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# PROJECT REPORT

ON

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**“COMPARITIVE STUDY OF HDFC-SLIC AND ICICI PRUDENTIAL  
LIFE INSURANCE COMPANY LIMITED”.**

**Project Submitted to**

**KURUKSHETRA UNIVERSITY, KURUKSHETRA**

**In the partial fulfillment for the degree of**

**Master of Business Administration**

**(Session 2010-2012)**

**Under the Guidance of:**

**Mr. ASHISH**

**(SENIOR DEVELOPMENT MANAGER)**

**Submitted by:**

**TARUN CHUGH**

**(MBA-10250)**



**Panipat Institute of Engineering and technology**



**Affiliated to Kurukshetra University, Kurukshetra**



## **DECLARATION**

I, TARUN CHUGH, a bonafide student of PANIPAT INSTITUTE OF ENGINEERING & TECHNOLOGY , Roll No. 10250 MBA (3<sup>rd</sup> Semester) hereby declare that the Final Project entitled **“COMPARITIVE STUDY OF HDFC-SLIC AND ICICI PRUDENTIAL LIFE INSURANCE COMPANY LIMITED”** is an original work and the same has not been submitted to any other institute for the award of any other degree.

**TARUN CHUGH**

## PREFACE

Knowledge has two aspects - theoretical and practical and no theoretical concept is complete without having knowledge of its practical application. A few weeks professional training programme was introduced as a part of curriculum of M.B.A. This summer training programme proves beneficial to the future managers as they are confronted with the problems of actual work environment during their training period.

As per the curriculum requirement, I did 6 weeks training in HDFC STANDARD LIFE INSURANCE CO. LTD., NEW DELHI. Working in such a big concern, no matter for a very small period was really a matter of pride. My area of work in that concern was confined to ULIP PLANS & ITS COMPARATIVE STUDY WITH ULIP PLANS OF ICICI PRUENTIAL LIFE INSURANCE CO. LTD. and moreover it was not possible for me to cover all the areas of comparisons in such a short period of time so I concentrated my working on the project assigned to me. So the learning during the training in HDFC STANARD LIFE INSURANCE CO. LTD., a report of that is being presented in the following.

**Tarun Chugh**

## ACKNOWLEDGEMENT

I owe a great many thanks to a great many people who helped and supported me during the preparation of this project report. I would like to express my deep and sincere gratitude to the following individuals without whom my project report not has been successful one. I am thankful for the tremendous support and guidance provided to me by **Dr. Puja Walia Mann (H.O.D., MBA) & Ms. Neha Dhingra (Asst Prof, M.B.A)**. Their expert opinion and effort to direct my views in the right direction helped in the successful completion of this project.

I would also thank my Institution “PANIPAT INSTITUTE OF ENGINEERING AND TECHNOLOGY” and all my faculty members without whom this project would have been a distant reality. I also extend my heartfelt thanks to my family and well wishers.

**Tarun Chugh**

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## **1.1 Industry profile:**

### **1.1.1 INTRODUCTION TO LIFE INSURANCE**

#### **What is Life Insurance?**

Life insurance is a contract providing for payment of a sum of money to the person assured or failing him to the person entitled to receive the same on the happening of certain uncertain eventuality.

Uncertainty of death is inherent in human life. It is this risk, which gives rise to the necessity for some form of protection against the financial loss arising from death. Insurance substitutes this uncertainty by certainty.

The study reveals the strategies adopted by various insurance companies present in India as well as in the global competition

Following are the reasons because of which this project was opted are inculcated as under :-

- The marketing strategies of any company is the backbone that frames the growth and development of the company.
- The Life insurance industry really makes anybody learn about the importance of bread earner to a family.
- Unlike any other saving plan, a life insurance policy affords full protection against risk of death. In the event of death of a policyholder, the insurance company makes available the full sum assured to the policyholder's near and dear ones.
- A savings deposit can be easily withdrawn. The payment of life insurance premiums, however, is considered sacrosanct and is viewed with the same seriousness as the payment of interest on a mortgage. Thus, a life insurance policy in effect brings about compulsory savings.
- A life insurance policy is the only financial instrument the proceeds of which can be protected against the claims of a creditor of the assured by effecting a valid assignment of the policy.



- Speculative or unwise expenses quickly cause the proceeds to be squandered. Several policies have foreseen this possibility and provide for payments over a period of years or in a combination of installments and lump sum amounts.

- A life insurance policy can, after a certain time period (generally three years), be surrendered for a cash value. The policy is also acceptable as a security for a commercial loan, for example, a student loan. It is particularly advisable for housing loans when an acceptable LIC policy may also cause the lending institution to give loan at lower interest rates.

- Death is only the hazard that is insured; many policies also include disability benefits. Typically, these provide for waiver of future premiums and payments of monthly installments spread over certain time period

- Many policies can also provide for an extra sum to be paid (typically equal to the sum assured) if death occurs as a result of accident.

### **1.1.2 Insurance and its Benefit to Society**

Insurance is a system by which a person, business or organization transfers a risk to an insurance company, which reimburses the insured for covered losses and provides for sharing the costs of losses among all insurers.

Insurance helps society by reimbursing people and businesses for covered losses, encouraging accident prevention, investing in capital country's capital markets and bond markets, enabling people to borrow money and reducing anxiety.

The major benefit of insurance is the indemnification of insurers for covered losses. To indemnify is to restore the party that has had a loss to the same financial position as before the loss occurred. Through indemnification, insurance allows individuals, businesses and organizations to maintain their economic position and not suffer financial setbacks causing a burden to society or to other individuals. In addition, insurance indemnifies the injured persons.

When a family's house is destroyed by fire and the loss is covered by insurance, the family is less likely to be dependent on relatives or public assistance for lodging. Likewise, when a business is covered for a large liability loss that would have otherwise driven the firm into bankruptcy, insurance contributes to society because the firm continues to provide jobs for its workers, products for its customers and business for its suppliers.

### **Concerned with safety**

While insurance exists to pay the losses that result from accidents, insurance companies are naturally interested in lowering the number of accidents and associated costs. Insurers also engage in a variety of accident prevention and reduction activities that reduce costs to policyholders. Society benefits when losses are controlled – lives are saved, injuries are prevented and property is preserved. Insurers and related organizations employ thousands of safety engineers, loss control representatives, and other specialists to help prevent auto accidents, fires, job injuries, injuries caused by defective products, explosions, and other accidental losses.

### **1.1.3 INSURANCE AS AN INVESTMENT TOOL:**

Insurance invests in the economy. Insurance provides funds to help businesses grow and create jobs. Premium funds that are not immediately needed are lent to government and businesses. Lending to municipalities, in the form of bonds, provides local governments across the United States with the means to build, maintain and repair municipal infrastructure — schools, roads, bridges, sewers, airports.. Funds are also lent to businesses, providing them with the means to purchase buildings, equipment and supplies. Along with housing interests, the insurance industry is probably the most active voluntary investor in low- and moderate-income communities, particularly those located in urban areas. Compared to less-developed countries, the developed countries enjoy a higher standard of living, partly because these funds are available from insurance companies.

## **Support the provision of credit**

Insurance provides support for credit. Even though mortgage lenders approve an applicant for a home loan based on the applicant's credit worthiness, most lenders also require that the dwelling be covered by homeowner's insurance. Likewise, a business applying for a loan to purchase inventory might be required to show that the inventory is insured before the loan is granted.

## **Reduces anxiety**

Insurance also reduces anxiety because the insured knows insurance will provide indemnification if a covered loss occurs. By shouldering the burden of unexpected or catastrophic losses, insurance helps businesses avoid bankruptcy and keeps workers employed and local economies healthy. It also contributes to a stable society where people can plan for the future without an undue fear of catastrophic loss.

## **Insurance and Risk Management Planning**

Insurance and Risk Management Planning is the process of identifying the source and extent of an individual's risk of financial, physical, and personal loss, and developing strategies to manage exposure to risk and minimize the probability and amount of potential loss.

### **1.1.4 Insurance and Risk Management Planning in the Context of Personal Financial Planning**

In personal financial planning (PFP), risk management and insurance planning results in clients who are aware of the range of significant risks to their financial well-being and who are adequately and properly protected from the loss that could result from those risks. Periodic reviews help clients understand that life changes, such as a job change or divorce, affect risk management and insurance coverage.

## **Risk Management Strategies**

Risk Management is much broader than the purchase of insurance policies, involving strategies such as:

- **Risk avoidance**—involving the elimination of a threatened financial loss.
- **Risk reduction**—involving strategies to minimize the amount of loss if a loss does occur.
- **Risk transfer**—sharing the burden of loss. This strategy includes the use of insurance to transfer some of the burden of loss to the third party insurer.
- **Risk retention**—involving either the acceptance of some of the economic burden of a loss, or continuing to participate in activities with risks that cannot be transferred or shared.

### **Insurance as a Risk Management Strategy**

Insurance is just one aspect—but a very critical aspect—of risk management planning. A key aspect of insurance planning understands what is available from insurance companies to assist in offsetting the economic losses associated with a particular risk. From this point you can assist your clients to inventory what risks are to be protected, identify gaps in coverage, evaluate alternative insurance policies, and select and acquire the appropriate policies.

### **1.1.5 A Profile of the World's Insurance Industry**

The United States is the world leader in insurance with 31 percent of the premium volume in 2005. Japan is second with just under a quarter of the world's volume. Germany, the UK, France, South Korea and Italy combined, hold another quarter of the premium volume. The insurance industry is a major contributor to the U.S. economy. Government authorities in the ``various states regulate the operations of 7,900 domestic insurance companies. About 3,300 companies sell some form of property/casualty insurance. Altogether, the insurance industry provides 2.3 million jobs.

With largest number of life insurance policies in force in the world, Insurance happens to be a mega opportunity in India. It's a business growing at the rate of 15-20 per cent annually and presently is of the order of Rs 450 billion. Together with banking services, it adds about 7 per cent to the country's GDP. Gross premium collection is nearly 2 per cent of GDP and funds available with LIC for investments are 8 per cent of GDP. Yet, nearly 80 per cent of Indian population is without life insurance cover while health insurance and non-life insurance continues to be below international standards. And this part of the population is also subject to weak social security and pension systems with hardly any old age income security. This itself is an indicator that growth potential for the insurance sector is immense.

### **1.1.6 How Insurance Companies Work?**

Unlike banks, insurance companies are chartered to provide insurance. They generally do not extend credit and are often precluded from doing so by law and regulation. Because property/casualty policies are short-term – usually one-year – state insurance laws require most property/casualty investments to be short-term and highly liquid. Legally permissible investments include cash, mutual funds, Treasury bills and notes, mortgage-backed securities, specified types of debt securities, and preferred stock. Generally, property and casualty insurers cannot invest in real estate, other than their own buildings and property.

To illustrate the short-term nature of property/casualty investments, consider that in an average year, out of \$100 paid in homeowners' premiums, the industry pays out \$74 in claims. 3 The remainder goes to agent commissions, administrative expenses, operating costs, and, in good years, policyholder protection funds 4 which protect against future catastrophic loss. When catastrophes strike, such as fires, hurricanes, or earthquakes a greater percentage of premiums will be paid out in claims. Over time, customers receive back the vast majority of premiums in claims payments. The billions of dollars paid by the industry in claims is itself "reinvestment" in the local community when disaster strikes. This reinvestment not only benefits policyholders, it benefits the people who rebuild the structure after the tornado, fix the car damaged by hail or sell the appliances and cabinets needed to repair the kitchen damaged by fire. Life insurance companies primarily issue life insurance policies and annuities. Policyholder premiums are invested in compliance with state insurance laws for the benefit of policyholders to ensure that the company can meet its obligations under the terms of the policies. As they do for property/casualty companies, state insurance laws establish the types and amounts of permissible investments for life companies.

Legally permissible investments include cash, mutual funds, Treasury bills and notes, mortgage-backed securities, corporate stock and other types of equity and debt securities, loans, and real estate. Reflecting the long-term nature of a life insurance policy, life insurance companies generally are permitted longer-term investments than those permitted for property/casualty companies.

### **1.1.7 How Insurance is regulated?**

Insurance regulation is conducted by each state through its department of insurance, run by a commissioner or director who may be elected, or appointed by the governor. Insurance departments are charged with regulating the safety and soundness of insurance companies and consumer protection. Primarily the home state regulator, who leads safety and soundness examinations and reviews investments and the adequacy of policy reserves, conducts safety and soundness regulation. Each state regulator must license any company that wants to do business in his or her state, and review and approve rates and policy forms to be

used by any licensed company. Unlike banks and thrifts, most insurance companies have no geographic community. Insurance companies must be "domiciled" in a single state and are primarily regulated by the home state regulator. They must be licensed in every state in which they do business. However, there may be no connection between a company's physical location and its home state or other states in which it is licensed. For example, an insurance company may be domiciled in Illinois, have its headquarters in California, and be licensed for business in 40 states. In the case of automobile insurance, the company likely would have claims offices and perhaps agents in each of the states in which it is licensed. In the case of more specialized coverage such as director's and officer's liability insurance, a company may not have a physical presence in any of its licensed states.

In a competitive environment, some insurance company failures will inevitably occur. However, unlike banks, thrifts and credit unions, the insurance industry does not have a government-backed fund to handle insolvency. Instead, each state has a life insurance guaranty fund and a property/casualty insurance company guaranty fund. The guaranty funds ensure that the insolvent company is retired from the market in an orderly manner that gives maximum protection to the public.

### **1.1.8 Development of Insurance in India**

A thriving insurance sector is of vital importance to every modern economy. First because it encourages the savings habit, second because it provides a safety net to rural and urban enterprises and productive individuals. And perhaps most importantly it generates long-term investible funds for infrastructure building. The nature of the insurance business is such that the cash inflow of insurance companies is constant while the payout is deferred and contingency related.

This characteristic of their business makes insurance companies the biggest investors in long-gestation infrastructure development projects in all developed and aspiring nations. This is the most compelling reason why private sector (and foreign) companies which will spread the insurance habit in the societal and consumer interest are urgently required in this vital sector of the economy.

With the nation's infrastructure in a state of imminent collapse, India couldn't have afforded to be lumbered with sub-optimally performing monopoly insurance companies and therefore the passage of the Insurance Regulatory & Development Authority Bill on December 2, 1999 heralds an era of cautious optimism where stakes are high for all parties concerned. For the Govt. of India, Foreign Direct Investment (FDI) must pour in as anticipated; for foreign insurers, investments must start yielding returns and for the domestic insurance industry - their market penetration should remain intact. On the fringe, the customer is pondering whether all the hype created on liberalization will actually benefit him.

### **1.1.9 Insurance Regulatory & Development Authority**

Insurance Regulatory and Development Authority (IRDA) was constituted in 1999 by an Act of Parliament to protect the interests of the policyholders and to regulate, promote and ensure orderly growth of the insurance industry.



Fig.1.1 Logo of IRDA

### **1.1.10 FEATURES OF IRDA**

In Dec 1999 the Insurance Regulatory and Development Authority (IRDA) Act was passed.

The main Features of this regulation are:-

- Separate licenses for life, general and reinsurance business
- Capital requirements for each line Rs. 100/- crores for life & non-life

Rs.2000/-crores for

Reinsurance.



- The “Appointed Actuary” mandated by IRDA regulations for life as well as non-life have to be a Fellow of the Actuarial society of India (ASI)
- The Appointed Actuary responsible for reporting to the IRDA.
- Insurance agents should have high school diploma plus 100 hrs of training
- Strict guidelines issued for asset and liability management and solvency margin requirement.
- Increases in disclosure requirements
- All insurers are mandated to provide specified minimum coverage for the rural and social sector.

### **1.1.11 MISSION OF IRDA**

To protect the interests of the policyholders, to regulate, promote and ensure orderly growth of the insurance industry and for matters connected therewith or incidental thereto.

### **1.1.12 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,

All appointed by the Government of India

### **1.1.13 Duties, Powers and Functions of IRDA**

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

- 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.
- 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 (4 of 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; and
- q) Exercising such other powers as may be prescribed.

## **1.2 Company Profile:**

### **HDFC-SLIC (Housing Development Finance Corporation Standard Life Insurance Company Ltd.)**

HDFC-SLIC was incorporated on August 2000 under the name of HDFC Standard Life Insurance Company Limited. Its ambition was to be the first private company to re-enter the life insurance market in India. On the **23<sup>rd</sup> of October 2000**, this ambition was realized when HDFC Standard Life was the only life company to be granted a certificate of registration.

HDFC are the main shareholders in HDFC standard Life, with 81.4%, while Standard Life owns 18.6% given Standard Life's existing investment in the HDFC Group, this is the maximum investment allowed under current regulations.

HDFC and Standard Life have a long and close relationship built upon shared values and trust. The ambition of HDFC Standard Life is to mirror the success of the parent companies and be the yardstick by which all other insurance company's in India are measured.

#### **1.2.1 Mission:**

Its aim is to be at the top new Life Insurance Company in the market. This does not just mean being the largest or the most productive company in the market; rather it is a combination of several things life:-

- Customer service of the highest order
- Value for money for customers,
- Professionalism in carrying out business
- Innovative products to cater to different needs of different customers

- Use of technology to improve service standards
- Increasing market share

### **1.2.2 Values:**

- **SECURITY:**

Providing long term financial security to our policy holders will be our constant endeavor. This will be done by offering life insurance and pension products.

- **TRUST:**

Appreciation to the trust placed by our policy holders in us. Hence, we will aim to manage their investments very carefully and live up to this trust.

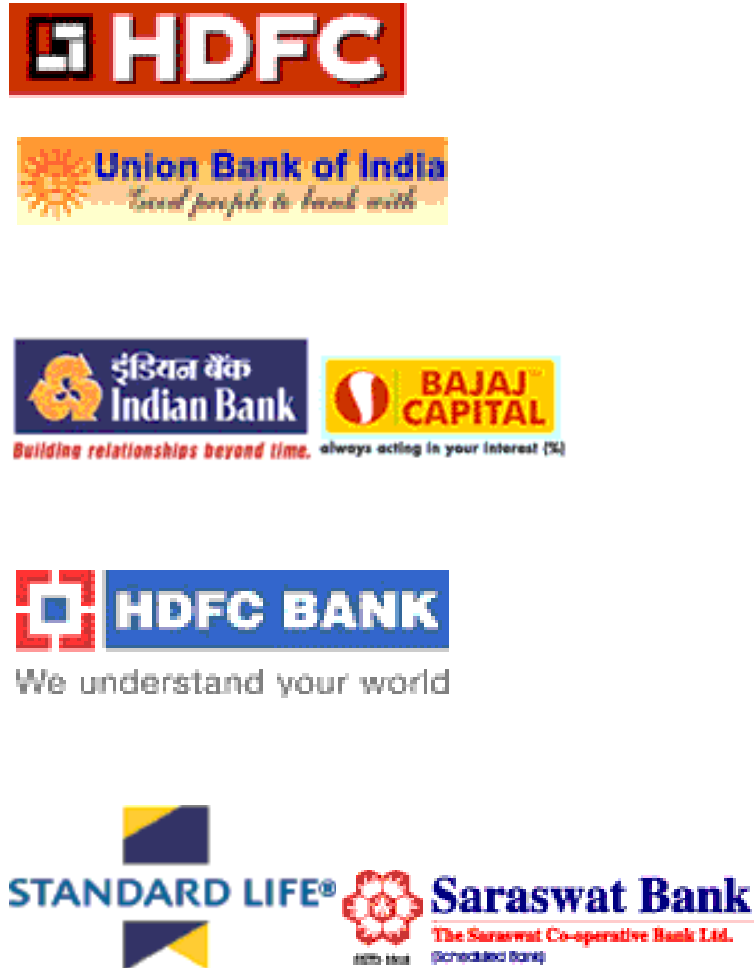
- **INNOVATION:**

Recognizing the different needs of our customers, we will be offering a range of innovative products to meet these needs.

- **MISSION**

Its mission is to be the best new life Insurance Company in India and these are the values that will guide us in this.

### 1.2.3 SOME OF VALUED BANCASSURANCE PARTNERS.



**Fig 1.1 Bancassurance Partners of HDFC SLIC**

The Standard Life Assurance Company ("Standard Life") was established in 1825 and the first Standard Life Assurance Company Act was passed by Parliament in 1832. Standard Life was reincorporated as a mutual assurance company in 1925. Parliament in 1832. Standard Life was reincorporated as a mutual assurance company in 1925.

The Standard Life group originally operated only through branches or agencies of the mutual company in the United Kingdom and certain other countries. Its Canadian branch was founded in 1833 and its Irish operations in 1838. This largely remained the structure of the group until 1996, when it opened a branch in Frankfurt, Germany with the aim of exporting its UK life assurance and pensions operating model to capitalise on the opportunities presented by EC Directive 92/96/EEC (the “Third Life Directive”) and offer a product range in that market with features which local providers were unable to offer. In the 1990s, the group also sought to diversify its operations into areas which complemented its core life assurance and pensions business, with the intention of positioning itself as a broad range financial services provider.

### **Banking, Healthcare & Investments**

The group set up Standard Life Bank, its UK mortgage and retail savings banking subsidiary, in 1998 and Standard Life Investments, which had previously been the in-house investment management unit of the group’s life assurance and pensions business, was separated into a distinct legal entity in the same year, with the aim of establishing it as an independent investment management business providing services to both the group and third party retail and institutional clients. The group acquired Prime Health Limited (subsequently renamed Standard Life Healthcare) in the United Kingdom in 2000. Standard Life Healthcare expanded in March 2006 with the acquisition of the PMI business of FirstAssist.

### **Standard Life Asia Limited/Joint ventures**

The group’s Hong Kong subsidiary, Standard Life Asia Limited (“SL Asia”), was incorporated in 1999 as a joint venture and became a wholly-owned subsidiary of Standard Life in 2002. The group’s operations in Hong Kong were established to give the group a presence in the Far East from which it could expand into China. The group’s joint ventures in India with Housing Development Finance Corporation Limited (“HDFC”) were incorporated in 2000 (in relation to the life assurance and pensions joint venture) and 2003 (in relation to the investment management joint venture). The group’s joint venture in China with Tianjin Economic Development Area General Company (“TEDA”) became operational in 2003.

## **Standard Life International Limited**

The group also incorporated Standard Life International Limited (“SLIL”) in 2005 for the purposes of providing the group with an offshore vehicle, based in Ireland, through which it could sell tax-efficient investment products into the United Kingdom. Sales of these products commenced in 2006.

## **Service Company**

Following the group’s strategic review in 2004, the group established a service company structure for the provision of central corporate services to the group’s business units. Standard Life Employee Services Limited (“SLES”) supplies a wide range of central services to the rest of the group, including IT, facilities, legal and human resources services, and employs staff working in the group’s UK and Irish operations (other than SLI, SLB and SLH, which employ their staff directly). This service company structure was created to enable Standard Life to comply with regulatory restrictions on the provision of non-insurance services and to exploit group-wide synergies.

### **1.2.4 Products**

At HDFC Standard Life, we offer a bouquet of insurance solutions to meet every need. We cater to both, individuals as well as to companies looking to provide benefits to their employees. This section gives you details of all our products. We have incorporated various downloadable forms and product details so that you can make an informed choice about buying a policy.

For individuals, we have a range of protection, investment, pension and savings plans that assist and nurture dreams apart from providing protection. You can choose from a range of products to suit your life-stage and needs.

For organizations we have a host of customized solutions that range from Group Term Insurance, Gratuity, Leave Encashment and Superannuation Products. These affordable plans apart from providing long term value to the employees help in enhancing goodwill of the company.



## **Individual Products**

HDFC Standard Life realizes that not everyone has the same kind of needs. Keeping this in mind, we have a varied range of Products that you can choose from to suit all your needs. These will help secure your future as well as the future of your family.

### **Protection Plans**

You can protect your family against the loss of your income or the burden of a loan in the event of your unfortunate demise, disability or sickness. These plans offer valuable peace of mind at a small price.

Protection range includes our Term Assurance Plan & Loan Cover Term Assurance Plan.

### **Investment Plans**

Single Premium Whole Of Life plan is well suited to meet your long term investment needs. We provide you with attractive long term returns through regular bonuses.

### **Pension Plans**

Pension Plans help you secure your financial independence even after retirement.

Pension plan range includes our Personal Pension Plan, Unit Linked Pension, Unit Linked Pension Plus

### **Savings Plan**

Savings Plans offer you flexible options to build savings for your future needs such as buying a dream home or fulfilling your children's immediate and future needs.

Our Savings range includes Endowment Assurance Plan, Unit Linked Endowment, Unit Linked Endowment Plus, Money Back Plan, Children's Plan, Unit Linked Youngstar, Unit Linked Young star Plus .

### **1.2.5 Group Products**

#### **One-stop shop for employee-benefit solutions**

HDFC Standard Life has the most comprehensive list of products for progressive employers who wish to provide the best and most innovative employee benefit solutions to their employees. We offer different products for different needs of employers ranging from term insurance plans for pure protection to voluntary plans such as superannuation and leave encashment.

We now offer the following group products to our esteemed corporate clients:

##### Group Term Insurance

##### Group Variable Term Insurance

##### Group Unit-Linked Plan

An investment solution that provides funding vehicle to manage corporates with Gratuity, Defined Benefit or Defined Contribution Superannuation or Leave Encashment schemes of your company

Also suitable for other employee benefit schemes such as salary saving schemes and wealth management schemes

### **1.2.6 UNIT LINKED YOUNG STAR PLAN**

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The HDFC Unit Linked Young Star Plan gives you:

- ◆ An outstanding investment opportunity by providing a choice of thoroughly researched and selected investment.

- ◆ Valuable protection in case of the insured parent's unfortunate demise.
- ◆ Very flexible benefit combinations and payment options.
- ◆ Flexible additional benefit options such as critical illness cover.

## **4 easy steps to taking a Plan**

Step 1 Choose the premium a person wish to invest.

Step 2 Choose the amount of protection (Sum assured) which a person desire.

Step 3 Choose the additional benefit options which a person desire.

Step 4 Choose the investment fund or funds which is desired by any person.

### **Step 1: Choose your regular premium**

This is the premium that will continue to pay each year of the policy.

The minimum regular premium is Rs.10,000 per year. that can pay quarterly, half yearly or annually.

### **Step 2: Choose your level of protection**

You can choose any amount of Sum Assured with:

- A minimum of 5 times that can be chosen regular premium.
- A maximum of 40 times that can be chosen regular premium.

**A person can reduce but not increase the sum assured.**

### **Step 3: Choose additional plan benefits**

In addition to maturity benefit, a person can choose from these benefit options.

- Life Option- **Death Benefit**
- Life & Health Option- **Death Benefit + Critical Illness Benefit**

#### **Step 4: Choose your investment funds.**

**Choosing investment option is important. Company has 6 funds:**

- The potential for higher but more variable returns over the term of your policy; or
- More stable returns with lower long-term potential.

A person's investment will buy units in any of 6 funds designed to meet risk approach. All units in a particular fund are identical.

A person can choose from all or any of the following 6 funds.

Fund	Details	Asset Class			
		Bank deposits & Money Market	Govt. Securities & Bonds	Equity	Risk & Return Rating
		Fund Composition			
Liquid Fund	Extremely low capital risk.	100%	--	--	Low
Secure Fund	More capital stability than equity funds.	--	100%	--	Low
Defensive Fund	*Access to better long-term returns through equities.	--	70% to 85%	15% to 30%	Moderate

	*Significant bond exposure keeps risk down.				
Balanced Managed Fund	*Increased equity exposure gives better long-term return.  *Bond exposure provides some stability.	--	40% to 70%	30% to 60%	Very high
Growth Fund	*For those who wish to maximize their returns.  *100% investment insurance high Indian equities.	--	--	100%	Very high

**Table 1.1(funds offered by HDFC\_SLIC)**

### **Benefits From the plan:**

#### **Death Benefit:**

- ◆ The company will pay the Sum Assured to the beneficiary.
- ◆ A family need not pay any further premiums.
- ◆ The company will pay future premiums on a person's behalf.
- ◆ Any Critical Illness Cover terminates immediately.

#### **Critical Illness Benefit:**

- ◆ The company will pay the Sum Assured to the beneficiary.
- ◆ A family need not pay any further premiums.
- ◆ The company will pay future premiums on a person's behalf.
- ◆ The Death Cover terminates immediately.

### **Changes in the Payment of Premium:**

- ◆ A person can increase or reduce\*, stop\* or restart your regular premiums at any time.
- ◆ A person must have paid 3 years regular premiums and its fund must have a value above Rs.15, 000.

### **Changes in Investment Decisions:**

A person can change his investment fund choices in two ways.

- ◆ Switching: A person can move accumulated funds from one fund to another anytime.
- ◆ Premium Redirection: A person can pay his future premiums into a different selection of funds, as per your need.

### **Additional single premiums:**

- ◆ A person can, very cost effectively, invest any extra money have to enhance the long-term return and provide the little extras your child deserves.
- ◆ A person can invest more than regular premiums anytime.
- ◆ The minimum additional single premium amount is only Rs.5, 000.

### **Surrendering the Policy:**

- ◆ A person can choose to surrender the policy at any time.
- ◆ The surrender value will be the value of the units in the fund less any surrender charges.
- ◆ If you have paid 3 years of regular premiums, there will be no surrender charges.

### **Tax Benefits** (Based on current tax laws)

A person will be eligible for tax benefits under Section 80C and Section 10 (10D) of the Income Tax Act, 1961.

- ◆ Under Section 80C, you can save up to Rs.33, 660 from your tax each year (calculated on the highest tax bracket) as premiums up to Rs.1, 00,000 are allowed as a deduction from your tax income.
- ◆ Under Section 10 (10 D), the benefits can receive from this policy are completely tax-free.

### Accessing Money Easily

A person can make lump sum withdrawals from your funds at any time provided:

- ◆ The minimum withdrawal amount is Rs.10, 000.
- ◆ After the withdrawal, the fund less any due charges exceeds both Rs.15,000 and the surrender charges in force at the time of the withdrawal.

### Eligibility

The age and term limits for the insured parent for taking out a Unit Linked Young Star Plan are as shown below.

Benefit Options	Term Period (Yrs.)		Age at Entry (Yrs.)		Maximum Age at Maturity (Yrs.)
	Min.	Max.	Min.	Max.	
<b>Life Option</b>	10	25	18	60	75
<b>Life &amp; Health Option</b>	10	25	18	55	65

**Table 1.2(Eligibility for Unit Linked Young Star Plan)**

## Beneficiaries

The beneficiary (your child) is the sole person to receive the benefit under the policy. Where the beneficiary is less than 18 years of age the benefit will be paid to the Appointee.

## Charges Applicable under the Policy

The charges under the policy are deducted to provide for the benefits and the administration provided by the company.

### Premium Allocation Charge:

This is a premium-based charge. After deducting this charge from premiums, the remainder is invested to buy units.

Premium Paid During Year (Rs.)		Investment Content Rate (ICR)	
		1 <sup>st</sup> & 2 <sup>nd</sup> yrs.	3 <sup>rd</sup> year onwards
Regular Premiums	Up to 1,99,999	70.00%	99.00%
	From 2,00,000 to 4,99,999	80.00%	99.00%
	From 5,00,000 to 9,99,999	85.00%	99.00%
	10,00,000 and above	90.00%	99.00%
Single Premium Top-Up(s)		97.50%	99.00%

**Table 1.3(Allocation Charges & ICR)**

## Fund Management Charges (FMC)

The daily unit price already includes a low fund management charge of 0.80% per annum of the fund's value. In the long term, the key to building great maturity values is a low FMC.



## **Cancellation or Surrender Charges**

On cancellation or surrender of the policy before 3 years of regular premiums have been paid, the company will make a charge of 30% of the outstanding premiums due for the remainder of this 3-year period.

## **Other Charges:-**

### **Administration Charge**

A charge of Rs.20 per month is charged to cover regular administration costs. The company makes the charge by canceling units in each of the funds you have chosen, in the proportion is to be chosen.

### **Risk Benefit Charges**

Every month the company makes a charge for providing a person with the death or critical illness covers have been selected. The amount of the charge taken each month depends on a person age. The company takes the charge by canceling units in each of the funds have chosen, in the proportion have chosen.

### **Fund switching Charges, Premium Redirection or Alteration Charges**

Premium alterations include stopping and restarting your regular premium after 3 years. The company does not charge for any of these options currently. The company deserves the right to introduce such charges after approval from the IRDA.

## **1.2.7 ICICI PRUDENTIAL LIFE INSURANCE**

### **1.2.8 Overview**

India's Number One private life insurer, ICICI Prudential Life Insurance Company is a joint venture between ICICI Bank-one of India's foremost financial services companies-and Prudential plc- a leading international financial services group headquartered in the United Kingdom. Total capital infusion stands at Rs. 23.72 billion, with ICICI Bank holding a stake of 74% and Prudential plc holding 26%.

We began our operations in December 2000 after receiving approval from Insurance

Regulatory Development Authority (IRDA). Today, our nation-wide team comprises of over 680 offices, over 235,000 advisors; and 23 banc assurance partners.

ICICI Prudential was the first life insurer in India to receive a National Insurer Financial Strength rating of AAA (Ind) from Fitch ratings. For three years in a row, ICICI Prudential has been voted as India's Most Trusted Private Life Insurer, by The Economic Times - AC Nielsen ORG Marg survey of 'Most Trusted Brands'. As we grow our distribution, product range and customer base, we continue to tirelessly uphold our commitment to deliver world-class financial solutions to customers all over India.

### **1.2.9 The ICICI Prudential Edge - What makes it Number One**

The ICICI Prudential edge comes from our commitment to our customers, in all that we do - be it product development, distribution, the sales process or servicing. Here's a peek into what makes us leaders.

1. Company products have been developed after a clear and thorough understanding of customers' needs. It is this research that helps us develop Education plans that offer the ideal way to truly guarantee child's education, Retirement solutions that are a hedge against inflation and yet promise a fixed income after you retire, or Health insurance that arm with the funds you might need to recover from a dreaded disease.
2. Having the right products is the first step, but it's equally important to ensure that customers can access them easily and quickly. To this end, ICICI Prudential has an advisor base across the length and breadth of the country, and also partners with leading banks, corporate agents and brokers to distribute our products.
3. Robust risk management and underwriting practices form the core of business. With clear guidelines in place, we ensure equitable costing of risks, and thereby ensure a smooth and hassle-free claims process.
4. Entrusted with helping the customers meet their long-term goals, An investment philosophy is adopted that aims to achieve risk adjusted returns over the long-term.
5. Last but definitely not the least, our 20,000 plus strong team is given the opportunity to learn and grow, every day in a multitude of ways.

### 1.2.10 Vision & Values

#### **Vision:**

To be the dominant Life, Health and Pensions player built on trust by world-class people and service. The above Vision can be achieved by:

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

The success of the company will be founded in its unflinching commitment to 5 core values -- **Integrity, Customer First, Boundary less, Ownership and Passion**. Each of the values describes what the company stands for, the qualities of people and the way they work.

It is to be believed that company is on the threshold of an exciting new opportunity, where they can play a significant role in redefining and reshaping the sector.

#### **Values:**

Every member of the ICICI Prudential team is committed to 5 core values: Integrity, Customer First, Boundary less, Ownership, and Passion. These values shine forth in all company do, and have become the keystones of company's success.

### 1.2.11 Promoters

#### **ICICI Bank**

**ICICI Bank (NYSE:IBN)** is India's second largest bank and largest private sector bank with over 50 years presence in financial services and with assets of over Rs 3569.32 bn (USD 88 billion) as on June 30, 2007. The Bank offers a wide range of banking products and financial services to corporate and retail customers through a variety of delivery channels and through its specialized subsidiaries in the areas of investment banking, life and non-life insurance, private equity and asset management. ICICI Bank is a leading player in the retail banking market and services its large customer base through a network of over 950 branches (including extension

counters), 3469 ATMs, call centers and internet banking ([www.icicibank.com](http://www.icicibank.com)) to ensure that customers have access to its services at all times

## **Prudential Plc**

Established in London in 1848, Prudential plc, through its businesses in the UK and Europe, the US and Asia, provides retail financial services products and services to more than 20 million customers, policyholder and unit holders and manages over £256 billion of funds worldwide (as on June 30,2007). In Asia, Prudential is the leading European life insurance company with life operations in China, Hong Kong, India, Indonesia, Japan, Korea, Malaysia, the Philippines, Singapore, Taiwan, Thailand, Vietnam. Prudential is the second largest retail fund manager for Asian sourced assets ex-Japan as at June 2006. Its fund management business has expanded into a total of ten markets : China, Hong Kong, India, Japan, Korea, Malaysia, Singapore, Taiwan, Vietnam and United Arab Emirates.

## **Fact Sheet**

### **The Company**

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).

ICICI Prudential's capital stands at Rs. 23.72 billion with ICICI Bank and Prudential plc holding 74% and 26% stake respectively. For the first quarter ended June 30, 2007, the company garnered Rs. 987 crore of weighted retail + group new business premiums and wrote over 450,000 retail policies in the period. The company has assets held to the tune of over Rs. 18,400 crore.

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 (Ind) rating is the highest rating, and is a clear assurance of ICICI Prudential's ability to meet its obligations to customers at the time of maturity or claims.

For the past six 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.

## Distribution

ICICI Prudential has one of the largest distribution networks amongst private life insurers in India. It has a strong presence across India with over 680 branches and over 235,000 advisors.

The company has over 23 bancassurance partners, having tie-ups with ICICI Bank, Federal Bank, South Indian Bank, Bank of India, Lord Krishna Bank, Idukki District Co-operative Bank, Jalgaon Peoples Co-operative Bank, Shamrao Vithal Co-op Bank, Ernakulum Bank, 9 Bank of India sponsored Regional Rural Banks (RRBs), Sangli Urban Co-operative Bank, Baramati Co-operative Bank, Ballia Kshatriyas Gramin Bank, The Haryana State Co-operative Bank and Imphal Urban Cooperative Bank Limited.

### 1.2.12 Insurance Solutions for Individuals

#### ULIP Plans of ICICI Prudential

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 4 riders, to create a customized solution for each policyholder.

#### Savings & Wealth Creation Solutions

- **Save'n'Protect** is a traditional endowment savings plan that offers life protection along with adequate returns.
- **Cash Back** 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. It is available for terms of 15 and 20 years.
- **Life Time Super & Life Time Plus** is unit-linked plans that offer customers the flexibility and control to customize the policy to meet the changing needs at different life stages. Each offer 6 fund options - Preserver, Protector, Balancer, Maxi miser, Flexi Growth and Flexi Balanced
- **Life Link Super** is a single premium unit linked insurance plan which combines life insurance cover with the opportunity to stay invested in the stock market.
- **Premier Life Gold** is a limited premium paying plan specially structured for long-term wealth creation.

- **Invest Shield Life New** is a unit linked plan that provides premium guarantee on the invested premiums and ensures that the customer receives only the benefits of fund appreciation without any of the risks of depreciation.

## Protection Solutions

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

## Education insurance plans

- **Education insurance** under the Smart Kid brand provides 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. Smart Kid plans are also available in unit-linked form - both single premium and regular premium.

## Retirement Solutions

- **Forever Life** is a traditional retirement product that offers guaranteed returns for the first 4 years and then declares bonuses annually.
- **Life Time Super Pension** is a regular premium unit linked pension plan that helps one accumulate over the long term and offers 5 annuity options (life annuity, life annuity with return of purchase price, joint life last survivor annuity with return of purchase price, life annuity guaranteed for 5, 10 and 15 years & for life thereafter, joint life, last survivor annuity without return of purchase price) at the time of retirement.
- **Life Link Super Pension** is a single premium unit linked pension plan.
- **Immediate Annuity** is a single premium annuity product that guarantees income for life at the time of retirement. It offers the benefit of 5 payout options.

## Health Solutions

- **Health Assure and Health Assure Plus:** 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 offers the added advantage of an equivalent life insurance cover.

- **Cancer Care:** is a regular premium plan that pays cash benefit on the diagnosis as well as at different stages in the treatment of various cancer conditions.
- **Diabetes Care:** Diabetes Care is a unique critical illness product specially developed for individuals with Type 2 diabetes and pre-diabetes. It makes payments on diagnosis on any of 6 diabetes related critical illnesses, and also offers a coordinated care approach to managing the condition. Diabetes Care Plus also offers life cover.
- **Hospital Care:** is a fixed benefit plan covering various stages of treatment – hospitalization, ICU, procedures & recuperating allowance. It covers a range of medical conditions (900 surgeries) and has a long term guaranteed coverage up to 20 years.
- **Crisis Cover:** is a 360-degree product that will provide long-term coverage against 35 critical illnesses, total and permanent disability, and death.

### 1.2.13 Group Insurance Solutions

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

**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.

**Group Superannuation Plan:** ICICI Pru offers both defined contribution (DC) and defined benefit (DB) superannuation schemes to optimize returns for the members of the trust and rationalize the cost. Members have the option of choosing from various annuity options or opting for a partial commutation of the annuity at the time of retirement.

**Group Immediate Annuities:** In addition to the annuities offered to existing superannuation customers, we offer immediate annuities to superannuation funds not managed by us.

**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.

### **1.2.14 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.

1. **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 an accident results in total and permanent disability, 10% of rider sum assured will be paid each year, from the end of the 1st year after the disability date for the remainder of the base policy term or 10 years, whichever is lesser. 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.
2. **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.
3. **Waiver of Premium:** In case of total and permanent disability due to an accident, the future premiums continue to be paid by the company till the time of maturity. This rider is available with Smart Kid, Life Time Plus, Life Time Super and Life Time Super Pension.
4. **Income Benefit:** In case of death of the life assured during the term of the policy, 10% of the sum assured is paid annually to the nominee on each policy anniversary till the maturity of the rider.

### **1.2.15 Suitability**

This policy is a long-term market linked total protection plan. The plan offers protection for life at the same time allows the policyholder to get market-linked returns. It is a single product combining the benefits of both investment product and insurance plan. This apart, the product offers a lot of flexibility.

### **1.2.16 KEY BENEFITS OF LIFE TIME PLUS**

- ✓ This policy offers the policyholder the protection of Sum Assured AND Fund Value, in case of an unfortunate event of death.
- ✓ Potentially higher returns are offered over the long-term by investing in market linked funds.



- ✓ Provision of additional allocation of units at regular intervals to enhance the investment.
- ✓ Options to withdraw the money systematically over a period of 5 years on maturity of the policy.
- ✓ Provides cover continuance option, which ensures continuance of life insurance cover even if the policyholder takes a temporary break in premium payment.
- ✓ The policyholder can enjoy tax benefits on premium paid & benefits received under this policy, as per the prevailing Income Tax Laws.

### **1.2.17 How does the policy work?**

- ◆ The policyholder needs to choose the premium amount, term & Sum Assured for which he wish to take the policy.
- ◆ After deducting premium allocation charges, the balance amount is invested in the investment fund(s) of policyholders' choice.
- ◆ The policyholder can opt for add-on riders available under the policy for a nominal extra amount.
- ◆ On survival, the maturity benefit is paid to the policyholder. If the unfortunate event of death, the nominee receives the Sum Assured AND the Fund Value

### **1.2.18 Benefits in detail:**

#### **➤ Death Benefit**

In the unfortunate event of death during the term of the policy, the nominee shall receive the Sum Assured AND Fund Value.

**Maturity Benefit** Based on the term chosen for this policy, the policyholder will be entitled to receive the Fund Value at the time of maturity.

#### **➤ Switching Option**

With this option, the policy holder can switch between the investment funds at any time [provided the policy is in force], depending on the policy holders' financial priorities & investment decision. In any policy year, 4 switches are free of charge. The minimum switch amount is 2,000

#### **➤ Partial Withdrawal Benefit**

Partial withdrawal will be allowed after completion of 3 policy years & on payment of full 3 years' premium. The minimum partial withdrawal amount is Rs.2, 000.

### ➤ **Cover Continuance Option**

This option ensures that the insurance cover continues in case policyholder is unable to pay premiums, anytime after the payment of first 3 years' premium. All applicable charges will be automatically deducted from the units available in his fund. The policyholder can restart premium payment any time thereafter. The policyholder needs to opt for cover continuance option, if he wishes to avail of this benefit.

### ➤ **Additional Protection with Riders**

The policyholder can further customize his policy by adding riders, to enjoy additional protection at a nominal extra cost, as given below:

◆ **Accident & Disability Benefit Rider-** In the event of death or disability due to an accident, the rider benefit would be paid.

◆ **Critical illness benefit Rider-** In the event of the Life Assured contracting any of the specified critical illness, the rider benefit amount would be paid.

◆ **Waiver of Premium Rider-** In case of total and permanent disability due to an accident all further premiums till maturity would be paid by the company.

Rider charges for opted riders will be recovered by cancellation of units.

### **Other Conditions**

- Minimum/Maximum Entry Age : 0-65 years
- Minimum/maximum Term : 10-30 years
- Minimum/Maximum Premium : Rs.20,000 - Rs.300,000 per annum
- Premium Payment Frequency : Yearly, Half-yearly, Monthly
- Minimum Sum Assured : Annual Premium x (Term/2)

### **1.2.19 Charges applicable under the policy**

Premium allocation charge

Annual Premium	Year 1	Year 2	Year 3	Year 4	Year 5 onwards
Rs.20,000 to	25%	25%	3%	3%	1%

Rs300,000					
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**Table 1.4 (Premium Allocation Charge For Maturity Benefit Plan)**

### Other Charges

- ◆ Switching Charges- 4 free switches allowed every policy year. Subsequent switches will be charged at Rs100 per switch.
- ◆ Policy Administration Charge- There would be a fixed policy administration charge of Rs60 per month.
- ◆ Mortality charge- Mortality charges will be deducted on a monthly basis on the Sum Assured.

Indicative charges per thousand Sum Assured for a healthy male life is shown below:

Age(yrs)	20	30	40	50
Rs.	1.33	1.46	2.48	5.99

**Table 1.5(Mortality Charges)**

- ◆ Fund Management Charge- The annual fund management charge, which will be adjusted from the Net Asset Value of various Funds, are as follows:

Fund	Maximiser II	Balancer II	Protector	Preserver
Charge	1.50% p.a.	1.00% p.a.	0.75% p.a.	0.75% p.a.

**Table1.6(Fund Management Charge)**

- ◆ Partial Withdrawal Charge- One partial withdrawal in a policy

*Year would be free. All subsequent partial withdrawals in that policy year would be charged at Rs100 p per withdrawal.*

### **1.3 Introduction to Topic:**

Life is a significant boon of Almighty. Everyone wants to prolong it as so many persons and activities are associated with it. Accidents bring ill consequences in life. An individual himself and many more people suffer due to an accident. So man has been eager to find ways and means of mitigating the consequences of undesirable accidents. Men came out with a solution for the same with an idea of Insurance.

A mechanism of reducing the adverse effects of an accident on an individual and others associated with him was evolved; It was termed as life Insurance. Since life is precious so most of the insurance activities were moving around it in the early days of insurance sector. But with the growth of science and technology society advanced. Many more things became important besides life. So the area of insurance sector expanded. Today one is desirous of insuring oneself, one's kins and kiths and property. Hence the scope of insurance is broadening. Insurance is being considered as an important area of life. Ever the poorest one is keen to make future secured by insuring his own life and the lives of other ones. Industrialists want to remain tension free by insuring their employees, machines and goods.

Insurance sector is not only confined to secure life. It is also providing banking service by collecting money for long-term planning of the Govt. and private companies. Insurance is a tool for service class for saving themselves from the net of income tax.

Insurance is giving social service by creating consciousness towards saving and granting loans for house constriction, procuring assets and for children education besides its primary task of life insurance.

The history of Insurance Sector in India is deep rooted. In the early span of its history Govt. was the only player. But with the span of time many private players also plunged into Insurance sector. Today it is full of challenges and returns.

### **1.3.1 Life Insurance**

Life Insurance could be defined as a policy that will pay a specified sum to beneficiaries upon the death of the insured. It is an agreement that guarantees the payment of a stated amount of monetary benefits upon the death of the insured. Life Insurance could be said as protection against the death of the insured in the form of payment to a designated beneficiary, typically a family member or business

It is basically risk insurance intended as protection against the financial consequences of the death of the insured person which takes the form of payment of a previously agreed lump sum or pension to a beneficiary, if the insured person dies during the term of insurance. In the case of pure life insurance, without any endowment insurance component, no payments are due if the insured person survives the term of insurance.

In big terms Life Insurance is a contract agreement between the certificate holder and the insurance company, providing a specified sum to beneficiaries upon the death of the insured. It is a coverage that pays out a set amount of money to specified beneficiaries upon the death of the individual who is insured. It is a policy that will pay a specified sum to beneficiaries upon the death of the insured. There are many types of life insurance, including whole life, term life, universal life, etc. It is an insurance relating to a risk depending on human life. This includes contracts providing payment on the insured person's death, endowments providing payment either on survival to a specified date or on earlier death and annuities which are paid throughout the annuitant's lifetime but cease on death.

According to an article on site [life-line.org](http://life-line.org) Life insurance is the foundation of a sound financial plan. It provides financial security for your family by protecting your financial resources, such as your present and future income, against the uncertainties of life.

More specifically, life insurance provides cash to the family after death. This cash (the death benefit) replaces the income one would have provided and can meet many important financial needs. It can help pay the mortgage, run the household, send

kids to college, and ensure that dependents are not burdened with debt. The proceeds from a life insurance policy could mean that the family won't have to sell assets to pay outstanding bills or taxes. And also that there is no federal income tax on life insurance benefits.

Most people with dependents need life insurance. While there's no substitute for evaluating specific situation, one rule of thumb is to buy life insurance equivalent to five to ten times ones annual gross income. To determine how much, if any, life insurance one needs, then start by gathering all personal financial information and estimating what the family will need after one is gone, including ongoing expenses (such as day care, tuition, or retirement) and immediate expenses at the time of death (like medical bills, burial costs, and estate taxes). The family also may need funds to help them readjust: perhaps to finance a move, or pay expenses while job hunting. Choosing a life insurance product is an important decision, but it can be complicated. As with any major purchase, it is important that one should understand his or her family's needs.

**There are many types of Life Insurance but they generally fall into two categories:**

1. Term Insurance
2. Permanent Insurance

**1. Term Insurance:**

It provides protection for a specific period of time. It pays a benefit only if one dies during the term. So me term insurance policies can be renewed when you reach the end of the term, which can be from one to 30 years. The premium rates increase at each renewal date. Many policies require that you present evidence of insurability at renewal to qualify for the lowest rates.

The following points can help you determine if term insurance best suits your needs.

### **Advantages**

- Initial premiums generally are lower than those for permanent insurance, allowing you to buy higher levels of coverage at a younger age when the need for protection often is greatest.

- It's good for covering needs that will disappear in time, such as mortgages or car loans.

### **Disadvantages**

- Premiums increase as you grow older.

- Coverage may terminate at the end of the term or become too expensive to continue.

- The policy generally doesn't offer cash value or paid-up insurance.

## **BENEFITS OF LIFE INSURANCE**

### **1. Superior to Any Other Savings Plan:**

Unlike any other saving plan, a life insurance policy affords full protection against risk of death. In the event of death of a policyholder, the insurance company makes available the full sum assured to the policyholder's near and dear ones. In comparison, any other saving plan would amount to the total saving accumulated till date. If the death occurs prematurely, such savings can be much lesser than the sum assured. Evidently, the potential financial loss to the family of the policyholder is sizable.

### **2. Encourages and Forces Thrift:**

A savings deposit can be easily withdrawn. The payment of life insurance premiums, however, is considered sacrosanct and is viewed with the same seriousness as the payment of interest on a mortgage. Thus, a life insurance policy in effect brings about compulsory savings.

### **3. Easy Settlement and Protection against Creditors:**

A life insurance policy is the only financial instrument the proceeds of which can be protected against the claims of a creditor of the assured by effecting a valid assignment of the policy.

#### **4. Administering the Legacy for Beneficiaries:**

Speculative or unwise expenses quickly cause the proceeds to be squandered. Several policies have foreseen this possibility and provide for payments over a period of years or in a combination of installments and lump sum amounts.

#### **5. Ready Marketability and Suitability for Quick Borrowing:**

A life insurance policy can, after a certain time period (generally three years), be surrendered for a cash value. The policy is also acceptable as a security for a commercial loan, for example, a student loan. It is particularly advisable for housing loans when an acceptable LIC policy may also cause the lending institution to give loan at lower interest rates.

#### **6. Disability Benefits:**

Death is only the hazard that is insured; many policies also include disability benefits. Typically, these provide for waiver of future premiums and payments of monthly installments spread over certain time period.

#### **7. Accidental Death Benefits:**

Many policies can also provide for an extra sum to be paid (typically equal to the sum assured) if death occurs as a result of accident.

#### **8. Tax Relief:**

Under the Indian Income Tax Act, the following tax relief is available:

(a) 20% of the premium paid can be deducted from your total income tax liability.

(b) 100% of the premium paid is deductible from your total taxable income.

When these benefits are factored in, it is found that most policies offer returns that are comparable/or even better than other saving modes such as PPF, NSC etc. Moreover, the cost of insurance is a very negligible.



## 2. LITERATURE REVIEW

Derivatives sellers see insurance companies, because of their representation of some of the biggest financial groups, as a prime target worldwide. It goes on to show the part played by insurance companies using derivatives. There are only 3 areas where options, generally, can be used in the context of investment management for the insurance companies: use by individual fund managers of stock options; transformation of wholesale products into retail companies need to fit use of equity and bond derivatives within understandable policies (*Mariathasan, 2000*). The negative correlations: real estate investments may reduce the profitability of insurance companies. If this is true, the unwillingness of insurance companies to purchase property would not be surprising. Yet, this conclusion should be accepted with caution (*Wolski & Zaleczna, 2011*). A lukewarm or no serious attitude on the part of the regulatory authority and the insurance companies in appreciating the enormity of the problem now and in the future. This stems from lack of clear-cut sanctions for offenders and mechanism for enforcement (*Yusuf & Babalola, 2009*)

Spectral analysis has seldom been used in the study of insurance cycles. This may be due to the fact that no statistical test is readily available for rejecting the hypothesis that a spectrum is significantly different from random uncorrelated noise in a context in which the period of the alternative is not known (*Venezian, 2006*). In the insurance sector to enhance the quality of service, as it provides a means to convert the tacit knowledge in the organization into an explicit form. The knowledge management system, as a component of the learning organization, acts as a central repository of organizational knowledge and enables the service providers to minimize the “service quality gap” as best practices, past experience, and solutions to problems of common occurrence will be available for common use. (*Barkur et al., 2007*)

The deposit insurance mechanism did not cause a propensity for member credit unions to engage in risk shifting behavior. The analysis suggests that at present a universal blueprint in deposit insurance design may well be unnecessary in combating risk shifting behavior (*Hannafin & McKillop, 2007*). There are two-thirds of the

cases worldwide associated with money laundering in the insurance sector, related to life insurance products, with general insurance accounting for most of the remaining third of the cases reported. Apart from this, insurance intermediaries like agents and brokers, who are an important direct distribution channel for the sector, are easily subject to exploitation by money launderers (*Thanasegaran & Shanmugam, 2008*). The experience of the NFIP offers several lessons regarding the viability of insurance as an adaptation strategy: increasing insurance premiums to account for new climatic risks may mean that a growing segment of the population is unable or unwilling to purchase insurance, absent some other form of subsidization; educating the public on levels of risk and promoting appropriate risk mitigation are highly effective means for reducing damages from current and emerging weather-related risks; and close public-private cooperation is likely to be needed to prevent withdrawal of private insurers from high-risk areas and to ensure that insurance coverage continues to be widely available (*Thomas & Leichenko, 2011*).

With the advent of the internet online processes are replacing conventional model in our society. the greatest effect in online technology has been achieved by e-commerce. e-commerce is attractive both to buyer and seller as it reduces search cost for buyers and inventory cost for sellers. in this paper we investigate the impact of e-commerce on the insurance industry in India. the recent growth of internet infrastructure and introduction of economic reforms in the insurance sector have opened up the monopolistic Indian insurance market to competition from foreign alliances. we study the evolving scenario in the insurance industry in India and identify the features of online insurance that improve the conventional insurance model and thus, makes it more attractive for the Indian insurance industry to go online (**Gupta, 2002**). Keeping in view the larger interest of insuring community in health sector, life insurance companies should also be allowed to sell health insurance in future (**Rao, 2003**). The impact of the entry of private players in the health insurance market on the size of the insurance market and the distribution of public health subsidies on health care provision in India. simulation results presented in the paper suggests that the redistributive effect is small when richer groups have privileged access to public facilities (**Mahal, 2003**).

The need gaps have been identified in health insurance in Indian society. He compares the critical illness covers of various companies and found that there is lack of

standardization of medical definitions across all critical illness products from different companies and IRDA should standardize them **(Gupta,2004)**. A common feature of many insurance systems is that they are backed by an insurance fund and insurance premiums are adjusted to target this fund reserves. This study analyzes the fund targeting policy of the Federal Deposit Insurance Corporation (FDIC). It examines the distortions to banks cost of deposit financing that result from setting premiums in this manner **(George,2004)**. Indian insurance market has been going through a phase of transition. Insurance market in India is as volatile as any other market. Keeping pace with the changes, therefore has become a daunting task. Today only those insurance companies can survive and sustain their growth and profitability that believe in delivering the highest delivered value or profit to the customer **(Chattoraj,2005)**.

The risk landscape of insurance companies is quite diverse: it stretches from insurance and investment risks to operational and regulatory risks, not to mention the risks involved in generating integrated information technology infrastructures. In this paper, multiple levels of risks are discussed with the most aggregate one comprising the risks of insurance companies and their management. Risks transferred from customers to be managed by insurers make up the least aggregate level **(Werner,2008)**. Insurance works by determining and spreading risk. The amount of the premium is determined by an actuarial who calculates the likelihood an event will occur, and then the premium is set to adequately cover this possibility and provide a reasonable profit margin for the insurance company. Sometimes this is a fairly easy task, such as determining the life insurance premium on a group of 57-year-old, non-smoking, well-educated, ideal-weight, normo-tensive men or women **(Robert,2009)**.

Insurance market have radically and deeply changed in last 20 years. Deregulation, globalization of insurance institutions, intensified competition, electronic commerce, bancassurance, and the emergence of new risks are among the challenges faced by insurance markets now. These developing trends pose both global and local challenges for insurance firms **(Venard,2007)**.

### **3. RESEARCH METHODOLOGY**

#### **3.1 JUSTIFICATION OF THE STUDY:**

The rationale behind the study is to get in depth knowledge of the buying pattern in the insurance industry with a special focus on HDFC Standard Life Insurance. The various segments of the markets have been divided in terms of insurance needs, age groups, satisfaction levels etc. for making the study more relevant and justifiable.

#### **3.2 OBJECTIVES OF THE STUDY:**

The main objective of project was to do **Comparative Study of HDFC-SLIC & ICICI Prudential Life Insurance Company Limited**

##### **3.2.1 Sub Objectives**

- ✓ To know about company history and organization structure.
- ✓ Provide an overview of unit linked plans of HDFC standard life insurance company ltd. & ICICI Prudential Company.
- ✓ To make a comparative performance of unit linked plans
- ✓ To study the expectations of customers from insurance companies.
- ✓ Position of Insurance Companies in the mind of the consumer
- ✓ To know the most preferred policy.
- ✓ To determine customers perception towards private insurance companies and their expectation form private insurance companies.
- ✓ To determine the feedback on services provided by any other insurance agent.
- ✓ To study the types of benefits provided by insurance services.
- ✓ To determine the use of Internet for valuable information and decision-making process.

### **3.3 Marketing research**

Marketing is the function which links the consumer, customer and public to the marketer through information used to identify and define marketing opportunities and problems generate, refine evaluate marketing actions, monitor marketing performances, and improve understanding of marketing as process.

### **3. 4 SCOPE OF THE STUDY**

A big boom has been witnessed in Insurance Industry in recent times. A large number of new players have entered the market and are vying to gain market share in this rapidly improving market. The study deals with hdfc in focus and the various segments that it caters to. The study then goes on to evaluate and analyses the findings so as to present a clear picture of trends in the Insurance sector.

### **3.5 RESEARCH DESIGN**

“Research Design is the plan and structure of investigation so conceived as to obtain answers to research questions.”

Descriptive research design is used in this study. Descriptive research studies are those studies which are concerned with describing the characteristic of a particular individual, or of a group. In this study like, observation, questionnaires, examination of records,etc are used for such studies.

It is the conceptual structure within which the research is conducted. Its function is to provide the collection of relevant evidence

The present project work is based on a descriptive study heavily depending upon Primary data.

Descriptive research is a research method followed in this project, which includes surveys and fact-findings, inquiries of different kinds. The major purpose of Descriptive research is description of the state of affairs, as it exists at present

### **3.6 Research Instrument**

Structured and non-structured questionnaire

### **3.7 SAMPLING METHODOLOGY**

#### **3.7.1 Sampling Technique:**

It's a non- probability sampling technique. Initially, a rough draft was prepared keeping in mind the objective of the research. A pilot study was done in order to know the accuracy of the Questionnaire. The final Questionnaire was arrived only after certain important changes were done. Thus sampling came out to be judgmental and convenient

#### **3.7.2 Sampling Unit:**

The respondents who were asked to fill out questionnaires are the sampling units. These comprise of employees, Self Employed people & housewives.

#### **3.7.3 Sample size:**

The sample size was restricted to only 200, which comprised of mainly people from different regions of Delhi.

#### **3.7.4 Sampling Area :** The area of the research was Delhi, India.

### **3.8 DATA COLLECTION**

To determine the appropriate data for research, mainly two kinds of data was collected :-

- 1) Primary Data
- 2) Secondary Data

**Primary data** – primary data is that data which is collected for the first time. These data are basically observed and collected by the researcher for the first time.

Primary data used in this project is based on questionnaire and researcher's own observation & through communications with the company officials.

**Secondary data** – Secondary data are those data which are primarily collected by the other person for his own purpose and now we use these for our purpose secondly.

Sources of secondary data for this study are

- Internet
- Book and Journals
- Company reports, Brochure
- Research work of others

### **3.9 TOOLS USED FOR ANALYSIS**

#### **Graphical and Tabular analysis**

The tools used for the analysis are as follows:-

**Tables:** Tables are used to represent the response of the respondents in a precise term so that it become easy to evaluate the data collected.

**Pie-charts:** Pies charts have been used to express that how much percentage of the respondents have positive attitude and how much has negative attitude toward a particular situation.

**Graphs:-**Graphs are nothing more than a graphical representation of the data collected in tabular form.

### **3.10 LIMITATIONS OF THE RESEARCH**

- ✓ The research is confined to a certain parts of Delhi and does not necessarily shows a pattern applicable to all of Country.
- ✓ In a rapidly changing industry, analysis on one day or in one segment can change very quickly. The environmental changes are vital to be considered in order to assimilate the findings.
- ✓ Availability of time was one of the biggest limitations faced.

Lack of attention of people & their non-serious attitude for questionnaire.

- ✓ Time for the completion of the project was too short to do an in-depth study.
- ✓ The facts and concepts of Respondents may be biased, imaginary and may be based entirely on their personal experience.
- ✓ The sample size was not enough to reach on any exact conclusion.

Since there was previous experience in research work and report writing so it may have lead to discrepancies in the report.



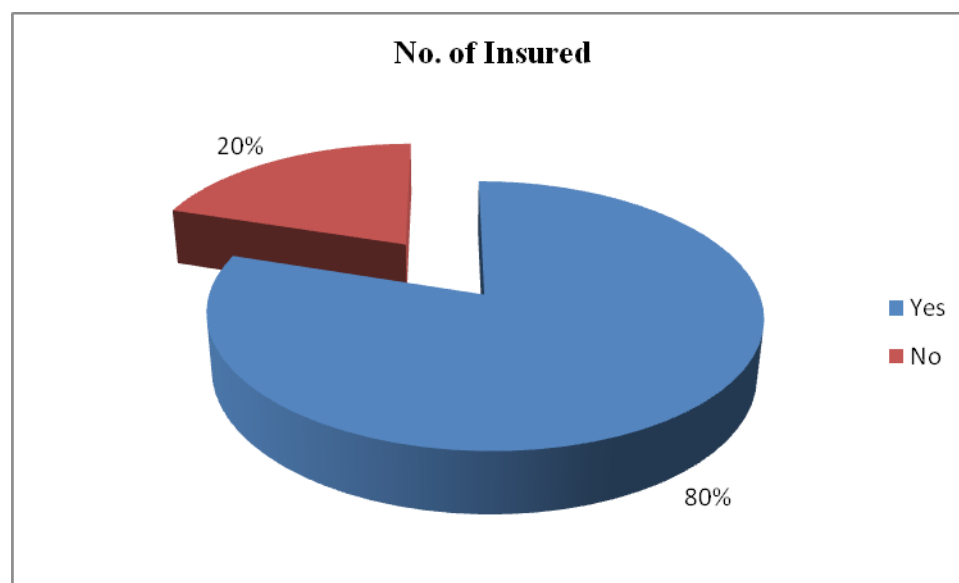
## 4.0 ANALYSIS & INTERPRETATION

### 4.1 People having Insurance Policy

Sr. No.	Category	No. of Respondents	Percentage
1	Yes	160	80 %
2	No	40	20%
	<b>Total</b>	<b>200</b>	<b>100%</b>

**Table 4.1 ( Insurance Policy Holders)**

Base 200 respondents



**Fig. 4.1 (Insurance Policy Holders)**

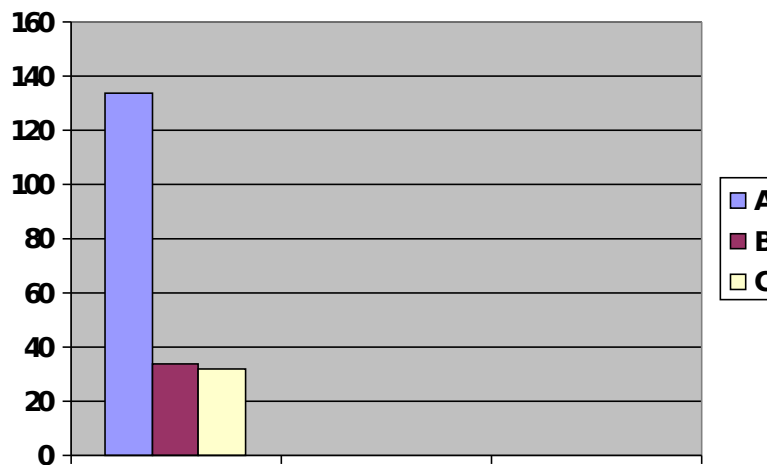
#### Interpretation

The above analysis states that 80% respondents have insurance policy and 20% respondent's do not have insurance policy.

### 4.2 Perception about Insurance

S. No.	Particulars	Response
A	Necessity for protection security	134
B	Imposition of a burden of expenses	34
C	A compulsory tool for tax saving	32
	Total	200

**Table 4.2 (People Think About Insurance)**



**Fig. 4.2 (People think About Insurance)**

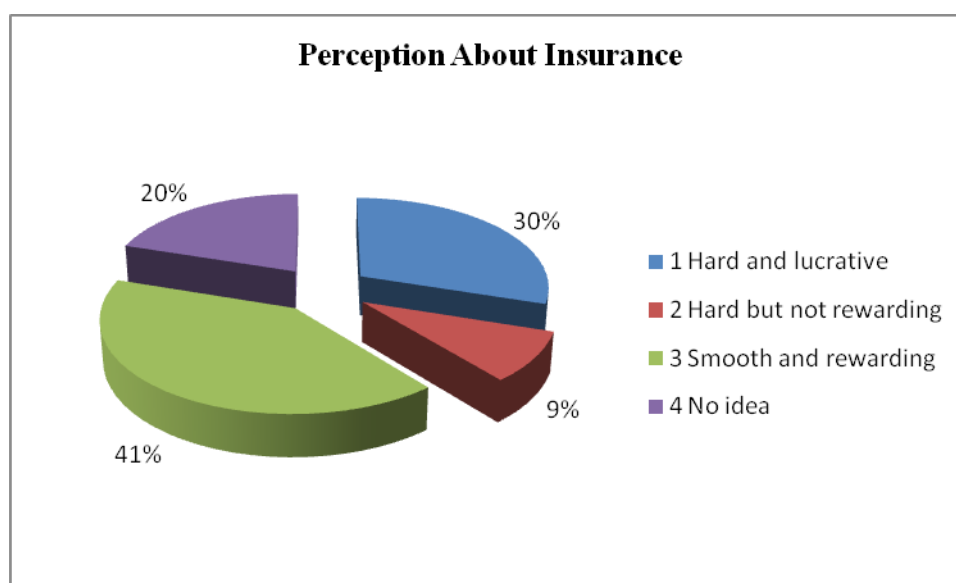
**INTERPRETATION:-**

The above analysis states that 134 people think insurance as a necessity for protection& security, 34 people think insurance as a burden of expenses and 32 people think insurance is compulsory for tax saving.

### 4.3 Perception about Insurance Sector in context with earnings

Sr. No.	Category	No. of Respondents	Percentage
1	Hard and lucrative	60	30%
2	Hard but not rewarding	18	9%
3	Smooth and rewarding	82	41%
4	No idea	40	20%
	<b>Total</b>	<b>200</b>	<b>100%</b>

**Table 4.3 (Perception about Insurance Sector)**



**Fig. 4.3 (Perception About Insurance Sector)**

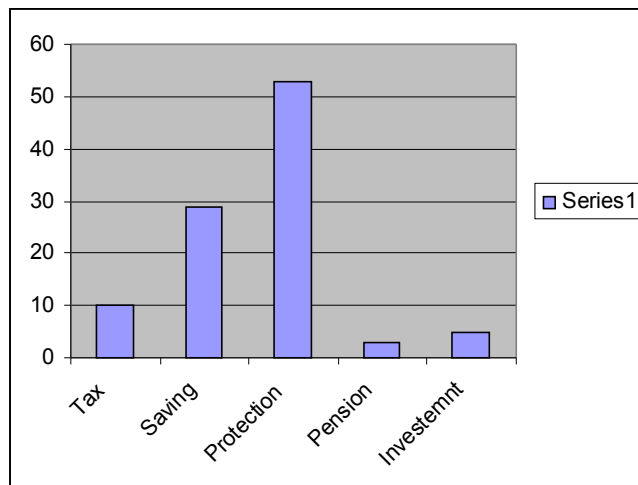
#### **Interpretation**

According to above analysis, 30% respondent's perception about insurance sector is Hard & lucrative, 9% respondent's perception about insurance sector is hard but not rewarding, 41% respondent's perception about insurance sector is Smooth & rewarding and 20% respondent's perception about insurance sector that they have no idea.

#### 4.4 Main consideration that a customer looks at while purchasing an Insurance Policy.

S. No.	Particulars	Response
A	TAX	20
B	SAVING	58
C	PROTECTION	106
D	PENSION	6
E	INVESTMENT	10

**Table 4.4 (Factors considered by Customer while Purchasing an Insurance Policy)**



**Fig. 4.4 Factors considered by Customer while Purchasing an Insurance Policy**

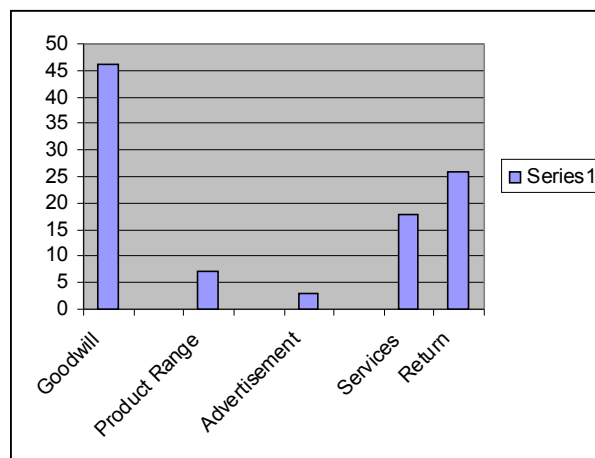
#### **INTERPRETATION:-**

The above analysis states that 20 persons think insurance as a tax saving, 58 person think insurance is taken for saving purpose, 106 persons think insurance is taken for protection purpose, 6 persons think insurance is for pension plans and 10 persons think insurance is for investment purpose.

#### 4.5 Factors considered in selection of Insurance Company

S.No	Particulars	% age
A	Standing and goodwill of the company	46
B	Product range of the company	7
C	Advertisement being released by the company	3
D	Services being given by the company	18
E	Returns of bonus declared by the company	26

**Table. 4.5 (Respondent see while purchasing Insurance from the company)**



**Fig. 4.5 (Respondent see while purchasing Insurance from the company)**

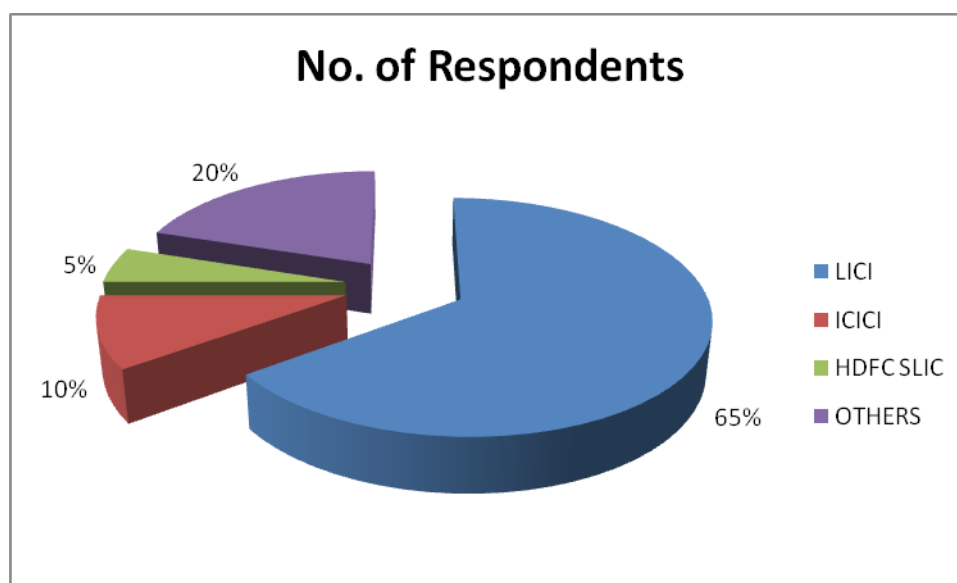
#### **INTERPRETATION:-**

The above analysis states that 46% persons considered goodwill of the company, 7% persons considered product range of the company 3% considered advertisement effect of the company, 18% considered services provided by the company and 26% considered returns of bonus declared by the company.

#### 4.6 Name of Insurance Company from which insurance policy has been taken

Sr. No.	Category	No. of Respondents	Percentage
1	LIC	104	65%
2	ICICI	16	10%
3	HDFC SLIC	8	5%
4	OTHERS	32	20%
	<b>Total</b>	<b>160</b>	<b>100%</b>

**Table 4.6 (Name of Company from where Insurance is taken)** Base 160 respondents



**Fig. 4.6 (Name of Company from where Insurance is taken)**

#### Interpretation

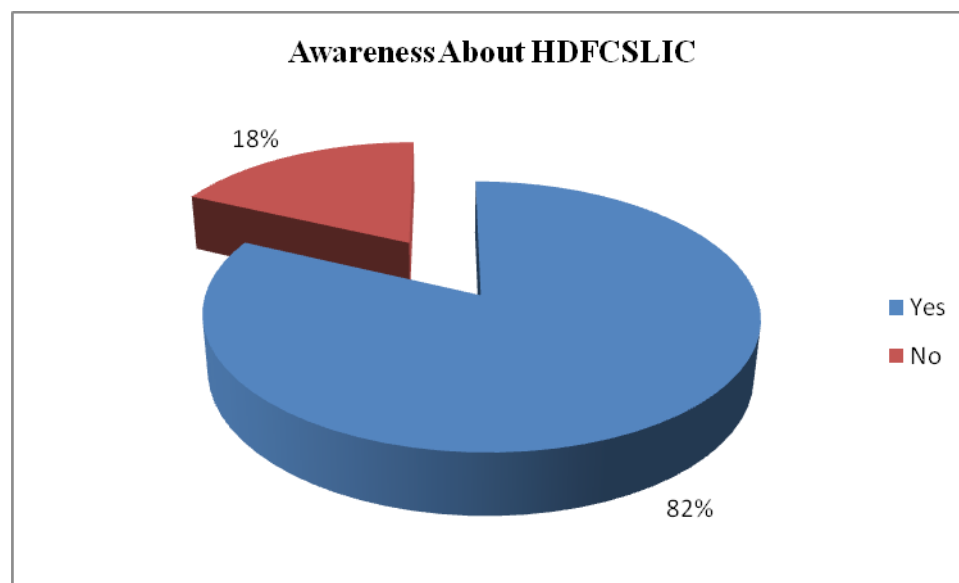
The above analysis states that, 65% respondents are insured by LIC, 10% respondent's are insured by ICICI, 5% respondent's insured by HDFCSLIC and 20% respondent's insured by OTHERS.

#### 4.7 Awareness about HDFC SLIC

Sr. No.	Category	No. of Respondents	%age
1	Yes	164	82%
2	No	36	18%
	<b>Total</b>	<b>200</b>	<b>100%</b>

**Table 4.7 (Awareness about HDFC SLIC)**

Base 200 respondents



**Fig. 4.7 (Awareness about HDFCSLIC)**

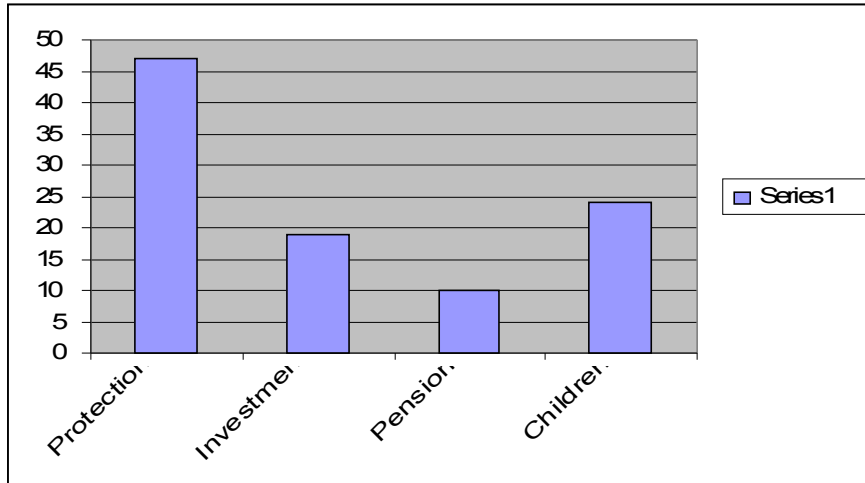
#### Interpretation

The above analysis states that, 85% respondents are known about HDFC Standard life insurance, 15% respondents are not aware of HDFC Standard life insurance.

#### 4.8 Plan that a respondent prefers to buy

S. No.	Particulars	%age
A	Protection Plan	47
B	Investment Plan	19
C	Pension Plan	10
D	Children Plan	24

**Table. 4.8 (Plan that a respondent prefers to buy) Base 160 Respondent**



**Fig. 4.8 (Plan that a respondent prefers to buy)**

#### **INTERPRETATION:-**

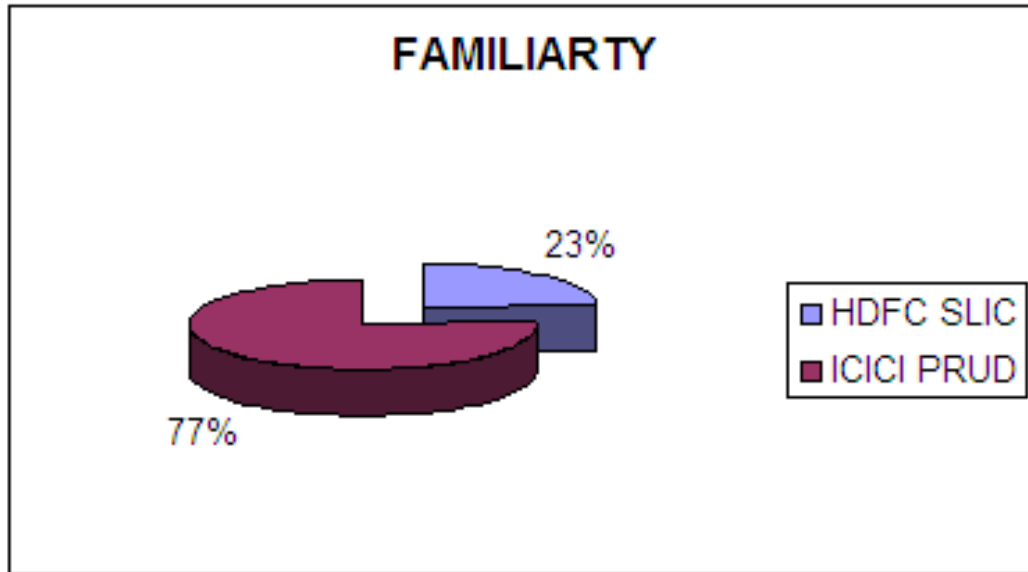
The above analysis states 47% respondents prefer to buy protection plan, 19% respondents prefer to buy investment plan, 10% respondents prefer to buy pension plan and 24% respondents prefer to buy children plan.

#### **4.9 Familiarity with HDFC SLIC & ICICI Prudential**



	MALE	FEMALE
HDFC STANDARD LIFE	20%	3%
ICICI PRUDENTIAL	60%	17%
<b>Total</b>	<b>80%</b>	<b>20%</b>

**Table 4.9 (Familiarity with HDFC SLIC & ICICI Prudential)** Base 200  
respondent



**Fig. 4.9 (Familiarity with HDFC SLIC & ICICI Prudential)**

**Interpretation:** The above analysis states that, 77% people are familiar with ICICI PRU while remaining 23% familiar with HDFC SLIC. Out of which 20% male and 3% female are familiar with HDFC SLIC. 60% male and 17% female are familiar with ICICI prudential.

#### **4.10 Advertisement Impact of HDFC SLIC & ICICI Prudential**

	MALE	FEMALE
HDFC STANDARD LIFE	40%	8%
ICICI PRUDENTIAL	40%	12%
<b>Total</b>	<b>80%</b>	<b>20%</b>

**Table 4.10 (Advertisement Impact) Base 200 Respondent**



# ADV

**Fig. 4.10 (ADVERTISEMENT IMPACT)**

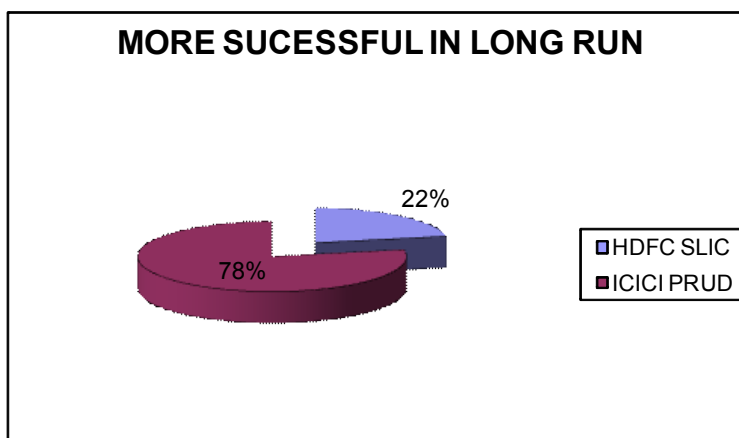
**Interpretation:**

The above analysis states that, 40% male and 8% female says HDFC SLIC advertisement impact is more. 40% male and 12% says ICICI PRU advertisement impact is more.

## **4.11Choice of Company in Long Run**

	MALE	FEMALE
HDFC STANDARD LIFE	18%	04%
ICICI PRUDENTIAL	60%	18%
<b>Total</b>	<b>78%</b>	<b>22%</b>

**Table 4.11 (Choice of Company in Long Run)** Base 200 Respondent



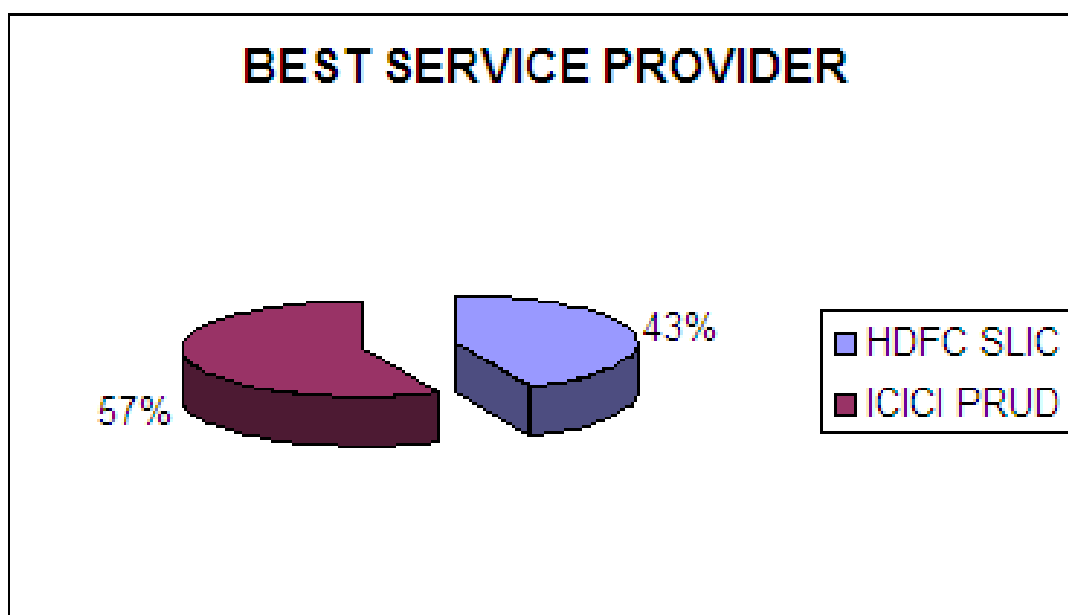
**Fig. 4.11 (Choice of Company in Long Run)**

**Interpretation:** The above analysis states that, 18% male and 04% female says HDFC SLIC is more successful in long run. 60% male and 18% female says ICICI PRU is more successful in long run.

#### **4.12 Choice of Best Service Provider**

	MALE	FEMALE
HDFC STANDARD LIFE	30%	13%
ICICI PRUDENTIAL	40%	17%
<b>Total</b>	<b>70%</b>	<b>30%</b>

**Table 4.12 (Best Service Provider)** Base 200 Respondent



**Fig. 4.12 ( Best Service Provider)**

**Interpretation:**

The above analysis states that, 30% male and 13% female says HDFC SLIC is best service provider. 40% male and 17% female says ICICI PRU is best service provider.

## **5.0 Results of the study**

### **5.1 Findings:.**

- 80% of people are having insurance policy.
- Majority of the respondents i.e 67% respondents think that insurance is a necessity for protection whereas 17% take insurance as imposition of a burden of expenses.
- 32 respondents consider insurance as a tool for tax saving.
- LIC is still leading in the insurance sector. But now People are moving towards private sector insurance companies.
- Maximum respondents i.e. 46% people consider goodwill as most important factor while taking insurance.
- 82% of respondents are aware of HDFC SLIC.
- 47% of respondents prefer to buy protection plan.
- Advertisement impact of HDFC SLIC is less as compared to ICICI Prudential.
- Most of the people prefer ICICI Prudential than HDFC SLIC

## **5.2 Suggestions & Recommendations:**

- Advertisement should be done on television and especially Posters and Banners. This will greatly help in raising awareness level.
- Insurance Companies should show more commitment with the customers.
- Private companies give better services to the customers as compared to public companies.
- The private company should create good relations and communication.
- Private companies should collaborate to spread awareness regarding the benefits of insurance plans provided by the Private Companies.
- Agents have got maximum influence on customers. They are the one who introduces the prospect to different policies. So agents should be given full-fledged training and the training should be strict.

### **5.3 Conclusion:**

The study in the field of Life Insurance threw up some interesting trends which can be seen in the above analysis. A general impression that was athered during data collection was the immense awareness and knowledge among people about various companies and their insurance products. People are beginning to look beyond LIC for their insurance needs and are willing to trust private players with their hard earned money.

People in general have been impression by the marketing and advertising campaigns of insurance companies. A high penetration of print, radio, and television ad campaigns over the years is beginning to have its impact now.

The general satisfaction level among public with regards to policy and agents still required improvement.Both the companies i.e. HDFC SLIC & ICICI Prudential are providing very good facilities to their customers. HDFC Standard Life Insurance is the one that is providing wavier of premium to its customer in case of death of the life assured, whereas ICICI is not providing this facility to its customers.

Both the companies have same lock in period i.e.3 years. Surrender charges of these companies are different from each other. On maturity, both the companies provide the amount equal to the market value of the units. Charges taken to manage the fund are different in both the companies.

## **5.4 Future Directions of the Study:**

This project undertakes the comparison of HDFC SLIC & ICICI Prudential based on certain parameters. The base of the study is dependent on some variables which may be further used to extend the study. The study is considering different factors like perception of people about insurance in terms of rewards, tax saving, security, protection which is somewhere not a very wide concept whereas certain areas are still left unexplained. The further research work can be done on certain areas that are not discovered in this study are-preference towards certain policies, reason for same, hidden charges in insurance policy & other such parameter thereby the same study can be further stretched and be provided as a future declaration of the study.



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## **BROUCHERS**

- HDFC Standard Life Insurance
- ICICI Prudential Life Insurance

## **Websites:**

- [www.hdfcinsurance.com](http://www.hdfcinsurance.com)
- [www.iciciprudential.com](http://www.iciciprudential.com)

## QUESTIONNAIRE

**Name:**

**Gender:**

**Age:**

**Occupation:**

**1. People having Insurance Policy**

Yes ☐

No ☐

**2. Perception about Insurance**

Necessity for protection security ☐

Imposition of a burden of expenses ☐

A compulsory tool for tax saving ☐

**3. Perception about insurance sector in context with earnings**

Hard and lucrative ☐

Hard but not rewarding ☐

Smooth and rewarding ☐

No idea ☐

**4. Main consideration that a customer looks at while purchasing an Insurance Policy.**

Protection ☐

Investment ☐

Tax ☐

Saving

☐ Pension ☐

**5. Factors considered in selection of Insurance company**

Standing and goodwill of the company ☐

Product range of the company ☐

Services being given by the company ☐

Returns of bonus declared by the company ☐

**6. Name of Insurance Company from which insurance policy have been taken**

LIC ☐                      HDFC ☐                      ICICI PRU ☐  
Others ☐

**7. Awareness about HDFC SLIC**

Yes ☐                      No ☐

**8. Plan that a respondent prefers to buy**

Protection ☐                      Investment ☐                      Pension  
☐                      Children ☐

**9. Familiarity with HDFC SLIC & ICICI Prudential**

Yes ☐                      No ☐

**10. Advertisement Impact of HDFC SLIC & ICICI Prudential**

Yes ☐                      No ☐

**11.Choice of Company in Long Run**

HDFC ☐                      ICICI PRU ☐

**12. Choice of Best Service Provider**

HDFC ☐                      ICICI PRU ☐