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A Study on Life Insurance Products and Customer Perception at Kotak Mahindra Bank

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Abstract:

Kotak Mahindra Bank is one of India's leading private sector banks that also offers a comprehensive range of life insurance products through its subsidiary, Kotak Life Insurance. This study examines customer awareness, perception, and satisfaction regarding life insurance products offered by Kotak Mahindra Bank. The study covers a sample of 50 respondents in Hyderabad and Secunderabad, Telangana, using a structured questionnaire to collect primary data. Secondary data were gathered from annual reports, published journals, financial websites, and insurance regulatory publications. The study adopts a descriptive research design and employs the convenience sampling technique. The findings reveal that a majority of respondents are aware of Kotak Life Insurance products but the level of detailed product knowledge remains limited among non-finance backgrounds. Customer satisfaction levels are moderately high, with product variety and returns cited as key drivers. The study concludes that Kotak Mahindra Bank has a strong brand advantage in marketing life insurance and recommends enhanced customer education and digital outreach to improve penetration and long-term policy retention.

Keywords: Life Insurance, Kotak Mahindra Bank, Customer Perception, Product Awareness, Insurance Penetration.

Introduction:

The life insurance industry in India has undergone a significant transformation over the past two decades, driven by economic liberalization, rising middle-class incomes, and increased awareness about financial security. Life insurance not only serves as a risk management tool but also functions as a long-term savings and investment instrument for millions of Indian households. The Insurance Regulatory and Development Authority of India (IRDAI) has played a pivotal role in expanding the insurance sector through regulatory reforms and digitization initiatives.

Kotak Mahindra Bank, established in 2003, is one of India's foremost private sector banks with a diverse portfolio of financial products and services. Its life insurance arm, Kotak Life Insurance (formerly known as Kotak Mahindra Old Mutual Life Insurance), offers a wide range of products including term plans, ULIPs (Unit Linked Insurance Plans), endowment plans, and group insurance solutions. The bank leverages its vast branch network and digital platforms to distribute insurance products to a broad customer base across urban and semi-urban India.

With the bancassurance model gaining prominence in India, Kotak Mahindra Bank has strategically integrated life insurance into its retail banking offerings. Understanding how customers perceive these products, and what drives or limits their adoption, is critical for improving insurance penetration and achieving the long-term financial inclusion goals set by policymakers.

This study investigates customer awareness, perception, and satisfaction related to the life insurance products offered by Kotak Mahindra Bank, with a specific focus on respondents in Hyderabad and Secunderabad, Telangana.

Problem Statement:

Despite having a strong brand presence and a wide distribution network, Kotak Mahindra Bank faces challenges in converting bank customers into insurance policyholders. Low financial literacy, mistrust of insurance products, and inadequate customer engagement are key barriers. There is a need to systematically study customer perception and satisfaction levels to identify gaps in product communication, service delivery, and overall insurance awareness at Kotak Mahindra Bank.

Literature Review:

Srivastava (2018) emphasized that customer perception of life insurance products in India is significantly influenced by the reputation of the insurer and the clarity of policy terms. Banks entering the insurance space through the bancassurance channel benefit from existing trust relationships with customers.

Mehta and Patel (2019) studied the bancassurance model in India and found that private sector banks with well-trained sales staff and digital integration outperformed standalone insurance companies in terms of premium collection and customer retention.

Joshi (2020) conducted a study on customer awareness of ULIPs and term insurance products in urban India and concluded that younger customers (aged 25–40) show a higher preference for market-linked insurance products, while older customers prefer traditional endowment and money-back plans.

Nair and Krishnamurthy (2021) examined the impact of digital distribution channels on life insurance sales at leading private banks and found that mobile banking and app-based policy purchase significantly improved customer convenience and renewal rates.

Chakraborty (2022) investigated the role of financial advisors in shaping insurance decisions and found that personalized advisory services are a key differentiator for banks like Kotak Mahindra in a competitive insurance market.

Objectives of the Study:

1. To assess the level of customer awareness and knowledge about life insurance products offered by Kotak Mahindra Bank.
2. To evaluate customer satisfaction levels with the life insurance services provided by Kotak Mahindra Bank.
3. To identify key factors influencing customers' decision to purchase or avoid life insurance products at Kotak Mahindra Bank and provide actionable recommendations.

Research Questions:

1. What is the level of customer awareness regarding life insurance products offered by Kotak Mahindra Bank?
2. How satisfied are customers with the life insurance products and services of Kotak Mahindra Bank?
3. What are the primary factors that influence customer perception and purchase decisions for life insurance at Kotak Mahindra Bank?

Research Methodology:

1. Research Design:

The study adopts a descriptive research design to examine customer awareness and perception of life insurance products at Kotak Mahindra Bank. Descriptive research enables the systematic collection and presentation of data relating to the current state of the subject under investigation.

2. Sample Size:

The sample size of the study is 50 respondents, comprising banking customers, finance students, insurance professionals, and individuals with existing life insurance policies in Hyderabad and Secunderabad, Telangana.

3. Sample Area:

The study focuses on respondents from Hyderabad and Secunderabad, Telangana. These cities were selected due to their significance as economic and financial hubs, with a diverse population that includes both informed financial consumers and those with limited insurance knowledge.

4. Data Collection:

Primary Data: Collected through a structured questionnaire survey distributed to 50 respondents covering their awareness, perceptions, and satisfaction levels regarding life insurance products at Kotak Mahindra Bank.

Secondary Data: Collected from Kotak Life Insurance's Annual Reports, IRDAI publications, peer-reviewed journals, financial websites (IRDAI, Moneycontrol, BSE), and textbooks on insurance and financial services management.

5. Sampling Technique:

The study employs the convenience sampling technique to identify and select respondents who are readily accessible and possess relevant knowledge of life insurance products and the banking sector.

Data Analysis:

Table 1: Customer Awareness and Product Knowledge – Kotak Mahindra Bank Life Insurance

Awareness Parameter	Strongly Agree (%)	Agree (%)	Neutral (%)	Disagree (%)
Aware of Kotak Life Insurance	42	34	14	10
Know about Term Plans offered	28	36	22	14
Know about ULIP Products	20	30	26	24
Received Policy Information from Bank	32	38	18	12

Interpretation:

Table 1 highlights the customer awareness levels regarding life insurance products offered by Kotak Mahindra Bank. A significant majority of respondents (76%) are aware of Kotak Life Insurance as a brand, reflecting strong brand visibility through the bank's extensive distribution channels. However, detailed product knowledge reveals a gap – while 64% of respondents are aware of term plans, only 50% have knowledge of ULIP products, suggesting that product-level awareness is still evolving. Approximately 70% of respondents reported having received some form of policy information from the bank, highlighting that the bancassurance channel is actively being utilized for customer engagement and product communication.

Table 2: Customer Satisfaction and Perception Ratings – Kotak Mahindra Bank Life Insurance

Satisfaction Parameter	Highly Satisfied (%)	Satisfied (%)	Neutral (%)	Dissatisfied (%)
Overall Product Quality	38	40	14	8
Premium Pricing Perception	24	34	28	14
Claim Settlement Experience	30	36	20	14
Digital Service Experience	40	36	16	8

Interpretation:

Table 2 reveals that customer satisfaction levels for Kotak Mahindra Bank's life insurance products are considerably positive across all measured parameters. Overall product quality received a combined satisfaction rating of 78%, indicating that the majority of policyholders view Kotak Life Insurance products favorably. Premium pricing perception shows a slightly lower satisfaction score of 58%, indicating that a notable portion of customers find the premiums to be on the higher side relative to competitor offerings. Claim settlement experience received a 66% combined satisfaction rate, which, while positive, indicates scope for improvement in claim processing transparency and speed. Notably, the digital service experience emerged as the highest-rated parameter at 76%, reflecting Kotak Mahindra Bank's investment in digital banking and insurance platforms.

Findings:

1. A large majority (76%) of respondents are aware of Kotak Life Insurance, demonstrating strong brand recognition facilitated by the bank's widespread branch network and digital marketing efforts.
2. Product-level awareness is lower for complex products like ULIPs (50%) compared to simpler products like term plans (64%), indicating that financial literacy and product education need further attention.
3. Customer satisfaction with overall product quality is high at 78%, reflecting positively on Kotak Life Insurance's product design and service delivery.
4. Digital service experience was rated as the highest satisfaction parameter at 76%, suggesting that Kotak's digital transformation has resonated strongly with its technology-savvy customer base.
5. Premium pricing perception scored the lowest satisfaction rate (58%), implying that competitive pricing strategies need to be revisited to retain price-sensitive customers.

Suggestions:

1. Kotak Mahindra Bank should invest in structured financial literacy programs at its branches to improve customer understanding of complex insurance products like ULIPs and endowment plans, thereby increasing product adoption.
2. The bank should leverage its digital platforms – including mobile banking apps and social media – to provide personalized product recommendations and real-time policy management tools to existing and prospective insurance customers.

3. Given the moderate satisfaction scores on premium pricing, Kotak Life Insurance should consider introducing more flexible premium payment options and introductory offers for first-time policyholders to improve price competitiveness.
4. Enhancing the transparency and speed of the claim settlement process through dedicated claim support teams and digital claim tracking will go a long way in improving customer trust and long-term policy retention.

Conclusion:

The present study undertook a comprehensive analysis of customer awareness, perception, and satisfaction regarding life insurance products offered by Kotak Mahindra Bank in Hyderabad and Secunderabad, Telangana. The findings indicate that Kotak Mahindra Bank holds a strong brand advantage in the life insurance market, with a majority of customers being aware of its insurance offerings through the bancassurance channel.

The study reveals that while brand awareness is high, detailed product knowledge for complex instruments like ULIPs remains limited, suggesting a need for stronger customer education and outreach programs. Customer satisfaction levels are generally positive, particularly in areas of product quality and digital service experience, which reflects Kotak's ongoing commitment to digital transformation and customer-centric service delivery.

However, areas such as premium pricing perception and claim settlement experience highlight opportunities for improvement. The bank needs to address price competitiveness and streamline the claim settlement process to enhance overall customer confidence and loyalty. The study also underscores the importance of personalized advisory services in influencing insurance purchase decisions, particularly in a market where customers value trust and professional guidance.

In conclusion, Kotak Mahindra Bank is well-positioned to strengthen its life insurance business by combining its robust banking infrastructure with enhanced insurance literacy programs, competitive product offerings, and superior digital experiences. A proactive approach to customer engagement and service quality will be essential for driving deeper insurance penetration and sustaining long-term growth in this segment.

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