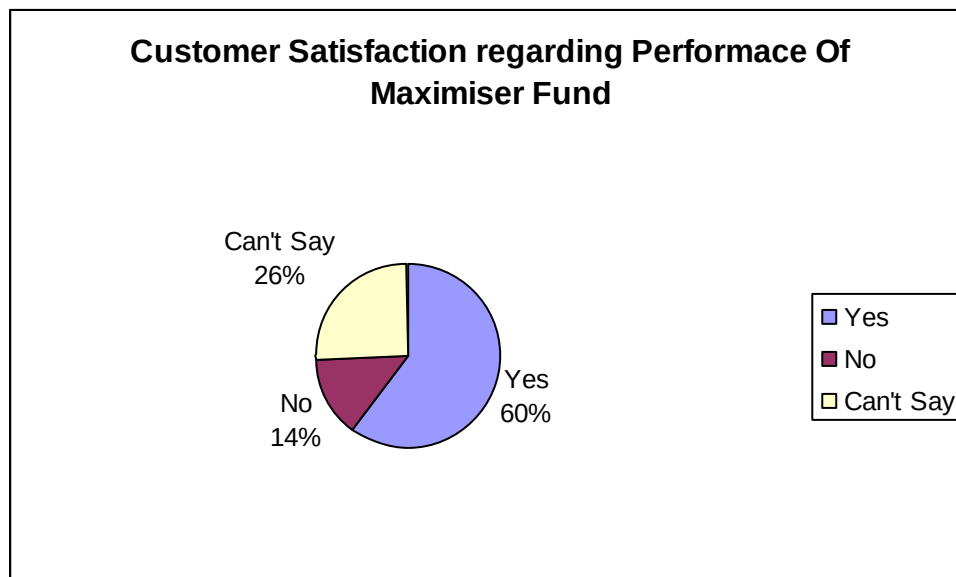
Most of the respondents have high knowledge about the equity market. Some respondents have an average knowledge about the equity market. Most of the respondents have an average knowledge about the equity market.

4.7 Satisfaction level with regard to the Performance of diversified portfolio of Maximiser Fund

Table 4.7 Table showing satisfaction level with regard to maxi miser fund

Particulars	Respondents	Percentage
Yes	60	60
No	14	14
Can't Say	26	26
TOTAL	100	100

Graph 4.7. Graph showing satisfaction level with regard to maxi miser fund



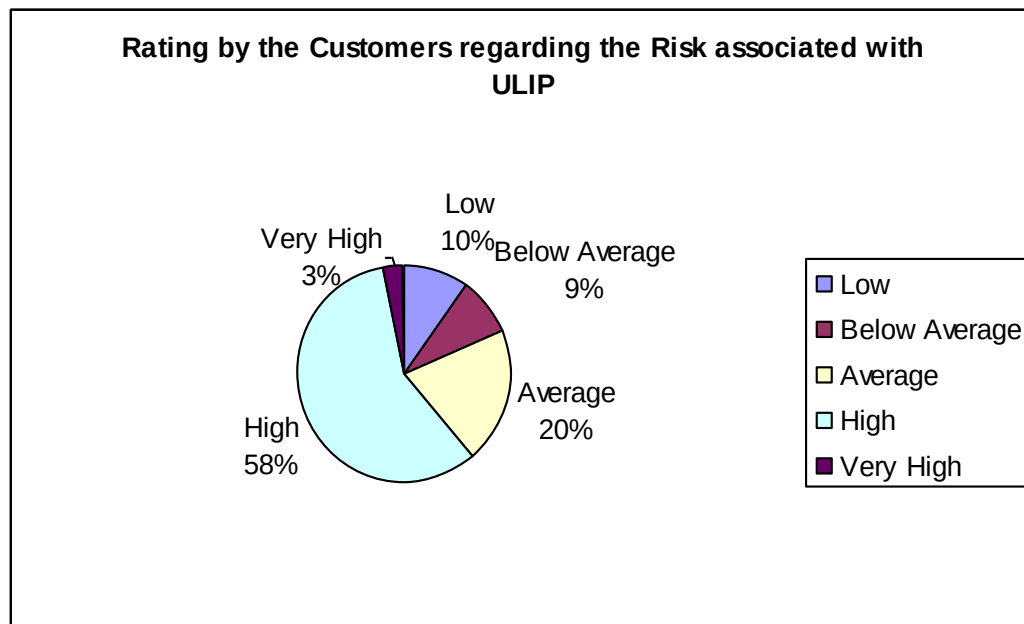
Analysis of Data: It was found that most of the respondents were satisfied with the performance of maximiser fund. Some of them were not satisfied with the performance of maximiser fund. Precisely some of the respondents were of the opinion that they can't say if they are satisfied with the fund performance or not.

4.8 Risk associated with ULIP Plans

Table 4.8 Table showing risk associated with ULIP

Particulars	Respondents	Percentage
Low	10	10
Below Average	9	9
Average	20	20
High	58	58
Very High	3	3
TOTAL	100	100

Graph 4.8. Graph showing risk associated with ULIP



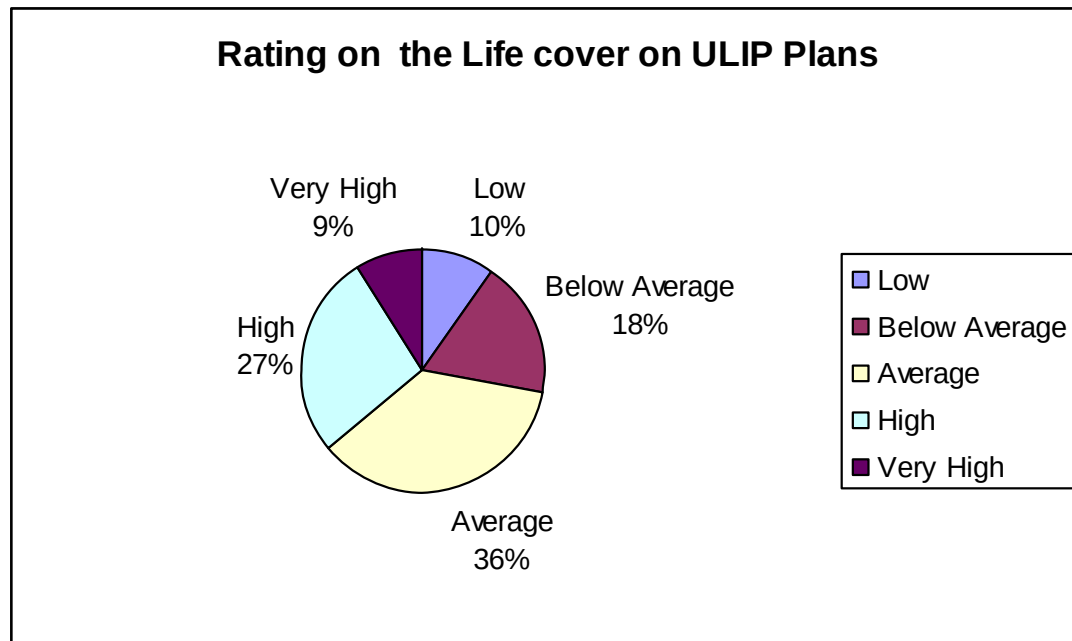
Analysis of Data: 10% of the respondents rated low for the risk associated with ULIP, 9% opted for below average, 20% think that the risk is average, 58% think the risk is high, and the remaining 3% think the risk is very high in ULIP Plans.

4.9 Perception of the customers on the Life Cover on ULIP of

Table 4.9 Table showing perception on the life cover of ULIP

Particulars	Respondents	Percentage
Low	10	10
Below Average	18	18
Average	36	36
High	27	27
Very High	9	9
TOTAL	100	100

Graph 4.9. Graph showing perception on the life cover of ULIP



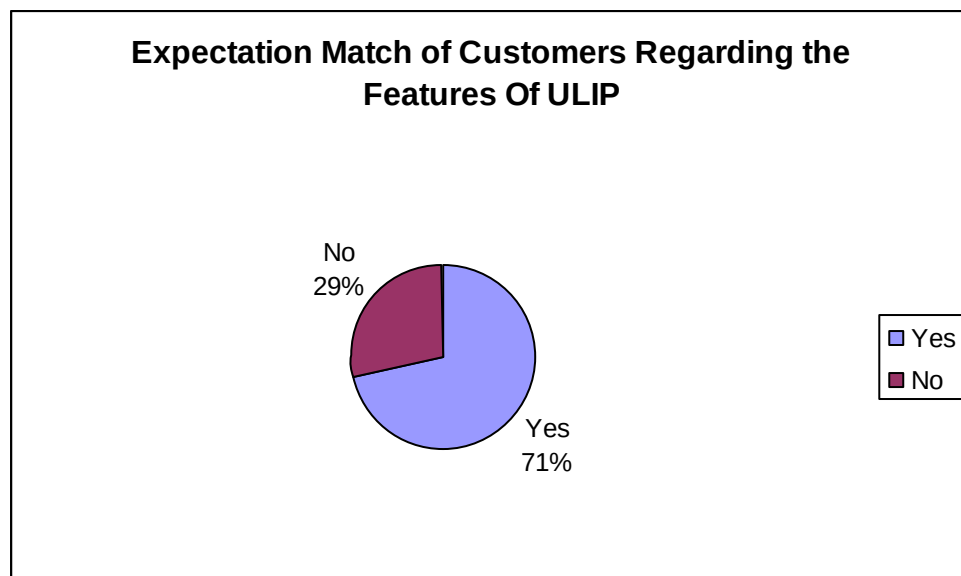
Analysis of Data: 36% of the respondents think that the life cover provided on ULIP is average, 27% think that it is high, 18% think it is below average, 9% think that the life cover given is very high and 10% think that the life cover is low.

4.10. ULIP features match with the customer Expectation

Table 4.10 Table showing features match the customer expectation.

Particulars	Respondents	Percentage
Yes	71	71
No	29	29
TOTAL	100	100

Graph. 4.10. Graph showing features match the customer expectation.



Analysis of Data:

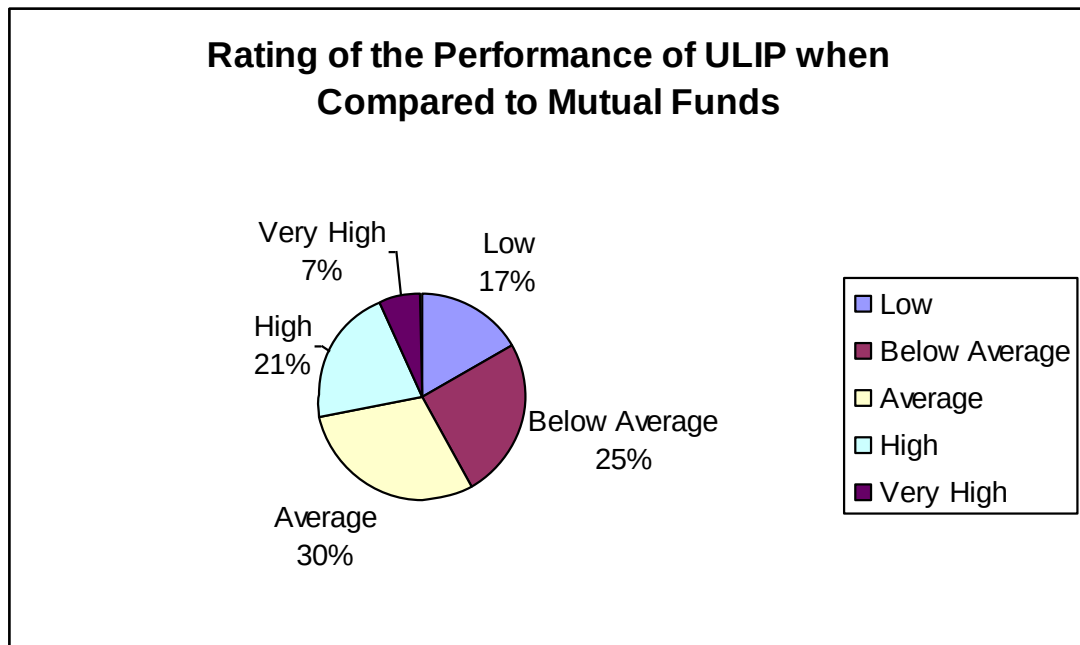
Most Of the respondents were of the opinion that their expectations match with the features provided by ULIP Plans and some of the respondents were of the opinion that the features does not match with their expectation.

4.11. Performance of ULIP in comparison to Mutual Fund

Table 4.11 Table showing performance comparison of ULIP with MF

Particulars	Respondents	Percentage
Low	17	17
Below Average	25	25
Average	30	30
High	21	21
Very High	7	7
TOTAL	100	100

Graph 4.11. Graph showing performance comparison of ULIP with MF



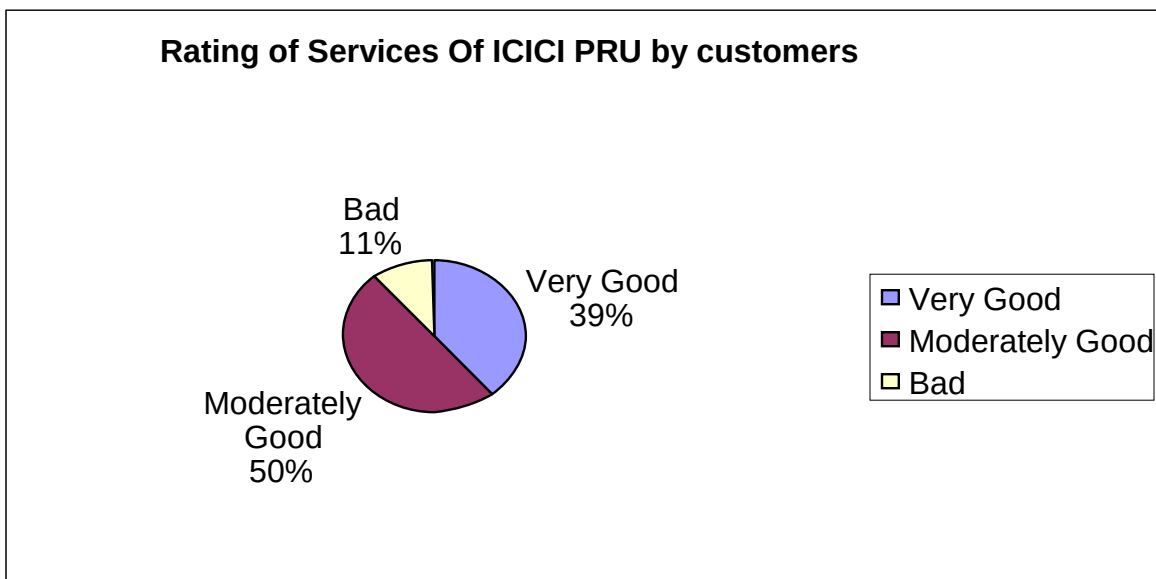
Analysis of Data: 30% Of the respondents think that the performance of ULIP is average when compared to Mutual fund, 25% think it is below average, 21% think it is high 17% think it is low and 7% think the performance of ULIP is very high when compared with Mutual Fund

4.12 Services of ICICI Prudential

Table 4.12 Table showing perception regarding the services provided

Particulars	Respondents	Percentage
Very Good	39	39
Moderately Good	50	50
Bad	11	11
Total	100	100

Graph 4.12. Graph showing perception regarding the services provided



Analysis of Data :

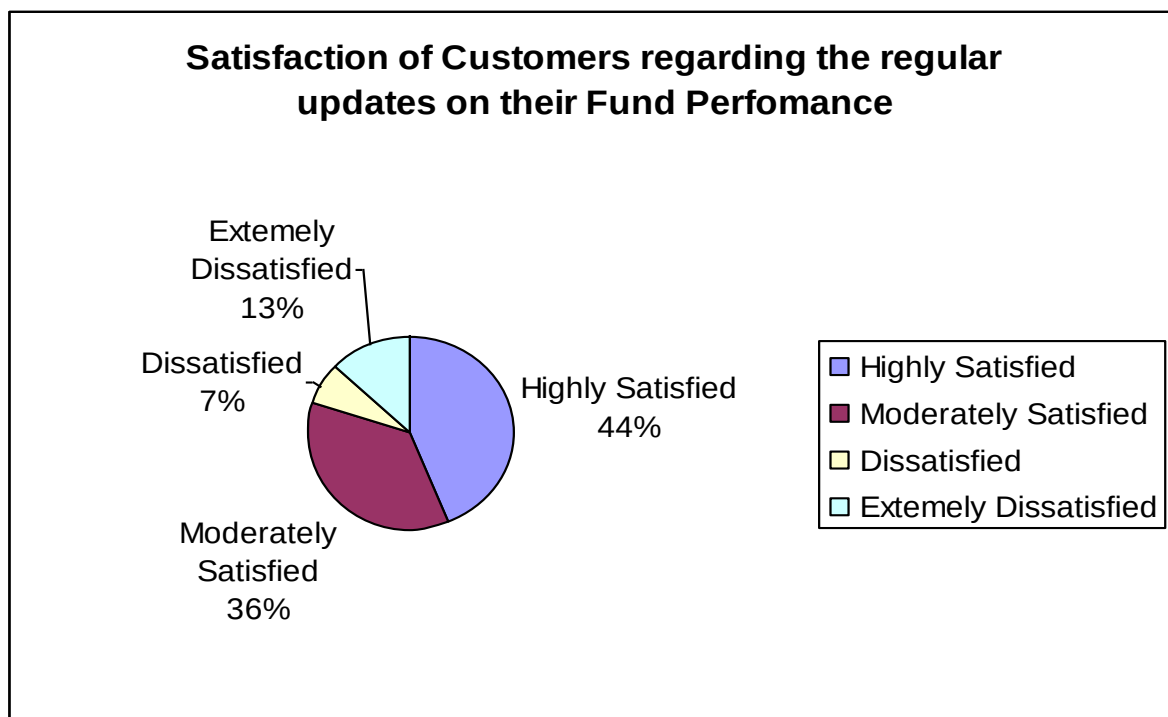
Half of the respondents were of the opinion that the services provided by the ICICI Prudential are moderately good, some of the respondents said that it is very good and others said that the services they got was bad.

4.13 Satisfaction level with the regular updates of Fund Performance

Table 4.13 Table showing satisfaction with the updates of performance

Particulars	Respondents	Percentage
Highly Satisfied	44	44
Moderately Satisfied	36	36
Dissatisfied	7	7
Highly dissatisfied	13	13
TOTAL	100	100

Graph 4.13 Graph showing satisfaction with the updates of performance



Analysis of Data:

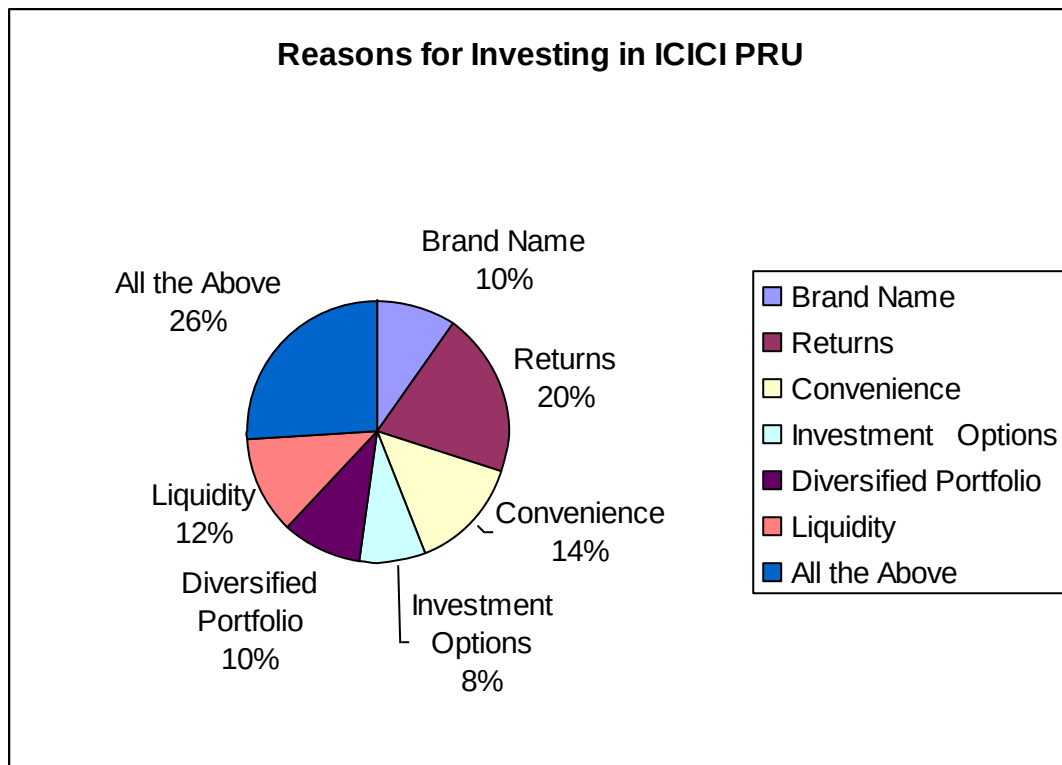
44% of the respondents said that they are highly satisfied with the regular updates on the fund performance. 36% said they are moderately satisfied, 13% said that they are highly dissatisfied and the remaining 7% said that they are dissatisfied.

4.14 Reasons for investing in ICICI Prudential ULIP

Table 4.14 Table showing reasons for investing in ICICI PRU ULIP

Particulars	Respondents	Percentage
Brand Name	10	10
Returns	20	20
Convenience	14	14
Investment Options	8	8
Diversified Portfolio	10	10
Liquidity	12	12
All of the above	26	26
TOTAL	100	100

Graph 4.14 Graph showing reasons for investing in ICICI PRU ULIP



Analysis of Data

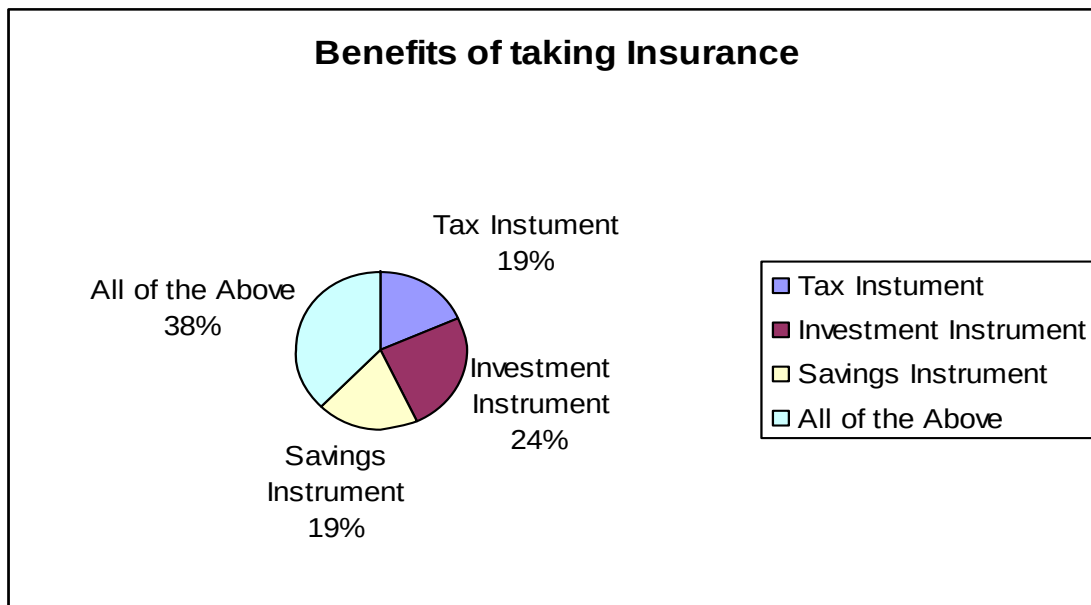
10% of the respondents invested in ICICI PRU for the Brand Name, 20% for the returns, 14% for the sake of convenience, 10% for the diversified portfolio, 12% for the liquidity option, 8% for the investment option, and the remaining 26% opted the company for all the above reasons.

4.15 Benefits of taking Insurance Policy

Table 4.15 Table showing benefits of taking insurance for the customers

Particulars	Respondents	Percentage
Tax Instrument	19	19
Investment Instrument	24	24
Savings Instrument	19	19
All of the above	38	38
TOTAL	100	100

Graph 4.15 Graph showing benefits of taking insurance for the customers



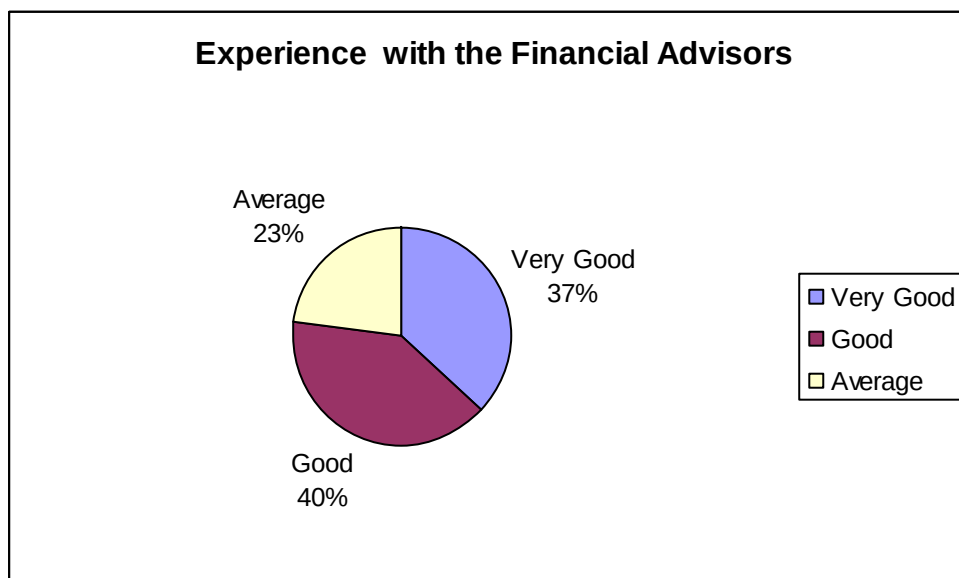
Analysis of Data: 24% of the respondents said that they had the benefits of investment instrument by taking the insurance policy, 19% said they had tax benefit, 19% said they had savings benefit and 38% said they had the benefits of all the above instruments.

4.16 Experience with the Financial Advisor of ICICI Prudential

Table 4.16 Table showing experience of the customers with the Advisors

Particulars	Respondents	Percentage
Very Good	37	37
Good	40	40
Average	23	23
TOTAL	100	100

Graph 4.16 Graph showing experience of the customers with the Advisors



Analysis of Data:

40% of the respondents said that their experience with the Financial Advisor of ICICI Prudential was Good, 37% said that their experience was Very good, and the remaining 23% said that their experience with the Advisors was an average, neither too good nor bad.

CHAPTER 5

FINDINGS OF THE STUDY

- The sample size was hundred. 68% of the respondents were males and 32% were females. The research shows that the male populations are more tend to take ULIP Plans and to invest in it more by paying a high premium.
- Out of the 100 respondents 28% of them fall in the age bracket of 21-30, 31% fall in the age bracket of 31-40, 18% of them fall in the age bracket of 41-50, 16% of the respondents fall in the age bracket of 51-60 and the remaining 7% fall in the age bracket of 61-70. The people in the age group of 21-30 have taken the highest number of ULIP Plans and this group invests a large amount of money for insurance plans especially ULIP Plans
- 45% of the respondents were professionals, 24% were Businessmen, 18% were into Government Services and 13% of the respondents had different occupation. The study shows that the professionals are more likely to invest in ULIP PLANS.
- 10% of the respondents had the knowledge of ICICI Prudential through newspapers, 13% through magazines, 17% through Advertisements, 20% through word of mouth, 35% through advisors and 5% through other sources. The study shows that most of the customers came to know about ICICI Prudential through the Company's Financial Advisors.
- 32% of the respondents are of the opinion that their risk philosophy is low risk with low returns, 44% are of the opinion that their philosophy is high risk with high returns and 24% of them are of opinion that their risk philosophy is moderate risk with moderate returns. Most of the respondents prefer high risk with high returns.

- 14% of the respondents is said to have invested in Insurance for protection, 12% of them for the sake of saving, 8% of them invested for reducing their risk, 14% is said to have invested for getting high returns from the investments, 20% of the respondents have taken insurance for tax benefits and the remaining 32% of the respondents is said to have taken insurance for all the above reasons.
- 45% of the respondents have signed up with Lifetime ULIP Plan, 8% with Lifelink Super and golden years each, 14% of them have signed up with Premier life and Lifetime pension each and 11% with Smartkid. The study shows the highest sales come from the Lifetime ULIP Plan.
- 48% of the respondents are of the opinion that Maximiser would fetch them better returns compared to others, 18% of them believe that balancer would give them the better returns, and 7% believe that Protector give them
- better returns, 13% for preserver and the remaining 14% had no idea about the funds. The study shows maximiser fund gives the highest returns.
- 35% of the respondents have high knowledge about the equity market. 17% have an average knowledge about the equity market. Most of the respondents have an average knowledge about the equity market the percentage being 48%.
- 60% of the respondents are satisfied with the performance of maximiser fund. 14% were not satisfied with the performance of maximiser fund. 26% of the respondents were of the opinion that they are either satisfied nor dissatisfied. The study shows that most of the respondents are satisfied with the performance of the diversified portfolio of Maximiser Fund.
- 10% of the respondents rated low for the risk associated with ULIP, 9% opted for below average, 20% think that the risk is average, 58% think the risk is high, and the remaining 3% think the risk is very high in ULIP Plans. Most of the respondents think that the risk is high.

- 36% of the respondents think that the life cover provided on ULIP is average, 27% think that it is high, 18% think it is below average, 9% think that the life cover given is very high and 10% think that the life cover is low.
- 71% Of the respondents were of the opinion that their expectations match with the features provided by ULIP Plans and 29% were of the opinion that the features does not match with their expectation.
- 30% Of the respondents think that the performance of ULIP is average when compared to Mutual fund, 25% think it is below average, 21% think it is high 17% think it is low and 7% think the performance of ULIP is very high when compared with Mutual Fund. Most of the respondents think that the performance of ULIP compared to MF is more or less same.
- 50% of the respondents were of the opinion that the services provided by the ICICI Prudential are moderately good, 39% said that it is very good and 11% said that the services they got was bad. Most of the respondents say that the services of ICICI Prudential is good.
- 44% of the respondents said that they are highly satisfied with the regular updates on the fund performance. 36% said they are moderately satisfied, 7% said that they are dissatisfied and the remaining 13% said that they are highly dissatisfied. Most of the respondents are highly satisfied.
- 10% of the respondents invested in ICICI PRU for the Brand Name, 20% for the returns, 14% for the sake of convenience, 10% for the diversified portfolio, 12% for the liquidity option, 8% for the investment option, and the remaining 26% opted the company for all the above reasons.
- 24% of the respondents said that they had the benefits of investment instrument by taking the insurance policy, 19% said they had tax benefit, 19% said they had savings benefit and 38% said they had the benefits of all the above instruments.

- 40% of the respondents said that their experience with the Financial Advisor of ICICI Prudential was Good, 37% said that their experience was Very good, and the remaining 23% said that their experience with the Advisors was average, neither too good nor bad.
- 11% Of the respondents have low risk philosophy and high market awareness.17% with high awareness have moderate risk philosophy, 7% have high risk philosophy and high market awareness.
- 15% of the respondents have an average knowledge about the market and with low risk aptitude, 24% of them have moderate awareness with moderate risk aptitude. 9% of them have moderate awareness but low risk aptitude.
- 6% of the respondent's market awareness is below average with low risk aptitude. 3% have moderate risk aptitude and knowledge of the market is below average. Remaining 8% have below average knowledge but their risk attitude is high.
- 33Majority of people that is 15% of the respondents that ULIP performance is better than mutual funds.
- Very few people think the comparative performance of ULIP vs Mutual Fund is extremely high or low that is 1%.
- Overall the Customers are satisfied with their investment, fund performance and services of ICICI Prudential.

SUGGESTIONS

- In India around 75% of the population is not covered under Insurance. So effective sales promotional activities in the uncovered areas should be taken up to increase the sales.
- Lifetime ULIP Plans give the maximum sales to the company, so in city like Bangalore where there are many companies, create the awareness of ULIP Plans even among middle income group so that they know the benefits of ULIP and features.
- As there are more Companies and projects coming up, the professionals are tend to increase in Bangalore which gives good prospects for companies where the professionals would look at tax benefit and investment. Aggressive corporate presentation would help in getting many Customers.
- Giving more customized services to High Networth Individual customers will make them remain in the Company investing for longer period of time and to be loyal customers. These customers may buy the new products of the company.
- Giving the customers detailed information regarding the Equity market and the performance of their fund will make them more aware of their investment which will create confidence in the company.
- Training the Advisors to handle different types of customers and to plan their investment in a most appropriate will make the customers stick to the company and would make them approach the Advisors for further suggestions. This will increase the quality of services provided to them.
- There should be better strategies formulated especially for the customers because their investment contributes a large portion of sales and profits and so they need to be retained.

CONCLUSION

Although Life Insurance corporation (LIC) being a veteran company , in today's market scenario ICICI PRU LIFE has surpassed and satisfied people better , capturing 32.5% of the private market share in the insurance sector.

Among all the other existing companies in this sector of life insurance ICICI PRU LIFE has excelled in serving and protecting people's adversities and has come once step further in supporting their near and loved ones at every step of life.

Unit Link Product is one of the best investment options available for investors, the investor will get tax exemption as well as market related returns.

Introduction of transaction tax in the budget 2004-05 will create adverse impact on the returns of Unit Link Products.

The awareness of Unit Link Product is low. Hence the insurance companies should take drastic measures to create awareness among the customers.

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INTERNET

www. icicprulife.com

www.google.com

ANNEXURE
QUESTIONNAIRE

DECLARATION

I Dayananda B.E studying MBA VI Semester at Al-Ameen Institute of Management Studies, Bangalore. I am doing a project work titled “**A study on the Customer satisfaction towards services of ICICI prudential life insurance**” I am collecting the following information for purely academic purpose and data will be kept confidential.

Personal Information:

Name: *Mr. /Mrs.* _____

Occupation: _____

Age: _____

1. How did you know about ICICI Prudential?

☐ Magazines

☐ Newspapers

☐ Advertisements

☐ Word of mouth

☐ Advisors

☐ Others

2. What is your risk Philosophy?

☐ Low risk with low return.

☐ High risk with high returns.

☐ Moderate risk and moderate return.

3. Your reasons for investing in a life Insurance Plan?

☐ Protection

☐ Savings

☐ Low Risk

☐ High returns ☐ Tax benefits ☐ All of the above

4. How is your awareness about equity market?

☐ High ☐ Average ☐ Below average

5. Which of the ICICI Prudential ULIP plans have you signed up with?

☐ Lifetime ☐ Life link Super ☐ Lifetime Pension
☐ Golden years ☐ Premier Life ☐ Smart kid ULIP

6. Which fund do you think will give you better returns in future?

☐ Maximiser ☐ Balancer ☐ Protector
☐ Preserver ☐ No idea

7. Are you satisfied with the performance of diversified portfolio of maximiser fund?

☐ Yes ☐ No ☐ can't say

8. Rate the risk associated with Unit Linked Insurance Plans on the scale of 1 to 5?

1. low 2. Below Average 3. Average
4. high 5. Very high

9. How would you rate the life cover on Unit Linked Insurance Plans on the scale of 1 to 5?

1. low 2. Below Average 3. Average
4. high 5. Very high

10. Does your expectation match the features provided by Unit Linked Insurance Plans?

☐ Yes ☐ No

11. How would you rate the performance of Unit Linked Insurance Plans when compared to Mutual funds on a scale of 1 to 5?

1. low 2. Below Average 3. Average
4. high 5. Very high

12. How would you rate the services of ICICI Prudential?

☐ Very Good ☐ Moderately good ☐
Bad

13. How satisfied are you with the regular updates on your fund performance?

☐ Highly satisfied ☐ Moderately satisfied ☐ Dissatisfied Extremely
☐ Dissatisfied

14. What is the reason for your preference for investing in ICICI Prudential ULIP?

☐ Brand Name. ☐ Returns ☐ Convenience ☐ Investment Options
☐ Diversified Portfolio ☐ Liquidity ☐ All the above.

15. How do you think your insurance policy has benefited you?

☐ Tax instrument ☐ Investment instrument ☐ Savings instrument
☐ All of the above

16. How was your experience with your financial advisor at ICICI Prudential?

☐ Very Good ☐ Good ☐ Average