TEST Engineering & Management

May –June 2020
ISSN: 0193-4120 Page No. 5906-5912

A Research on Factor's influencing Consumer's Choice for Life Insurance - with Reference to Bareilly District, Uttar Pradesh

Akash Gupta[1], Dr. Chetan Panse[2]

[1,2] Symbiosis Institute of Business Management Pune; Symbiosis International (Deemed University) Pune

Article Info
Volume 83
Page Number: 5906-5912
Publication Issue:
May -June 2020

Article History
Article Received: 19 November 2019
Revised: 27 January 2020
Accepted: 24 February 2020
Publication: 17 May 2020

Abstract

Our life is a foremost asset and life insurance is one the most significant form of insurance at the time of unfamiliar risks or loss which provides financial safety to an individual and his loved ones. In its essence, life insurance is imperceptible hence majority of the Indian people cannot understand its importance. Despite more than two hundred years of presence in India, life insurance industry is still very less penetrated with 27 per cent coverage. Life insurance provides individuals with security and safety, and also helps people to save money. The current study is embarked upon to identify factors which affects the customers' decision to select among different Life Insurance policies. For this, primary data is directly collected from the citizens via a questionnaire. The study area is bounded to Bareilly district, Uttar Pradesh and sample size is 118 policyholders of different age group and the selection technique that has been uses is purposive sampling method. The insurance industry is an important component of the Indian financial system, and has seen strong growth in recent periods of time. Thanks to economic liberalization and privatization in India, the insurance market is expanding rapidly with respect to new products and better facilities and added value. Consumers thus have a wide variety of changing options and prefer the right one that fits their needs and criteria and different factors influencing the array of products that life insurance firms sell. Premium rates, product quality, accessibility and promotions, credibility of the business have an important and positive effect on consumer's buying decisions for life insurance company policy. Kruskal - Wallis test and Mann-Whitney tests were used to examine the responses got from the respondents via the questionnaire.

I. INTRODUCTION

Insurance is a method by which a limited number of fatalities are paid by means of funds (premium payment) received from lots. Insurance provides a protection against uncertain future incidents. It is a system in which the damages suffered by a few are distributed over a number of those exposed to similar risks. Life insurance is very important to everyone, as life is precious. Life insurance helps people to protect their family's financial future if their premature death happens. It also meets individuals ' savings and investment needs who may be afraid or wary of investing in mutual funds or the stock market. Unlike developed world nations, social security or government pension schemes are only available to a limited part of India's population. Many citizens use savings from banks, fixed deposits, savings from post offices, and the public provident fund (PPF) as savings and investment instruments. Life insurance takes on a vital role in the financial well-being of a large part of society due to the lack of access to formal financial markets and the lack of knowledge about financial literacy. This is of particular importance to rural and poorer parts of society Insurance companies receive a premium for the purpose of providing protection. Damage is paid out of people's premium, and the insurance providers serve as guardians of the sum so received. With more than 1.3 billion people, Foreign and National life insurance firms consider India a fertile land full of opportunities and a great platform for big business. There is a significant difference among

May –June 2020
ISSN: 0193-4120 Page No. 5906-5912

factors which decide on selection of insurance company policy such as Premium rates, product quality, accessibility and promotions, credibility of the business have an important and positive effect on consumer's buying decisions against life insurance company's policies.

II. LITERATURE REVIEW:

Sandeep Chaudary (2016) examined various factors that have shaped consumer behavior, including personal services, improved market, customer service, improved quality of service, tangible benefits and successful customer management. The report concluded that new and creative goods and better management of customer relationships affect consumer purchasing behavior.

In their study, Guru and Umamaheswari (2018) came to a conclusion that among the numerous factors, the major variables that positively affect customers' insight into life insurance policies were the nature of the service provided, the customer-company relationship and the company's credibility. The insurance industry's growth rate in India is faster and thus it has become relevant for insurance companies to recognize and understand the factors that convince consumers ' perception and the same can be used as a supporting characteristic in the creation of fresh and innovative products that meet the expectations of consumers.

Kumar R. & Athma P. (2007) in his research paper, did an empirical research which was carried out on 200 sample sizes that included both rural and urban markets. The numerous influencing factors connected to the non -product and the product were recognized and their impact on the decision-making of life insurance purchases was examined. On the basis of the results of the survey; it can be pointed out that urban market is more predisposed to factors dependent on the product such as return, wide risk coverage, tax benefit opportunities etc. However rural population is affected by factors related to non-products such as: agent trustworthiness, prestige of the Insurance company, customer relationship management. Safety factor and money return guarantee encourages many individuals to buy life insurance.

Uma, Selvanayaki & Shankar (2011) established their article entitled "A Survey of Life Insurance Customers Knowledge, Perception and Preferences" on the survey conducted in the city Coimbatore of 100 customers of life insurance policies. This sheds light on different issues relating to the understanding, interpretation and life insurance preferences of customers. The core goals of this survey were to identify consumer preferences for different life insurance plans, factors affecting life insurance product selection and brand knowledge of life insurance.

Basha, Kumar and Rao (2012) examined the attitude of the policyholders towards India's LIC by conducting a survey at urban and semi-urban centers. The hypothesis was tested using Chi-square test. It was seen that most of them were affected by a policy opinion from the agent, a large number thought that premium was high, a majority favored money back policy, and the policyholder expected an 11- 15% return from their investments.

III. RESEARCH METHODLOGY:

The present research is a descriptive and exploratory type of research study. The present study is undertaken in this context to know factors which influence customers to select among different Life Insurance policies. 118 policyholders from the Bareilly district of Uttar Pradesh were surveyed to undertake this study.

Sources of Data

Questionnaire Method is used to acquire the primary data. The technique for accumulating data is organized questionnaire. The researcher pooled multiple choice type questions and rating types questions in the questionnaire. In some of the selection type questions the respondents were asked to rate the degree of importance on a scale of 5 (One being the most important and Five being the least)

Sampling Techniques:

To select the samples, the Purposive sampling technique was used.

Sample Size:

Sample size was 118 Policy holders from the Bareilly district of Uttar Pradesh.

TEST Engineering & Management

May –June 2020
ISSN: 0193-4120 Page No. 5906-5912

Tools Used for Data Collection

Self-formulated questionnaire was used for the evaluation of factors affecting consumer's perception towards insurance.

Tools Used for Data Analysis

Kruskal - Wallis test and Mann-Whitney tests were used to examine the responses got from the respondents via the questionnaire.

IV. OBJECTIVES AND HYPOTHESIS:

One of the fastest growing sectors in India is Insurance industry which gives life insurers plenty of room for growth. Our nation's immense and ever increasing population numbers offer an enticing opportunity, but nearly 71% of Indian lives are still uninsured. The objective of this study is fundamentally to discern and analyze the factors that influence customer decision with regards to life insurance policies.

- •To explore the various reasons influencing customers to take life insurance.
- •To study and find the most favored factors affecting the customers for picking different life insurance policies.
- •To pursue these objectives, the following hypotheses were formulated for testing.

Null Hypothesis (H0) - There is no significant difference in thinking of different age group people for wide risk coverage given by insurance companies

Alternate Hypothesis (Ha) - There is a significant difference in thinking of different age group people for wide risk coverage given by insurance companies.

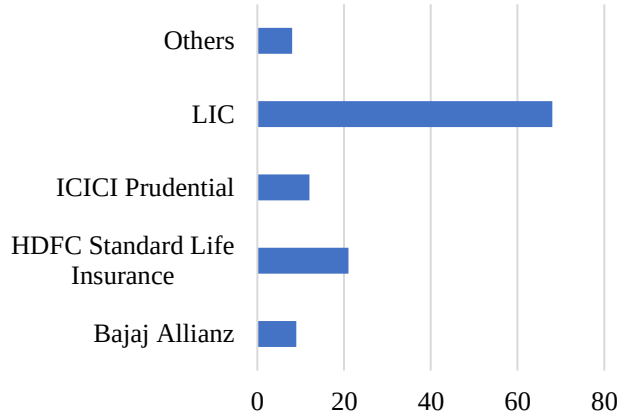
V. DATA ANALYSIS AND RESULTS

The purposes of taking life insurance cover are usually different from person to person. For more than one goal in mind, one may buy it. The data were extracted from the questionnaires which were collected. Attributes are used to assess the attitude of investors of investing in policies.

Table - 1

Company	Count of Most trusted brand among Life Insurance Companies
Bajaj Allianz	9
HDFC Standard Life Insurance	21
ICICI Prudential	12
LIC	68
Others	8

Count of Most trusted brand among Life Insurance Companies

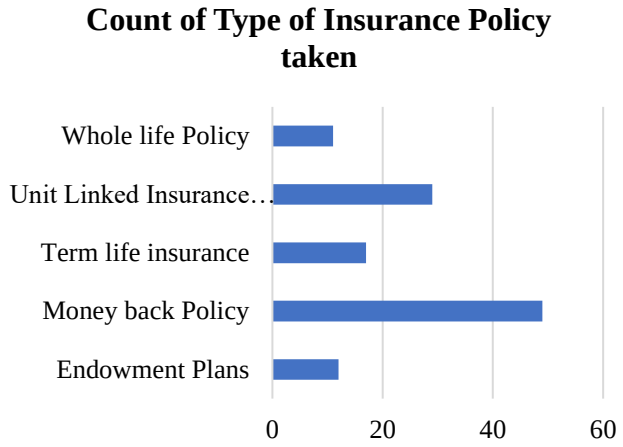


Interpretation: It is easily comprehendible from the above table that LIC is the most trusted and favored life insurance company among the 118 respondents as compared to different companies present in India. The survey shows that 68 respondents (57%) favors LIC, followed by 21 respondents (17.7%) favoring HDFC Standard Life Insurance. Similarly, 12 respondents (10.1%) favors ICICI Prudential followed by 9 respondents (7.6%) favoring Bajaj Allianz. Other life insurance counted for 6.7% i.e. 8 respondents out of 118.

Table- 2

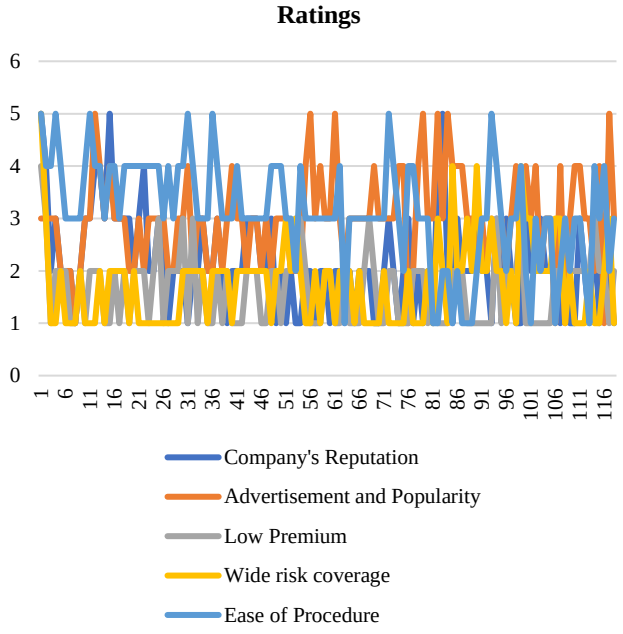
Type of Insurance Policy taken	Count
Endowment Plans	12
Money back Policy	49
Term life insurance	17
Unit Linked Insurance Plans	29
Whole life Policy	11

May –June 2020
ISSN: 0193-4120 Page No. 5906-5912



Interpretation: It is easily comprehendible from the above table that Money back Policy is the most favored life insurance policy among the 118 respondents as compared to many other policy options offered by Life Insurance companies. The survey shows that 49 respondents (41.5%) favors Money back policy, followed by 29 respondents (24.6%) favoring the Unit Linked Insurance Plan. Similarly, 17 respondents (14.4%) favors Term Life Insurance followed equally by 12 respondents (10.2%) favoring both Endowment Plans and Whole life policy.

Line Graph: Ratings



118 Respondents were asked to rate (on a scale of one to five, one being the most important and five being the least important) the reason for choosing a life insurance policy. Different parameters i.e. Company's Reputation, Low premium Rate, Advertisement and popularity, Wide risk coverage and lastly Accessibility and Ease of procedure where given to them to rate. The above line chart shows the cumulative result of the responses got via a questionnaire.

Interpretation: It is easily comprehendible from the above chart that Low premium and wide risk coverage are the most important factors considered by the respondents, compared to other factors- Company's Reputation, Accessibility and Ease of procedure and Advertisement and Popularity of the policy.

We applied Non parametric kruskal Waills test to see if different age group people think differently for wide risk coverage given by an insurance company.

	Age Groups	N	Mean Rank
Wide risk coverage	Age 18-30	36	53.38
	Age30-40	51	53.54
	Age 40-50	13	85.04
	Age >50	18	70.19
	Total	118	

Test Statistics[a,b]

	Wide risk coverage
Chi-Square	14.0751
df	31
Asymp. Sig.	.0031

a. Kruskal - Wallis Test

b. Grouping Variable: Age Groups

INTERPRETATION

Since this test is significant, we can conclude that there is a difference in atleast one of the age group.

To know which group differs, we applied the Post Hoc test called Mann- Whitney test.

Also Bonferrori adjustment we made as follows

We have total 6 comparisons in 4 groups so p= 0.05/6= 0.0084

TEST Engineering & Management

May –June 2020
ISSN: 0193-4120 Page No. 5906-5912

To inspect if there is any substantial difference in thinking between the 18-30 age group and 30-40 age group people for wide risk coverage given by an insurance company.

	Age Groups	N	Mean Rank	Sum of Ranks
Wide risk coverage	Age 18-30	36	43.63	1570.50
	Age30-40	51	44.26	2257.50
	Total	87		

Test Statistics[a]

	Widerisk coverage
Mann-Whitney U	904.5
Wilcoxon W	1570.5
Z	- 0.131
Asymp. Sig. (2-tailed)	0.897

Grouping Variable: Age Group

Result: Non-significant so no difference between these two age groups as p>0.0084

To inspect if there is any substantial difference in thinking between the 18-30 age group and 40-50 age group people for wide risk coverage given by an insurance company.

Ranks

	Age Groups	N	Mean Rank	Sum of Ranks
Wide risk coverage	Age 18-30	36	21.69	781.
	Age 40-50	13	34.15	444.
	Total	49		

Test statistics

	Widerisk coverage
Mann-Whitney U	115.1
Wilcoxon W	781.1
Z	-2.904
Asymp. Sig. (2-tailed)	.0041

a. Grouping Variable: Age Groups

Result This is significant as p<0.0084 So people in 40-50 think differently and decide insurance based on wide coverage.

To inspect if there is any substantial difference in thinking between the 18-30 age group and 50+ age group people for wide risk coverage given by insurance company.

	Age Groups	N	Mean Rank	Sum of Ranks
Wide Risk coverage	Age 18-30	36	25.06	902.00
	Age >50	18	32.39	583.00
	Total	54		

Test statistics

	Wideriskcoverage
Mann-Whitney U	236.000
Wilcoxon W	902.000
Z	-1.757
Asymp. Sig. (2-tailed)	.079

Result: Non-significant so no difference between these two age groups as p>0.0084

To inspect if there is any substantial difference in thinking between the 30-40 age group and 40-50 age group people for wide risk coverage given by insurance company.

	Age Groups	N	Mean Rank	Sum of Ranks
Wide risk coverage	Age30-40	51	28.85	1471.50
	Age 40-50	13	46.81	608.50
	Total	64		

Test statistics

	Wide risk coverage
Mann-Whitney U	145
Wilcoxon W	1471

May –June 2020
ISSN: 0193-4120 Page No. 5906-5912

Z	-3.440
Asymp. Sig. (2-tailed)	.0011

a. Grouping Variable: Age Groups

Result: This is significant as p<0.0084 So people in 40-50 think differently and decide insurance based on wide coverage.

To inspect if there is any substantial difference in thinking between the 30-40 age group and 50+ age group people for wide risk coverage given by an insurance company.

	Age Groups	N	Mean Rank	Sum of Ranks
Wide risk coverage	Age30-40	51	32.42	1653.50
	Age >50	18	42.31	761.50
	Total	69		

Test Statistics[a]	
	Wide risk coverage
Mann-Whitney U	327.5
Wilcoxon W	1653.5
Z	-2.002
Asymp. Sig. (2-tailed)	.0451

Result: Non-significant so no difference between these two age groups as p>0.0084

To inspect if there is any substantial difference in thinking between the 40-50 age group and 50+ age group people for wide risk coverage given by insurance company.

	Age Groups	N	Mean Rank	Sum of Ranks
Wide risk coverage	Age 40-50	13	18.08	235.00
	Age >50	18	14.50	261.00
	Total	31		

Test Statistics[a]	
	Wideriskcoverage
Mann-Whitney U	90
Wilcoxon W	261
Z	-1.1761
Asymp. Sig. (2-tailed)	.239
Exact Sig. [2*(1-tailed Sig.)]	.293[b]

Results: Non-significant so no difference between these two age groups as p>0.0084

Wide risk coverage" rating differed significantly by various age groups, chi-squar (3) = 14.075,p<0.05. Post Hoc analysis, adjusted for multiple comparisons (Bonferroni adjustment) alpha = 0.0084, indicated that age group 40-50 received higher rating than all other groups. The age group 40-50 thinks differently. They care about Wide risk cover given by an Insurance company. All other groups did not differ significantly (alphas > 0.0084).

VI. DISUSSION

From the above obtained result it can be concluded that LIC is the most favored and trusted life insurance company as compared to different companies present in India and Money back Policy is the most favored life insurance policy as compared to all other policies option offered by Life Insurance companies. Also Low premium and wide risk coverage are the most important factors considered by the respondents, compared to other factors- Company's Reputation, Accessibility and Ease of procedure and Advertisement and Popularity of the policy. We applied Non parametric kruskal Wailles test to see if different age group people think differently for wide risk coverage given by an insurance company. From the result we found out that people in the 40-50 age group give highest preference to wide risk policy whereas other age group people not.

VII. CONCLUSION

This Research has tried to determine and analyze the factors and reasons that influence the customers' decision to life insurance policies. People of different age group were selected. The outcome was that LIC is the most trusted company and money back policy is the most favored policy among all the policies offered by the insurance companies. Moreover people of 40-50 ag group

May –June 2020
ISSN: 0193-4120 Page No. 5906-5912

give highest importance to Wide risk coverage. Furthermore, this indicates that all these factors have a huge effect on the purchasing behaviour of the customer. To improve the chances of the buyer on the life insurance products, life insurance firms need to concentrate on these aspects.

VIII. LIMITATIONS AND FUTURE SCOPE

The outcomes discussed in this study are based on a single study conducted on a sample size of 118, including people of all age group. This study has limitations with respect to size and range of age of the population. Thus, a research can be conducted with a larger size of sample population. It will give a better and more precise insights on the factors that influence customer decision towards life insurance policies and to explore the various reasons influencing the customers to life insurance policies. Further empirical research can be conducted considering age, gender, education level and income as different parameters affecting the customer's choice towards life insurance policies. In this study, we could not see how recent technological changes have impacted the life insurance sector in India. These could also be studied in future research. Finally, the results of this study are relevant primarily to the Indian insurance industry.

IX. ACKNOWLEDGEMENT

I would like to thank the institute, Symbiosis Institute of Business Management, Pune for providing this opportunity and the resources that helped in this research. I would also like to thank Dr. Chetan Panse for his full support.

.REFERENCES

[1] Ahmad dar A, Mir RA. A comparative study of promotional strategies adopted by public and private sector insurance companies in India. International Journal in Multidisciplinary and Academic Research 2010; 1(4): 1-10.

[2] Athma, p. And kumar, r. (2007)) " an explorative study of life insurance purchase decision making: influence of product and non-product factors ", icfai journal risk & insurance, vol. Iv, october 2007, pg. No 19-21.

[3] Imtiyaz.vasi do (2007), "retention of the customers is the essence of insurance business", insurance times, feb. 2007, pg. No 20

[4] V.g.murugan (2012) "evaluation of investors behavior towards mutual funds", international journal of multidisciplinary management studies, vol.2 issue 1, january 2012, pg. No. 278-280

[5] Tripathi. P.k (2008), "customer buying behavior with a focus on market segmentation", summer training project, chandigarh business school mohali, page no. 42-46.

[6] Kahneman, D., Tversky, A. (1979). Prospect Theory: An analysis of decision under risk. Econometrica, (Vol.47, pp-263-292).

[7] Kahneman, D., Tversky, A. (1984). Choices, values and frames. American Psychologist, (Vol.39, pp-341-350). Kirchler and Angela Christian Hubert (.1999; accepted 1999; Available online1999); Institute of Psychology, University of Vienna.

[8] Antony Beckett, Paul Hewer, Barry Howcroft, "An exposition of consumer behaviour in the financial services industry", International Journal of Bank Marketing, 18(1), 2000, pp.15-26.

[9] Vijaya Ragunathan M, "A Study on Consumer Behavior Towards Life Insurance Products With Reference To IDBI Fortis Company Limited, Dindigul District", International Journal of Applied science, 6(8), 2016.

[10] Chaudhary P., (2012). Awareness and satisfaction level of consumers towards insurance products – a case study of Panipat city. International Journal of Research in IT and Management, 2(7), 68-74.

[11] Chowdhury T.A., Rahman M.I. & Afza S.R., (2007). Perceptions of the customers towards insurance companies in Bangladesh-a study based on the SERVQUAL model. BRAC University Journal, 4(2), 55-66.

[12] Grönroos, C. (1984). A service quality model and its marketing implications. European Journal of Marketing, 18(4), 36–45.

[13] Syamala Rao.G, "Growth and Performance of Insurance Sector with Special Reference to LIC of India", Excel Books, 2012.