

Customer Awareness and Preference of Life Insurance

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Abstract: *India is a country where the average selling of life insurance is still lower than many Western and Asian countries. Second largest population in the world (India's 2019 population is estimated at 1.37 billion based on the UN data). But the amount of ignorance of life insurance among Indian people is high. Life insurance is essential for any individual, especially major money earner in the family. It helps to protect the lifestyle and home of the insured's family in the event of his/her untimely death. The insurance industry has both the economic and social purpose. It promotes social security and individual welfare. Life insurance is designed to protect family and others who may depend on you for financial assistance. Life is full of uncertainties, we cannot predict the future. Certain incidence can have an irreversible impact on your life and family. Sometime it may course to leave your loved ones. To avoid the financial crisis on your loved ones in your absence it is better to take a life insurance policy. Hence this research paper going to study the customer awareness and preference of life insurance.*

Keyword: Life insurance, awareness, Life insurance preference, Relation between life insurance and education

1. Introduction

Insurance is a device which provides security and protection against losses of financial nature up to a certain limit. There are different types of risks in life like death, accident, fire, earthquake, loss of health, etc....Life insurance is a contract whereby the insurer in consideration of a premium undertakes to pay a certain sum of money either on the death of the insured or on the expiry of a fixed period. The Insurance Regulatory and Development Authority (IRDA) Act, 1999 was passed by Indian Parliament in December 1999, by which the Life Insurance Corporation Act, 1956 and the General Insurance Business (Nationalization) Act, 1972 were amended to remove the exclusive privilege of nationalized insurance companies to transact life and general insurance business and allow for the entry of private sector players in the insurance sector.

In 2018 October IRDAI has recognized 24 life insurance companies in India. Out of which only one public insurance company is included, that is Life Insurance Corporation of India. Customer's perception is the total awareness, attitude, and knowledge of customers against the various types of life insurance services in the market. It was found essential to seek customer awareness in life insurance products and preferences among public, private life insurance companies..

2. Review of Literature

Limna M (2018)" Customers Perception towards Micro Insurance Products and Services of LIC in Kerala". Major findings of the study were Overall customers' perception is poor about the life micro insurance products and services of LIC. Customers have perceived poorly about the seven marketing mix elements of life micro insurance of LIC. They opined that the sum assured is not enough for them. Customers have perceived in a good manner about the product, price and physical evidence variables, but they have perceived in a poor level about the distribution, promotion, people and process variables.

Sebastian Babu (2015) "Consumer Behavior and Perception towards Life Insurance Products in Kerala" The researcher found that The life insurance customers have low awareness about reduction in value of sum assured, There is significant difference in awareness by customers about certain services provided by LIC and private life insurance companies such as On-line payment of premium, loan on Money Back plan, cancellation of policy and receive back money for dissatisfaction and discounted claim. For other services provided by life insurance companies, also suggest that there is no significant difference in awareness about certain services provided by LIC and private life insurance.

Fredric (2006) analyzed the "promotional strategies of insurance company". This study shows that the increasing competition and changing tastes and preferences of the customers all over the world are facing companies to change their targeting strategies. It was found that advertisement plays a dominant role in influencing the customers but most of the customers are of opinion that promotional strategies of insurance companies are more sale oriented rather than customer oriented.

3. Scope of the Study

Life insurance is of pivotal importance in the sector, especially in a country with the world's second largest population. There is still a huge untapped demand for insurance. Insurance companies have a pivotal role in offering insurance products which meet the requirements of the people and at the same time are affordable. A Life insurance contract is a contract of certainty as death or the expiry of the term will certainly occur, payment of the assured sum is certain. So life insurance is a good avenue to invest money for any persons. Hence It examines the person's awareness to life insurance and preference of public, private Insurance companies in Kerala.

4. Objectives of the Study

- To find out the customer’s attitude, perception, and awareness about the life insurance.
- To evaluate the factors underlying consumer perception towards investment in life insurance policies.

5. Research Methodology

The study is both descriptive and analytical nature. Primary data were collected from life insurance policyholders in Kerala. The researcher used multistage random sampling method, under which primary data were collected with the help of life insurance agents. The Researcher collected agent’s address from the life insurance head office at Trivandrum. The researcher collected the life insurance consumer’s list from the agents. By using questionnaire Primary data were collected from 224 life insurance policy holders. The secondary data were collected from standard books, Magazine, Newspaper, Journals and Web site.

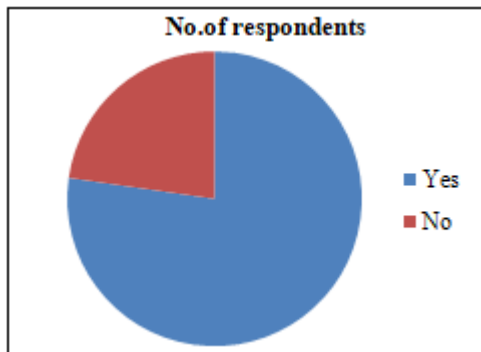
Hypothesis

- 1) H0 – There is no significant impact of perception of consumers on life insurance and educational level.
- 2) H1 – There is a significant impact of perception of consumers on life insurance and educational level.

6. Data Analysis

Table 1: Awareness of life insurance among people

Response	No.of respondents	Percentage of respondents
Yes	85	85%
No	15	15%



Interpretation

According to the data maximum number of people are aware with a life insurance policy (here 85% people are aware with it). Today, people are aware with this investment because it covers the risk of the life as well as gives a better return on maturity. However, there is still a huge untapped demand for insurance.

Table 2: Opinion about life insurance

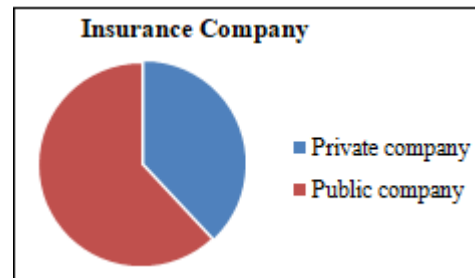
Opinion	No. of respondents	Percentage of respondents
It is a way to invest money	65	65%
It is a safeguard for life	35	35%

Interpretation

65% of the respondent are taking insurance as a safeguard for their life, and 35% of the respondents are taking insurance for a venue for investment.

Table 3: Which company consumers believe most

Company	No of respondents	Percentage of respondents
Private company	38	38%
Public company	62	62%



Interpretation

Most of the people want to invest their money in a public insurance company Only 38% of respondents want to invest their money in private insurance company. Most of the people buy insurance from LIC. There is currently a total of 24 life insurance companies in India. Out of these, LIC is the only one public sector insurance company.

Table 4: Reason for attraction of life insurance

Features	Highly attractive	Attractive	Neutral	Unattractive	Highly unattractive
Tax savings	30	35	19	11	5
Safety	47	44	6	3	0
Bonus	44	46	7	2	1
Savings avenue	22	53	17	5	3
Return	23	43	14	8	12

Weighted average analysis

Features	Tax savings	Safety	Bonus	As a savings avenue	Return
Highly attractive	150	235	220	110	115
Attractive	140	176	184	212	172
Neutral	57	18	21	51	42
Unattractive	22	6	4	10	16
Highly unattractive	5	0	1	3	12
Total	374	435	430	386	357

Interpretation

Safety is the highly attractive reason for investing their money in life insurance. Most of the despondence is attracted life insurance in the means of life insurance provide safety to their policy holders.

Chi-square analysis

Testing the independence of perception of consumers and educational level

Opinion \ Education	Below gradate	Above graduate	Total
It is a way to invest money	20	38	58
It is a safeguard for life	16	26	42
Total	36	64	100

Step include in chi-square analysis

- I. Ho: perception about life insurance and education level are independent.

- II. H1: perception of life insurance and education level are dependent.
- III. Test statistics = Chi-square test.
- IV. α (Alpha) = .05 (5%).
- V. Critical value = +3.841.
- VI. Degree of freedom (df) = (C-1) (R-1)
= (2-1)(2-1)
= 1X1
= 1
- VII. Decision rule
Accept the null hypothesis (Ho) when chi-square < 3.841
- VIII. Computation of test statistics

$$\text{Chi-square} = \frac{(O-E)^2}{E}$$

Where,

O=Observed frequency

E=Expected frequency

$$E = \frac{CT \times RT}{GT}$$

Where,

CT=Column total

RT=Row total

GT=Grand total

O	E	(O-E)	(O-E) ²	$\frac{(O-E)^2}{E}$
20	21	-1	1	0.0476
16	15	1	1	0.0666
38	37	1	1	0.0270
26	27	-1	1	0.0370
100	100			0.1782

Conclusion: Accept Ho because the chi-square value < 3.841 so two attributes are independent that is perception about life insurance and educational level.

7. Findings

- As 90 % of respondents are aware of the life insurance.
- It is clear that most of the people invest money in life insurance for safety and which gives them for old age savings.
- LIC is the oldest player in the insurance market, so people are more aware of LIC compared to new players.
- People believe in the public sector than the private sector.
- Most of the people are attracted towards life insurance because of the safety associated with each policy.
- As well as there is no relationship between educational qualification and customer perception about life insurance.
- From the review of literature could see that, people used to buy insurance for tax exemption. But now people understand the needs of insurance in their lives

8. Suggestion

- Life insurance has become an essential one, because of immune deficiency of people due to unhealthy life style like, junk food, lack of physical activity and the severe usage of mobile phone etc.

- 90% of people are aware about life insurance policy. Hence insurance company should indemnify the gap by providing the visual advertisement.
- Now LIC has become generic. People believe more in the public sector, hence it is the time for private companies to win the confidence of the people.
- Private companies should try to create a positive image in the minds of the target customers.

9. Conclusion

Globalization, Privatization and Liberalization (LPG) has opened new technology, knowledge, communication and information. The private insurance sectors are also a gift of LPG. LIC is the oldest player in the insurance market. So people are more aware about LIC and everybody wants to go in for a policy with LIC. It is high time to raise private sector to build up belief and confidence in the mind of people. Earlier government employees used to buy insurance for tax exemption. But time has changed now not only government employees, but also all the peoples understand the need of life insurance. People are willing to buy a life insurance policy because of the attracting features of safety, tax saving, bonus, and different types of life insurance policy depend upon the income level of people. Now people realized that most important financial decision a person can make is buying life insurance. Life insurance business is flourishing in India because of the high population rates in India. Urge of people to have insurance and strong marketing can make the industry reach the maximum.

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