

INSURANCE AS AN INVESTMENT STRATEGY TATA MOTORS.

¹ Dr.K.V.L.Manasa, Professor, Holy Mary Institute of Technology and Science, (UGC Autonomous) (HITS).

² Saliganti Sai Surya, PG Scholar, Holy Mary Institute of Technology and Science, (UGC Autonomous) (HITS) .

³ Amala Harshini, PG Scholar, Holy Mary Institute of Technology and Science, (UGC Autonomous) (HITS) .

⁴ Shaik Siraj, PG Scholar, Holy Mary Institute of Technology and Science, (UGC Autonomous) (HITS) .

⁵ S,Puspavathi, PG Scholar, Holy Mary Institute of Technology and Science, (UGC Autonomous) (HITS) .

⁶ Thalari Ashritha Pavani, PG Scholar, Holy Mary Institute of Technology and Science, (UGC Autonomous) (HITS) .

ABSTRACT

The insurer and the insured are the two main players in the insurance contract. Policies and coverage are other names for it. Purchasing an insurance policy to protect oneself from a potential financial setback is one method of mitigating risk. Insurance shields one against unanticipated dangers, whereas investments seek to increase one's wealth over time. The peace of mind that comes from knowing you have insurance helps you weather unexpected financial storms. Making a fair profit is the point of investing. A perfect investment would have reasonable costs, sufficient liquidity, and a healthy return on investment. Insurance has developed from its original purpose as a safety net against unanticipated dangers to include a variety of financial risk reduction options. The security, tax benefits, and long-term financial planning advantages promised by these insurance-based investment solutions are hard to refuse. "Insurance as an Investment Strategy" is the subject of the study's in-depth analysis. It is critical for people and investors to pursue investing plans in a constantly changing financial market. Insurance provides a safety net in the ever-changing corporate and social landscapes, but it also presents a potential for financial gain. Primary data for this research came from questionnaires, while secondary data came from online sources such as journals, articles, and blogs. And the sample is chosen using the convenience sampling approach. Thirty people were surveyed for this study. When evaluating hypotheses, the Chi-Square test for goodness of fit is a useful tool for accurately measuring phenomena, swiftly analyzing data, and drawing reliable conclusions.

INTRODUCTION

With a diverse choice of plans to suit individuals' and groups' requirements throughout their lifetimes, HDFC Life, one of India's top life insurance companies, gives peace of mind. Health, retirement, savings and investments, and protection are some of the product categories you could encounter. The HDFC Life Insurance Company Limited, previously known as HDFC Standard Life Insurance Company Limited, is a partnership between the prestigious investment firm Standard Life Aberdeen and the prominent Indian home financing company HDFC Ltd. Since its creation in 2000, HDFC Life has been providing people and companies with a variety of insurance possibilities, becoming a prominent supplier of long-term life insurance solutions in India. As of the last day of June 2018, the list of products offered by the firm included 34 individual policies, 11 group choices, and 8 additional rider benefits. As a result, they were able to meet the needs of a diverse group of customers. With 413 branches and an increase in distribution touch points due to new partnerships and collaborations, HDFC Life is well-established and enjoying great success throughout the country. Among these partnerships, 26 comprise non-traditional ecosystems and 163 include bancassurance institutions (e.g., NBFCs, MFIs, SFBs, etc.). Financial advisors are the firm's foundation. The Company's wholly-owned subsidiary, HDFC Pension Management Company Ltd., assumed control of the National Pension Scheme (NPS) pension fund operations by Fiscal 2012. In Fiscal 2016, the Company also set up HDFC overseas Life and Re Company Ltd., its first wholly-owned international subsidiary, in the UAE to manage the reinsurance operations. The main purpose of insurance, a financial service, is to safeguard monetary assets. A monetary value is attached to everything. The owner and anyone else who stands to benefit from an asset endure hardship when that item is destroyed, stolen, or rendered worthless due to unfortunate circumstances. Insurance could mitigate these unpleasant outcomes to a certain degree.

Purpose & Need of Insurance

Having assets insured is a must due to the high probability of unintentional damage or non-functioning. Such results are referred regarded as dangers. Natural catastrophes such as earthquakes, floods,

malfunctioning equipment, and power outages pose a risk. Anything with the potential to inflict harm or financial loss is a risk. One way or the other, it will happen. Uncertainty about the dangers involved is necessary. People buy insurance policies because they know something bad may happen. • Insurance: All participants are expected to bear the same risks. In order to make the possibility of a large-scale effect more manageable for all members of the community, insurance may be purchased. Prepaid premiums allow insurance firms to cover potential losses. Life itself is another commodity that may be traded for money. This asset might be lost in the event of an unexpected and brief event, since accidents could and do happen. • While it's true that dying early is usually worse, living too long is often worse. It is really crucial to avoid these dangers. Every financial and economic asset, real or imagined, may be safeguarded by purchasing insurance. How Insurance Works Community funds allow individuals to pool their resources and contribute modest sums in order to mitigate the effects of shared risks. While it's impossible to know exactly who will be impacted, we can use historical data to create informed predictions about the average number of people. In that manner, we establish the responsibilities of each individual. Insurance protection • Engaging in a joint venture is risky • Handling claim payments • No one will have an unfair edge, according to the insurance company.

OBJECTIVES OF THE STUDY

We set out to look at insurance as a potential investment instrument in our market research. The subsequent goals are these: • Presenting prospective clients with a range of investment options and doing market research Clients need to know the value of sound financial planning so that • To consider other investment strategies

SCOPE OF THE STUDY

Using HDFC Life as a case study, this research looks at insurance policies as a potential investment vehicle. Insurance policies are something that many businesses provide, including life, auto, and home policies. The survey included fifty clients, all of whom were 26 and older. Because persons in this age group are more likely to be looking for house, vehicle, and life insurance, they are the target audience for this poll.

METHODOLOGY OF THE STUDY

To compile the data for this analysis, we consulted both primary and secondary resources. Scientists rely on observational methods and survey research to get the necessary data. Surveys are administered to customers of HDFC Life Products to gauge their level of satisfaction. A well-structured questionnaire was the main tool for gathering data in the study. To learn more about HDFC Life's service quality, a comprehensive survey was prepared and sent to clients. The relevant information was sourced from a variety of public sources, including government documents. Sorting, tabulating, reviewing, and inferring data follows data collection. Finally, the study concludes by recommending future directions that HDFC Life might take to expand its clientele. Example Design: Fifty consumers, all from Hyderabad, have been picked at random to gauge the level of insurance expertise applied to investing strategies. A comprehensive survey conducted in Hyderabad provided the bulk of the data. We used the questionnaire that was given to the respondents to collect their comments. In order to get the data, interviews were carried out in person. **Statistic Gathering:** Two distinct methods exist for collecting data. In the outset, the core ideas 2. Data supplements Reliable resources for data using primary data, which is data that the individual has created themselves, is the greatest way to get up-to-date and correct information. Primary data may be gathered using a variety of methods, including postal surveys, interviews, and more. • Methods such as observational studies, field surveys, and panel studies.... Information gathered from less reputable but nonetheless credible sources one kind of secondary data is information that is already in the public domain. You may start saving time right now since it is accessible to use. Examples of secondary data sources include reports on advertising and research conducted by private firms, various publicly available surveys of businesses and consumers, and a wide variety of survey kinds. Additionally, you may find useful information in the company's internal documents, like purchase orders, client complaints, and sales records. Secondary data, gathered from internal sources, is an additional source that has been used to a lesser extent in the research. Other approaches that are comparable for gathering secondary data include: Trade, employment, pricing, consumption, production, and many other economic variables are collected and released by a number of worldwide agencies. Secondary data may be found in these articles published by different groups. Data held by private organizations and enterprises but not yet made public is called secondary data.

LIMITATIONS OF THE STUDY

Many issues arose for the researcher as the investigation progressed. To start, getting in touch with respondents was a major hassle since we had to beg them for their information. Second, while data was being collected, the views of the respondents were impacted by the organizational policies. Thirdly, sample limits were an issue since the research only included a small number of companies. The fundamental problem with survey-based studies using pre-made questionnaires is the likelihood of a discrepancy between the recorded data and the reality, regardless of how meticulously researchers construct their questions and carry out their fieldwork. • Due to the study's narrow focus and small sample size, the results may not apply to other cities. In order to make the percentages clear, they are rounded off to the closest whole number. Our study is built upon customer input that is acquired via questionnaires. The available data provides the basis for all suggestions and conclusions. • We do our best to acquire the necessary data, but time constraints prohibit us from doing so. We were only able to conduct the research for 30 days due to scheduling constraints.

INDUSTRY PROFILE

The insurance industry in 2010, there were several shifts in policy and fashion within India's insurance industry. The Life Insurance Council predicts a yearly growth rate of 32% to 34% for this \$41 billion market, making it the fifth biggest in the life insurance business. The Insurance Regulatory and Development Authority (IRDA) reported that between April and January of FY2011, the new business premium of the state-owned Life Insurance Corporation (LIC) of India increased by 37%, reaching \$15.1 billion. With a 26% rise from \$17 billion in April-January 2009-10, 23 life insurers throughout the nation earned \$21.35 billion in new first-year premiums during that time. Between April 2010 and January 2011, 22 private life insurers brought in \$6.26B, up 6% from \$5.91B the year before. Premium collections from new business at ICICI Life increased to \$1.15 billion from \$964 million in the same period last year, while at SBI Life they increased by 9% to \$1.10 billion. Private life insurance companies are both of these types. Insurance for Your Car Gross premiums for general insurance increased by 24.57% year-on-year (y-o-y) between April 2010 and January 2011. Earnings for the sector were \$3.23 billion for the current quarter, up from \$2.6 billion in 2009-10, according to IRDA estimates. About 70% of the whole premium revenue in the non-life insurance market was generated by PSUs. With an increase from \$3.7 billion in the same time in FY2010, the four public sector general insurers earned \$4.5 billion from April to January. With the greatest premium collection at New India Insurance, revenues jumped 18.01% to \$1.3 billion. Premium collections during the first quarter of the current fiscal year reached \$789 million, an increase of 29%, making ICICI Lombard the private company with the greatest growth rate. Medical Protection For both seasoned companies and fresh ideas, the Indian health insurance industry is ripe with opportunity. Recently, a study named "Booming Health Insurance in India" was released by RNCOS, a research organization. The analysis included all the current industry changes and the main reasons that are driving growth. In addition to a thorough examination of the competitive environment, the research also pinpoints potential expansion and development prospects. In addition, between 2009-10 and 2013-14, health insurance premiums are expected to increase by over 25% according to the RNCOS study. Yes Bank and an industry group projected that medical insurance will generate \$3 billion from 2010 to 2013. According to IRDA's annual report, health insurance premium revenues climbed to \$1.75 billion in 2009-10 from \$893.76 million the previous year. Keep in mind that TPA-managed insurance is the only one included in the 2008-09 figures, both insurer and TPA-supplied policies are included in the 2009-10 numbers. Bancassur reports that, compared to LIC, private insurers have increased their usage of bancassurance in the last several years. With bank assurance, insurance policies may be sold via a bank's branch network. Even though the commission for bancassurance was \$44.64 million, official records show that LIC only paid out \$26,075 for this distribution scheme in 2008-09. Towers Watson India predicts that private insurers in India would rely on bancassurance for 40 percent of their premium revenue by 2012, up from 25 to 28 percent now (Bancassurance Benchmarking study 2009-10, May 2010). This highlights the importance of bancassurance to the expansion of the insurance sector in India. Up to this point, 17% of general insurance premium revenue has come from bancassurance. The non-life insurance products offered by United India Insurance will be promoted by LIC HFL Financial Services, a public sector insurer that is a subsidiary of LIC Housing Finance. Resources Owned by Financial Institutions • Bharti Axa Life, a life insurance business, is reportedly being acquired by Mukesh Ambani's Reliance group. The Mittals' Bharti, which has reportedly been seeking an exit since 2010, is reportedly in negotiations with Reliance. A financial services empire is what Reliance aspires to become, the company has said. According to a press statement, the state-run bank has revealed its plans to partner with one of ten selected life insurers to acquire equity interests and form corporate agency

tie-ups. This case involves a number of insurance companies in India, including Aviva, AegonReligare, Bharti AXA, Birla Sun, DLF Pramerica, Future Generali, HDFC, Max New York, MetLife, and Reliance. • Warren Buffett's Berkshire Hathaway will provide general insurance products in India via its website and indirect sales force. Buffett is one of the most successful investors in the world. Bajaj Allianz General Insurance, a "corporate agent" for the Indian market, and \$100 billion Berkshire were the minds behind the creation of Berkshire India. • Legal & General, the premier UK risk, wealth, and investment firm, and IndiaFirst Life Insurance, a joint venture between Andhra Bank and Bank of Baroda, have launched LifeStore, a comprehensive online marketplace for insurance education and purchase. For all of their insurance needs, consumers of the "do-it-yourself" website LifeStore may rely on honest information, online assistance, services, and reasonable expectations. Japanese life insurance giant Nippon Life stunned industry watchers with an unexpectedly high value of US\$ 688 million for a 26 percent interest in Reliance Life. In a venture known as the Edelweiss Tokio Life Insurance Company Limited, two prominent Indian conglomerates—the Edelweiss Group and the Tokio Marine Insurance Group—have joined forces.

COMPANY PROFILE

HDFC Standard Life Insurance Company Limited



I apologize.

Among the various options available to people and corporations in India, HDFC Life stands out as one of the main private life insurance providers. This partnership was founded by Standard Life plc, the top financial services provider in the UK, and home Development Financing Corporation Limited (HDFC), the top home financing institution in India. Companies such as Standard Life (Mauritius Holding) Ltd. (26.0%), HDFC Ltd. (72.43%), and others are partners in the company. The health, savings, investment, pension, and protection products offered by HDFC Life are extensive. For a little cost, customers may tack on other advantages, called riders, to their plans, making them even more customizable. The company presently offers 29 retail items, 5 group products, and 5 optional rider perks. Savings, investments, protection, and retirement are all addressed by these goods. Among the most extensive new insurance providers, HDFC Life serves customers in more than 700 cities and towns via its more than 500 locations. Supporting the business is an impressive group of financial experts. HDFC Standard Life argues that building a solid moral foundation is the first step towards achieving long-term sustainable development. In order to do this, we have been exerting significant effort to expand our branch network, enhance our sales team, and use technologically-enhanced, expedited procedures. Why? For the simple reason that they provide the groundwork for first-rate service to clients. Due to the hallowed nature of our core values, no employee is permitted to veer from them. In our pursuit of a reputation as a morally upright company, we will never waver from our commitment to promoting honesty and transparency in all aspects of our operations. The opening of the Indian insurance market to private investment in 2000 coincided with our founding, and since then, we have made it our mission to set standards across the board. The solid financial foundations of HDFC Ltd and Standard Life laid the groundwork for HDFC Standard Life, a reputable and long-standing firm. The unwavering commitment to good corporate governance, strong ethical standards, and clearly stated goals is the foundation of HDFC Ltd.'s stellar reputation. Among British life and pension providers, Standard Life stands head and shoulders above the competition. Earnings growth for stockholders is not HDFC Standard Life's main focus. Our company's future development will be built around the foundation we laid today, and we are quite pleased with it. At HDFC Standard Life, we have a diverse range of products to cater to everyone's needs: Having a solid income protection plan in place will provide you peace of mind in the case that anything bad were to happen to you. The long-term, steady increase of your investment capital should be your top investment objective. Put money away for major life events and make sure your funds are safe. • Retirement: Put aside enough money so you may enjoy your elderly years in luxury. • Health: Put money aside for unexpected vet costs.

THEORETICAL FRAMEWORK

INVESTMENT DECISIONS

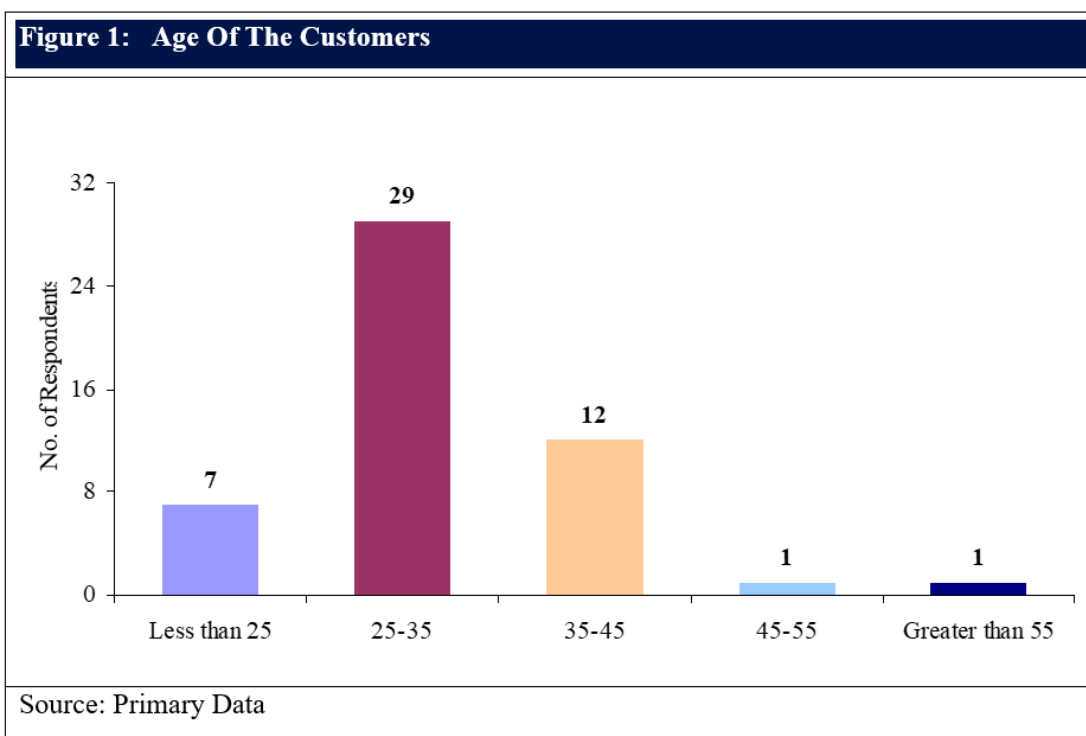
Whether it's a piece of real estate, an interest-bearing checking account, or some other kind of investment, it seems like everyone these days has one. Still, many individuals find investing as a whole to be intimidating, much alone the seemingly endless array of investment instruments accessible. Even if it seems like everyone else has a perfect plan for making a mint by investing in the right people at the appropriate moments, you should not be deceived. Most investors blindly follow the latest financial trend, even if they have no idea what they're doing. Before you can confidently pick an investment option that will help you reach your goals and objectives, be sure you have a solid grasp of the fundamentals of all the options available. No matter whether you're investing alone or with a professional, the ability to recognize poor advice is a matter of knowledge. There are several investing possibilities available to you. The risk profile, current situation, available time, etc., should all be considered before committing to an investment vehicle. If you are confident in your ability to withstand market fluctuations, then invest in stocks. Investments in fixed income provide a steady stream of income without the stress and uncertainty of market volatility. Keep in mind that the relationship between risk and reward is proportionate regardless of your actions. Profits increase in proportion to the degree of danger. PRESENT MODE Investing in life insurance—which serves as both a hedge against financial loss and a source of income—could win a well-known Delhi businessman who oversees a retail conglomerate millions of dollars in this era of declining interest rates and investor confidence. This kind of thinking is more focused on his investment approach than on the long-term health of his business. Acquiring a Rs 5 crore life insurance coverage is a dependable method of saving money! Several thousand rupees went into premiums every year. A couple more crores would have accumulated by the end of the century for this guy. Word on the street is that Subhash Ghai of Mukta Arts is a lucky guy with better insurance. He was supposed to have Rs. 18 crore insured. A large percentage of people have comprehensive life insurance policies. I don't understand why a lot of people are putting their money into boring investments like insurance plans. The mundane probably came first. But now things are different. Interest rates and gains have declined today, even in the thrilling stock markets. This has led many to seek for more secure investment opportunities. The significance of safety and liquidity is recognized by the investor, according to insurance specialists. "There aren't too many options," a private insurance firm employee explains. It is recommended by even financial professionals. Some insurance products, says Hemang Raja of Investsmart India, look attractive in the current market condition since they provide life protection and allow you to lock in your funds at the current interest rate. Diversity and vigor are also seeing meteoric rises in the insurance industry. Customers are no longer limited to dealing with the Life Insurance Corporation of India or any other provider for all of their insurance requirements, thanks to the move to private ownership. Life insurance and its tax advantages are important, but picking the correct policy might help you earn much more. When considering insurance policies, the adage "Define your goal" remains as applicable. Get an insurance coverage that fits your needs. The fact that the rate rises in tandem with the policyholder's years of service is a financial relief. However, nothing beats taking your time to weigh your alternatives and choose the best one.

Data analysis:

What is your age?

Table 1: Age Of The Customers			
S.No.	Age	No. of Respondents	Percentage (%)
1	Less than 25	7	14%
2	25-35	29	58%
3	35-45	12	24%
4	45-55	1	2%
5	Greater than 55	1	2%
Total		50	100%

Source: Primary Data



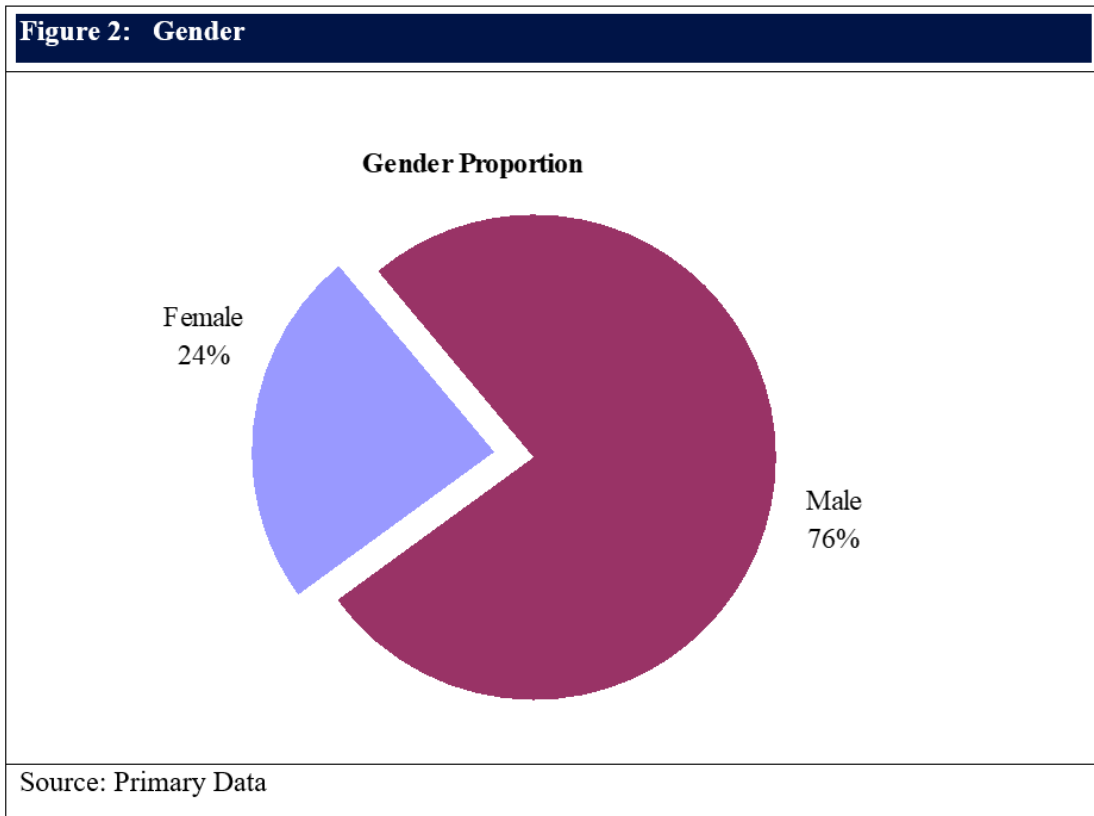
Interpretation:

Graph data shows that those aged 25–35 made up the majority of responders (58% of the total). But there was a significant underrepresentation of those aged 35–45 (24% of the total).

Gender?

Table 2: Gender			
S.No.	Gender	No. of Respondents	Percentage (%)
1	Male	37	74%
2	Female	13	26%
Total		50	100%

Source: Primary Data



Interpretation:

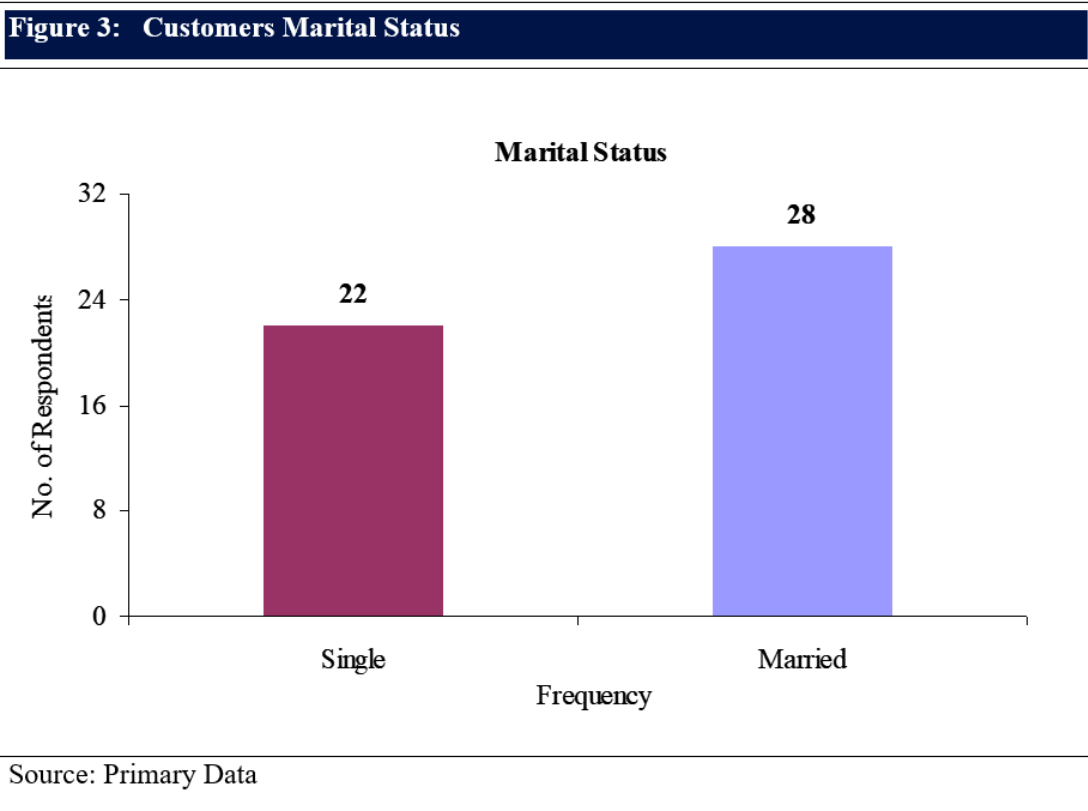
Out of the fifty people surveyed, males made up somewhat more than three quarters and women around a quarter. Out of the fifty people surveyed, males made up somewhat more than three quarters and women around a quarter.

Are you single or married?

Table 3: Customers Marital Status

S.No.	Option	No. of Respondents	Percentage (%)
1	Single	22	44%
2	Married	28	56%
Total		50	100%

Source: Primary Data



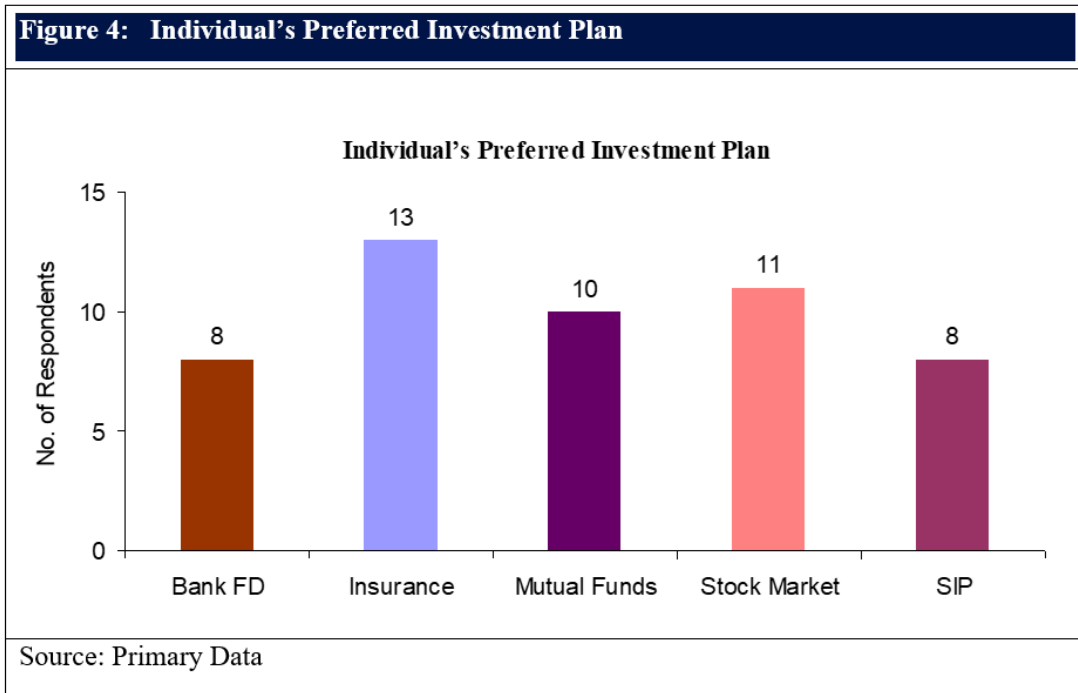
Interpretation:

As can be seen from the graph, out of the 50 persons that participated in the poll, 28 are married and 22 are single.

Preferred Investment Plan

S.No.	Type of Investment	No. of Respondents	Percentage (%)
1	Bank FD	8	16%
2	Insurance	13	26%
3	Mutual Funds	10	20%
4	Stock Market	11	22%
5	SIP	8	16%
Total		50	100%

Source: Primary Data



Interpretation:

The data shown above shows that thirteen respondents (or 26 percent) favored insurance investments, eleven chose equities, and ten preferred mutual funds.

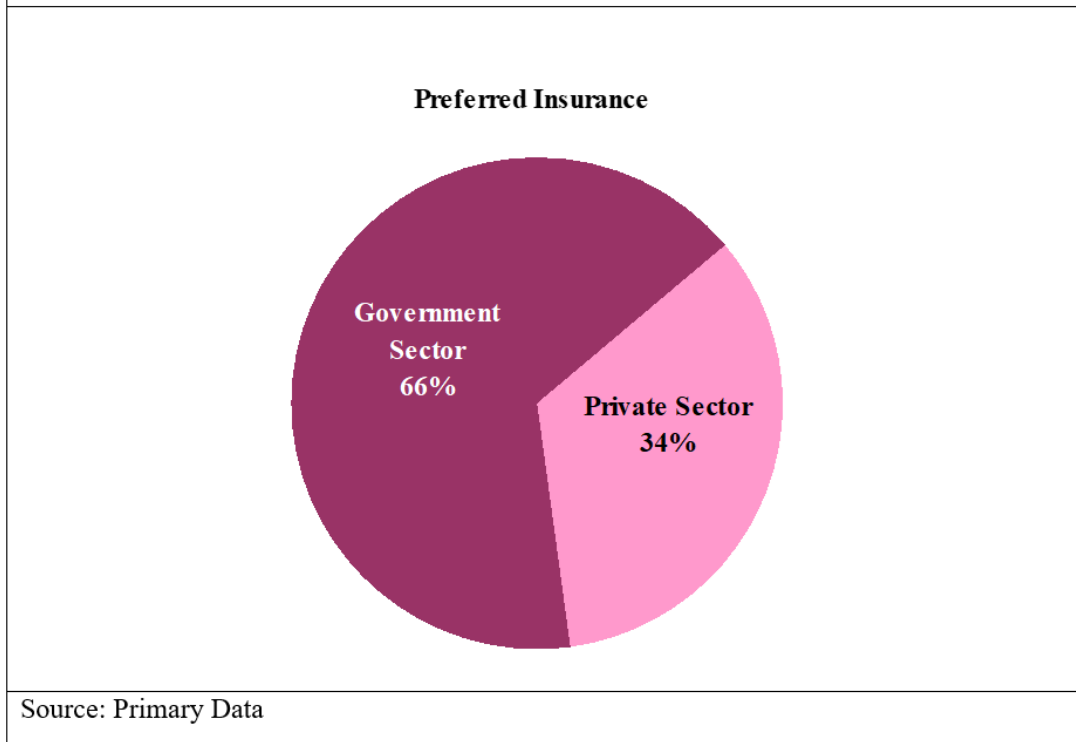
Preferred Sector For Insurance

Table 5: Customer Preferred Insurance Sector

S.No.	Option	No. of Respondents	Percentage (%)
1	Private Sector	17	34%
2	Government Sector	33	66%
Total		50	100%

Source: Primary Data

Figure 5: Customer Preferred Insurance



Interpretation:

According to the numbers shown above, 33 people would rather see investments made by the public sector, whereas 17 people would rather see private insurance.

FINDINGS

- The majority of respondents (84 percent) are young adults (those between the ages of 18 and 44), and they have a positive outlook and good knowledge of the insurance industry. Insurance is something that just 16% of the population is unaware of. Thirteen respondents (or 26% of the total) like insurance investments, eleven (or 10% of the total) favor equities, and ten (or 8% of the total) prefer mutual funds.
- Eleven persons are looking for house and health insurance, twelve for vehicle, and eighteen for life.
- Public sector investments have 43 proponents while private insurance has 17 proponents. Among those who are saving for retirement, 40% want to do so via insurance. A quarter of the people who took part in the survey hoped to shield their families from financial hardship, twenty percent hoped to evade paying taxes, and twenty percent hoped to offer their children a decent future.
- Of HDFC Life's customers, 84% are happy with the goods and services they get, while 16% are not.
- Out of the fifty persons who participated in the poll, fourteen identified HDFC Life as their insurance provider, while eighteen indicated LIC. Ten people out of fifty who took part in the survey said they chose HDFC Life insurance because of their great services, while eighteen people said they chose it because of the greater returns. For sixteen percent of the population, the alluring plans offered by HDFC Life were the determining factor.
- If and when the need comes, over half of the survey takers want to get insurance from HDFC Life. Out of the total number of policyholders surveyed, 16% said they would not purchase additional insurance from HDFC Life. Customers were so pleased with their

HDFC Life plans that 86% said they would suggest them to friends. Just fourteen percent of those who took the survey indicated they wouldn't suggest HDFC Life to anyone else.

SUGGESTIONS

Upon careful examination of the survey data, all suggestions have been formulated. Businesses might provide seminars to educate workers on the need of a savings plan and motivate them to begin saving. Improving the various investors' knowledge of insurance products via effective advertising is of the utmost importance. Holding an update session weekly or monthly is one method to keep insurance brokers informed about changes and new products. Road shows and promotions stress the need of insurance. If HDFC Life's marketing efforts are more effective, the company may capture a larger portion of the market. • HDFC Life has to come up with innovative strategies and use new approaches, such offering more comprehensive protection to current and prospective consumers. • Current and potential customers should be kept informed about the market by the firm in a timely manner. Thorough advise and planning for the client's financial future should be provided. • A representative from the company should visit the client often to inform them of the most recent sales.

CONCLUSION

Life insurance is known for its rapid expansion and large GDP effect. Competition is still a reality for private companies, but they all approach it in various ways. The growth of unit linked insurance has a lot of promise as well. People would choose an insurance plan because the firm is kind and confident. Many people look for ways to lower their taxable income, and one of those ways is by buying insurance. Life Insurance Corporation overtook HDFC Standard Life, despite LIC's monopoly on the insurance industry. Among the many possible investments are insurance, real estate, stocks, bonds, and gold. There are unique characteristics shared by all asset types. The value of some of those assets may rise while the value of others falls at any given moment. As far as investors are concerned, getting their hands on a single high-quality object is the holy grail of investing. In recent years, insurance's prominence among investors has grown as a result of the security and financial gain it offers. Insurance business marketers need to captivate, excite, and help customers realize their expectations if they want to succeed. In terms of advertising, this approach is lightning fast and nimble. Crucial factors to think about are reliability, safety, confidentiality, and the quality of the customer's experience. The insurance industry is becoming less forgiving and accommodating. Do your best to follow through on your promises in light of this. A change in customer power and an improvement in the predictive and reactivity of marketing are two outcomes of the insurance industry. We still need new ways of advertising. Insurance products should be more valuable when they work together. Creating and marketing a product plan is essential. Online distribution, sales promotion, advertising, and marketing research has given rise to a new industry in and of itself. We need more research like this in other business-to-consumer and business-to-business industries so we can learn more about attitudes, behaviors, and success factors.

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