

Insurance - Secures The Insecure!!



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ABSTRACT

Life insurance can be termed as a contract between an insurance company and the person who is insured. A life insurance policy protects your family against financial risk to the extent the life is covered. Sum assured of the life insurance policy in case of death of life insured. As we know source of income can end but not the expenses. They remain, as they were earlier before the dearth of life of the employed person of the family. If the income doesn't remain the same as earlier, the family has to downgrade their standard of living. To overcome all these risks, life insurance is mandatory for everyone who has any dependent on his or her income.

Introduction:

Insurance has got its beginning from the concept of protection. Protection against the loss which has occurred due to some unavoidable circumstances. To some, the concept of insurance has got its origin related to the insecurity in life. Insecurity has been the integral part of everyone's life, be the insecurity in terms of money, insecurity in terms of life etc. Through out the tenure every other individual's effort is directed towards avoiding this insecurity. The concept of insurance has got its emergence from this very effort of avoiding the insecurity. Though it is not possible to avoid the insecurity, it is highly possible to compensate the loss, which has occurred due to happening of this insecurity. This compensation of unavoidable circumstances (insecurity), which has occurred, is known as Insurance. It is the pooling of funds by many to compensate the loss of few, whereby many individuals pool themselves together to create a fund in order to compensate the loss that has occurred to the few. Since 1991 classification almost 22 private life insurance companies are working in India, they are as follows:

Number Date of Reg. Name of the Company

1 101 23.10.2000 HDFC Standard Life Insurance Company Ltd.
2 104 15.11.2000 Max New York Life Insurance Co. Ltd.
3 105 24.11.2000 ICICI Prudential Life Insurance Company Ltd.
4 107 10.01.2001 Kotak Mahindra Old Mutual Life Insurance Limited
5 109 31.01.2001 Birla Sun Life Insurance Company Ltd.
6 110 12.02.2001 Tata AIG Life Insurance Company Ltd.
7 111 30.03.2001 SBI Life Insurance Company Limited.
8 114 02.08.2001 ING Vysya Life Insurance Company Private Limited
9 116 03.08.2001 Bajaj Allianz Life Insurance Company Limited

10 117 06.08.2001 Met life India Insurance Company Pvt. Ltd.

11 121 03.01.2002 Reliance Life Insurance Company Limited.

12 122 14.05.2002 Aviva Life Insurance Co. India Ltd

13 127 06.02.2004 Sahara India Insurance Company Ltd.

14 128 17.11.2005 Shriram Life Insurance Company Ltd.

15 130 14.07.2006 Bharti AXA Life Insurance Company Ltd.

16 133 04.09.2007 Future Generali India Life Insurance Company Limited

17 135 19.12.2007 IDBI Federal Life Insurance Company Ltd.

18 136 08.05.2008 Canara HSBC Oriental Bank of Commerce Life Insurance Company Ltd.

19 138 27.06.2008 Aegon Religare Life Insurance Company Ltd.

20 140 27.06.2008 DLF Pramerica Life Insurance Company Ltd.

21 142 Star Union Dai-ichi Life Insurance Co. Ltd.,

22 143 05.11.2009 India First Life Insurance Company Ltd.

Some are working individually/ independently of others as a joint venture, Indian/foreign collaboration holding the market share of approx 36% in life insurance market. LIC still remain gold standard holding 64% of market share. Apart from enjoying the leadership, LIC on the other hand have to move in pace with which other insurance companies which are encroaching the market to be the best. They are definitely giving good fight to LIC. A leader should just not be involved in getting the maximum market share but also improve aligning which usually involves communicating to larger number of people understandingly their requirements. The other guiding factors for fulfilling the requirements of purchase decision: A) Life Insurance policies roles and family influences. Father makes the decision.

Supported by the mother, Family roles and preferences are the model for children's future family (can reject/alter/etc); Family buying decisions are a mixture of family interactions and individual decision making.

Problem Recognition --do the consumers have a need? Information search where will the information be available. Purchase decision--Choose buying alternative, includes product, method of purchase etc. Purchase--product availability.

B) Personal risk, Social risk, Economic risk

C) Extensive Decision Making

Personal & Psychological factors Psychological factors include:

Motives, Perception, Ability and Knowledge, Attitudes, Personality, Lifestyles, Social Factors

Opinion leaders, Roles and Family Influences, Reference Groups, Social Class, Culture and Sub-culture.

Conclusion: 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.

Put that in simple words, the sum assured should be large enough to care your entire family expenses along with you liabilities and also should fulfill all the goals of your children's future or buying home for your family. To have a fair idea of your life insurance requirement you would take help of insurance professional.