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## Satisfaction of the Policy Holders Protection in Insurance Sector: A Case Study

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**Abstract:** *The present era is paving its way through the fast emerging competitive scenario in the investment in insurance sector. And finance industry and its rapidly progressing towards the universal policy holder, i.e., protection based. This paper is presented in policy holder's protection in insurance and risk management sector. Through the study of concepts procedures, objectives and scope. It highlights the policy holders' protection in insurance sector and finance society. And policy holders' perception regarding the insurance sector the problem being faced by them. Through this paper an effort is made to remove the wrong perceptions. The overall analysis is the whole protection of the every policy holder which invests in the insurance.*

**Keywords:** *Policyholder, Liberalization And Privatization, Predefined Contingency, Moving Average and RSI.*

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### I. Introduction

In law and economics, insurance is a form of risk management primarily used to hedge against the risk of a contingent, uncertain loss. Insurance is defined as the equitable transfer of the risk of a loss, from one entity to another, in exchange for payment. An insurer is a company selling the insurance; an insured, or policyholder, is the person or entity buying the insurance policy. The insurance rate is a factor used to determine the amount to be charged for a certain amount of insurance coverage, called the premium. Risk management, the practice of appraising and controlling risk, has evolved as a discrete field of study and practice. The transaction involves the insured assuming a guaranteed and known relatively small loss in the form of payment to the insurer in exchange for the insurer's promise to compensate (indemnify) the insured in the case of a financial (personal) loss. The insured receives a contract, called the insurance policy, which details the conditions and circumstances under which the insured will be financially compensated. The present business scenario is totally consumer oriented. Every company faces stiff competition from its competitors, each provides the best product at competitive rates. As a result customers have a lot of choices to get the best with the least cost. To face this competition, it is very important to know customer's behavior, their needs, preference and also the motivation factors. A sound financial sector is the backbone of a healthy economy. The insurance industry as a financial service is considered as one of the important segments in an economy for its growth and development, particularly in the developing economy likes India.

The winds of liberalization and privatization, which have brought in dramatic and phenomenal changes in the economic and financial sector, across the developing world- particularly in the last decade and half are perceivable in the impact of globalization in this of the world too. Economic development of any country is mainly based on financial market. It transfers the resources from savers to the users. Since insurance is the part of the financial sector positive and far-reaching changes towards betterment have come into being in both life and non-life insurance markets. Perceived benefits rather than actual benefits are the backbone of marketing of goods and services and marketing of life insurance is no exception.

So insurance sector found a new dimension to increase its business. Insurance product packaged savings feature with risk management feature. Insurance cell promise to pay on future date for a predefined contingency. Insurance is an arrangement to deal with the unpleasant contingencies. The essence of insurance is sharing of losses and substitution of certainly for uncertainly. In an increasingly competitive economy the need for insuring against risk is well recognized. Insurance sell promise to pay on future date for a predefined contingency. The insurance business has been protection in investors. And the ripple effects of the same can be observed in the domestic markets as well.

The rising per capita income increased demand for insurance to cover risks of old age and death. Insurance sector is a major contributor to the financial savings of the household sector in the country, which are further channeled into various investment avenues. Growth in life insurance during the post liberalized period caused because of a considerable shift in percentage of savings from financial assets (like deposit in banks, non- banking company, co-operatives, mutual funds, small savings etc.). This result is favorable growth both for LIC and the new insures. In this growing competition the investor is

the truly the kings. Products are being designed, redesigned, and customized to suit the changing preference of investors, taking into account different factors like age, gender, family status, employment and income levels.

**All these efforts would give fruitful results only when there is high public awareness.**

## II. Review of Literature

Several studies have been taken up to evaluate the strategies for the insurance business and Indian insurer's perception towards private life insurance. For this purpose a brief literature is presented have some of them are:--

**Harold D.Skipper, Jr.** Concentrated on liberalization issues from several perspectives, relevant to the Indian insurance market and govt. in connection with its continued liberalization.

**Dr, Thitivadee boonyasisi, examined the effects on life insurer efficiency of insurance market opening and deregulation efforts undertaken by** Korea, Philippines, Taiwan and Thailand.

Mala Srivastava, Yogeshwari Phatak, studied about risk perception of Indian insures towards private life insurers and mainly concentrated on the concept of deregulation of the Indian insurance market and potential of the Indian insurance industry after the entry of private insurers.

**Dharmendra Kumar** studied about the historical context of the emergence and development of insurance in India and analyzed the ideas behind nationalization of the insurance industry and the context of the opening up of the insurance sector.

**T.Vanniarajan** evaluated about the service quality in LIC with reference to Madurai and mainly concentrated on LIC's service productivity on two dimensions mainly quality and quantity.

**Mark S.Dorfman** made a comment on the theory and practice of innovation in the private insurance industry and provided some microscopic details about the innovative practices of life insurance industry.

**Michael L.Murray**, studied about the innovations in private insurance industry and he emphasizes the re-trading aspects of regulatory activities and also mentions consumer distrust as another factor which inhibits innovation in insurance.

**Ashish Sadh** and **Soniya Billore** studied about the need for branding and advertising in life insurance industry in a competitive environment and analyzed the need to strive to build a brand in order to attract both the end customer and intermediaries.

**Sanjeev K. Sharma, K.K.Uppal, Upasna joshi**, examined the strategies for the insurance business and their marketing interventions and highlighted the reasons for the opening up of insurance sector and suggesting strategies for retaining market leadership for the public sector insurance companies.

**J.D. Agarwal** evaluated the globalization, liberalization and privatization of Indian Economy and its impact on Punjab's economy and analyses about insurance sector reforms along with other sector reforms in Punjab.

**Mahito Okura**, evaluated about the concept of "Each Insurance product is identical, but the insurance companies that sell this identical product are not necessarily identical".

A few articles also appeared in the financial dailies (The Economics Times, Business Line, Financial Express) and the periodicals (Insurance Chronicle, Insurance watch, Outlook Money, etc.) about the evaluation of insurance industry by comparing the changes in Public and Private insurance companies for a short period.

## III. Hypothesis

Some of the hypothesis, which from the base of the research is:-

- People are having the enthusiasm and they want to do earn many and save many.
- The people for the betterment of life and they want to do invest in insurance policy.
- People should be aware of benefits and scope of insurance.
- A person for the security of their lives wants to invest a part of their income in insurance sector.
- People is search many benefits of invest in insurance sector:-
  - Indemnification for loss.
  - Reduction of worry and fear.
  - Source of investment funds.
  - Enhancement of credit.

#### **IV. Objectives of the Study**

OBJECTIVES: The present study has the following objectives:

- To analyse other trends in the insurance sector during the period prior to the entry of the private sector.
- To analyse the trends in the insurance sector during the period after the entry of the private sector.
- To compare and contrast various insurance policies/schemes/products offered by the public and private insurance companies.
- To identify the causes behind people going for different insurance plans.
- To analyse the public awareness about the entry of private sector and their products.
- To measure the level of satisfaction among the policy holders of public and private insurance companies.

#### **V. Benefits of Investors**

There are many benefits to investing in Insurance and we will investigate how this common form of investment can be an effective way to make money. We will define and explore some of the benefits of investing in insurance such as diversification, tax benefits, capital growth and safe future to the traditional high interest savings account (like an ING Direct account or a term deposit).

Ultimately, owning investors allows you to own a portion of a company (Insurance). The management team and board of directors effectively work for you, and are there to maximize your wealth. Therefore, they should be acting in a way that benefits you.

- Costliness of medical expenses
- Pension plan
- Take care of post of retirement
- Tax rebate
- Secure future
- Source of income after retirement
- Educational fund for children

#### **VI. Experimental/ Methodology/ Research Work**

##### **Statement of Research Problem**

A brief survey of literature presented above explains about the innovations in insurance industry and effects on life insurance market. By observing the above literature, it is necessary to test the public awareness about the many protection in insurance industry. Therefore, it is proposed to evaluate the public awareness about the entry of private insurance companies and attempts to understand the difference in perception of insures regarding the products and services offered by both public and private insurance companies.

##### **Research Design**

Research methodology is the way to systematically solve the research problem. In it we study the various steps that are generally adopted by researcher in studying in his research problem along with the logic behind them. It is necessary for the researcher to know method, technique & the methodology, researcher also need to understand the assumption underlying various technique & they can decide that certain techniques & procedures will be applicable to certain problem & other will not be. To conduct a research in any field. It is necessary that is study method & a way to approach certain things should be correct & is systematic way. Thus to start a survey of project, its methodology should be to the point. It is correct "methodology is the key to any survey"

The success of any desertion work largely depends upon correct selection & the application of the nature of the proposed study, nature of information to be covered in desertion.

"A good methodology is the life of blood of work" (PETER EICH) for the descriptive research undertaken to study the satisfaction level & related issues.

##### **Insurance Protection In Policy Holders Is Basically Analysis in Two Factors:**

1. **Technical Analysis:** Technical Analysis is the forecasting of future financial price movements based on an examination of past price movements. Like weather forecasting, technical analysis does not result in absolute predictions about the future. Instead, technical analysis can help investors anticipate what is "likely" to happen to prices over time. Technical analysis uses a wide variety of charts that show price over time.

Technical analysis is applicable to stocks, indices, commodities, futures or any tradable instrument where the price is influenced by the forces of supply and demand. Price refers to any combination of the open, high, low, or closes for a given security over a specific time frame. The time frame can be based on intraday (1-minute, 5-minutes, 10-minutes, 15-minutes, 30-minutes or hourly), daily, weekly or monthly price data and last a few hours or many years. In addition, some technical analysts include volume or open interest figures with their study of price action.



### The Basis of Technical Analysis

At the turn of the century, the Dow Theory laid the foundations for what was later to become modern technical analysis. Dow Theory was not presented as one complete amalgamation, but rather pieced together from the writings of Charles Dow over several years. Of the many theorems put forth by Dow, three stand out:

- **Price Discounts Everything**
- **Price Movements Are Not Totally Random**
- **"What" Is More Important than "Why"**

**Technical analysis utilizes the information captured by the price to interpret what the market is saying with the purpose of forming a view on the future.**

### Strengths of Technical Analysis

#### Focus on Price

If the objective is to predict the future price, then it makes sense to focus on price movements. Price movements usually precede fundamental developments. By focusing on price action, technicians are automatically focusing on the future.

The market is thought of as a leading indicator and generally leads the economy by 6 to 9 months. To keep pace with the market, it makes sense to look directly at the price movements. More often than not, change is a subtle beast. Even though the market is prone to sudden knee-jerk reactions, hints usually develop before significant moves.

A technician will refer to periods of accumulation as evidence of an impending advance and periods of distribution as evidence of an impending decline.

#### Supply, Demand, and Price Action

Many technicians use the open, high, low and close when analyzing the price action of a security. There is information to be gleaned from each bit of information. Separately, these will not be able to tell much. However, taken together, the open, high, low and close reflect forces of supply and demand. The annotated example above shows a stock that opened with a gap up. Before the open, the number of buy orders exceeded the number of sell orders and the price was raised to attract more sellers. Demand was brisk from the start. The intraday high reflects the strength of demand (buyers). The intraday low reflects the availability of supply (sellers). The close represents the final price agreed upon by the buyers and the sellers. In this case, the close is well below the high and much closer to the low.

This tells us that even though demand (buyers) was strong during the day, supply (sellers) ultimately prevailed and forced the price back down. Even after this selling pressure, the close remained above the open. By looking at price action over an extended period of time, we can see the battle between supply and demand unfold. **In its most basic form, higher prices reflect increased demand and lower prices reflect increased supply.**



### Conclusions

Technical analysts consider the market to be 80% psychological and 20% logical. Fundamental analysts consider the market to be 20% psychological and 80% logical. Psychological or logical may be open for debate, but there is no questioning the current price of a security. After all, it is available for all to see and nobody doubts its legitimacy. The price set by the market reflects the sum knowledge of all participants, and we are not dealing with lightweights here. These participants have considered (discounted) everything under the sun and settled on a price to buy or sell. These are the forces of supply and demand at work. By examining price action to determine which force is prevailing, technical analysis focuses directly on the bottom line: **What is the price? Where has it been? Where is it going?**

### 2. Fundamental Analysis

Fundamental analysis is the examination of the underlying forces that affect the well being of the economy, industry groups, and companies. As with most analysis, the goal is to derive a forecast and profit from future price movements.

At the company level, fundamental analysis may involve examination of financial data, management, business concept and competition. At the industry level, there might be an examination of supply and demand forces for the products offered. For the national economy, fundamental analysis might focus on economic data to assess the present and future growth of the economy. To forecast future stock prices, fundamental analysis combines economic, industry, and company analysis to derive a stock's current fair value and forecast future value. If fair value is not equal to the current stock price, fundamental analysts believe that the stock is either over or under valued and the market price will ultimately gravitate towards fair value. Fundamentalists do not heed the advice of the random walkers and believe that markets are weak-form efficient. By believing that prices do not accurately reflect all available information, fundamental analysts look to capitalize on perceived price discrepancies.

### General Steps to Fundamental Evaluation

Even though there is no one clear-cut method, a breakdown is presented below in the order an investor might proceed. This method employs a top-down approach that starts with the overall economy and then works down from industry groups to specific companies. As part of the analysis process, it is important to remember that all information is relative.

Industry groups are compared against other industry groups and companies against other companies. Usually, companies are compared with others in the same group. For example, a telecom operator (Verizon) would be compared to another telecom operator (SBC Corp), not to an oil company (ChevronTexaco).

### Economic Forecast

First and foremost in a top-down approach would be an overall evaluation of the general economy. The economy is like the tide and the various industry groups and individual companies are like boats. When the economy expands, most industry groups and companies benefit and grow. When the economy declines, most sectors and companies usually suffer. Many economists link economic expansion and contraction to the level of interest rates. Interest rates are seen as a leading indicator for the stock market as well. Below is a chart of the S&P 500 and the yield on the 10-year note over the last 30 years.

Although not exact, a correlation between stock prices and interest rates can be seen. Once a scenario for the overall economy has been developed, an investor can break down the economy into its various industry groups.



### Strengths of Fundamental Analysis

#### Long-term Trends

Fundamental analysis is good for long-term investments based on very long-term trends. The ability to identify and predict long-term economic, demographic, technological or consumer trends can benefit patient investors who pick the right industry groups or companies.

#### Value Spotting

Sound fundamental analysis will help identify companies that represent a good value. Some of the most legendary investors think long-term and value. Graham and Dodd, Warren Buffett and John Neff are seen as the champions of value investing. Fundamental analysis can help uncover companies with valuable assets, a strong balance sheet, stable earnings, and staying power.

### Business Acumen

One of the most obvious, but less tangible, rewards of fundamental analysis is the development of a thorough understanding of the business. After such painstaking research and analysis, an investor will be familiar with the key revenue and profit drivers behind a company. Earnings and earnings expectations can be potent drivers of equity prices. Even some technicians will agree to that. A good understanding can help investors avoid companies that are prone to shortfalls and identify those that continue to deliver. In addition to understanding the business, fundamental analysis allows investors to develop an understanding of the key value drivers and companies within an industry. A stock's price is heavily influenced by its industry group. By studying these groups, investors can better position themselves to identify opportunities that are high-risk (tech), low-risk (utilities), growth oriented (computer), value driven (oil), non-cyclical (consumer staples), cyclical (transportation) or income-oriented (high yield).

### Conclusions

Fundamental analysis can be valuable, but it should be approached with caution. If you are reading research written by a sell-side analyst, it is important to be familiar with the analyst behind the report. We all have personal biases, and every analyst has some sort of bias. There is nothing wrong with this, and the research can still be of great value. Learn what the ratings mean and the track record of an analyst before jumping off the deep end. Corporate statements and press releases offer good information, but they should be read with a healthy degree of skepticism to separate the facts from the spin. Press releases don't happen by accident; they are an important PR tool for companies. Investors should become skilled readers to weed out the important information and ignore the hype.

### VII. Difference between Technical Analysis and Fundamental Analysis

Technical analysis, also known as "charting," has been a part of financial practice for many decades, but this discipline has not received the same level of academic scrutiny and acceptance as more traditional approaches such as fundamental. One of the main obstacles is the highly subjective nature of technical analysis – the presence of geometric shapes in historical price charts is often in the eyes of the beholder. In this paper, we propose a systematic and automatic approach to technical pattern recognition using nonparametric kernel regression, and apply this method to a large number of U.S. stocks from 1962 to 1996 to evaluate the effectiveness of technical analysis. By comparing the unconditional empirical distribution of daily stock returns to the conditional distribution – conditioned on specific technical indicators such as head-and-shoulders or double-bottoms – we find that over the 31-year sample period, several technical indicators do provide incremental information and may have some practical value. Technical analysis may well be an effective means for extracting useful information from market prices." Some techniques such as Drummond Geometry attempt to overcome the past data bias by projecting support and resistance levels from differing time frames into the near-term future and combining that with reversion to the mean techniques. These terms refer to two different stock-picking methodologies used for researching and forecasting the future growth trends of stocks. Like any investment strategy or philosophy, both have their advocates and adversaries. Here are the defining principles of each of these methods of stock analysis:

- Fundamental analysis is a method of evaluating securities by attempting to measure the intrinsic value of a stock. Fundamental analysts study everything from the overall economy and industry conditions to the financial condition and management of companies.
- Technical analysis is the evaluation of securities by means of studying statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value but instead use stock charts to identify patterns and trends that may suggest what a stock will do in the future.

In the world of stock analysis, fundamental and technical analysis is on completely opposite sides of the spectrum. Earnings, expenses, assets and liabilities are all important characteristics to fundamental analysts, whereas technical analysts could not care less about these numbers.

### VIII. Sampling Design

The sample for this study consisted of 200 respondents selected from Guntur, Vijayawada and Eluru which are located in different districts. The selected respondents in the age group of 20-60 years belonged to varied employment, gender and income groups and were covered by life insurance policy from either LIC or any other Private insurance company. Convenient sampling technique was applied in selecting respondents as sample.

Table 1 : Sampling Design

Population or universe	All the individual living in Delhi.
Sampling unit	A investor who invest in Insurance sector.

Sampling size	90 People from the selected population.
Sampling method	The judgment sampling method.
Sampling area	Office, college, school, Banks and various markets of Delhi.

### IX. Conclusion

India is among the important emerging insurance markets in the world. Life insurance will grow very rapidly over the next decades in India. Saturation of markets in many developed economies has made the Indian market even more attractive for global insurance majors. Competition has brought more product innovation and better customer servicing and bring positive influence on the life insurance business. India insurance is a flourishing industry, with several national and international players competing and growing at rapid rates. The overall business of life insurance has been significantly increased after privatization but still a huge Indian population lives is being uninsured. Although LIC is a giant player in life insurance business but private insurance companies are moving at a fast pace. Though the income, size and penetration of private insurance companies is less when compared with LIC but then also the pace with which they are raising their market share is tremendous. Private insurance companies with its new innovative products and better customer services are expanding their business and will certainly going to give a tough competition to LIC in the coming days. There are many benefits to investing in Insurance and we will investigate how this common form of investment can be an effective way to make money. We will define and explore some of the benefits of investing in insurance such as diversification, tax benefits, capital growth and safe future to the traditional high interest savings account (like an ING Direct account or a term deposit). Life insurance has today become a mainstay of any market economy since it offers plenty of scope of generating large sums of money for long periods of time. Ultimately, owning investors allows you to own a portion of a company (Insurance). The management team and board of directors effectively work for you, and are there to maximize your wealth. Therefore, they should be acting in a way that benefits you.

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