

Summer Internship Project Report

On

**CONSUMER PERCEPTION TOWARDS
INSURANCE POLICIES IN BFSI INDUSTRY
AFTER COVID-19**

By

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2019BBA017



Under the supervision of

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(Economics & Entrepreneurship)

(Submitted in partial fulfillment of the requirements for BBA degree)

Institute of Management

JK Lakshmipat University, Jaipur

DECLARATION

I the undersigned solemnly declare that the project report is based on my own work carried out during our study under the supervision of Mr. Chinmay Dev Tiwari (Industry mentor) & Dr. Sheetal Mundra (Faculty mentor).

I assert the statements made and conclusions drawn are an outcome of my research work. I further certify that: -

- The work contained in the report is original and has been done by me under the general supervision of my supervisor.
- The work has not been submitted to any other Institution for any other degree/diploma/certificate in this university or any other University of India or abroad.
- I have followed the guidelines provided by the university in writing the report.

NAMAN CHOUBEY

(2019BBA017)

Institute of Management

30 Aug, 2021

To,

Naman Choubey

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We are pleased to confirm that Naman Choubey from JKL has successfully completed his Internship with Project Title "CONSUMER PERCEPTION TOWARDS INSURANCE POLICIES IN BFSI INDUSTRY AFTER COVID-19" from 15 Jun, 2021 to 15 Aug, 2021.

Aggregate on the basis of his performance during the Internship: 87%.

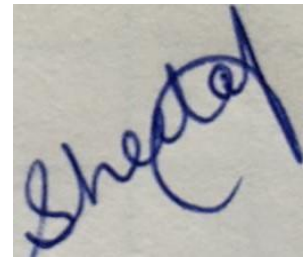
Location for internship: (Delhi/Work from Home)



(Authorized Signatory)

Head HR
AIM India Pvt. Ltd.

It is certified that the Summer Internship Report titled CONSUMER PERCEPTION TOWARDS INSURANCE POLICIES IN BFSI INDUSTRY AFTER COVID-19 submitted by Naman Choubey is an original piece of research work carried out by the candidate under my supervision.



Sign. of the Faculty Guide
(Dr. SHEETAL MUNDRA)

ACKNOWLEDGEMENT

This report has reached its completion due to the joint effort made by many individuals. As such, I must express my gratitude to everyone involved.

First, I would like to thank my Professor Dr. SHEETAL MUNDRA for the moral support from the onset and throughout and providing me with the necessary guidance and information needed to complete this report. Her patience and faith in my abilities always boosted my confidence.

I am also very thankful to AIM INDIA PVT. LTD. for letting me do my internship at their organization. The learning and experience I gained during my time there have allowed me to have newer and more refined perspectives about the knowledge I had received in my courses at JK Lakshmipat University.

I wish to place on record, my deep sense of gratitude and sincere appreciation to my company guide and mentor Mr. CHINMAY DEV TIWARI who played a pivotal role in the preparation of my project. I would also like to thank him for continuous support, advice and encouragement, without which this report could never have been in its present form.

NAMAN CHOUBEY

(2019BBA017)

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EXECUTIVE SUMMARY OF THE PROJECT

Investing perception plays a vital role in wealth creation all around the globe. This project tries to find out consumer perception towards Insurance Policies in the BFSI industry after covid-19.

The report consists of the analysis of the insurance policies in the BFSI Industry and the effects of investing in them. The goal is to find out the change in the perception of investors. So, that the organization can work according to the needs of the consumer.

In this report, the author has included the analysis of the survey and wrote the conclusion drawn out of the study. This report discusses all the information of the current scenario & all the data which is used in the analysis is primary data i.e., collected by the author itself and data collected from various sources like journals, magazines and websites.

INTRODUCTION

Since the pandemic has reshaped our lives from how we shop, travel, work, to even how we breathe, we believe this reorganization is going to have a significant long-lasting impact on the way businesses design products, services and operate as well as engage with customers in the future. Hence, it is our intent to share the consumer behavioral changes that will be pivotal in shaping the BFSI sector in future and will act as a guiding map for financial entities to start redesigning their strategy, product, services and experiences.

There are many Insurance products out there in market which are equally attractive. When it comes to investing, the investor should be aware of the types of funds which are best suited for him as per his long term or short-term requirements.

In this project I have surveyed almost 100 people for knowing the consumer perspective on various investments options available and what percent of people of my data group prefers which investment to invest. Later I have also stated about the product offered by AIM INDIA and what are its benefits and legal structure in India.

LIFE INSURANCE

A contract for life insurance provides financial compensation in the event of death or disability. Some life insurance policies even provide financial compensation after a set amount of time or after retirement. As a result, life insurance assists you in ensuring the financial stability of your family even if you are not present. When buying a life insurance policy, you can either pay in one big sum or pay in instalments to the insurer. These are referred to as premiums. In exchange, your insurer agrees to pay a certain amount to your family in the case of your death, disability, or at a predetermined time. Even after you retire, life insurance can help you support your family.

The goal of life insurance is to offer financial security to an insured's surviving dependents in the event of his or her death. Before acquiring a life insurance policy, applicants must assess their financial status and estimate the level of living required for their remaining dependents. Agents or brokers who specialize in life insurance can help you examine your needs and choose which sort of life insurance is best for you. Whole life, term life, universal life, and variable universal life policies are among the options for life insurance. It's a good idea to re-evaluate your life insurance needs every year or after major life events like marriage or divorce., the birth or adoption of a child and major purchases, like a house

TYPES OF FINANCIAL SECTORS

The financial sector is made up of a variety of companies, firms, and institutions that provide financial services to clients and assist them in making judgments about the numerous investment possibilities available and where to obtain the best return on their investment.

Financial sectors play a very important role in helping people invest their money in the right area as per their ability to take risk, amount of money the person is willing to invest and the type of investment and the type of return the customer wants.

Major Financial sectors available are:

- Mutual Funds
- Share Markets
- Banks/ Fixed Deposits
- Real Estate
- Gold
- Post Offices
- Public Provident Fund (PPF)

INDUSTRY OVERVIEW

Banking, financial services and insurance (BFSI) is an industry term for companies that provide a range of such financial products or services. This includes universal banks that provide a range of financial services or companies that operate in one or more of these financial sectors. BFSI comprises commercial banks, insurance companies, non-banking financial companies, cooperatives, pensions funds, mutual funds and other smaller financial entities.

The Banking part of BFSI may include core banking, retail, private, corporate, investment and cards. Financial services may include stock-broking, payment gateways, mutual funds. Insurance covers both life insurance and general insurance.

This term is commonly used by information technology (IT), information technology enabled services (ITES), business process outsourcing (BPO) companies and technical/professional services firms that manage data processing, application testing and software development activities in this domain

EVOLVING LANDSCAPE OF BFSI INDUSTRY IN INDIA:

With the growing population of HNIs outside of tier 1 cities, penetration and access to services becomes a growing challenge. With technology being the prime driver of businesses, there is lesser and lesser affinity to be tied down to a specific geographic location. This has made use of technology to deliver solutions to HNIs a very important part of the offering as the cost of delivering service in tier 2 and tier 3 locations is becoming difficult. Slowly and steadily Wealth Management firms are finding technology solutions for offering advice by use of Robo advisors. These computer driven asset allocation models can do the mundane jobs of basic asset allocation with ease. However, for high involvement solutions like tax minimizing strategies, estate planning etc. will continue to be done with human intervention. In terms of offerings, Family Office solutions and Estate Planning is increasingly in demand as more and more family run businesses see the next generation wanting to start afresh and not necessarily continue with the traditional family business.

Another aspect of note is the emergence of the mass affluent. With increasing urbanization and organized jobs (IT being the leader in this aspect), more and more families can generate surplus income and would like to channelize this into productive investments and not just savings in banks.

COMPANY OVERVIEW



AIM India identity as the leading provider of professional wealth advisory in India and Abroad, AIM India delivers a one-stop solution/ service to achieve financial independence. Their principle is to deliver high returns to their clients through their network of government sector banks in India. Their comprehensive wealth management is a high-level professional service that combines financial and investment advice in accounting, taxation services and retirement planning. Their wealth management is much more than just investment advice as they encompass all parts of an individual's financial life. Then coordinate all the services needed to manage client's money and plan for their own and family's current and future needs. They maintain and increase their wealth based on individual's financial situation goals and comfort level with risk.

AIM INDIA HIGHLIGHTS

12000 Corporate clients from all around the World

18000 Interns Certified

SERVICES PORTFOLIO

- Wealth Advisory
- Accounting
- Consulting
- Internships
- Training & Development
- Taxation
- International Expansion
- Recruitment
- Insurance
- Retirement Planning
- Mutual Funds

PRODUCT

The product name is “**INDIA FIRST LIFE MAHAJEEVAN YOJANA**”

ABOUT THE PRODUCT

With this plan, the policyholder gets maturity benefits and accrued simple reversionary bonus declared annually and terminal bonus if declared at the end of the policy term. India First Life Insurance has announced the launch of its India First Life Mahajeevan Yojana backed by Bank of Baroda. It is a non-linked, participating, individual, limited pay, money back endowment life insurance policy which protects for a longer and short term of 5 to 15 years. As per the company it takes care of an individual's liquidity needs through multiple money backs during the policy term. The Mahajeevan Yojana also allows utilizing the money-back option to fund the next annual premium as needed. The policyholder gets maturity benefits and accrued simple reversionary bonus declared annually and terminal bonus if declared at the end of the policy term.

FEATURES AND HIGHLIGHTS OF THE PRODUCT

- There is 0 risk involved in the product
- They are offering the best rate of returns in the market (8%)
- They are offering 2 types of bonuses: Revisionary & terminal (2% & 2%)
- The product comes under Income Tax Act 1961, under Section 80C & 1010D
- The product comes with the 16 times of the life security of the very first premium.
- They are Bank of Baroda and we have the best brand in the market
- Their product comes with 100% capital security in the market as our product is not invested under stock market
- Customers can withdraw 90% of the amount as loans
- Assignment feature is there
- The product is approachable and best in terms of liquidity and services.
- Fulfills the expectation of each target audience in the market

COMPETITORS

➤ IDBI Federal

IDBI Federal Life Insurance Co Ltd. joint-venture of Federal Bank, one of India's leading private sector banks and Ageas, a multinational insurance giant based out of Europe. It's renamed to AGEAS Federal Life insurance Company as IDBI Bank has sold its share to Ageas.

AGEAS Federal distributes its products through a multi-channel network consisting of Insurance agents, Bancassurance partners (IDBI Bank, Federal Bank) Direct channel, and Insurance Brokers.

➤ Tata AIA

Tata AIA Life Insurance Company Limited (Tata AIA Life) is a joint venture company, formed by Tata Sons PVT. LTD. and AIA Group Ltd. (AIA). Tata AIA Life combines Tata's pre-eminent leadership position in India and AIA's presence as the largest, independent listed pan-Asian life insurance group in the world spanning 18 markets in the Asia Pacific region.

Tata AIA Life has written retail new business weighted premium of Rs. 3,416 crores for the financial year 2020-21. For the same period, the 13th month persistency of the Company was at 88.28%. For the Financial Year 2020-21, the Individual Death Claims Settlement ratio of the Company was 98.02%. One of the fastest growing companies in the Life Insurance sector, Tata AIA Life maintained its rank no. 5, based on individual weighted new business premium.

➤ L.I.C.

Life Insurance Corporation of India (abbreviated as LIC) is an Indian statutory insurance and investment corporation. It is under the ownership of Ministry of Finance, Government of India.

The Life insurance Corporation of India was established on 1 September 1956, when the Parliament of India passed the Life Insurance of India Act that nationalized the insurance industry in India.

Over 245 insurance companies and provident societies were merged to create the state-owned Life Insurance Corporation of India.

As of 2019, Life Insurance Corporation of India had total life fund of ₹28.3 trillion. The total value of sold policies in the year 2018–19 is ₹21.4 million. Life Insurance Corporation of India settled 26 million claims in 2018–19. It has 290 million policy holders.

➤ Max Life insurance

Max Life Insurance is a part of the Max India Ltd. Group and is India's largest non-bank private-sector insurer, which focuses on creating an online channel where customers could buy policies without any intermediaries in a safe and secured manner. It is a joint venture between Max Financial Services and Mitsui Sumitomo Insurance Company. The former owns 68% of the company while the latter owns 26%. After forming the joint venture partnership with Mitsui Sumitomo, Max Life changed its name from Max New York Life in 2012. In February 2016, Axis Bank held a 6% share in Max Life.

➤ Bajaj Allianz

Bajaj Allianz Life Insurance is a joint venture between Bajaj FinServ Limited (formerly part of Bajaj Auto Limited) owned by the Bajaj Group of India and Allianz SE, a European financial services company. Being one of the private insurance companies in India, it offers insurance products for financial planning and security

➤ HDFC Life

HDFC Life Insurance Company Ltd. (d/b/a HDFC Life) is a long-term life insurance provider with its headquarters in Mumbai, offering individual and group insurance services and incorporated on 14 August 2000.

The company is a joint venture between Housing Development Finance Corporation Ltd (HDFC), one of India's leading housing finance institutions and Abrdn, a global investment company.

As on 31 March 2020, the promoters; HDFC Ltd. and Standard Life (Mauritius Holdings) 2006 Ltd. hold a 51.69% and 34.75% stake in

HDFC Life respectively. The remaining equity is held by public shareholders.

➤ ICICI Prudential Life Insurance

ICICI Prudential Life Insurance Company Limited is a life insurance company in India. Established as a joint venture between ICICI Bank and Prudential Corporation Holdings Limited, ICICI Prudential Life is engaged in life insurance and asset management business. In 2016, the firm became the first insurance company in India to be listed in the domestic stock exchanges.

➤ SBI Life

SBI Life Insurance is a joint venture life insurance company between State Bank of India (SBI), the largest state-owned banking and financial services company in India, and BNP Paribas Cardiff. BNP Paribas is a French multinational bank and financial services company with global headquarters in Paris. SBI has a 55.50% stake in the company and BNP Paribas Cardiff owns a 22% stake. Other investors are Value Line Pte. Ltd. and MacRitchie Investments Pte. Ltd., holding a 1.95% stake each while the remaining 12% is free float stake with public investors. SBI Life Insurance has an authorized capital of ₹20 billion (US\$280 million) and a paid-up capital of ₹10 billion (US\$140 million).

➤ Exide Life Insurance

Exide Life Insurance Company Limited, is an Indian based life insurance company, owned by the Exide Industries. Exide Life Insurance distributes its products through multi-channels viz. Agency, Banc assurance, Corporate Agency & Broking as well as Direct Channels. The Agency channel consists of 50,000 advisors who are attached to over 200 company offices across the country. The company has over 15 lakh customers and manages over INR 15,795 crores in assets.[2] It has been operating since 2001 and is headquartered at Bangalore. It deals with the life insurance products, providing long-term protection and savings option.[3] It was featured to

be among the top ten most trusted insurance brands in India as per the Economic Times, Brand Equity survey 2014.

PROJECT OBJECTIVE

To find out the change in perception of the consumer towards buying an Insurance Policies in the BFSI Industry after the COVID-19 pandemic.

RESEARCH METHODOLOGY

Data collection method

The data required for this study is collected from both primary sources and secondary sources and this study takes up under descriptive method of research. Got to interact with people who seeks investment opportunity.

Primary Data: The primary data for the study is collected through the self-designed questionnaire with open ended and close ended questions.

Secondary Data: The secondary data for the study is collected from various sources like journals, magazines and websites.

Sampling Design

This study uses a descriptive research and the responses for the questionnaire has been recorded from randomly selected 50 people through convenient sampling method.

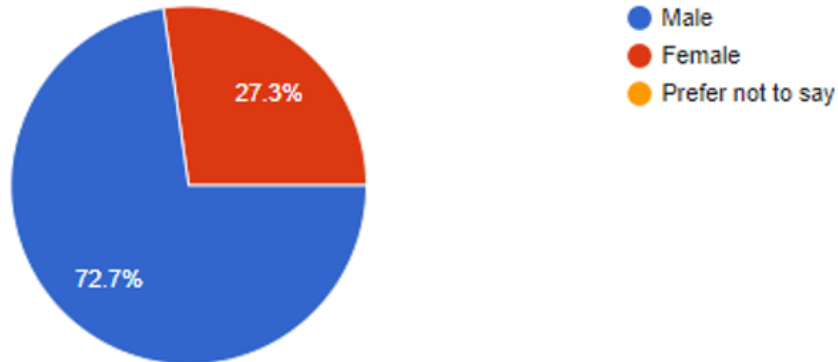
Limitation

India as a country ranks low on literacy rate and even lower on front of financial literacy. So, the investment perception of Indian consumer is substantially important to make better product or better placement for reachability. Limitation of study was the reluctance on the part of the respondents to provide exact details which can lead to different learnings.

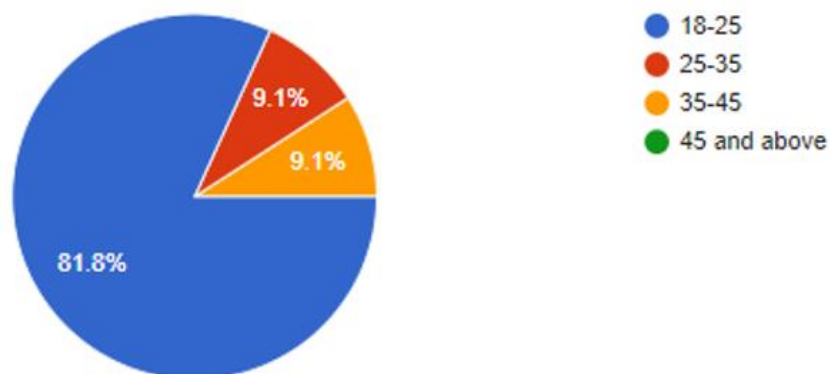
ANALYSIS

The Analysis is based on how I got the response from the Investor during my AIM INDIA product pitch and from the self-designed questionnaire.

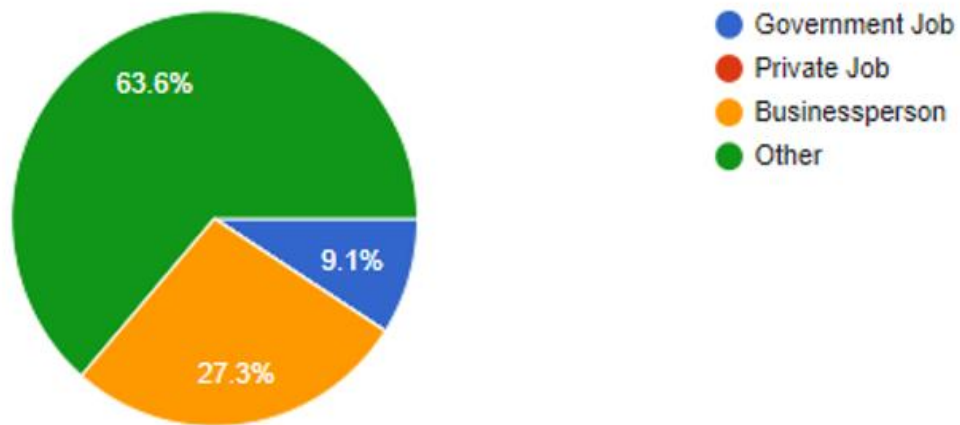
Gender



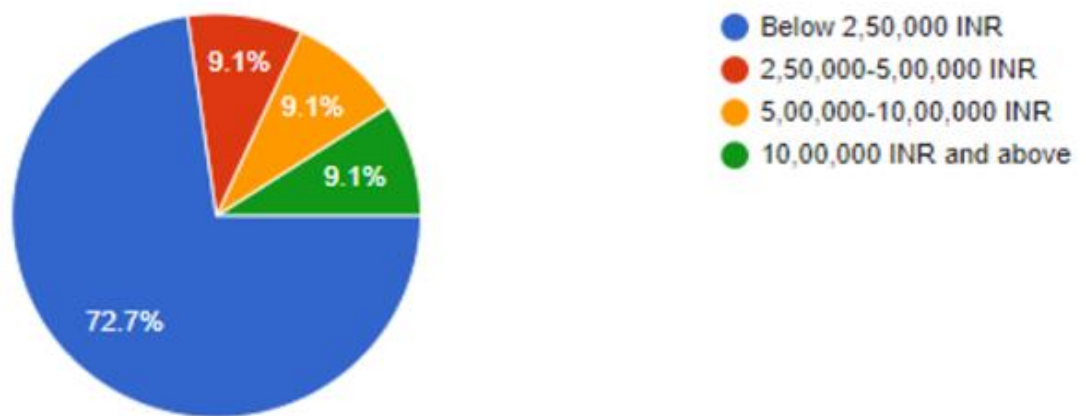
Age Group



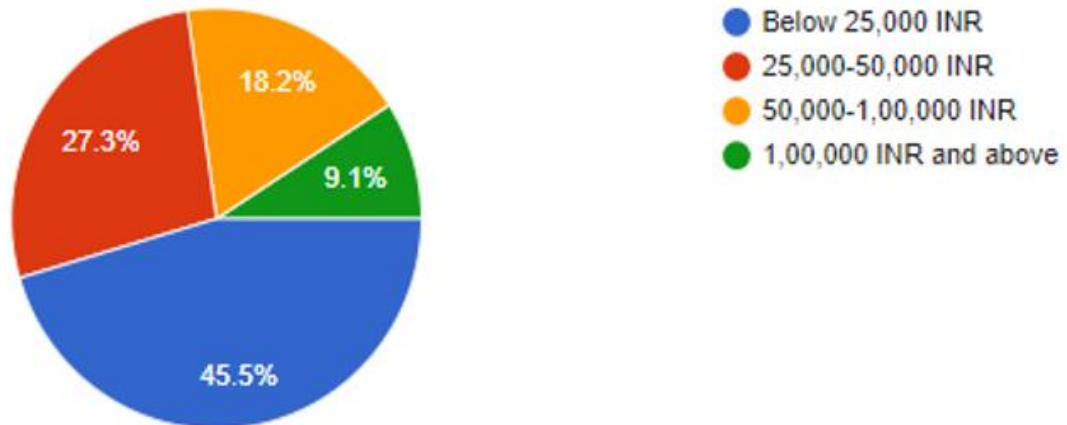
Occupation



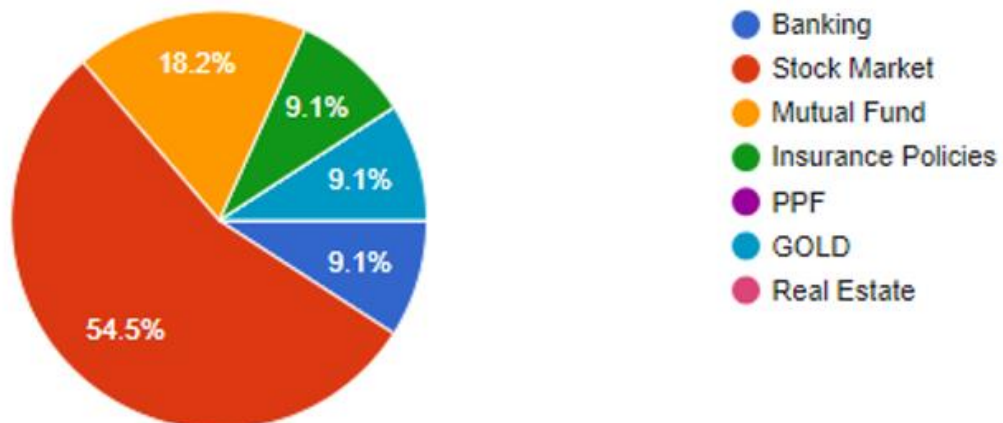
Income (Annually)



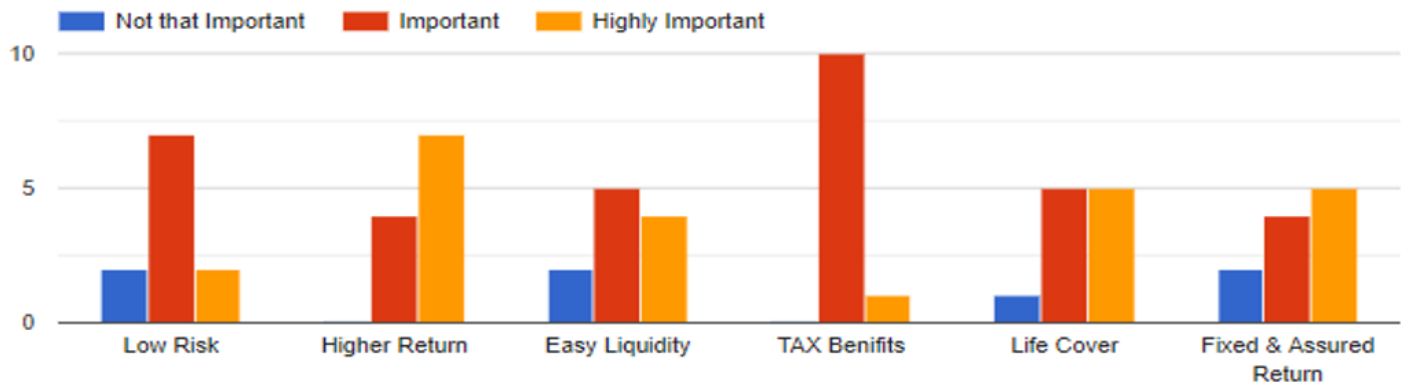
Investment amount-



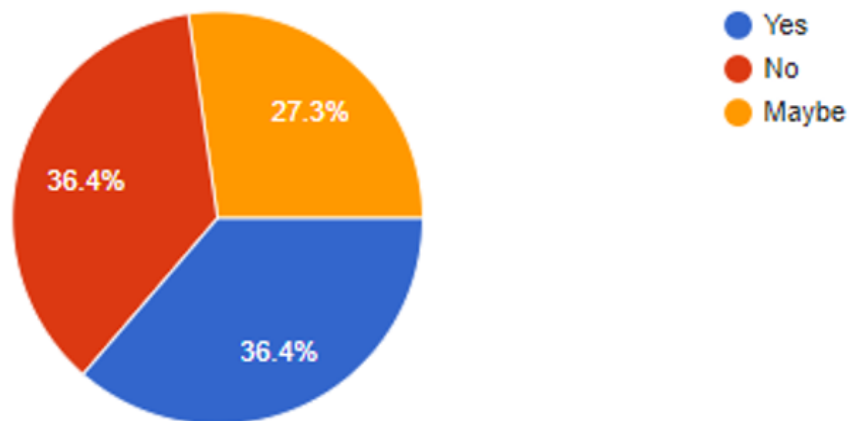
Asset Allocation-



Factors affecting your investment.



Heard about India First Life Insurance's Mahajeevan Yojana



CONCLUSION/OBSERVATIONS

Based on the responses and the Index results, there are four ways consumer banking behavior is changing in response to COVID-19.

Investment Amount

The amount which an investor invest in single financial instrument plays a major role, if there is less flexibility in the financial instrument than investors tend to choose other options.

As the response from the investors interacted with me are interested in flexible investment amount and stoppage of investment premium whenever they want.

So, Investment amount plays a major role in investment decision.

The major range of investment amount ranged from 25,000 to 1,00,000 per annum for AIM India product for all 30 Leads and they have lots of other premium to pay annually for their other investment.

Risk V/S Return-

There is a saying if there is low risk then there will be low reward and vice versa. As, most of Indian consumers as per data invest low risk low return kind of investment.

This shows us pattern of how uncertainty plays role in investment decision. So, for the selling of AIM India product, I talked with relatives and friends.

The first question they asked was rate of interest and the risk involved in the investment. As, for AIM product the risk is zero. But there is lock in period. So, Uncertainty plays a major role in investment decision of Indian consumer.

Asset Allocation

Asset allocation is wide aspect which hedge your portfolio against uncertainty and give all weather returns also known as all-weather investing in stock market.

As, Indian consumer tends to invest in 4 major assets which gold, real estate, Bank F.D./R.D., and L.I.C insurance.

So, Bank F.D. gives certain return but there can be rate cut whenever the RBI wants than there is Real estate which is also a uncertain as real estate prices depend on development majors and locality etc.

So, Asset allocation is not a widely used area in India till date as Indian consumer has very less interest in financial markets, debt market and mutual funds.

But as digitalization is booming in more consumers will start SIP as suggested by data below after the corona virus pandemic impact.

Seeking trust, safety, and assurance-

The reduced consumer confidence indicates that people are seeking transparency and assurance from brands on quality, delivery, hygiene so much so that they are spending more time learning about the quality of the product and what measures brands

are taking to safeguard employees, vendors, and customers. Safety being a top priority implies that consumers are willing to pay more for products that promise safety. This also means pre-COVID-19 brand loyalties may get hit as consumers try new brands and products due to availability. The brands that will establish trust, safety, assurance in the minds of consumers, will stand to do well.

High value for money–

The increased expectations of hygiene and safety coupled with product availability in the market is leading to willingness to pay more. There is also an increased spend across certain premium categories, perhaps due to children, pets, senior citizens/highly vulnerable group at home. Also observed is a tendency to forego price comparisons at the moment. One can argue these to be short to mid-term behaviors due to the lockdown. At the same time, there has been reduction in income due an economic downturn, significantly diminishing the purchasing power. Hence, the long term expected behavior of the consumer is to give priority to routine expenditures and to a brand that promises safety, at the same time seeking high value out of products/services they spend on.

Customers want greater flexibility and security-

The current pandemic crisis is a great financial shock for many. Recovering from this crisis will require relying on extended support and flexibility from banks to help customers get back on their feet. At the same time, while some people may see the crisis as a once in a lifetime risk – others are likely to be more mindful of other ‘black swans’. Twenty-six percent of respondents expect to invest more in being prepared for the future. Banks will have a role in helping customers become better prepared, through savings, investments,

insurance and income smoothing products. In fact, this crisis may accelerate the adoption of some subscription- based models for financial services, with a quarter of individuals saying they would be willing to pay a premium for products that promote well-being, the link between health and wealth may emerge stronger than ever.

These points suggest that those with a mantra of customer centricity and responsible banking are likely to emerge as strong as ever.

RECOMMENDATIONS

➤ General

- Generate more awareness about the BFSI Industry.
- More companies should enter the BFSI Industry.

➤ For AIM INDIA PVT. LTD.

- AIM should also focus on asset allocation of their clients. It is only selling traditional investment plans.
- The process of investment should be faster.
- AIM should expand their product portfolio.

LEARNINGS

- How H.R. works in corporate world.
- Taxation and how to make salary slips
- Helped to gain knowledge and compounding of investment money through financial instrument.
- Learned the art to stand out in group discussion
- Made a ppt on why bitcoin is falling.
- How to pitch a product in market
- Learned all the aspect of the plan or product of AIM India.
- How to sell an investment plan to known and unknown people.
- Learnt how to face rejection from known and unknown.
- Enhanced my communication through telephonic medium.