CHAPTER I
INTRODUCTION

INTRODUCTION

"Insurance is a contract between two parties where by one party called insurer undertakes in exchange for a fixed sum called premiums, to pay the other party called "insured" a fixed amount of money on the happening of a certain event."

Insurance is a protection against financial loss arising on the happening of an unexpected event. Insurance companies collect premium to provide for this protection. A loss is paid out of the premiums collected from the insuring public and the insurance companies act as trustees to the amount collected.

For example, in a life policy, by paying a premium to the insurer, the family of the insured person receives a fixed compensation on the death of the insured.

Similarly, in car insurance, in the event of the car meeting with an accident, the insured receives the compensation to the extent of damage.

Insurance is designed to safeguard oneself and one's family against possible losses on account of risks and perils. It provides financial compensation for the losses suffered due to the happening of any unforeseen event.

By taking life insurance a person can have peace of mind and need not worry about the financial consequences in case of any untimely death.

Certain insurance contracts are also made compulsory by legislation. For example, motor vehicles act 1988 stipulates that a person driving a vehicle in a public place should hold a valid insurance policy covering "act" risks. Another example of compulsory insurance pertains to the environmental protection act, wherein a person using or carrying hazardous substances (as defined in the act) must hold a valid public liability (act) policy.

Who provides Insurance?

In India, prior to liberalization insurance protection was made available through public sector insurance companies, namely, life insurance Corporation of India (LIC) and the four subsidiaries of General Insurance Corporation of India (GIC).

By the passing of the IRDA Bill, the Insurance sector has been opened up for private companies to carry on Insurance business.

Insurance contracts are based on good faith i.e. the details furnished by the proposals are accepted in good faith and this will form the basis of the contract.

Types of Life Insurance Policies:

- Term Life Insurance
- Endowment Insurance
- Whole Life Insurance

Term Life Insurance:

Term Life Insurance furnishes protection for a limited number of years ate the end of which the policy expires. The face amount of the policy is payable only if the insured's death occurs during the stipulated term, and nothing is paid in case of survival. Term product prices are more easily compared than prices of other life products as term policies are usually simpler than other policies.

Types of Term Life Insurance:

- Level Face Amount
- Non-Level Face Amount

Endowment Life Insurance:

Endowment policies, promises not only to pay the policy face amount on the death of the insured during fixed term of years, but also to pay the full face amount at the end of the term if the insured survives the term.

Types of Endowment Policies:

- Single Premium Endowment Policy
- Semi Endowment Policy
- Modified Endowment Policy

Whole Life Insurance:

Whole life insurance is intended to provide insurance protection over one's entire life time. I t provides the payment of the face amount upon the insured's death regardless of when death occurs. It is insurance for the whole of the life.

Types of whole life Insurance:

- Ordinary Life Insurance.
- Limited Payment whole Life Insurance
- Current Assumption whole Life Insurance
- Unit-Linked Life Insurance.

OBJECTIVE

- Examining a client's personal situation, financial resources, financial objectives and financial problems in a comprehensive manner.
- Developing an impartial, integrated plan to utilize the resources to meet objectives and solve problems, taking the steps to implement that plan once approved by the client.
- Monitoring the plan performance to take corrective action as necessary to assure that results match the plan projections.
- To find out how best an Unit Linked Plan can become a necessary part of the financial planning for the individuals.
- To check that among the price of the premium, benefits of policy, brand name the company has, which is more preferred by a person to take insurance policy.

Method of the Study & Investigation

- The sample size is 100.
- This survey helps us to know what benefits are looked by the consumer in Insurance Product and awareness of TATA AIG Life Insurance.
- A structured questionnaire with multiple choice questions are given to consumers of age group of 25-50.
- The respondents are mostly corporate, professional, executives and business men who like latest trends.
- The source of primary data is questionnaire consisting of 10 questions.
- The secondary data has been taken from internet and books related to insurance, marketing, and finance.
- Scope of project is explanatory and descriptive study.

LIMITATIONS

The limitations of the study are:

- The research is limited with in Hyderabad city.
- The data is collected from the people having life insurance policy only.
- The time period for the study is limited.
- The statistical report presented in the project is of year 2004-2006 only. The updated report is not available.
- In study of a unit linked plan as a part of financial planning and customer preference in taking life insurance policy, price of the policy is majorly considered because money is major constraint for each and every person.
- Only TATA AIG life insurance is chosen for analyzing the awareness of the company and study of unit linked plan and even for studying the promotional activities role in educating the people about company.

CHAPTER-II
REVIEW OF LITERATURE

REVIEW OF LITERATURE

Marketing research is defined as the “Systematic design, collection, analysis, and reporting of data and findings relevant to a specific marketing situation facing the company. According to ESOMAR the world association of opinion and market research professionals.

A company can hire the services of a marketing research firm or conduct research in creative and affordable ways such as:

- Engaging professors or students to design and conduct studies. Many large companies hire summer trainees from management institutions for cost effective market research year after year. Awarding live projects to MBA students as part of their course work is also a common practice.

- Monitoring published information and actions systematically. This may be done by examining news papers, web sites, and industry reports and by visiting competitive outlets.

Effective marketing research involves five steps. They are:

- Step 1: define the problem and the research objectives
- Step 2: collect the information
- Step 3: analyze the information
- Step 4: present the findings

- Step 5: make the decision.

What is Life Insurance?

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Composition of Authority under IRDA Act, 1999

As per the section 4 of IRDA Act' 1999, Insurance Regulatory and Development Authority (IRDA, which was constituted by an act of parliament) specify the composition of Authority

The Authority is a ten member team consisting of

(a) a Chairman;

(b) five whole-time members;

(c) four part-time members,

Duties, Powers and Functions of IRDA

Section 14 of IRDA Act, 1999 lays down the duties, powers and functions of IRDA.

1) Subject to the provisions of this Act and any other law for the time being in force, the Authority shall have the duty to regulate, promote and ensure orderly growth of the insurance business and re-insurance business.

2) Without prejudice to the generality of the provisions contained in sub-section (1), the powers and functions of the Authority shall include, -

a) issue to the applicant a certificate of registration, renew, modify, withdraw, suspend or cancel such registration;

b) protection of the interests of the policy holders in matters concerning assigning of policy, nomination by policy holders, insurable interest, settlement of insurance claim, surrender value of policy and other terms and conditions of contracts of insurance;

c) specifying requisite qualifications, code of conduct and practical training for intermediary or insurance intermediaries and agents;

d) specifying the code of conduct for surveyors and loss assessors;

e) promoting efficiency in the conduct of insurance business;

f) promoting and regulating professional organizations connected with the insurance and re-insurance business;

g) levying fees and other charges for carrying out the purposes of this Act;

h) calling for information from, undertaking inspection of, conducting enquiries and investigations including audit of the insurers, intermediaries, insurance intermediaries and other organizations connected with the insurance business;

i) control and regulation of the rates, advantages, terms and conditions that may be offered by insurers in respect of general insurance business not so controlled and regulated by the Tariff Advisory Committee under section 64U of the Insurance Act, 1938;

j) specifying the form and manner in which books of account shall be maintained and statement of accounts shall be rendered by insurers and other insurance intermediaries;

k) regulating investment of funds by insurance companies;

l) regulating maintenance of margin of solvency;

m) adjudication of disputes between insurers and intermediaries or insurance intermediaries;

n) supervising the functioning of the Tariff Advisory Committee;

o) specifying the percentage of premium income of the insurer to finance schemes for promoting and regulating professional organizations referred to in clause (f);

p) specifying the percentage of life insurance business and general insurance business to be undertaken by the insurer in the rural or social sector;

q) exercising such other powers as may be prescribed;

ABOUT UNIT LINK PLAN

Most insurers in the year 2004 have started offering at least a few unit-linked plans. Unit-linked life insurance products are those where the benefits are expressed in terms of number of units and unit price. They can be viewed as a combination of insurance and mutual funds.

The number of units that a customer would get would depend on the unit price when he pays his premium. The daily unit price is based on the market value of the underlying assets (equities, bonds, government securities, et cetera) and computed from the net asset value.

The advantage of unit-linked plans is that they are simple, clear, and easy to understand. Being transparent the policyholder gets the entire upside on the performance of his fund. Besides all the advantages they offer to the customers, unit-linked plans also lead to an efficient utilization of capital.

Unit-linked products are exempted from tax and they provide life insurance. Investors welcome these products as they provide capital appreciation even as the yields on government securities have fallen below 6 per cent, which has made the insurers slash payouts.

According to the IRDA, a company offering unit-linked plans must give the investor an option to choose among debt, balanced and equity funds. If you opt for a unit-linked endowment policy, you can choose to invest your premiums in debt, balanced or equity plans.

If you choose a debt plan, the majority of your premiums will get invested in debt securities like gilts and bonds. If you choose equity, then a major portion of your premiums will be invested in the equity market.

The plan you choose would depend on your risk profile and your investment need.

The ideal time to buy a unit-linked plan is when one can expect long-term growth ahead. This is especially so if one also believes that current market values (stock valuations) are relatively low.

So if you are opting for a plan that invests primarily in equity, the buzzing market could lead to windfall returns. However, should the buzz die down, investors could be left stung.

If one invests in a unit-linked pension plan early on, say when one is 25, one can afford to take the risk associated with equities, at least in the plan's initial stages. However, as one approaches retirement the quantum of returns should be subordinated to capital preservation. At this stage, investing in a plan that has an equity tilt may not be a good idea.

Considering that unit-linked plans are relatively new launches, their short history does not permit an assessment of how they will perform in different phases of the stock market. Even if one views insurance as a long-term commitment, investments based on performance over such a short time span may not be appropriate.

Unit-linked life insurance offers the interesting option of combining protection and tax advantages of life insurance with the attractive prospects of investing in equities.

A unit-linked plan works on a minimum premium basis and not on a sum assured one. You decide the amount you can contribute at regular intervals. ULIP offers you insurance cover till your insurance needs are fulfilled, beyond that it becomes an investment avenue.

How they compare?

To explain how ULIP works we will compare HDFC ULIP Endowment plan with HDFC Endowment plan.

Premium

In case of: ULIP, you pay a minimum premium of Rs 10,000 per annum irrespective of age and term of the policy. Premiums levels can be either reduced or increased if premiums have been paid regularly for three years and the unit fund value is at least Rs 15,000. The flexibility of increasing premium contributions in an existing account helps policyholders manage their cash flows.

In normal/traditional endowment plans the premium is calculated on the basis of age and the term and the amount you pay, as premium remains the same for the full term. The minimum premium is Rs 1,500 annually.

Sum assured

The sum assured depends on your age and the cover you take in case of ULIP. Depending on your age at entry, you may choose between 3 levels of cover - low, medium or high.

In the traditional plan, the sum assured is calculated by age and term of the policy to which premium factor is applied.

Top-ups

Apart from your regular contributions, in case of ULIP, you can also make additional payments to increase the savings component. These top-ups do not affect the sum assured. Normal endowment policy does not offer you these benefits.

Investment

You choose the fund where you want to invest your money. HDFC offers a choice of five funds - liquid, defensive, secure managed, secure defensive and growth. The Liquid Fund is the least risky with investments in bank deposits and short-term money market instruments. Growth Fund is the riskiest with an investment of up to 100% in equities.

In traditional insurance plans your money is invested keeping in view the IRDA specification i.e. minimum 85% in debt with the balance in equities.

Charges ?

As is the case with unit-linked plans, this plan, too, imposes charges, on both the funds invested by the policyholder and by cancellation of units. These charges vary depending on the kind of premium payment option chosen (single or regular).

Other charges include a fund management charge of 0.80% of the fund value per annum, apart from a flat fee of Rs 15 per month deducted by cancellation of units

In case of ULIP, for the first 2 years the investment content rate is 73% of the premium and for the remaining years 99%. Risk cover charges (for death sum assured, critical illness, accidental death) are charged for canceling units on each monthly charge date, based on the person's age at that time.

In traditional plans, the charges are not disclosed. There is an annual fee of Rs. 150 for regular premium policies and Rs 300 for single premium ones.

Returns

In case of ULIP, in an eventuality you receive the sum assured or fund value whichever is higher and on maturity the fund value. In normal endowment plan, in either case you receive the same benefit i.e. the sum assured and vested bonus.

In case you stop paying premiums?

If this is in the first 3 years then in case of ULIP, on cancellation of the policy before paying regular premium for 3 years, there is a charge of 25% of the outstanding premiums due during this 3-year period. In case of normal endowment the policy lapses and nothing is paid back

If you stop paying premiums after 3 years, in ULIP you have the option to make policy paid up, provided the policy has accumulated sufficient policy value. At present this amount is Rs 15,000. If the fund value of a paid up policy falls below Rs 15,000 then the policy is cancelled and the fund value is returned to you. The risk cover continues for the sum assured even though the policy has reached the paid up status.

In traditional plan the policy becomes a paid up policy.

Medicals

In both the plans the norms for medicals are similar i.e. medicals are compulsory.

Why Do You Need Life Insurance?

That's a common question. Why would you need Insurance? Simply put, Life brings with it many surprises, some pleasant and some not so and a Life Insurance Plan ensures that you are better prepared to face uncertainties. How? In a number of ways:

Protection

You need life insurance to be there and protect the people you love, making sure that your family has a means to look after itself after you are gone. It is a thoughtful business concept designed to protect the economic value of a human life for the benefit of those financially dependent on him. That's a good reason.
Suppose you are suffering an injury that keeps you away from earning? Would you like to be a financial burden on your family, already losing out on your salary? With a life insurance policy, you are protected. Your family is protected.

Retirement

Life insurance makes sure that you have regular income after you retire and also helps you maintain your standard of living. It can ensure that your post-retirement years are spent in peace and comfort.

Savings and Investments

Insurance is a means to Save and Invest. Your periodic premiums are like Savings and you are assured of a lump sum amount on maturity. A policy can come in really handy at the time of your child's education or marriage! Besides, it can be used as supplemental retirement income!

Tax Benefits

Life insurance is one of the best tax saving options today. Your tax can be saved twice on a life insurance policy-once when you pay your premiums and once when you receive maturity benefits. Money saved is money earned!

Unit linked insurance plans are transforming into mutual funds. Which is better for you?

Unit linked insurance or mutual fund?
Which should you get, when both potentially do very similar things. A mutual fund is a simple asset management company that pools investors' money and invests it with a view to maximising returns. A unit linked plan is an insurance product that can be used as a mutual fund vehicle and give market linked returns with almost nil protection or it can build in protection along with market linked returns. Assuming that we are comparing mutual funds with unit linked insurance plans with minimal protection, which is better? The answer to this lies in costs that the two charge and the tax breaks available. And here lies the problem. Mutual fund costs are simple, transparent and standardised and insurance costs are like a noodle soup.

What are these costs?

Ever tried to pick a noodle out of soup with a fork? Working out costs of insurance is a similar exercise, just when you think you have it, it slips away. Costs vary across companies, across products in the same company and within the product, across premium cut-offs, categories, tenures and riders.

Mutual fund costs, on the other hand, are simple, transparent and common across product categories. Front end or entry loads (the upfront deduction to take care of the distribution costs of a mutual fund) and exit loads have a total common limit of 7 per cent of the the net asset value (NAV), though the industry norm in equity is 2 per cent entry load today. Annual fees that a fund can charge is restricted to a maximum of 2.5 per cent per year (this rate is according to slabs and reduces as the fund size increases). There are no other charges. However, there is no tax rebate on a fund and though capital gains are exempt from tax for a year, its future is uncertain. Insurance costs and benefits

Because of the complexity of the insurance product and the cost differentiation we cannot tell you which product is the least cost. It depends on what you buy. However, we will give a handle with which to open the door to understanding unit linked costs. You will know what to ask the agent and how to compare costs.

A unit linked product will have costs across five sub-heads:

1. **Upfront costs.** This is a percentage of your first premium that is deducted before the money is deployed. These costs can continue over the life of the product or terminate in a few years.
2. **Regular charges.** These include the annual asset management charges for managing your money and could include a per month charge towards the insurance part of the policy.
3. **Switching costs.** To switch, from one scheme within a plan to another, may carry a charge.
4. **Exit costs.** If you exit before a certain time period you may pay a heavy charge for that.
5. **Other administration costs.** Some periodic costs can be loaded under this head as well.

On the plus side insurance gets tax breaks. Insurance premium gives you a tax rebate and the insurance lump sums are tax free

Rush for unit-linked schemes

Om Kotak Mahindra Life Insurance has grossed Rs 25-50 lakh (Rs 2.5-5 million) from high net worth individuals for its unit-linked offering -- Kotak Safe Investment Plan.

ICICI Prudential Life has seen an 88 per cent surge in the top-ups to its unit-linked policies in the second quarter. And Birla Sun Life Insurance has seen a 157 per cent growth in its unit-linked plans.

What does this mean? Leveraging the current bull run, cash-rich policyholders are investing more than their annual premiums in unit-linked insurance plans, thereby topping up the investment portion of the policy.

"There has been a surge in interest by high net worth individuals in investment-related risk products," says Abhay Aima, HDFC Bank country head, private banking.

Unit-linked plans are similar to mutual fund schemes, where the premium is invested in various funds in keeping with policyholders' risk appetite.

Some players allow for topping up the premium without affecting the sum assured (value of the base policy), allowing policyholders to purchase more units.

Unlike traditional insurance products, unit-linked plans offer transparency in returns in terms of net asset value and flexibility in investment options in debt, equity and a mix of both.

"Some people are buying because of the bull run. But the growth is largely due to the transparency and flexibility of the product," she adds

High net worth individuals would like to protect themselves from the market volatility and unit-linked plans offer a safety net unlike other investment products, he adds.

Even state insurer, the Life Insurance Corporation of India, has an unit-linked pension plan in the offing.

"We have received a lot of interest from individuals and corporates for such a product." Today, LIC is aggressively positioning its earlier unit-linked plan -- Bima Plus hoping it will account for five per cent of the total business

Mutual Fund

A mutual fund is a company that brings together money from many people and invests it in stocks, bonds or other assets. The combined holdings of stocks, bonds or other assets the fund owns are known as its *portfolio*. Each investor in the fund owns shares, which represent a part of these holdings.

Ulips comparison………with mutual fund………

When it comes to comparison of ULIP it has to be with a pure insurance plan along with investments, why? Because a ULIP or Unit Linked Insurance Plan is a combination of Insurance and Investment and therefore the comparison has to be made with a pure insurance cover and investments in Mutual fund. It all boils down to the charges and the actual amount invested in the market.

ULIP's usually have following charges built into it :

a) Up-front Charges

b) Mortality Charges (Charges for providing the risk cover for life)

c) Administrative Charges

d) Fund Management Charges

Mutual Fund's have the following charges :

a) Up-front charges (Marketing, Advertising, distributors fee etc.)

b) Fund Management Charges (expenses for managing your fund)

Term Insurance have the following charges :

a) Yearly premium (for risk cover)

b) Service charges

ABOUT FINANCIAL PLAN

In general usage, a **financial plan** can be a budget, a plan for spending and saving future income. This plan allocates future income to various types of expenses, such as rent or utilities, and also reserves some income for short-term and long-term savings. A financial plan can also be an investment plan, which allocates savings to various assets or projects expected to produce future income, such as a new business or product line, shares in an existing business, or real estate.

In **business**, a financial plan can refer to the three primary financial statements (balance sheet, income statement, and cash flow statement) created within a business plan. **Financial forecast** or financial plan can also refer to an annual projection of income and expenses for a company, division or department. A financial plan can also be an estimation of cash needs and a decision on how to raise the cash, such as through borrowing or issuing additional shares in a company.

While a financial plan refers to estimating future income, expenses and assets, a **financing plan** or **finance plan** usually refers to the means by which cash will be acquired to cover future expenses, for instance through earning, borrowing or using saved cash.

What is financial planning…

Financial planning is the process of meeting your life goals through the proper management of your finances. Life goals can include buying a home, saving for your child's education or planning for retirement.

The financial planning process as described by CFP Board, consists of six steps that help you take a "big picture" look at where you are financially. Using these six steps, you can work out where you are now, what you may need in the future and what you must do to reach your goals.

The process involves gathering relevant financial information, setting life goals, examining your current financial status and coming up with a strategy or plan for how you can meet your goals given your current situation and future plans.

The Benefits of Financial Planning

Financial planning provides direction and meaning to your financial decisions. It allows you to understand how each financial decision you make affects other areas of your finances. For example, buying a particular investment product might help you pay off your mortgage faster or it might delay your retirement significantly. By viewing each financial decision as part of a whole, you can consider its short and long-term effects on your life goals. You can also adapt more easily to life changes and feel more secure that your goals are on track.

Financial planning process consists of the following six steps

1. **Establishing and defining the client-planner relationship.** The financial planner should clearly explain or document the services to be provided to you and define both his and your responsibilities. The planner should explain fully how he will be paid and by whom. You and the planner should agree on how long the professional relationship should last and on how decisions will be made.
2. **Gathering client data, including goals.** The financial planner should ask for information about your financial situation. You and the planner should mutually define your personal and financial goals, understand your time frame for results and discuss, if relevant, how you feel about risk. The financial planner should gather all the necessary documents before giving you the advice you need.
3. **Analyzing and evaluating your financial status.** The financial planner should analyze your information to assess your current situation and determine what you must do to meet your goals. Depending on what services you have asked for, this could include analyzing your assets, liabilities and cash flow, current insurance coverage, investments or tax strategies.
4. **Developing and presenting financial planning recommendations and/or alternatives.** The financial planner should offer financial planning recommendations that address your goals, based on the information you provide. The planner should go over the recommendations with you to help you understand them so that you can make informed decisions. The planner should also listen to your concerns and revise the recommendations as appropriate.

5. **Implementing the financial planning recommendations.**

   You and the planner should agree on how the recommendations will be carried out. The planner may carry out the recommendations or serve as your "coach," coordinating the whole process with you and other professionals such as attorneys or stockbrokers.

6. **Monitoring the financial planning recommendations.** You and the planner should agree on who will monitor your progress towards your goals. If the planner is in charge of the process, she should report to you periodically to review your situation and adjust the recommendations, if needed, as your life changes.

Fundamentals of Financial Planning

What Is It?

Financial planning is the process of solving financial problems and achieving financial goals by developing and implementing a personalized "game plan." In order to be effective this "plan" must take into consideration an individual's overall picture. It must be:

- coordinated
- comprehensive
- continuous

Financial planning is like all other phases of life; it involves choices

Spend now or save for later?

Pay off existing bills or increase retirement savings?

Focus savings dollars on short term or long term goals?

A true financial plan does not focus one aspect or product, but instead seeks to take all areas of planning into consideration when making financial decisions.

What is Included?

- Cash Flow Management

  This aspect of planning deals with the day to day allocation of income; and its effective use in paying for current living expenses and in accumulating assets which will be used in meeting financial goals.

- Tax Planning and Management

  This area focuses on the understanding of and application of federal and state income tax law, estate and inheritance taxes; and, when possible, minimizing these taxes.

- Risk Planning and Management

  This area of planning deals with the risk of losing life, income, or property. It includes the use of insurance products and strategies.

- Investment Planning and Management

  Almost everyone has accumulation goals for which investments must be made and managed. These could include buying a home; planning for college; or providing for retirement.

- Retirement Planning and Management

  By far the most common accumulation goal is the ability to become financially independent. Retirement strategies encompass the understanding of the Social Security system; employer-sponsored retirement plans; and personal savings accumulation plans.

- Estate Planning and Management

  The final phase of planning is for the transfer of assets to our heirs with minimization of taxes and other costs.

Why Plan?

Anyone who has financial challenges to solve or financial goals to achieve needs financial planning. Financial Planning can help to achieve both greater wealth and financial security. Inadequate or improper planning can be financially disastrous. An uninsured loss can wipe out accumulated wealth; insufficient savings for retirement can force a reduced lifestyle and/or postponement of retirement; and improper tax planning can result in higher than necessary taxes causing dollars to be lost to an accumulation plan or to one's heirs.

Why Do People Fail to Plan?

- They may feel they do not have enough income or financial assets to consider planning.
- They may believe that they are too young/old to begin planning.
- They may be reluctant to consider some of the less pleasant aspects of planning such as thinking about death, disability, illness, etc.
- They may believe that financial planning is too expensive
- They may procastinate (The Number One Reason For Failure)

The Steps in Financial Planning

- Identify Goals and Objectives
- Gather the necessary data
- Analyze present situation and consider alternatives
- Develop strategies to achieve goals.
- Implement the strategies
- Review and Revise periodically

CHAPTER- III

INDUSTRY PROFILE AND COMPANY PROFILE

INDUSTRY PROFILE

Type Private Industry
Conglomerate
Founded 1868 Founder(s) Jamsetji Tata
Headquarters Bombay House
Mumbai, India Area served Worldwide
Key people : Ratan Tata
(Chairman)

INSURANCE IN INDIA:

Insurance is a federal subject in India. The insurance sector has gone through a number of phases and changes. Since 1999, when the government opened up the insurance sector by allowing private companies to solicit insurance and also allowing foreign direct investment of up to 26%, the insurance sector has been a booming market. However, the largest life-insurance company in India is still owned by the government.

HISTORY:-

In India, insurance has a deep-rooted history. Insurance in various forms has been mentioned in the writings of Manu (Manusmrithi), Yagnavalkya (Dharmashastra) and Kautilya (Arthashastra). The fundamental basis of the historical reference to insurance in these ancient Indian texts is the same i.e. pooling of resources that could be re-distributed in times of calamities such as fire, floods, epidemics and famine. The early references to Insurance in these texts has reference to marine trade loans and carriers' contracts.

Insurance in its current form has its history dating back until 1818, when Oriental Life Insurance Company was started by Anita Bhavsar in Kolkata to cater to the needs of European community. The pre-independence era in India saw discrimination between the lives of foreigners (English) and Indians with higher premiums being charged for the latter. In 1870, Bombay Mutual Life Assurance Society became the first Indian insurer.

At the dawn of the twentieth century, many insurance companies were founded. In the year 1912, the Life Insurance Companies Act and the Provident Fund Act were passed to regulate the insurance business. The Life Insurance Companies Act, 1912 made it necessary that the premium-rate tables and periodical valuations of companies should be certified by an actuary. However, the disparity still existed as discrimination between Indian and foreign companies. The oldest existing insurance company in India is the National Insurance Company Ltd., which was founded in 1906. It is in business.

The Government of India issued an Ordinance on 19th January, 1956 nationalising the Life Insurance sector and Life Insurance Corporation came into existence in the same year. The Life Insurance Corporation (LIC) absorbed 154 Indian, 16 non-Indian insurers as also 75 provident societies—245 Indian and foreign insurers in all. In 1972 with the General Insurance Business (Nationalisation) Act was passed by the Indian Parliament, and consequently, General Insurance business was nationalized with effect from 1st January, 1973. 107 insurers were amalgamated and grouped into four companies, namely National Insurance Company Ltd., the New India Assurance Company Ltd., the Oriental Insurance Company Ltd and the United India Insurance Company Ltd. The General Insurance Corporation of India was incorporated as a company in 1971 and it commence business on January 1sst 1973.

The LIC had monopoly till the late 90s when the Insurance sector was reopened to the private sector. Before that, the industry consisted of only two state insurers: Life Insurers (Life Insurance Corporation of India, LIC) and General Insurers (General Insurance Corporation of India, GIC). GIC had four subsidiary companies.

With effect from December 2000, these subsidiaries have been de-linked from the parent company and were set up as independent insurance companies: Oriental Insurance Company Limited, New India Assurance Company Limited, National Insurance Company Limited and United India Insurance Company Limited.

Industry structure :-

Currently, a US$41 billion industry, India is the world's fifth largest life insurance market and growing at a rapid pace of 32-34% annually as per *Life Insurance Council* studies.

Currently, in India only two million people (0.2 % of the total population of 1 billion) are covered under Mediclaim, whereas in developed nations like USA about 75 % of the total population are covered under some insurance scheme. With more and more private companies in the sector, the situation may change soon.

Specialisation :-

ECGC, ESIC and AIC provide insurance services for niche markets. So, their scope is limited by legislation but enjoy special powers.

Acts :-

The insurance sector went through a full circle of phases from being unregulated to completely regulated and then currently being partly deregulated. It is governed by a number of acts.

The Insurance Act of 1938 was the first legislation governing all forms of insurance to provide strict state control over insurance business.

Life insurance in India was completely nationalized on January 19, 1956, through the Life Insurance Corporation Act. All 245 insurance companies operating then in the country were merged into one entity, the Life Insurance Corporation of India.

The General Insurance Business Act of 1972 was enacted to nationalise the about 100 general insurance companies then and subsequently merging them into four companies. All the companies were amalgamated into National Insurance, New India Assurance, Oriental Insurance and United India Insurance, which were headquartered in each of the four metropolitan cities.

Until 1999, there were not any private insurance companies in India. The government then introduced the Insurance Regulatory and Development Authority Act in 1999, thereby de-regulating the insurance sector and allowing private companies. Furthermore, foreign investment was also allowed and capped at 26% holding in the Indian insurance companies.

In 2006, the Actuaries Act was passed by parliament to give the profession statutory status on par with Chartered Accountants, Notaries, Cost & Works Accountants, Advocates, Architects and Company Secretaries.

A minimum capital of US$20 million(Rs.100 Crore) is required by legislation to set up an insurance business.

Authorities :-

The industry recognizes examinations conducted by IAI (for actuaries), III (for agents, brokers and third-party administrators) and IIISLA (for surveyors and loss assessors). TAC is the sole data repository for the non-life industry.

IBAI gives voice for brokers while GI Council and LI Council are platforms for insurers.

AIGIEA, AIIEA, AIIEF, AILICEF, AILIEA, FLICOA, GIEAIA, GIEU and NFIFWI cater to the employees of the insurers..

The Indian Insurance Industry:-

India insurance is a flourishing industry, with several national and international players competing and growing at rapid rates. Thanks to reforms and the easing of policy regulations, the Indian insurance sector been allowed to flourish, and as Indians become more familiar with different insurance products, this growth can only increase, with the period from 2010 - 2015 projected to be the 'Golden Age' for the Indian insurance industy.

India Insurance Policies at a Glance

Indian insurance companies offer a comprehensive range of insurance plans, a range that is growing as the economy matures and the wealth of the middle classes increases. The most common types include: term life policies, endowment policies, joint life policies, whole life policies, loan cover term assurance policies, unit-linked insurance plans, group insurance policies, pension plans, and annuities. General insurance plans are also available to cover motor insurance, home insurance, travel insurance and health insurance.

Due to the growing demand for insurance, more and more insurance companies are now emerging in the Indian insurance sector.

India Insurance History :-

The history of the Indian insurance sector dates back to 1818, when the Oriental Life Insurance Company was formed in Kolkata. A new era began in the India insurance sector, with the passing of the Life Insurance Act of 1912.

The Indian Insurance Companies Act was passed in 1928. This act empowered the government of India to gather necessary information about the life insurance and non-life insurance organizations operating in the Indian financial markets.

The Triton Insurance Company Ltd formed in 1850 and was the first of its kind in the general insurance sector in India. Established in 1907, Indian Mercantile Insurance Limited was the first company to handle all forms of India insurance.

Indian Insurance: Sector Reform

The formation of the Malhotra Committee in 1993 initiated reforms in the Indian insurance sector. The aim of the Malhotra Committee was to assess the functionality of the Indian insurance sector. This committee was also in charge of recommending the future path of insurance in India.

The Malhotra Committee attempted to improve various aspects of the insurance sector, making them more appropriate and effective for the Indian market.

The recommendations of the committee put stress on offering operational autonomy to the insurance service providers and also suggested forming an independent regulatory body.

The Insurance Regulatory and Development Authority Act of 1999 brought about several crucial policy changes in the insurance sector of India. It led to the formation of the Insurance Regulatory and Development Authority (IRDA) in 2000.

The goals of the IRDA are to safeguard the interests of insurance policyholders, as well as to initiate different policy measures to help sustain growth in the Indian insurance sector.

The Authority has notified 27 Regulations on various issues which include Registration of Insurers, Regulation on insurance agents, Solvency Margin, Re-insurance, Obligation of Insurers to Rural and Social sector, Investment and Accounting Procedure, Protection of policy holders' interest etc. Applications were invited by the Authority with effect from 15th August, 2000 for issue of the Certificate of Registration to both life and non-life insurers. The Authority has its Head Quarter at Hyderabad.

<u>Protection of the interest of policy holders:</u>

IRDA has the responsibility of protecting the interest of insurance policyholders. Towards achieving this objective, the Authority has taken the following steps:

- IRDA has notified Protection of Policyholders Interest Regulations 2001 to provide for: policy proposal documents in easily understandable language;

claims procedure in both life and non-life; setting up of grievance redressal machinery; speedy settlement of claims; and policyholders' servicing. The Regulation also provides for payment of interest by insurers for the delay in settlement of claim.

- The insurers are required to maintain solvency margins so that they are in a position to meet their obligations towards policyholders with regard to payment of claims.
- It is obligatory on the part of the insurance companies to disclose clearly the benefits, terms and conditions under the policy. The advertisements issued by the insurers should not mislead the insuring public.
- All insurers are required to set up proper grievance redress machinery in their head office and at their other offices.
- The Authority takes up with the insurers any complaint received from the policyholders in connection with services provided by them under the insurance contract.

COMPANY PROFILE

Type:	Public Company
Company Size :	5001-10,000 employees
Website:	http://www.tata-aig.com
Industry :	Insurance
Founded:	2001

COMPANY OVERVIEW

Tata AIG Life Insurance Company Limited (Tata AIG Life) is a joint venture company, formed by Tata Sons and AIA Group Limited (AIA). Tata AIG Life combines Tata's pre-eminent leadership position in India and AIA's presence as the largest, independent listed pan-Asia life insurance group in the world spanning 15 markets in Asia Pacific. Tata Sons holds a majority stake (74%) in the company and AIA holds 26% through an AIA Group company. Tata AIG Life Insurance Company was licensed to operate in India on February 12, 2001 and started operations on April 1, 2001.

Tata Group

The Tata group comprises over 90 operating companies in seven business sectors: communications and information technology, engineering, materials, services, energy, consumer products and chemicals. The group has operations in more than 80 countries across six continents, and its companies export products and services to 85 countries. The total revenue of Tata companies, taken together, was $67.4 billion (around Rs319,534 crore) in 2009-10, with 57 per cent of this coming from business outside India. Tata companies employ around 395,000 people worldwide. The Tata name has been respected in India for 140 years for its adherence to strong values and business ethics. Every Tata company or enterprise operates independently. Each of these companies has its own board of directors and shareholders, to whom it is answerable. There are 28 publicly listed Tata enterprises and they have a combined market capitalisation of about $103.67 billion (as on November 11, 2010), and a shareholder base of 3.4 million. The major Tata companies are Tata Steel, Tata Motors, Tata Consultancy Services (TCS), Tata Power, Tata Chemicals, Tata Global Beverages, Indian Hotels and Tata Communications.

AIA

> The AIA Group Limited (AIA) is the largest, independent listed pan-Asian life insurance group in the world, with an unparalleled footprint spanning 15 markets in Asia Pacific. The Group has total assets of approximately US$90 billion and traces its roots in the region back more than 90 years.

AIA meets the savings and protection needs of individuals and businesses by offering a comprehensive suite of products and services covering life insurance, retirement planning, accident and health insurance, as well as wealth management solutions. Through an extensive network of more than 300,000 agents and over 24,000 employees across Asia Pacific, AIA serves the holders of over 23 million individual policies and over 10 million participating members of group policies.

AIA has branch offices, subsidiaries and affiliates located in jurisdictions across the region including Hong Kong, India, Indonesia, China, Malaysia, the Philippines, Singapore, South Korea, Taiwan, Thailand, Vietnam, Australia, New Zealand, Macau and Brunei.

OUR DISTRIBUTORS

1) Agents
2) Corporate Agents
3) Terminated Agents

Claims :-

As an insurance company it is our priority and assurance to our policy holder's to process their claims speedily and in best possible manner while keeping their well-being in mind always.

To service you better in times of emergency, please inform us immediately upon occurrence of the incident or loss.

Career @ Tata AIG Life :-

Dynamism defines the life Insurance sector.

At Tata AIG Life, we are continuously looking at life from newer perspectives: understanding the financial behavior of Indian customers, anticipating financial protection needs, blending wealth creation with financial protection and most importantly designing insurance solutions that anticipate the customer's needs and answers them.

Life Needs Solutions :-

We understand how important your family is to you and how hard you work for them - be it a comfortable lifestyle, a good education, healthy living, peaceful retirement or even planning for those unexpected events, that surprise us when we least expect it.

At Tata AIG Life, our aim is to support you on the days when you need that extra push. With our comprehensive and innovative range of insurance products, you'll not only have the financial cover to meet all your needs head on but also the confidence to leap higher.

Group Insurance :-

As a corporation your employees are your biggest assets. It is a priority to imbibe a feeling of security and well being, appreciation and constant motivation in the minds of the employees.At Tata AIG Life, we understand that an important way of doing this is by sharing the employee's responsibility of saving for the future. Our comprehensive range of group insurance solutions offers protection and security to your employees and their loved ones.

Employee Benefits :-

The Corporate Solutions-Employee benefits is a range of corporate insurance plans of solutions to employers of all sizes, ranging from SME, local enterprises to multinational companies. The insurance solution provides cover not only in case of mortality but also provides security and benefit in case of terminal illness, which is payable in advance of any eventuality.

At Tata AIG Life Our team of corporate solution specialists are well trained to deliver top quality service and solutions from client servicing, actuarial reserving and reporting.

Credit Life :-

Credit Life Insurance Plans are developed to offer comprehensive protections to organizations / groups issuing credit to it's customers such as home loan, personal loan, auto loan, education loan and credit cards etc.

Credit Life Insurance Plans are flexible and can be tailor made to meet the unique requirements of the product segment and the characteristics of the group.

We also offer other Group Insurance Plans that can be value proposition for the organizations and their customers. It includes life and health insurance plans that offer to provide comprehensive coverage to the customers of the group policyholder.

Group Pensions :-

Tata AIG Life is the first private insurance company to offer Group Pensions products in India*.

Tata AIG Life's Fund Management process follows an approach that ensures excellent fund management and strict compliance to internal and external regulations. We have a strong In-house Fund Management Team and a Board Level Investment Committee that takes decisions with regard to your investments. Our Actuarial and Compliance teams ensure internal and external compliance to issues like investment procedures and solvency margin.

Micro Insurance :-

Insurance is an important savings tool for people living in small towns and villages. The nature of their job exposes them to numerous financial risks making them vulnerable to heavy losses. Moreover, an unfortunate demise of the principle wage earner or disability due to illness or accident can be devastating in most families as it can wipe out their savings leaving them without any resources to start over.

- Micro Insurance products from Tata AIG Life can help reduce the effects of financial losses by providing adequate financial cover. These products, which simplify the product offerings and provide financial security, are specially designed to meet the needs of low income groups by offering benefits like low premiums, simple policy terms and exclusions and no medical examination
- Tata AIG Life Navkalyan Yojana
- Tata AIG Life Ayushman Yojana
- Tata AIG Life Sampoorna Bima Yojana
- Tata AIG Life Sumangal Bima Yojana
- Tata AIG Life Navkalyan Yojana

Tata AIG Life Navkalyan Yojana

Tata AIG Life
Navkalyan
Yojana

Tata AIG Life Navkalyan Yojana is a non-participating, life insurance protection plan without any maturity benefit. What's more, to safeguard against other uncertainties in life, the policyholder can add the Tata AIG Life Accidental Death Benefit Rider(UIN: 110C003V01) to this product at a nominal extra cost.

Tata AIG Life
Ayushman Yojana

A non participating single premium plan, Tata AIG Life Ayushman Yojana is ideal for rural population who have seasonal income. With payment of a single premium at the beginning of policy term, a person will be insured for 10 years. Besides being insured, the policyholder, upon maturity of the policy receives 125% of the single premium paid.

Tata AIG Life
Sampoorn Bima Yojana

Tata AIG Life Sampoorna Bima Yojana is a non-participating, affordable term insurance plan, which apart from providing security of life insurance cover also guarantees refund of all premiums upon survival till the term of the policy. In this plan you pay premiums only for 10 years, where as you enjoy the coverage up to 15 years.

Tata AIG Life
Sumangal Bima Yojana

To encourage saving from individuals who prefer getting periodic returns, Tata AIG Life brings an insurance plan that goes hand in hand with regular savings. Tata AIG Life Sumangal Bima Yojana, a non-participating limited premium payment money back plan, gives guaranteed returns* at specified intervals during term of the policy besides an insurance cover for 15 years.

Planning Tools :-

Our planning tools help you effectively calculate your financial need to secure your future. Use our set of similar premium calculators and find out how much insurance cover is needed by you.

Knowledge Centre

Our Knowledge Centre simplifies all the concepts of life insurance in an easy and lucid manner. The glossary educates about basic terms of life insurance, while the FAQs section answers all queries and gives you detailed information about each and every category of Life Insurance sector.

PRODUCTS

Term

- Tata AIG Life Assure One year/ Five Years/10 Years/ 15 Years / 20 Years / 25 Years Lifeline Plans, and Term to age 60 known as Assure Lifeline to Age 60
- Tata Aig Life Raksha Moneyback
- Tata AIG Life Assure 21 years Money Saver

Pension

- Tata AIG Life Nirvana
- Tata AIG Life Nirvana Plus

Health

- Tata AIG Life Health First
- Tata AIG Life Health Investor
- Tata AIG Life Health Protector - 5 Year Guaranteed Renewal Accident and Health Plan
- Tata AIG Life Hospi CashBack

Endowment

- Tata AIG Life Assure 10 Years / 20 Years / 30 Years Security & Growth Plans
- Tata AIG Life Assure Golden Years Plan
- Tata AIG Life Shubhlife

Wholelife

- Tata AIG Life Mahalife Gold

Annuity

- Tata AIG Life Easy Retire

Children

- Tata AIG Life Assure Career Builder
- Tata AIG Life Assure Educare at 18 & Assure Educare at 21
- Tata AIG Life Starkid

Unit Linked

- Tata AIG Life InvestAssure Superstar
- Tata AIG Life InvestAssure Sampatti

- Tata AIG Life InvestAssure Insta+
- Tata AIG Life InvestAssure Optima Plus

- Tata AIG Life InvestAssure Swarna Jeevan Plus

Tata AIG Life Insurance

areas of business | location

Tata AIG Life Insurance Company (Tata AIG Life) is a joint venture between Tata Sons and the AIA Group (AIA) that started operations in India on April 1, 2001. Tata Sons holds a majority stake (74 per cent) in the company and AIA holds 26 per cent through an AIA group company.

Areas of business

The company offers a comprehensive suite of products and services to individuals, groups and corporate houses.

- Life insurance solutions: Endowment and term, pension, group life, money back and whole life plans.
- Micro insurance: Customized to the needs of underprivileged sections of society.
- Accident and health insurance.
- Retirement planning.
- Wealth management solutions.

Location

The company is headquartered in Mumbai and has 360 sales offices in 275 cities and towns across India.

WORLDWIDE

Tata companies have operations in every major international market ››

- AFRICA
- ASIA PACIFIC
- CHINA
- EUROPE
- MIDDLE EAST
- NORTH AMERICA
- SOUTH AMERICA
- UNITED KINGDOM

Tata sub groups

- Products Steel
- Automobiles
- Telecommunications
- Software
- Hotels
- Consumer goods
- Tata insurance

- Tata Motors
- Tata Consultancy Services
- Tata Technologies
- Tata Tea
- Titan Industries
- Tata Power
- Tata Communications
- Tata Teleservices
- Tata AutoComp Systems Limited
- Tata Hotels Website Tata.com

Revenue

Revenue ▼₹319,534 crore (US$69.34 billion) Profit ₹8,240 crore (US$1.79 billion) Total assets ▲US$ 52.8 billion (2009-10) Employees 396,517 (2009-10) Subsidiaries Tata Steel

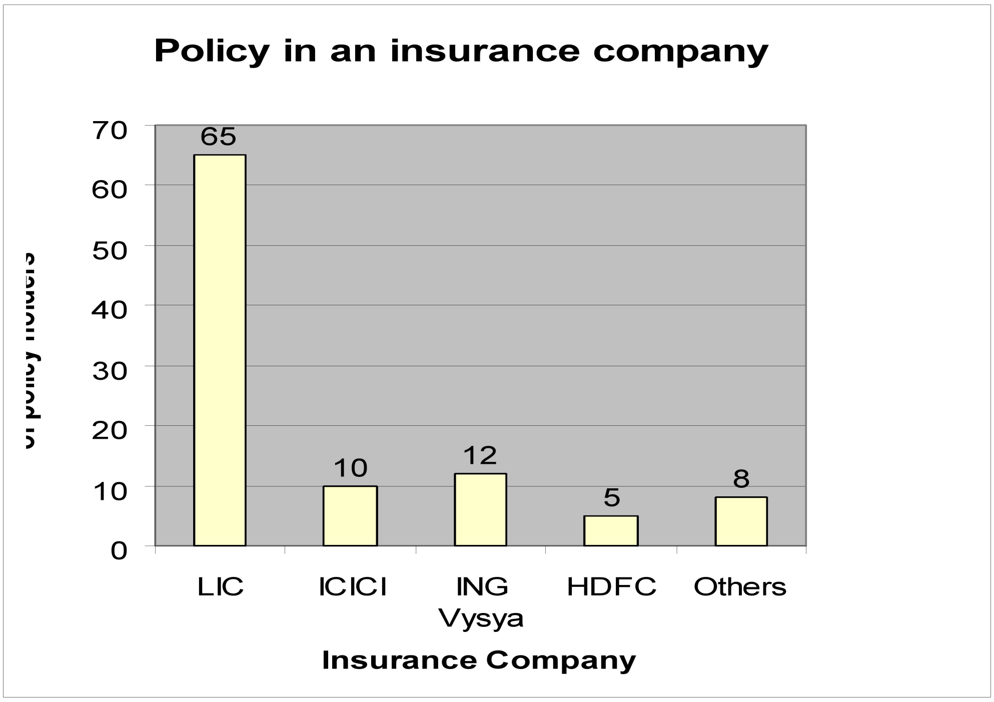
CHAPTER IV

DATA ANALYSIS AND INTERPRETATION

ANALYSIS OF DATA

1. Which company you have Life Insurance Policy?

POLICY IN AN INSURANCE COMPANY		
Insurance Company	No.of Policy Holders	% of policy holders
LIC	65	65%
ICICI	10	10%
TATA AIG	12	12%
HDFC	5	5%
Others	8	8%

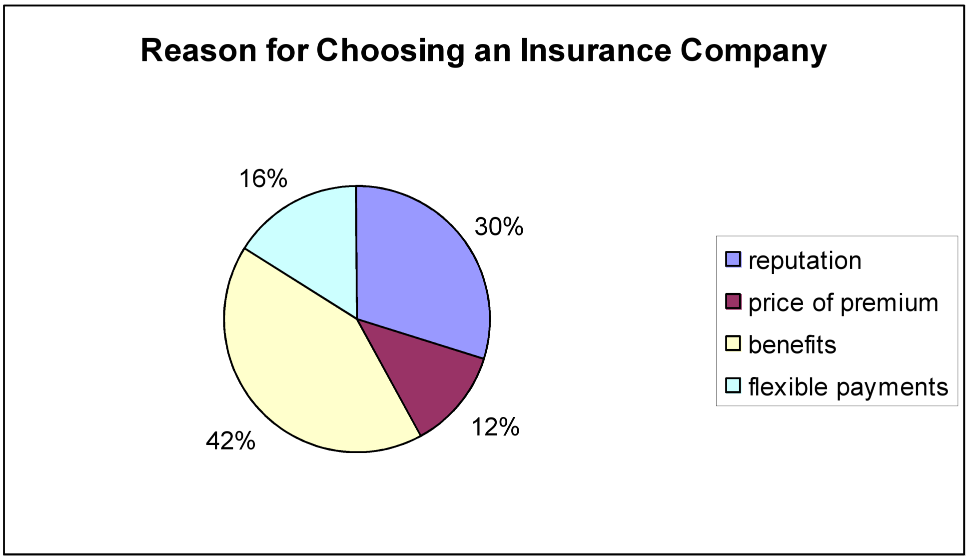


Interpretation :

From the above sample graph and table, we can understand that most people opt and have insurance in LIC 65%. The Insurance Companies which people opt apart from LIC are TATA AIG-12%, ICICI-10%, HDFC-5% and others-8%.

2. Among various Insurance Companies, why did you chose the above mentioned company?

Reason for choosing an Insurance Company	
Reason	%of Responses
Reputation	30%
Price of premium	12%
Benefits	42%
flexible premium payment options	16%



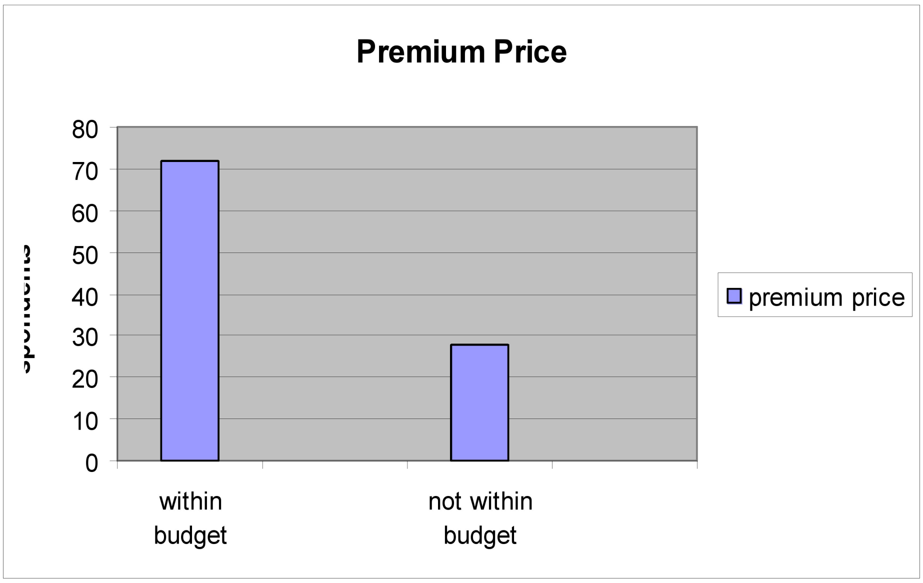
Interpretation:

Here the reason for choosing a particular Insurance Company is evaluated. Most people prefer an Insurance Company because of the benefits of Policy offered by company. The next preference is given to reputation the company has in the market.

The minimum importance is given to flexible payment options and price of premium.

3. Is premium price of policy within your budget or not?

	within budget	**not within budget**
Premium price	72	28

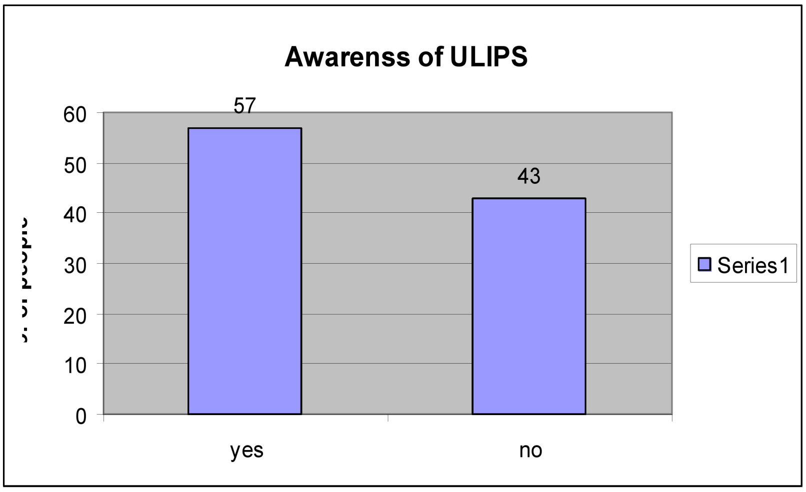


Interpretation:

Out of total 100 samples 72% responded that the price of premium they paying towards Life Insurance is within their budget, and remaining 28% said that premium price is not within their budget.

4. Do you know about Unit Linked Life Insurance Plan?

Awareness of ULIP	
Yes	No
57	43

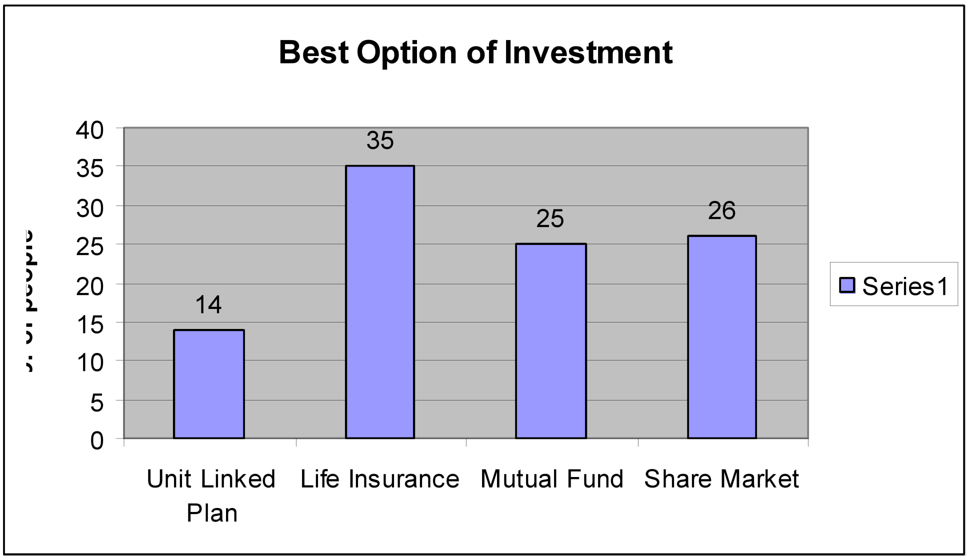


Interpretation:

Out of total 100 samples 57% responded that they know about ULIPS, and remaining 43% said that they do not know about ULIPs.

5. What is the best option of investment?

Best Option of Investment	
Type of Investment	No. of Responses
Unit Linked Plan	14
Life Insurance	35
Mutual Fund	25
Share Market	26

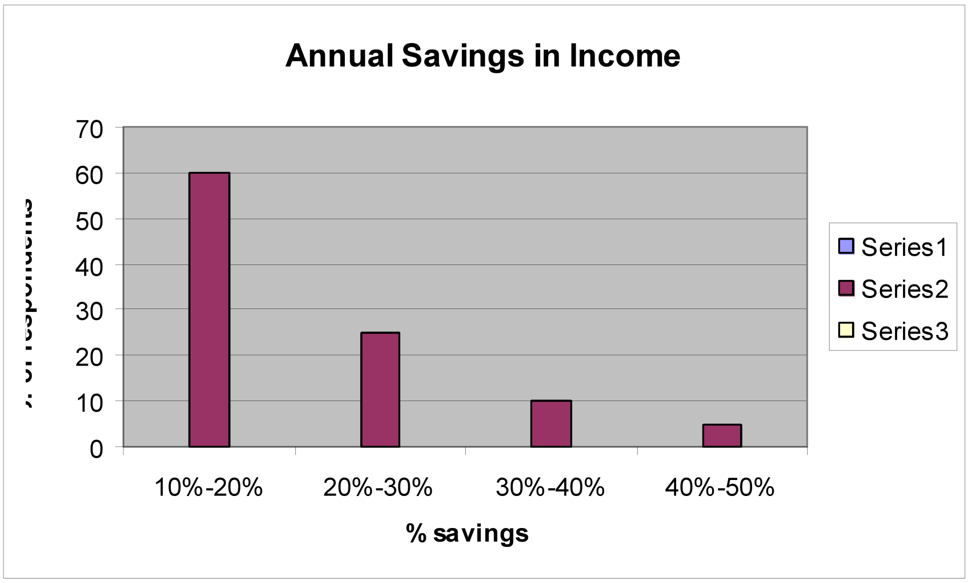


Interpretation:

Out of 100 samples 35% of respondents believe that best option is investing in Life Insurance, 26 % responded with share market, 25% responded that Mutual Funds are best and 14% respondents are saying ULIPS is the best option for investment.

6. How much percentage of your salary are you saving monthly?

Annual Savings in Income	
% of savings	**Respondents**
10%-20%	60
20%-30%	25
30%-40%	10
40%-50%	5



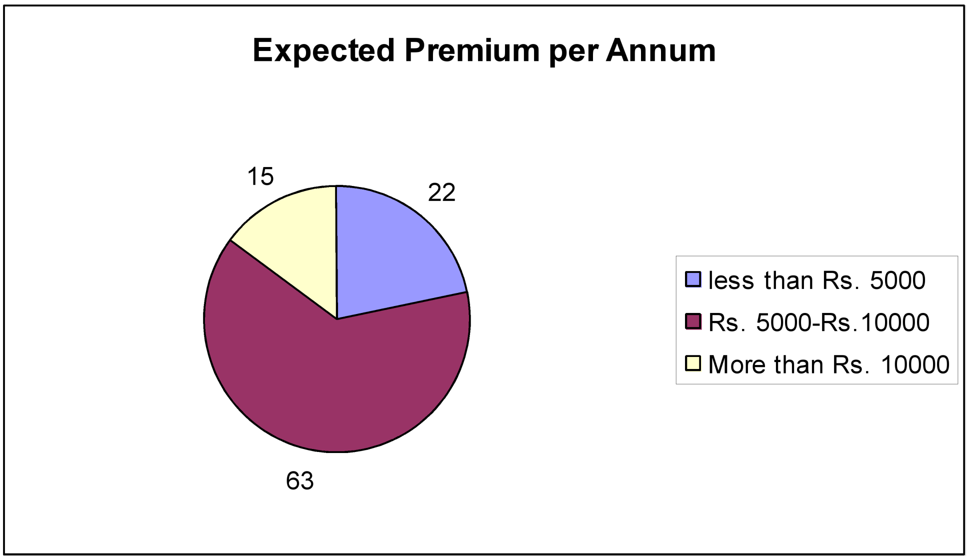
Interpretation:

From the above chart, it is clear that out of 100 samples, 60 percent of people are saving 10%-20% of their annual income, 25% of people are saving 20%-30% , 10% people are saving 30%-40%, and remaining 5% people are saving 40%-50% of their annual income.

7. What is your expected price of premium of the policy?

Expected Premium per Annum	
Premium Price	No.of Respondents
less than Rs.5000	22
Rs.5000-	63

Rs.10000	
More than Rs.10000	15

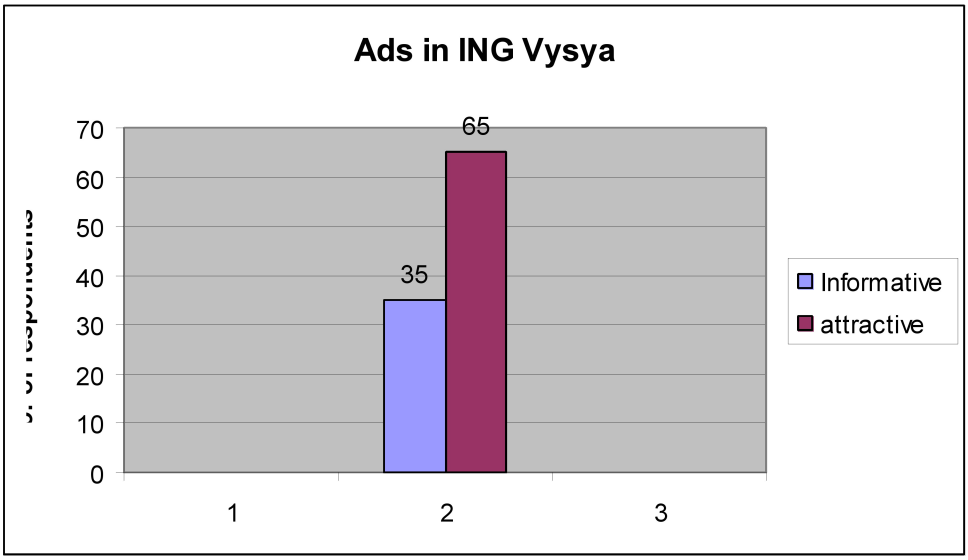


Interpretation:

Out of 100 samples, the expected price of premium per annum is less than Rs. 5000 for 22% of people, Rs. 5000-Rs.10000 for 63% of people and more than Rs. 10000 for 15% people.

8. Do you find advertisement of TATA AIG Life Insurance is informative or attractive?

Ads of TATA AIG	
	No.of Responses
Informative	35
attractive	65



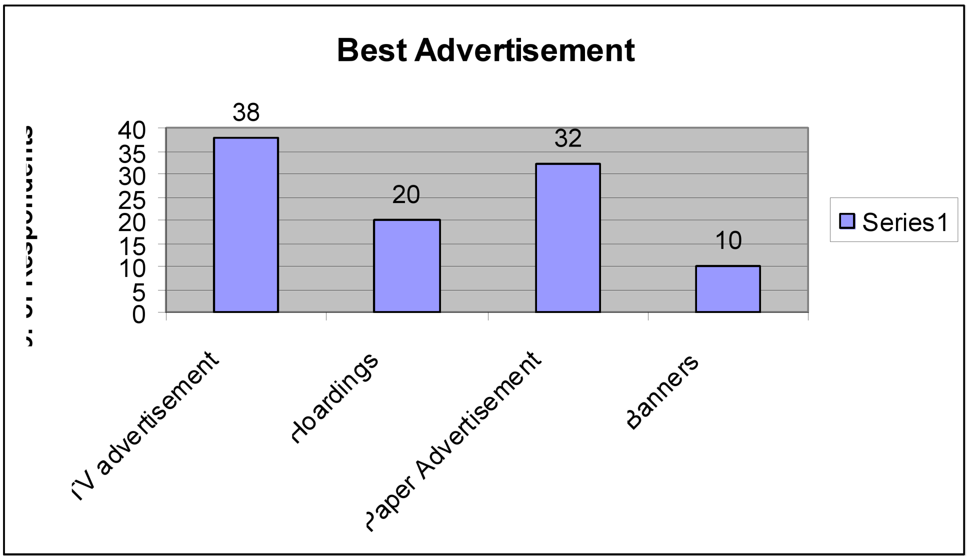
Interpretation:

Out of 100 samples 65% of people found that advertisement of TATA AIG Life Insurance are attractive, and remaining 35% found that they are informative.

9. Which promotional media do you think is the best one to make people educate about an Insurance Policy?

Best Advertisment	
Type of Promotional Activity	No. of Respondents
TV	38

advertisement	
Hoardings	20
Paper Advertisement	32
Banners	10

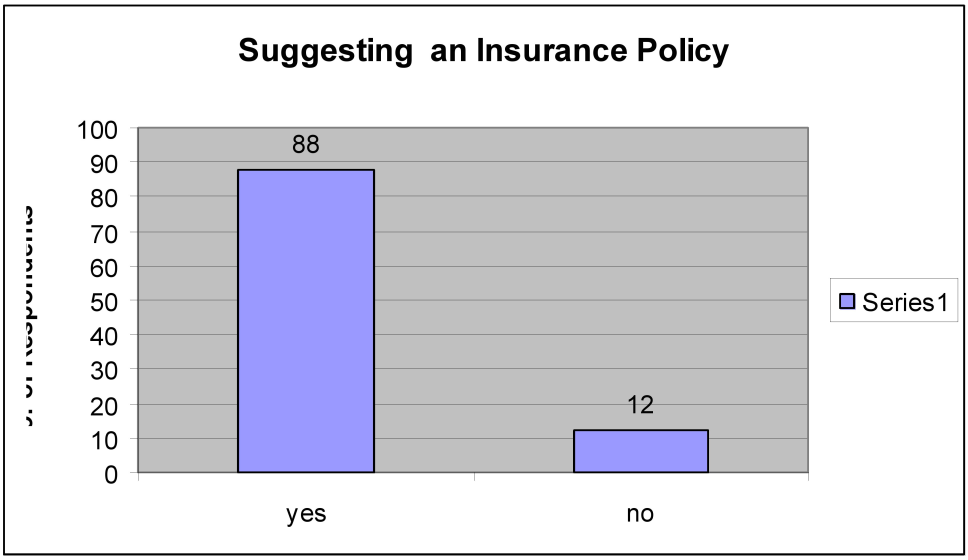


<u>Interpretation:</u>

Out of 100 sample 38% of people responded that TV advertisement is the best way for making people aware of insurance, 32% said that paper advertisement is better way, 20% of people said that Hoarding are better, remaining 10% said banners are helpful in making people aware of insurance.

10. Do you suggest your colleagues, relatives or any of your friends about which is the best company to opt for an Insurance Policy?

Suggesting an Insurance Company		
	Yes	No
No. of respondents	88	12



Interpretation:

From the data and analysis it is found that 88% of people suggested about insurance to their friends, colleagues and relatives, and remaining 12% people are not suggested.

CHAPTER-V

FINDINGS, RECOMMENDATIONS AND CONCLUSIONS

FINDINGS

From the project study and interpretation the findings are as follows:

1) Our country India has a population of 117 crore and there are only 12 crore people have life insurance policy.

2) Out of 100 samples, 65% people have insurance policy in LIC and remaining 35% people have insurance policy in other insurance companies.

3) Most people have trust in LIC than any other insurance company and still LIC holds huge market share in LIFE INSURANCE sector in India.

4) 82% people are taking insurance policy only if it is within their budget and have flexible payment options and remaining is taking policy if it is not with the budget but due to benefits of policy and reputation company has.

5) Among various factors 55% of people are looking for benefits of policy, 25% people are looking for premium of policy and remaining 20% people are looking for brand name of insurance company.

6) Only 10% of people are saving 31% to 40% of their income, 20% people are saving 21% to 30%, 70% people are saving 1% to 20% of their income.

7) As there are many new players in the Indian market, there is huge competition among all insurance companies.

8) Only 65% people are aware of TATA AIG life insurance and 35% people don’t know about TATA AIG life insurance.

9) Mostly corporate people, professionals and business man are aware of TATA AIG life insurance in India. Common man (middle class and lower class) is not aware of TATA AIG life insurance.

10) 25% people gave response stating that advertisement of TATA AIG life insurance are attractive and informative and 75% people responded stating that TATA AIG life insurance advertisement are not attractive and not informative.

11) Out of 100 respondents, 38% stated that TV advertisements is the best way for making people aware insurance company, 14% stated that setting up of stalls is the better way, 10% stated that paper advertisement is the better way, 5% stated that banners, pamphlets is the better way and 33% people stated that personal setting is the best way of making people aware and educate them about insurance company and its policies.

RECOMMENDATIONS

1. There is huge potential market for LIFE INSURANCE companies in India as out of 110 crore population only 8 crore people are insured. The insurance companies should educate people about

insurance, its importance, different policies, and benefits of policies.

2. The people opt for policy by taking into consideration price of premium of policy, benefits of policy and least importance is given to brand name. So the life insurance companies should look over the price of premium, benefits of policy and even flexible payment options from the point of untapped potential market in India.
3. The price of premium of a policy must be within the budget of common man and life insurance companies should provide flexible payment options. By doing so, the private insurance companies can surely capture the untapped market along with creating brand name.
4. TATA AIG life insurance, it has huge past experience around the world. But coming to Indian perspective its positioning is not properly done in the customers mind. The advertisement of TATA AIG life insurance in TV should contain briefly relevant message about its policy and benefits of a policy. It should formulate strategies for attracting customers though good promotional activities and informative ads, so that common man can have an idea of what TATA AIG is offering in a policy.
5. Though people generally to do the savings by various means, like Post Office, Fixed Deposit, Mutual Fund, Gold, Real Estate, and Share Market etc. This study focuses attention on the positive affect of Unit Linked Plan as a part of Financial Planning.
6. The result of the study proves that ULIPS can enhance the individual's savings through their market investments. The study highlights ULIPS as a part of Tax Benefit for an individual. TATA AIG ULIPS products are good when taken as long term investment plans

CONCLUSIONS

From the project analysis and interpretation the conclusions are:

1) Most untapped insurance market in India contains mostly middle class and lower class people.

2) The customers gives preference more to premium of policy and benefits of the policy. Brand name and flexible payment options are given less importance.

3) Even though the premium price is not within the customer budget, if the benefits offered by policy are good customers is ready to take the policy.

4) The customers want the premium price to be within the budget, with good benefits.

5) The private insurance companies are unable to tap the untapped insurance market certain strategies should be formulated to grab the market.

6) Most customers feel that setting up of stalls at appropriate locations and providing information regarding various policies and benefits offered by the insurance company and create awareness about the insurance company.

7) TATA AIG has an international brand image by their world wide advertisement like formula one race and many other sports events still it need to implement more marketing advertisement to attract the customers.

8) The present study is an attempt to find the unit linked plan as a part of financial planning, moreover to determine whether the unit

linked plan would help the people to avail the tax benefit, protection, and savings.

QUESTIONNAIRE

A study of Unit Linked Life Insurance plan as a part of financial planning

Please fill the following details.

Name:

Age:

Gender:

Qualification:

Designation:

Salary:

Name of the Organization (Working):

Phone No.:

Email ID:

1. In which company you have Life Insurance Policy?
    a) LIC [ ]
    b) TATA AIG [ ]
    c) HDFC [ ]
    d) ICICI [ ]
    e) Others [ ]
2. Among various insurance companies why did you chose the above mentioned company
    a) Due to reputation of the company [ ]
    b) Due to Price of premium of policy [ ]
    c) Due to benefit of the policy [ ]
    d) Flexible premium payment options [ ]
3. Is the premium within your budget
    a) Yes [ ]
    b) No [ ]
4. Do you know about Unit Linked Life Insurance Plan?
    a) Yes [ ]
    b) No [ ]

5. What is the best option of investment?
    a) Unit Linked Plan [ ]
    b) Life Insurance [ ]
    c) Mutual Fund [ ]
    d) Share Market [ ]

6. How much percentage of your salary are you saving monthly
    a) 10%-20% [ ]
    b) 20%-30% [ ]
    c) 30%-40% [ ]
    d) 40%-50% [ ]

7. what is your expected price of premium of the policy
    a) Less than Rs.5000 [ ]
    b) Rs.5000 to Rs.10000 [ ]
    c) more than Rs.10000 [ ]

8. Do you find advertisement of TATA AIG life insurance are informative and attractive
    a) Informative [ ]
    b) Attractive [ ]

9. Which promotional media do you think is the best one to make people educate about an insurance policy
    a) TV advertisement [ ]

b) Hoardings [ ]

c) Paper advertisement [ ]

d) Banners [ ]

10. Did you suggest your colleagues, relatives or any of your friends about which is the best company to opt for an insurance policy

a) Yes [ ]

b) No [ ]

If yes which company you suggested?

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