

FACTORS EFFECTING CUSTOMER INVESTMENT TOWARDS LIFE INSURANCE POLICIES WITH SPECIAL REFERENCE TO MANJERI MUNICIPALITY

RESMA M P
Assistant professor
P G Department of commerce
KAHM Unity women's college, Manjeri

LUBAIBA JABEENA N
P G STUDENT
KAHM Unity women's college, Manjeri

.....

INTRODUCTION

Human life is a most important asset and life insurance is the most important type of insurance which provides financial protection to a person and his family at the time of uncertain risks or damages. Life insurance provides both safety and protection to individuals and also encourages savings among people. LIC of India plays a vital role in the welfare of human wellbeing by providing insurance to millions of people against life risks such as uncertain deaths or accidents

As human beings, we are often exposed to several inevitable risks and uncertainties in life. Life Insurance thus assumes a significant role in our lives by ensuring financial protection in the event of such misfortunes. It gives the assurance of monetary losses as well as provides an investment avenue to the public. Thus besides providing safety and protection to individuals, it also encourages savings among them.

Life Insurance in general can be defined as a contract between Insurer and the Insurance policy holder wherein the insurer pays a sum of money in exchange for the premium after a certain period or upon the death of an insured person. In addition, Life Insurance, as an investment tool offers various options for the investors to yield long-term returns.

Insurance sector in India is the second largest mobilizer of savings after the banks contributing along with Banking services nearly 7% of India's GDP. LIC of India was the monopoly in life insurance business until 1999. The privatization brought about dynamic changes in life insurance industry and private insurance firms in India formed joint ventures with well-known foreign insurers.

When Indian Life insurance industry is compared with the developed foreign countries, it is to be noted that Indian insurance industry is at the nascent stage. The reasons being lack of awareness of insurance products amongst the customers, deferred customer services, suitable insurance products and plans as per the needs of potential customers.

Attracting customers as well as customer retention is the key to the success of every life insurance company. Thus, it is important that insurers keep their customers satisfied by improving their quality of services, delivered to customers and try to bring innovative insurance products. When the Insurance Company in terms of risk coverage meets the customers' expectations, attractive insurance schemes, quicker claims settlement and more benefits in the form of low premiums and higher returns, then the customers would be satisfied with the service quality offered by the insurance firms and ultimately it would develop customer loyalty towards the insurance company.

The goal of customer retention is achieved when the customer is really contented and satisfied with the execution of insurance services offered by respective insurance firms.

STATEMENT OF THE PROBLEM

Life insurance is the most important type of insurance that provide financial protection and safety to a person at the time of uncertainty. But it is given least priority by majority of individuals. When compared to developed countries, Indian life insurance industry has achieved only little. This is due to lack of insurance awareness, poor marketing strategies, low investment in life insurance product etc.

Therefore, the present study is based on "Factors affecting Customer Investment towards Life Insurance Policies with Special Reference to Manjeri Municipality". The intention of this study is to find out what the customer has in mind for taking a particular insurance policy. It aims at identifying the factors affecting customers' decision towards investment in life insurance policies and preference of customer while making decision on life insurance policies.

OBJECTIVE OF THE STUDY

- To identify various factors affecting customer investment decision in life insurance.
- To study the preference of customer while taking the life insurance policies.
- To know the satisfaction of respondents with a particular life insurance company.
- To find the reason of respondents for insuring in their current life insurance company.

SCOPE OF THE STUDY

The study is based on investment of customer on life insurance policies. This study is confined only to the life insurance customers in Manjeri Municipality. The study is basically intended to discover and examine the factors affecting customers' decision towards investment in life insurance policy. A sample of 60 life insurance investors is considered for the study from a huge population of various life insurance policyholders.

HYPOTHESIS

H₀ : There is no significance relationship between occupation of respondents and willingness to invest savings in life insurance.

H₁ : There is significance relationship between occupation of respondents and willingness to invest savings in life insurance.

RESEARCH METHODOLOGY

Research methodology is the specific procedures or techniques used to identify select, process and analyze information about a topic. In a research paper, the methodology section allows the reader to critically evaluate a study's overall validity and reliability. The methodology section answers two main questions: How was the data collected or generated? How was it analyzed?

The present study is a descriptive type of research study. In this study, both primary data and secondary data are used for purpose of this study. The primary data are collected through questionnaires, direct personal interviews from the selected persons. Secondary data was collected from website and textbooks for theoretical knowledge. The data is collected to study the factors affecting the decision towards life insurance

policy and preference of the customers. The collected data was analyzed and interpreted through tables and graphs and findings are reported and suggestions made accordingly.

Research design

Research design is the systematic planning of research, usually including the formulation of strategies to resolve a particular question, collection and recording of evidence, publication of results etc.

Data Collection Method

The data collection method used to obtain the desired information is from primary sources through direct personal interviews and by questionnaires from the life insurance investors.

Primary Data

The study is mainly based on primary data. The primary data is collected through direct personal interviews and by questionnaires from the life insurance investors. The data is collected from a sample of 60 life insurance investors.

Secondary Data

The secondary data has been mainly used for creating theoretical background for this study. The main sources used for collecting secondary data are

- Websites
- Books

Sampling Size

The sample of this study is the customers of life insurance companies. For the purpose of the study, a sample of 60 customers of life insurance companies is considered.

Sampling Method

The method of sampling used is convenient sampling. The units and respondents in each unit have been selected by convenient sampling.

TOOLS FOR DATA ANALYSIS

- Weighted average method

- Chi-square
- Percentage

PERIOD OF STUDY

The study on the topic “A Study On Factors Affecting Customer Investment Towards Life Insurance Policies With Special Reference To Manjeri Municipality” is conducted from January to march.

AREA OF THE STUDY

The study is confined to the life insurance investors of Manjeri Municipality in Malappuram.

DATA ANALYSIS AND INTERPRETATION

PARAMETERS LOOKED AT THE TIME OF INVESTING IN A LIFE INSURANCE POLICIES

Table 4.23

Parameters	Highly important	Important	Neutral	Least important	Not important	Total
Premium	25	17	12	4	2	60
Charges	4	19	27	8	2	60
Policy	11	22	23	3	1	60
Benefits	16	19	13	10	2	60
Bonus & interest	17	16	14	6	7	60
Pre & post services	4	15	23	12	6	60
Accessibility	5	22	15	12	6	60

Company reputation	14	11	17	7	11	60
--------------------	----	----	----	---	----	----

Source: Primary Data

Weighted Average Method

Weighted average is a calculation that takes into account the varying degrees of importance of the numbers in a data set. In calculating a weighted average, each number in the data set is multiplied by a predetermined weight before the final calculation is made.

Formula:

$$\text{Weighted average method} = \frac{\sum WX}{\sum W}$$

1. Premium of life insurance

Table 4.23.1

Weighted Average Method

Serial No.	Scale	W	X	WX
1	High important	5	25	125
2	Important	4	17	68
3	Neutral	3	12	36
4	Least important	2	4	8
5	Not important	1	2	2
Total		$\sum W = 15$	$\sum X = 60$	$\sum WX = 239$

Source: Primary Data

$$\text{Weighted average method} = \frac{\sum WX}{\sum W}$$

$$\frac{239}{15} = 15.93$$

2. Charges

Table 4.23.2

Weighted Average Method

Serial No.	Scale	W	X	WX
1	High important	5	4	20
2	Important	4	19	76
3	Neutral	3	27	81
4	Least important	2	8	16
5	Not important	1	2	2
Total		$\Sigma W = 15$	$\Sigma X = 60$	$\Sigma WX = 195$

Source: Primary Data

$$\begin{aligned} \text{Weighted average method} &= \frac{\Sigma WX}{\Sigma W} \\ &= \frac{195}{15} = 13 \end{aligned}$$

3. Policy of life insurance

Table 4.23.3

Weighted Average Method

Serial No.	Scale	W	X	WX
------------	-------	---	---	----

1	High important	5	11	55
2	Important	4	22	88
3	Neutral	3	23	69
4	Least important	2	3	6
5	Not important	1	1	1
Total		$\Sigma W = 15$	$\Sigma X = 60$	$\Sigma WX = 219$

Source: Primary Data

$$\begin{aligned} \text{Weighted average method} &= \frac{\Sigma WX}{\Sigma W} \\ &= \frac{219}{15} = \mathbf{14.6} \end{aligned}$$

4. Benefits of life insurance policies

Table 4.23.4

Weighted Average Method

Serial No.	Scale	W	X	WX
1	High important	5	16	80
2	Important	4	19	76

3	Neutral	3	13	39
4	Least important	2	10	20
5	Not important	1	2	2
Total		$\sum W = 15$	$\sum X = 60$	$\sum WX = 217$

Source: Primary Data

$$\text{Weighted average method} = \frac{\sum WX}{\sum W}$$

$$= \frac{217}{15} = 14.46$$

5. Bonus & interest

Table 4.23.5

Weighted Average Method

Serial No.	Scale	W	X	WX
1	High important	5	17	85
2	Important	4	16	64
3	Neutral	3	14	42
4	Least important	2	6	12
5	Not important	1	7	7
Total		$\sum W = 15$	$\sum X = 60$	$\sum WX = 210$

Source: Primary Data

$$\text{Weighted average method} = \frac{\sum WX}{\sum W}$$

$$= \frac{210}{15} = 14$$

6. Pre & post service of life insurance

Table 4.23.6

Weighted Average Method

Serial No.	Scale	W	X	WX
1	High important	5	4	20
2	Important	4	15	60
3	Neutral	3	23	69
4	Least important	2	12	24
5	Not important	1	6	6
Total		ΣW = 15	ΣX = 60	ΣWX = 179

Source: Primary Data

$$\text{Weighted average method} = \frac{\sum WX}{\sum W}$$

$$= \frac{179}{15} = 11.93$$

7. Accessibility

Table 4.7

Weighted Average Method

Serial No.	Scale	W	X	WX
------------	-------	---	---	----

1	High important	5	5	25
2	Important	4	22	88
3	Neutral	3	15	45
4	Least important	2	12	24
5	Not important	1	6	6
Total		$\Sigma W = 15$	$\Sigma X = 60$	$\Sigma WX = 188$

Source: Primary Data

$$\begin{aligned} \text{Weighted average method} &= \frac{\Sigma WX}{\Sigma W} \\ &= \frac{188}{15} \\ &= 12.53 \end{aligned}$$

8. Company reputation

Table 4.23.8

Weighted Average Method

Serial No.	Scale	W	X	WX
1	High important	5	14	70
2	Important	4	11	44
3	Neutral	3	17	51

4	Least important	2	7	14
5	Not important	1	11	11
Total		$\Sigma W = 15$	$\Sigma X = 60$	$\Sigma WX = 190$

Source: Primary Data

$$\begin{aligned} \text{Weighted average method} &= \frac{\Sigma WX}{\Sigma W} \\ &= \frac{190}{15} \\ &= \mathbf{12.67} \end{aligned}$$

INTERPRETATION

The above table shows parameters looked at the time of investing in a life insurance policy. It is found that premium of life insurance is the most important parameters looked at the time of investing in a life insurance policy (15.93) and pre & post services is given least important (11.93).

TESTING OF HYPOTHESIS

H₀ : There is no significance relationship between occupation of respondents and willingness to invest savings in life insurance.

H₁ : There is significance relationship between occupation of respondents and willingness to invest savings in life insurance.

Table 4.28

Testing of Hypothesis

Willingness to invest savings in life insurance	Occupation of the respondents				Total
	Business	Profession	Salaried employee	Others	
Below 10%	4	2	2	6	14

10% - 15%	6	8	5	7	26
16% - 20%	4	4	6	3	17
Above 20%	0	1	1	1	3
Total	14	15	14	17	60

Source: Primary Data

Analysis through chi-square test

O	E	(O-E)²	(O-E)²/E
8	5.13	8.2369	1.605
6	4.43	2.4649	0.556
6	9.53	12.4609	1.307
8	3.46	20.6116	5.957
5	4.76	0.0576	0.012
7	8.23	1.5129	0.183
8	7.33	0.4489	0.061
6	3.67	5.4289	1.479
6	6.33	0.1089	0.017
Total			11.177

$$(O-E)^2/E = 11.177$$

$$\text{Degree of freedom} = (r-1)(c-1) = (3-1)(4-1) = 6$$

$$\text{Level of significance} = 0.05$$

$$\text{Table value} = 12.592$$

INTERPRETATION

Since, the calculated value 11.177 is less than table value 12.592, we accept the null hypothesis. So, we can conclude that, there is no relationship between occupation

and willingness to invest saving in life insurance.

FINDINGS

- The study reveals that 33.33% of respondents saves 10% to 20% from their monthly income and 43.33% of respondents are willing to invest 10% to 15% in life insurance from their savings.
- 35% of life insurance investors have taken 2 policies.
- 35% of life insurance investors prefers to invest in LIC.
- It is found that 33.33% of respondents like to invest for a period of 5 years.
- 33.33% of the respondents prefers to pay premium once in a month.
- Return on investment is the main factor considered while choosing a life insurance company by 45% of respondents.
- It is found that personal interest and friends' opinion are main factors influencing the buying decision of life insurance policies.
- There are various types of life insurance policies with customized features. The study reveals that 36.67% of the respondents preferred money back policy.
- For 38.33% of respondents, the most attractive feature of the policy is money back guarantee.
- 38.33% of the respondents have taken the policy for their children.
- In case of preferable source of investment, 36.67% of respondents buy insurance from bank.
- 43.33% of respondents are aware of 4 to 7 life insurance companies.
- It is found that 25 respondents give high importance to premium and 16 and 17 respondents give high importance to benefits derived and bonus and interest respectively. Only a few people give high importance to charges, pre & post services and accessibility.
- It is found that 70% of the life insurance investors are satisfied with their life insurance company and only a few are dissatisfied due to various reasons like delay in settlement, inadequate information, high premium payment etc.

- It is found from the study that there is no significant relationship between occupation of respondents and willingness to invest savings in life insurance.

CONCLUSION

The study is carried out on the topic "Factors affecting Customer Investment towards Life Insurance Policies with Special Reference to Manjeri municipality". For this study a total of 60 respondents are selected on the basis of convenience sampling from Manjeri municipality. The study mainly focused on factors which are affecting customer investment towards life insurance policies and life insurance investors to evaluate their investment pattern towards life insurance policy . The study reveals the relationship between the economic condition of the investor and their preference towards different types of policies. This study may aware the people about the investor's investment behaviour based on their regularity of return.

Life insurance is an important form of insurance and essential for every individual. Life insurance penetration in India is very low as compare to developed nation where almost all the lives are covered and stage of saturation has been reached. Customers are the real pillar of the success of life insurance business and thus it is important for insurers to keep their policyholders satisfied and retained as long as possible and also get new business out of it by offering need based innovative products. There are many factors which affect customers investment decision in life insurance and from the study it has been concluded that various factors life risk coverage, savings, tax benefits and people's opinion all plays a major role in deciding the purchase of life insurance policies.

REFERENCES

- Sandeep Chaudary (2016) -"Customer Perception Regarding Life Insurance Policies"
- Vijaya Raghunadhan (2016) -"Consumer Behaviour Towards Life Insurance Companies"
- C. Balaji (2015), - "Customers' Awareness and Satisfaction of Life Insurance Policy Holders with reference to Mayiladuthurai town"

- S.Narender and L. Sampath (2014) - “Consumers Awareness Toward Life Insurance sector in India”
- Molazadeh M., Asghari M. & Babu H.S (.2014), - “Study of Policyholder's Satisfaction in Life Insurance and Factors Affecting on That”
- Ashfaque Ahmed (2013) - “Perception of Life Insurance Policies in Rural India”
- Dash G. and Sood T. (2013), - “Why Should one Invest on Life Insurance Product?”
- Khurana (2013) - “Relationship between Service Quality and Customer Satisfaction: An Empirical Study of Indian Life Insurance Industry”
- Deb (2013), - “Consumer Preference in Life Insurance”
- Purusothaman (2013), - “A study on Growth of investment in Life Insurance in India”
- Chand Basha ,Vijay Kumar.M and Rama Prasad Rao (2012) - ‘A Study on Policy Holders Perception towards Life Insurance Corporation of India
- Deep K.Thakkar (2012), - “A Study of Consumer Behaviour towards Life Insurance in Kolhapur City”
- Ms. Babita Yadav and Dr. Anshiya Tiwari (2012) - “A Study on factors affecting Customer Investment towards Life insurance Policies”
- Sridevi (2012), - “A study of buying behaviour of consumers towards life insurance policies in Perambalur District”
- Manoj Sharma, T. Sai. Vijay, Pateria L. P. and Sheetal Sharma (2012) - “Impact of Demographic Factors on the Satisfaction of Investors towards Insurance Policies”

