

“Perception of People toward Life Insurance Policy”

VARSHA VIRANI¹

Abstract

Insurance companies play an important role in the welfare of human well-being by providing protection to millions of people against life risks such as uncertain death or accident. Even the life insurance is fastest growing service sector in India after privatization and increase in FDI. Thus it has become essential to study the buying pattern of the life insurance policies. The current study examines the various factors that affect the consumer perception towards life insurance policy. Data was collected with the help of structured questionnaire. The sample constituted of 100 respondents from Rajkot city, Gujarat. The statistical technique used for the analysis is descriptive and graphical.

Keywords: Life insurance Corporation, ICICI prudential Automobile industry.

Author Affiliation: ¹Department of Management and Commerce, SDR Bapu Mahila Home Science & Lt M. J. Kundaliya English Medium Commerce College, Rajkot – 360020.

Corresponding Author: Varsha Virani. Department of Management and Commerce, SDR Bapu Mahila Home Science & Lt M. J. Kundaliya English Medium Commerce College, Rajkot – 360020.

Email: varsharani547@gmail.com

How to cite this article: Varsha Virani. “Perception of People toward Life Insurance Policy”, Journal of Management and Science, 12(1) 2022 8-15.

Retrieved from <https://jmseleyon.com/index.php/jms/article/view/529>

Received: 20 September 2021 **Revised:** 22 November 2021 **Accepted:** 10 January 2022

1. INTRODUCTION

Service marketing is a very sensitive aspect and that too marketing of financial services is delicate. There has been sea change in area across the world during the last few years due to globalization, deregulation, and technological advancements that are changing market scenario for financial services industry including insurance sector. The life insurance industry in India has witnessed a tremendous change during these years in terms of product offerings, customer services, risk management, fund options and others. The decisions of the govt. of India to deregulate the insurance industry has led to the entry of private and foreign players and ending the age, long monopoly enjoyed by LIC industry. It is one of the fastest growing industries in the country. Private players have captured a sizeable chunk of the market in these five years.

2. LIFE INSURANCE IN INDIA

Life insurance India can be traced back to the Vedas. A form of community insurance was prevalent around 1000 BC and was practiced by Aryans. Some burial societies were found in the Buddhists period to help families build houses, protect widows and children. Life insurance in its modern form came to India from England in the year 1818. Oriental Life Insurance Company started by Europeans in Calcutta was the first life insurance company on Indian soil. Bombay Mutual life assurance society heralded the birth of first Indian life insurance company in the year 1870. The swadeshi movement of 1905-07 gave rise to more insurance companies. During the early 20th century, the insurance witnessed a big boom in India with several more companies being set up. As these companies grew, the govt. began to exercise control on them. The insurance act was passed in 1912, followed by a

detailed and amended insurance act of 1938 that looked into investments, expenditures and management of these companies' funds. By the mid 1950s, there were around 170 insurance companies and 80 provident fund companies in the country's life insurance scene. However, in the absence of regulatory system, scams and irregularities were almost way of life at the most of these companies. As a result, the govt. decided to nationalize the life insurance business in India. The life insurance corporation of India was set up in the year 1956 to take around 250 life companies.^[1]

The quality is more important in service organization. To build good brand identity in the market quality is very important. The service organizations as insurance companies are give more importance to quality to maximize customer satisfaction. Delivering quality service not only creates brand identity but also it creates long lasting impression in the mind of customers. Thus, quality service is enriching tool in the hands of organization to compete against the rivals in the market.

There are various dimensions for the service quality measurements, i.e., tangibility, reliability, responsiveness, assurance and empathy. It has been identified that the responsiveness dimension needs to be concentrated in India. Further, the customers of LIC are not highly satisfied with the any of the service quality dimension when compared with the private players like ING Vysya, TATA and HDFC.^[2]

3. STATEMENT OF THE PROBLEM

The Indian insurance industry has moved competitive arena with arrival of private players in the market. Even

though life insurance Corporation of India reigns supreme in terms of market share, private companies are gearing up too woo the consumer. Any new player entering the insurance industry would try to differentiate its product offering. The customer seeks satisfaction from the service and it comes from the quality of service. The study aims at knowing the satisfaction level of customers from different life insurance policies and at the knowing, the how many people have life insurance. [3]

4.OBJECTIVES OF THE STUDY

1. To know the number of people who have life insurances.
2. To find out the level of satisfaction of the policy holders from the services offered by various life insurance companies.
3. To know perception of people toward ICICI prudential.

5.Data Collection:-

The present study is mainly based on the primary and secondary data. The researcher has used the data publish in Annual Reports of the selected companies under study. The magazines and journals, relating to automobile industry have been used. Moreover, various websites relating to automobile industry has also provided useful information for the study. The surveys and articles published in newspaper, journals, various books, periodicals, relating to the subject have also been used. [4]

6.RESEARCH METHODOLOGY

The following methodology is adopted for the study.

Area of the study

The study is restricted to Rajkot city.

Sample size

The technique used for the sampling is random. 100 questionnaires were distributed to the people of Rajkot city.

7.REVIEW OF LITERATURE:

Athma P. & Kumar R. (2007) in research paper titled "an explorative study of life insurance purchase decision making: influence of product and non-product factors". The empirical based study conducted on 200 sample size comprising of both rural and urban market. The various product and non-product related factors have been identified and their impact on life insurance purchase decision-making has been analyzed. Based on the survey analysis; urban market is more influenced with product based factors like risk coverage, tax benefits, return etc. Whereas rural population is influenced with non-product related factors such as: credibility of agent, company's reputation, trust, customer services. Company goodwill and money back guarantee attracts many people for life insurance. [5]

Narayan. H. Jai (2009) in an article has made an emphasis on importance of customer in the business of insurance. He explained in phase of growing market competition, there is an intense need to go beyond mere efficiency in designing products. To understand the customer's needs and to convey what they have to offer would perhaps bring in higher efficiencies in customer service. Insurance business revolves around the customer and fair treatment to customers is need of an hour to win their loyalty and trust. In a service based organizations, customer service is the most dominating feature that differentiate and gives good return to the insurers. Proper dealing with customer complaints, effective customer grievances handling mechanism and fast claim settlement procedure are some of the ways through which satisfaction level of customers can be increased. Hence to serve

the customers promptly and effectively is the key success of a life insurance business. Basha, Kumar and Rao (2012) studied a policyholders' perception towards LIC of India by conducting a survey in urban and semi-urban centers. Chi-square test was used to test the hypothesis. It was found that majority of them were influenced by agent's opinion of a policy, significant number felt that premium is high, majority preferred money back policy and the policyholder expected a return of 11- 15 percent from their investments.

Ghorpade and Deshmukh (2012) analyzed a customer perception, purchase behavior and consumer awareness regarding the life insurance industry. Primary data was collected from 500 respondents in Pune city that was analyzed through rank correlation and chi-square test. It was found that only 5.6% purchased the policy as a risk cover, while the remaining for tax purpose and/or investment purpose. LIC was the preferred insurance company. Among the private players ICICI Prudential was the most preferred company followed by HDFC Standard Life and together they accounted for nearly half the share in premium collection. Customer preference for a particular company was based on returns, premium, awareness campaign by company, product mix and advertisement. They concluded by laying emphasis on quality, accessibility and promptness of service. Dr. Ashfaque Ahmed (2013) in his study "perception of life insurance policies in rural India" revealed that there is low level of awareness and understanding of life insurance products. There are various factors that influence consumer thinking when they are planning to invest in insurance scheme. Most of the customers show their interest in life insurance having higher risk coverage and also for good return with safety. The roles played in perception of life insurance policies in rural market by members of the family varies with knowledge parameters as well as with the typed of products and sometimes with the company name also. While a number of psychological variables are useful in obtaining into consumer's perception towards buying life insurance policies in rural areas. The insurance company name also plays an important role in purchasing.

8.Limitation of the study

- The study is based on the random sampling method of the research.
- The finding of the study depends on the responses given by simple respondents.
- The study cannot be generalized.

9.ANALYSIS AND INTERPRETATION OF DATA

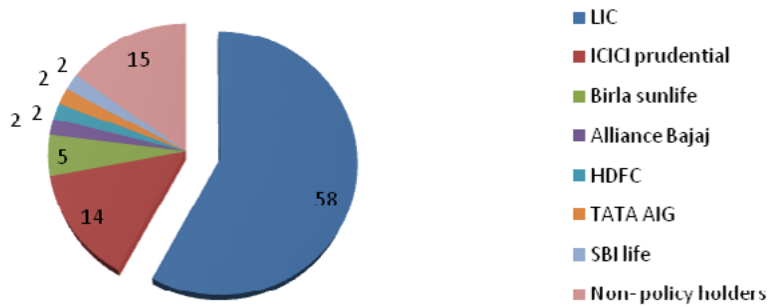
Demographic Profile of Respondents

The demographic profile of the respondents includes 70% (70) males and 25% (25) females. Among them 40% are businesspersons, 50% are employees and 10% are students.

Number of policyholders

Among the respondents, 15% are not having insurance policy, 85% of people have insurance. Among the people have not insurance policy, 40% are female and 60% are male, 60% are employees, and 40% are students. Among them, 70% of people are having LIC policies, 16% of people are having ICICI prudential insurance, 6% are having birla sunlife, 2% are having alliance bajaj, 2% are having HDFC, 2% are having TATA AIG insurance and 2% are having SBI life.

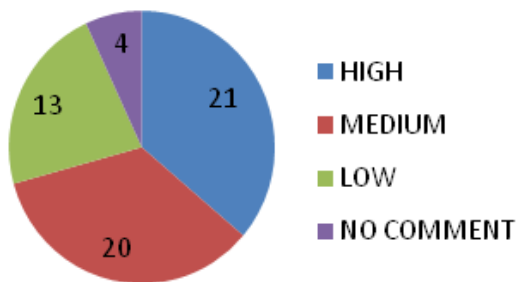
NUMBER OF POLICY HOLDERS



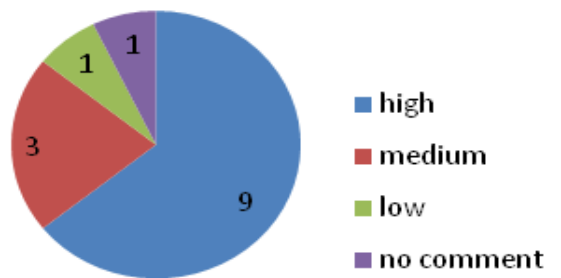
10.Satisfaction level

Researcher has taken three level of satisfaction, i.e, high, medium and low.

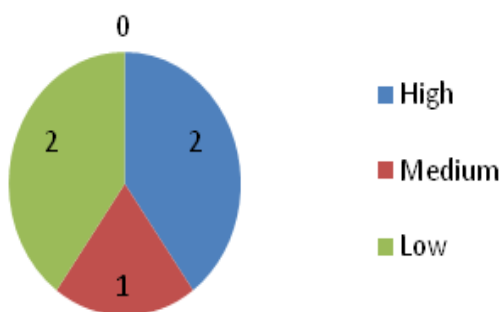
Satisfaction level-LIC



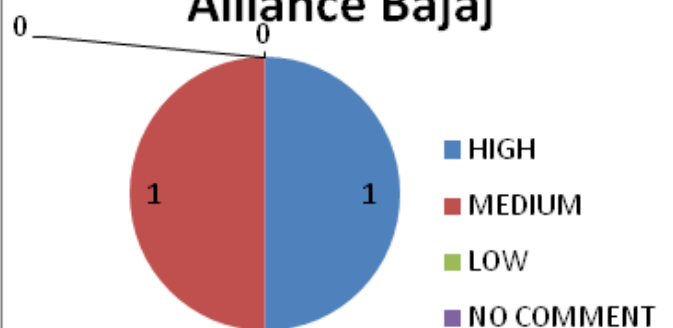
Satisfaction level-ICICI prudential

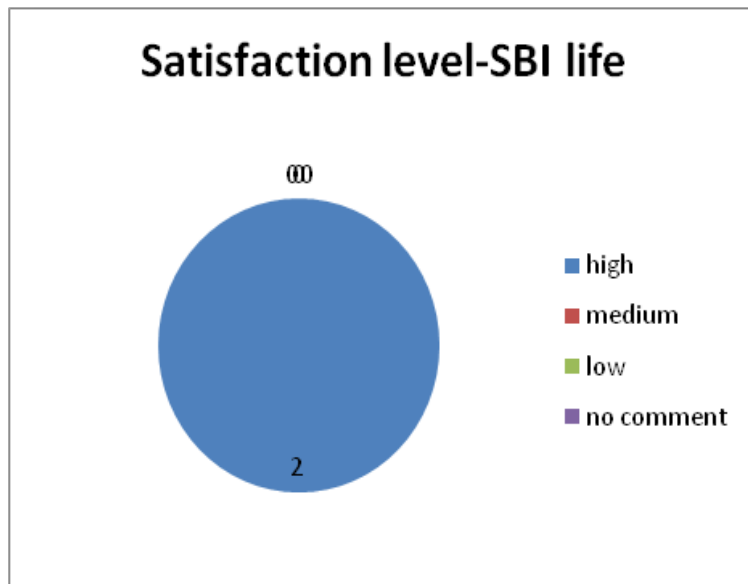
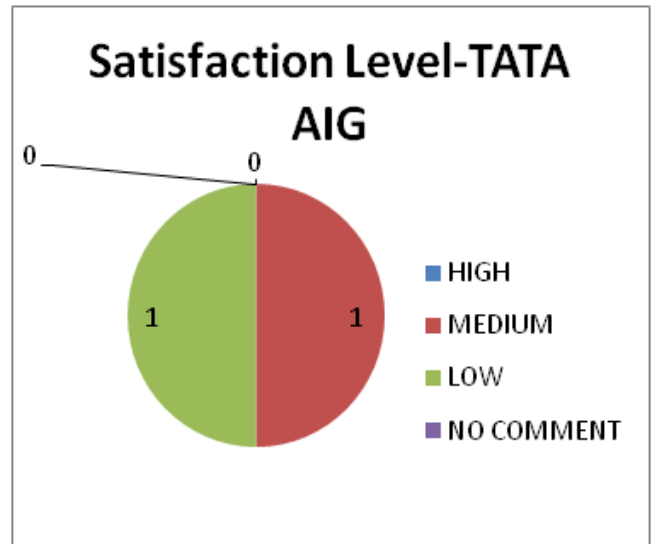
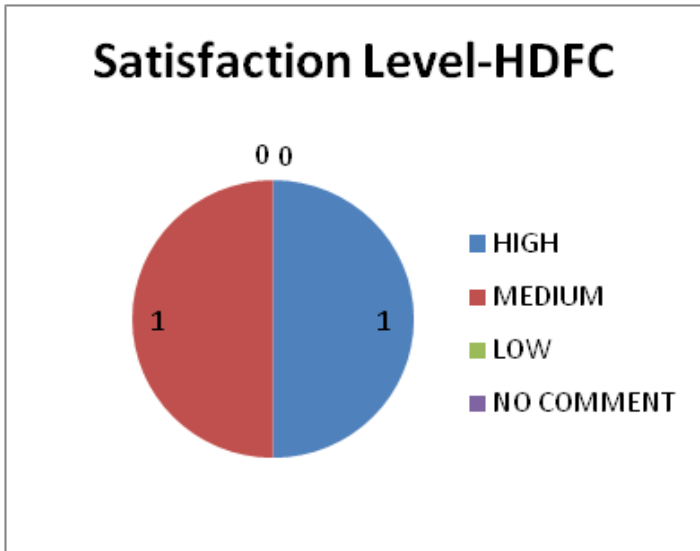


Satisfaction level-Birla Sunlife



Satisfaction level-Alliance Bajaj





From the given chart, we can see that the customers of LIC are given mix response to satisfaction level, about 50-50% are having high and medium satisfaction. The customers of ICICI prudential are maximum satisfied with the services of the company.

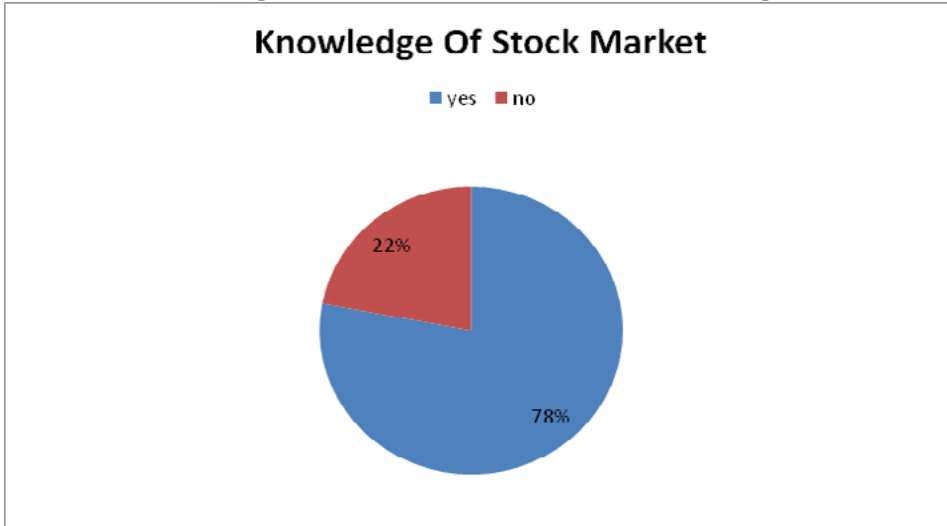
Priorities Consideration While Purchasing Policy

Rank	1	2	3	4	5
Death Benefit	19	8	11	17	14
Children's Education	19	22	19	17	11
Retirement Benefit	19	22	6	6	28
Tax Planning	11	19	19	14	14
Financial Planning	44	6	8	19	6

From the above table, we can see that the maximum people have given first rank to financial planning priority while purchasing policy. The maximum people who given rank fifth is retirement benefit. 19 people have given first priority to children education.

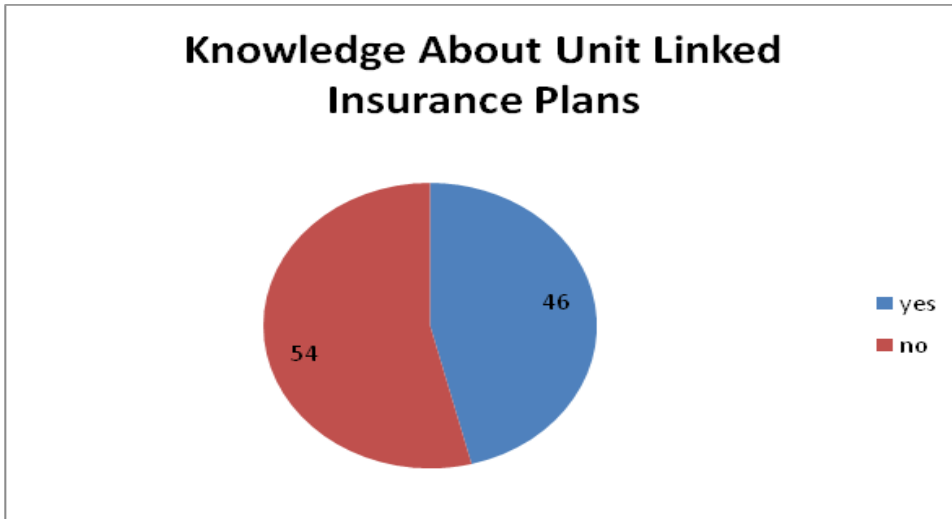
11. Knowledge of Stock Market

We have asked question about knowledge of stock market, we arrived at following results.



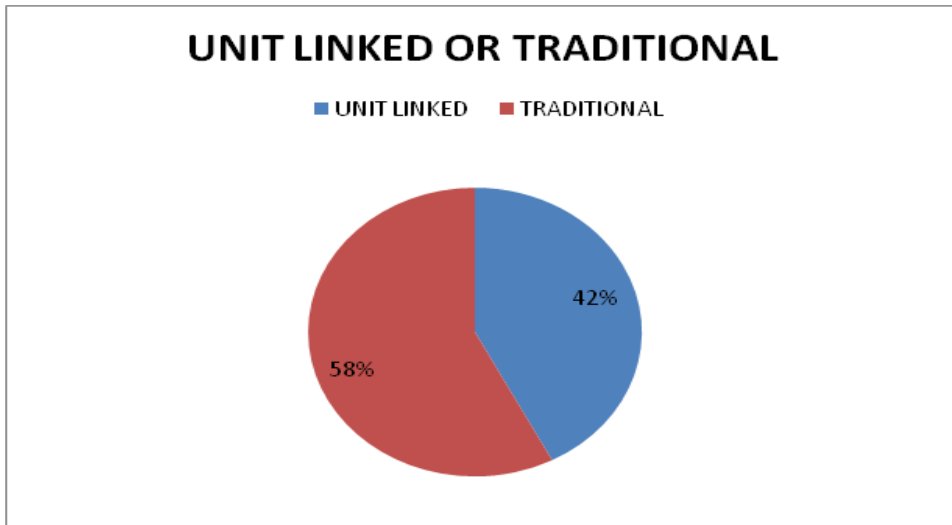
The maximum people have knowledge about the stock market, i.e, 78%

Knowledge about Unit Linked Insurance Plans



There is a mix response in knowledge about unit linked insurance plans that is seen from above chart.

12. Unit linked or Traditional



We can see that from above chart that the most of the respondents are having traditional policy. But the popularity of unit linked is increasing that can be seen from the above data.

13. Investment Options (Ranking)

There are various options available for investments. People have given rank as per priority.

Rank	1	2	3	4	5	6	7	8
Bank	19	11	11	10	11	3	3	1
Mutual fund	15	11	11	17	10	2	2	0
Post office schemes	10	8	11	22	11	3	4	2
Insurance policies	7	25	25	6	0	6	14	11
Debenture	8	8	14	8	11	14	11	17
Gold	11	8	11	3	4	6	17	9
Equity	3	3	0	11	8	25	19	20
Property	17	23	18	5	3	2	1	0

From the above table, we can see that the people are like to invest first in bank, property and mutual fund. The numbers of people who have given priority to this are 19, 17 and 15 respectively. People invest in equity more rarely after investing in most of other option, because it is risky capital. People generally invest in insurance at second or third option as we can see from above table that the numbers of people who have given choice to insurance as second and third rank are maximum.

14. Factors That Affect While Purchasing Insurance Policy

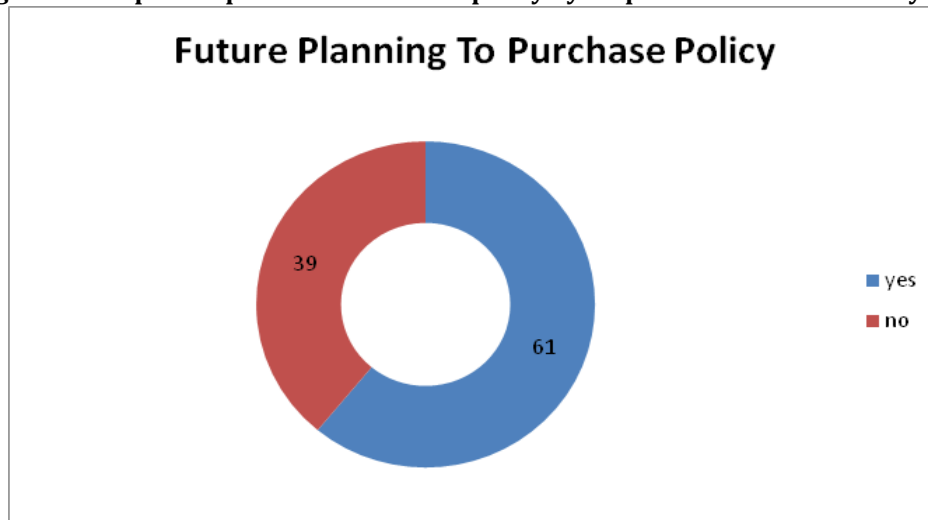
Researcher has taken five factors that affect in purchasing insurance policies and asked respondents to rank their choice. These factors are premium, return, safety, liquidity and market condition.

Rank	1	2	3	4	5
Premium	14	22	19	6	14
Return	39	8	25	8	0
Safety	44	25	8	6	0
Liquidity	0	6	8	36	31
Market condition	8	8	8	19	28

From the above table we can say that there are maximum respondents who have given rank first to the safety i.e.44 respondents then there is return. People give less importance to liquidity and market conditions.

15. Future Planning To Purchase Insurance Policies

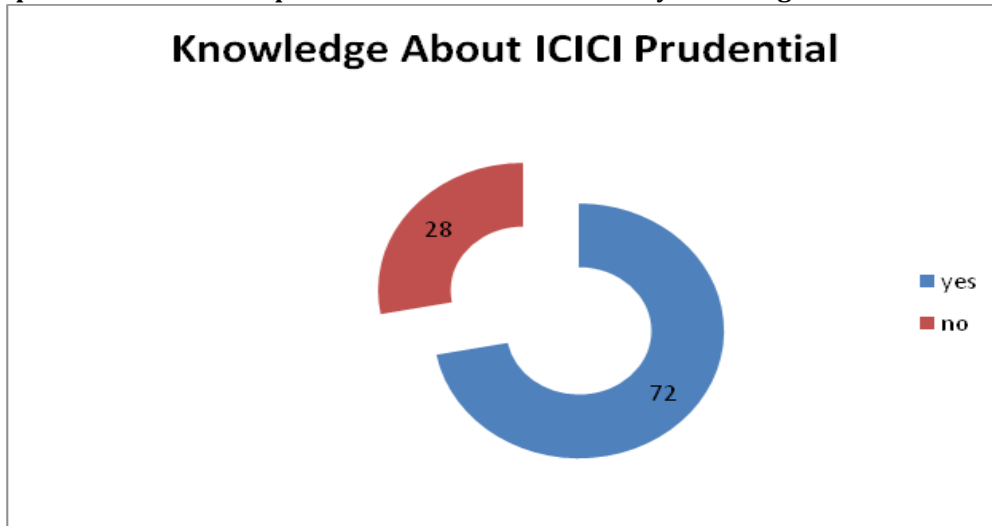
There is following results of plan to purchase insurance policy by respondents or their family members.



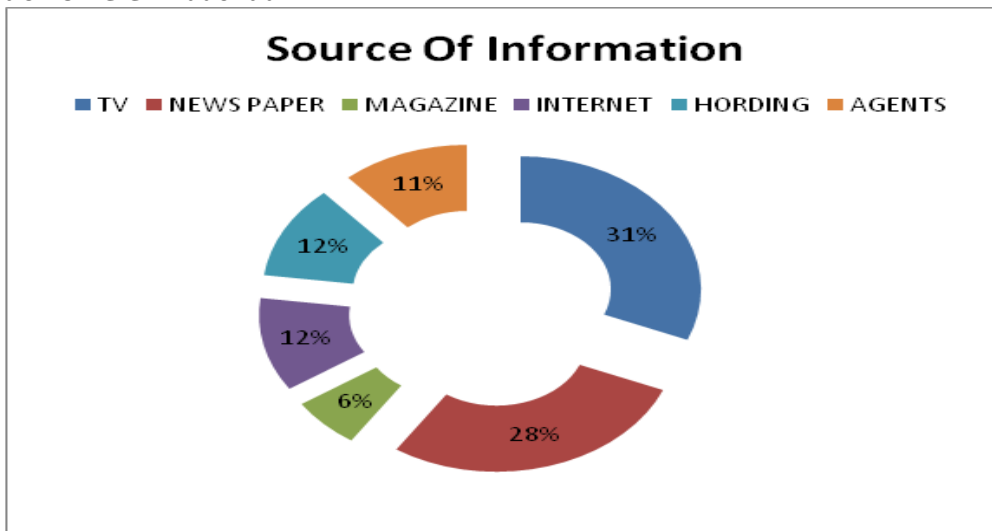
The maximum people are planning to buy insurance policy in future that can be seen from chart. The people are avoiding buying because of low return; already have policies to all family members, high premium and poor services.

16.Knowledge about ICICI prudential

How many people know about ICICI prudential that can be known by following chart:



17.Source of Information Of ICICI Prudential



18.Perception about ICICI prudential

The most of the respondents has told that the company is giving good facility to its customers. The company is among top 10 insurance companies in India. Some respondents have say that the premium is very much in ICICI and the return is low, but majority of respondents have said that the company is providing good services. Some respondents have avoided telling anything about company.

19.Findings and Suggestions

From this study, researcher has drawn following findings

1. The people have high and medium satisfaction toward policy.
2. There is entry of private players in insurance business, but the highest market share is hold by Life Insurance Corporation.
3. Some policyholders are not buying policy because of low return.
4. There is also high premium on life insurance.
5. The people are highly satisfied with the services of private players as compared to LIC.

18.Suggestions

1. The company needs to convert the customers who have medium and low level of satisfaction into high level by giving good customer service.
2. There is need to be given more emphasize on promotion because some people are not knowing the services offered by company.
3. In order to increase the end use of the products, the insurance companies can conduct frequent exhibition, door-to-door templates regarding their policies, importance and their usage.

CONCLUSION

The study aim was to know the satisfaction level and perception of people toward life insurance policies. In spite there is entry of new private players in industry, the LIC has retain their customers. The people have faith in LIC. There is medium and high satisfaction toward services. Some people not enter into insurance because of poor services of some insurance companies and return is very low.

There is positive perception regarding the ICICI prudential, but some people believe that the premium is very high and return is very low. The people who are in retiring age, they invest in insurance industry for retirement benefits. There are also various factors that affect the purchasing of the life insurance policy. The people have given more important to safety and return for this. This is obvious reason why people purchase policy, people feel more safety because their lives are insured and there is return for their investment. It is better from investing in shares because it is highly risky, there is no risk in insurance. People invest in insurance to plan for future and there is nothing better than that.

Acknowledgement

Nil

Funding

No funding was received to carry out this study.

REFERENCES:

1. B. Reshmi, N. Sreekumaran Nair, KM. Sabu, B. Unnikrishnan, Awareness of Health Insurance in a South Indian Population-A Community Based Study, Perspectives and Issues 30 (3) (2007) 177-188.
2. V.S. Ghorpade, U.M. Deshmukh, A study on consumer preference for life insurance companies in Pune city, Ethos, 5(2) (2012) 15-21.
3. V. Jain, B. Saini, "Indian Consumer Demeanor for Life Insurance", International Journal of Research in Finance & Marketing, 2(11) (2021) 29-35.
4. S. Singh, N. Sirohi, K. Chaudhary, "A Study of Customer Perception towards Service Quality of Life Insurance Companies in Delhi NCR Region", Global Journal Management and Business Research, 14(7) (2014) 19-32.
5. Venkata Ramana Rao, Life Insurance awareness in Rural India: Micro Insurance lessons to learn and Teach, Bimaquest, 7(1) (2008).