



# ATTITUDE OF BANK EMPLOYEES TOWARDS INSURANCE SERVICE IN JIND CITY

Kirtika, Indus Institute of Engineering & Technology, Kinana (Jind)

**ABSTRACT:** *Insurance is one of the important needs for every people during their life. Majority of people do not care about their importance of having insurance. Insurance is the transfer of risk by an individual, organization, business to the insurance company. The purpose of the study on Attitude of Bank Employees towards Insurance Service in jind city is to identify the awareness level of consumer and satisfaction level of consumer regarding insurance service.*



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**Keywords:** Attitude, Insurance, Bank Employees, Life Insurance, General Insurance

## 1. INTRODUCTION

### 1.1 ATTITUDE

Attitudes are generally considered as judgments and these are results of either direct experience of the social environment or through observations. So attitude can be considered as a hypothetical construct, which represents degree of liking or disliking of an individual towards a particular object. Attitude may be defined as an enduring organization of motivational, emotional, perceptual, and cognitive process with respect to some aspect of our environment. attitudes have a motivational quality; that is they might propel a consumer toward a particular behaviour or repel the consumer away from a particular behaviour.

### 1.2 HISTORY OF INSURANCE IN INDIA

Insurance in India is usually understood as a measure to save the tax for an individual. It is never considered as a medium for investments for a long time. In Indian mentality savings can be done only in banks in terms of fixed deposits and other investment facilities available to them. Some people also like to invest in gold. After the independence, the Life Insurance Corporation was nationalized in 1956, and then the general insurance business was nationalized in 1972. Life Insurance Corporation of India has monopoly over Indian Life Insurance sector. But after the entry of private insurance players having alliance with foreign insurance experts, Indian insurance market has turned into highly competitive market.

### 1.3 INSURANCE REGULATIONS IN INDIA

Life Insurance Companies act, 1912, and the Provident Fund Act, 1912 were the two acts with which

Insurance regulation in India started. Insurance Act, 1938 as one of the comprehensive legislation in insurance history provided strict control over insurance business in the country under the supervision of the controller of insurance. In 1956, life insurance business was nationalized under the monopoly of Life Insurance Corporation of India. Then in 1972, non life business called general insurance was nationalized under the name of General Insurance Corporation of India. In the year 1993, Malhotra committee was formed to study the insurance business comprehensively. This committee in 1994 gave their recommendations. In 1995, Mukherjee committee was setup. Insurance Regulatory Authority in 1996 gave their recommendations for the regulation of insurance. In 1997, Mukherjee committee submitted their report with recommendations. In 1998, cabinet decides to allow 40% foreign equity in private insurance companies- 26% to foreign companies and 14% to Non-resident Indians and Foreign Institutional Investors, and in 1999, gave clearance to Insurance Regulatory and Development Authority Bill. Finally in 2000, President of India gave Assent to the Insurance Regulatory and Development Authority Bill.

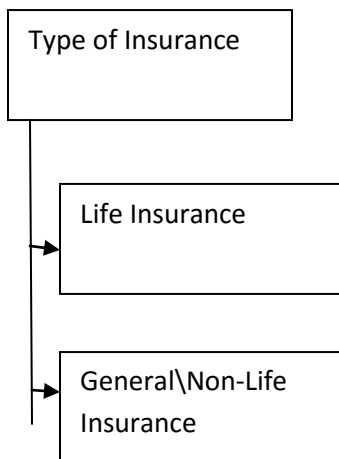
### 1.4 INSURANCE

Insurance may be described as a social device to reduce or eliminate risk of loss to life and property. Insurance is a collective bearing of risk. Insurance spreads the risks and losses of few people among a large number of people as people prefer small fixed liability instead of big uncertain and changing liability.



Insurance is a scheme of economic cooperation by which members of the community share the unavoidable risk.

**Thus, Insurance involves avoiding mitigating and transferring of risk, which creates greater predictability for individuals and organizations. Insurance enables risk to be handled intelligently to achieve stability and growth.**



**Fig 1** Types of Insurance

**A. Life insurance**

Life insurance contract is a contract in which the insurer in consideration of a certain premium either in lump sum or other periodical payments, agrees to pay to the assured or to the person for whose benefits the policy is taken, an agreed sum of money on the death of insured or on the expiry of a specified period of time, whichever is earlier. Following are the life insurance plans :

- Term Insurance
- Whole Life Insurance
- Annuities
- Endowment Insurance
- Money Back Policy
- Loan Cover Term Assurance Policy

**Life insurance Institutions**

❖ **Public sector Life Insurance Institutions**

[Only Life Insurance Corporation (LIC)]

❖ **Private Sector Life Insurance Institutions**

- Bajaj Allianz Life Insurance
- Tata AIG Life Insurance
- Birla Sun Life Insurance
- SBI Life Insurance
- Max New York Life Insurance
- Reliance Life Insurance
- HDFC Standard Life Insurance
- Kotak Life Insurance
- ICICI Prudential Life Insurance

**B. NON LIFE INSURANCE / GENERAL INSURANCE**

A contract whereby the insurer undertakes to compensate the insured in the event of any specified loss or damage suffered by the latter is known as non-life/ general insurance. A typical characteristic of general insurance are that it serves only as a protection contract, and not as an investment contract. This means that the money paid as premium will come back to the insured by way of claims only on the occurrence of some specified events resulting in loss or damage to the insured. There are various types of General Insurance which provide the various services to the people. It includes:

- Fire Insurance
- Automobile Insurance
- Marine Insurance
- Health Insurance

**Miscellaneous insurance:**

- Business & Commercial Insurance
- Political Risk Insurance
- Professional Indemnity Insurance
- Property Insurance
- Credit Insurance
- Travel Insurance
- Locked Funds Insurance

**Non life Insurance Institutions**

❖ **Public Sector General Insurance Institutions**

- General Insurance Corporations (GIC)
- Nationalized Assurance Company Ltd.
- New India Assurance Company Ltd.
- United India Assurance Ltd.
- Oriental Insurance Company Ltd.

❖ **Private Sector General Insurance Institutions**



- ICICI Lombard General Insurance Company Limited
- Tata AIG General Insurance Company Limited
- Bajaj Allianz General Insurance Company Limited
- IFFCO Tokyo General Insurance
- Reliance General Insurance Company Limited
- Royal Sundaram Alliance Insurance Company Limited
- Cholamandalam MS General Insurance Company Limited
- HDFC ERGO General Insurance Company Limited
- Export Credit Guarantee Corporation of India Limited
- Star Health & Allied Insurance Company Limited

## 2. LITERATURE REVIEW

**Following are the past studies conducted on Attitude towards Insurance Service with the reference of Bank Employess:**

Quality of life consists of various factors including health, community life, gender equality, political freedom, political stability and security, material well being, family life, and job security. In addition to it, insurance against illness or death is also considered as indicator for quality of life in developing countries. Being an indicator of quality of life, insurance has significance in human life.

The literature of attitude and perception of life insurance policyholders have largely focused on factors predicting these attitudes (Skinner and Dubinsky, 1984; Kruse and Ozdemir, 2004). Factors such as consumers' perceived value (Smith, 2006) satisfaction (Kuhlemeyer and Allen, 1999)

**(Barron and Staten, 1995)**<sup>1</sup> Purchase decision making responsibility has been considered as most important them of the literature on attitude and perception of life insurance policyholders. For example, in a survey of 1,462 families, Skinner and Dubinsky found out that employment status of the wife and education of the husband discriminate mostly between which family member(s) is responsible for insurance purchasing decision. Other significant variables include wife's educational level, husband's employment status, family income, and husband's occupation.

A study conducted by **Patil (2003)**<sup>2</sup> revealed that the insurance coverage of agricultural groups and agricultural labor is very low. The performance of children-related policies such as Jeevan Kishore, Jeevan Balya, etc., is very poor except the children money back policy, which has also not been contributing significantly. The demonstration of product features by the agents is not satisfactory.

**Kruse and Ozdemir (2004)**<sup>3</sup> explore the relationship between individual's risk perceptions and their willingness-to-pay for increased safety in a low-probability, high-consequence event. Although the 2004 survey represents the benchmark for a new series of surveys, it also draws upon a series of past surveys undertaken for the Panel in 1999 and 2000, as well as in 1997 and 1998 for the Panel's predecessor, the Personal Investment Authority (PIA) Consumer Panel. However, there have been (or are emerging) a number of changes to the regulatory regime operating in the financial markets, including changes to the role of the FSA. Therefore, the new survey needed to be adapted substantially in order to reflect these new priorities, although there still remains limited scope to track historical trends in consumer behaviour and attitudes.

**Raman and Gayatri (2004)**<sup>4</sup> have observed the customers' awareness towards new insurance companies. They found that 53% of the respondents belong to the age group below 30, 24% to the age group 31-40, 2% belong to the age group of 41-50 and the rest of the respondents belong to the group of 'above 50'. They also observed that a large percentage of the insured respondents (32%) are professional, and 56% of the respondents are married. It is also found that 52% of the respondents have taken a policy to cover risk and 44% of them to avoid tax and the remaining to invest their surplus amount.

**Sharma (2005)**<sup>5</sup> performed a study on 'Insurance perspective in Eastern-up' with the objective of probing into the reasons or the factors behind the purchase of the insurance product. It was found that according to 93.86% of respondents insurance policies are considered indispensable for risk protection.

**Kumar's (2005)**<sup>6</sup> articles highlights LIC's rural penetration, inherent problems in implementation, growth over the years, social schemes over the year, social schemes for the rural poor and the 'Bima Gram' program. The study indicates that nearly 55% of its new, individual policies have come from the rural sector. Its performance stands miles ahead of the



private players. But, amongst the insurance products available, very few are tailor-made for the rural population. Kumar (2005), in his study, revealed that the Life Insurance penetration, in India is just about 2% of GDP. The life insurance premium per capita is just Rs. 550. The LIC is the largest player with over 2000 officers. After liberalization, it has improved its efficiency and customer services. Among the private life insurance companies ICICI Prudential Life Insurance and Birla Sunlife are the first and second largest players. Other prominent companies in competition are—Bajaj-Allianz, HDFC Standard Life, Kotak Mahindra, ING Vysya Aviva Life, Metlife, etc. In the areas of marketing research, customer satisfaction has been considered as one of the most discussed subject in past times, as for the service providers, measuring customer satisfaction is of utmost requirement.

**Mushtaq (2005)**<sup>7</sup> concluded in their empirical study that Indian banks fall much below the perceptions of their customers on all the five dimensions of service quality, where as in case of foreign banks, these banks are exceeding the perceptions of their customers on two dimensions of service quality namely; tangibility and reliability. This finding revealed the notion that Indian banks in terms of service quality do not meet the expectations of their customers. In case of foreign banks perceptions and expectations of the customers about service quality offered by the banks do not have a big gap.

**Ndubisi and Chan (2005)**<sup>8</sup> conducted a study on the Malaysian banking sector. The study concluded by saying that banks can generate customer satisfaction by exhibiting trustworthy behaviour, commitment to service, communicating information to customers efficiently and accurately, delivering services in a competent manner, handling potential and manifest conflicts skilfully, and improving overall customer relationship quality.

**Namasivayam et al., (2006)**<sup>9</sup> examined the socioeconomic factors that are responsible for purchase of life insurance policies and the preference of the policyholders towards various types of policies of LIC. From the analysis, the study concluded that factors such as age, educational level and sex of the policyholders are insignificant, but income level, occupation and family size are significant factors.

**Najjar and Ram (2006)**<sup>10</sup> study on the US banking sector using a non difference score of SERVQUAL scale focused on the importance of improving service

quality in the banking sector. The study used statistical tools like ANOVA, Factor Analysis, and Regression to analyze the data. The final results of the service quality analysis showed that reliability and responsiveness were the two most critical dimensions of service quality and they are directly related to overall service quality. The findings of the study substantiated the findings of Berry et al. where reliability and responsiveness were shown to be important factors of service quality. It has been proved in marketing literature that retention of customers is less costly as compared to acquisition of new customers. Keeping this fact in mind various organizations focus on relationship marketing. Customer relationship management has come out as one of major strategies of companies in the modern context of business. Now companies are focusing on framing customer specific strategies so that all the customers of the company should be served effectively and efficiently according to their needs and demands.

**Rajkumari (2007)**<sup>11</sup> described the awareness, satisfaction and preferences of customers towards various Insurance services. Further for the identification of the customer's attitude towards purchase of insurance products and their knowledge on the products; thorough study was conducted. Suggestions for the improvement of customer awareness on banc assurance and performance of banks in selling insurance policies were given.

**Wallace & Herrick (2009)**<sup>12</sup> stated that there is constant need for the business models, capabilities & the practices of the financial services to get change along with the changing regulation & consumer expectations. Security, stability, growth & capital are those four factors of banks that cause the business nature to get changed for the public & private sectors according to time.

**Tiwari and Yadav (2012)**<sup>13</sup> discussed about the customer's awareness, satisfaction and perception towards buying life insurance products from banks as well as its role in Indian life Insurance Industry.

### 3. RESEARCH METHODOLOGY



Particulars	Research Design
Type of Research	Descriptive
Sample Size	40
Sampling Technique	Simple Random Sampling
Method of Data Collection (Source)	Primary Data (Bank employees in Jind city)
Tool of Data Collection	Questionnaire

Table 1 : Research Design

#### 4. AREA OF RESEARCH

Field of study is Banking Sector for research. The study has been conducted on **Attitude towards Insurance Service with the reference of banking employees in Jind City** during February 2015. The study was conducted in following banks:

1. State Bank of Patiala
2. State Bank of India
3. Punjab National Bank
4. Dena Bank
5. Axis Bank
6. ICICI Bank
7. Gramin Bank

#### 5. OBJECTIVES OF RESEARCH

- To study the awareness level of customers regarding insurance policies.
- To compare the satisfaction level of customers regarding insurance policies.
- To analyze the future buying pattern of the consumer for insurance policies.

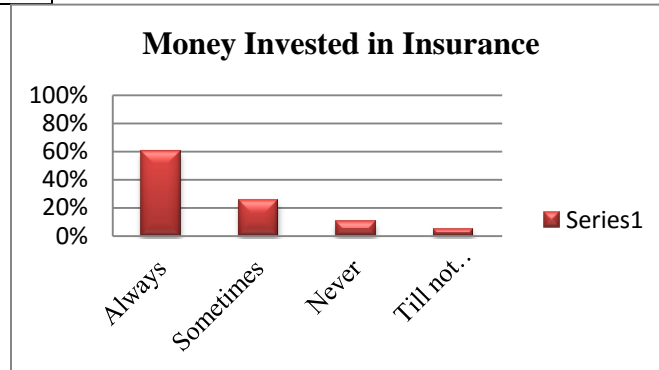
#### 6. DATA ANALYSIS

Money invested in insurance by bank employees	No. of Respondents	%
Always	24	60

Sometimes	10	25
Never	4	10
Till not needed	2	5
Total	40	100

Table 2: Money invested in insurance by bank employees

Fig.2: Money invested in insurance by Bank Employees



Income invested in Insurance	No. of Respondents	%
Below 10 %	8	20
10 % - 20 %	12	30
20 % - 30 %	16	40
Above 30 %	4	10
Total	40	100

Table 3: Income invested in Insurance

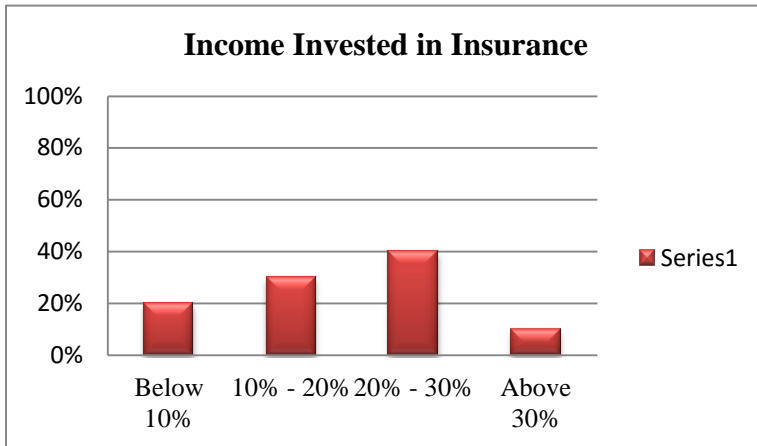


Fig.3: Income Invested in Insurance

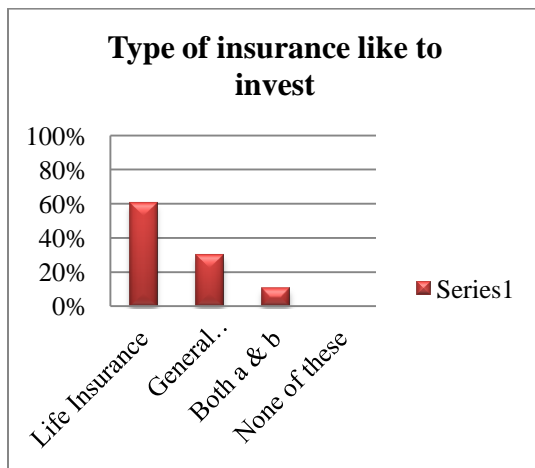


Fig.4: Type of insurance like to invest by Bank Employees

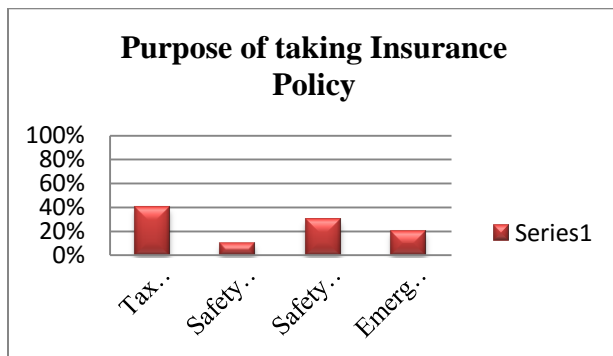


Fig.5: Purpose of taking Insurance Policy

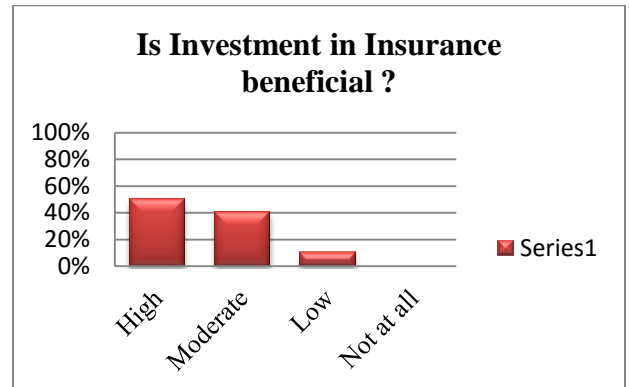


Fig.6: Employees response to investment in insurance beneficial

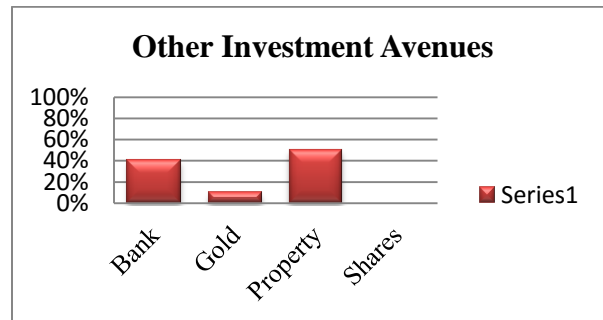


Fig.7: Beside Insurance, Other Investment Avenues

## 7. Conclusion

The research conclude that in Jind Bank Employees invest in the insurance for the purpose of tax deduction, safety of property & family and for emergency fund. Employees found beneficial and safe investment in insurance.

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