

A STUDY OF FACTORS AFFECTING ON BUYING OF LIFE INSURANCE PRODUCTS

Prof (Dr.) D. P. Warne¹, Dr. Pawan Sharma²

¹Professor, Dept. of Commerce, Ch. Devi Lal University, Sirsa, Haryana, India

²Assistant Professor, School of Management, University of Engineering and Management,
Jaipur, Rajasthan, India

ABSTRACT

This research paper is an inquiry and elaborates about investment in life insurance products, detaching illumination on the factors affecting also. With the passage of time, investment scenario of customers is changing. Now investors are more dynamic and looking for various alternatives in this basket of investment, life insurance is one of them. Life insurance provides safety regarding future uncertainties as well as saving & investment. This study is an effort to explore and locate the behavior of the customers while they purchase life insurance products. This study is exploratory & descriptive in nature. Primary data has been significantly used for the successful completion of the study. Primary data for the study has been collected by choosing questionnaire method from 200 respondents. The findings and the results of the present study has been obtained by using percentage and graphical method. Results and findings of the study may be helpful & useful to the investors/customers for making their investments in life insurance products.

KEYWORDS: Demographical factors and life insurance product selection, Factors influencing, Income and life insurance product selection, Knowledge level of life insurance customers, Life Insurance, Motivational factors for life insurance product selection.

1. INTRODUCTION

Investment market is booming and diversifying its shape. Now peoples make their investment not

for the future savings but also to cover up the risks possibilities of the future. In this chain, insurance investment is one best tool of investment which provides investment as well as risk coverage. In the present scenario of the customer's market an individual for life and a businessman for its business safety choose the path of investment. Indian economy is a rural customer's supported economy. In the rural areas customers are not much aware about the typical investment tools like as shares, debentures, mutual funds, etc. To overcome the problem of the rural customers life insurance is a very familiar investment tool. Whole market is based on the customers/users, but there are huge numbers of products/schemes in the market which affect the behavior of the customers. Rodge (2001) concluded in the study influence of advertisement on consumer and resulted rural consumers are more in favor rather than the urban consumers. Sahu et. al. (2009) studied buying behavior of consumers towards life insurance products and showed favorable attitude of consumers towards life insurance products. This paper is basically framed to find out the factors which influence the buying of life insurance products and the motivational factors for the life insurance customers. This study is ordered into five sections. Begins with the introduction of the study which contains preface of whole the study. Next (second) section involves review of the past studies/literature for the successful completion of the study. The next (third) section of the present study contains the relevant framework/research methodology in which whole the study is framed. The forth section is full with the data results, which is very important to obtain the objectives of the study. Last and final (fifth) section of the study is related to ultimate results and conclusion of the study which is helpful to understand the whole study in few words and may be significant for the life insurance customers.

2. REVIEW OF LITERATURE

Review of the past literature is necessary to give a logical path and suggestions to the study. **Nielsen life survey (2008)** studied and resulted Indian investors prefer safety in investment. On the basis of this study, preferred tool of investment among Indian investor's are Life insurance products with (44%) pick life insurance and invest their money under this investment tool.

Tripathi (2008) conducted a research study that examined the purchase patterns within the insurance business, specifically focusing on HDFC Standard Life Insurance. To get insights into client perceptions and expectations of private insurers, an analysis was conducted considering several market categories categorized by insurance needs, age groups, and satisfaction levels.

Seth et.al (2010) studied the level of literacy in Delhi and NCR and resulted majority of investors

in favor of investing their money in life insurance, bank deposits and post office schemes.

Yadav and Tiwari (2012) emphasized in the study on the factors associated with the buying of life insurance policies. This study concluded the demographic variables are the most influencing and significant factors at the time of investing in life insurance policies.

Minash Rajkumar and Kannan (2014) conducted primary data study to analyze the factors linked while choosing life insurance products. This study focused on 7 P's with reference to the application of ANOVA. This study sum-up the fact as agents knowledge, popularity of LIC as compared to private players, tax rebates and mouth publicity are the major factors linked with life insurance policies.

Chaudhary, S. (2016) conducted study on life insurance policies with reference to customer's perceptions. 100 respondents chosen to complete this primary data based study. This study stressed on the results as LIC is most trusting name in life insurance sector. Most of the policyholders are satisfied with the services.

Bajpai et.al (2019) studied and emphasized the behavior of investors while they are investing in life insurance policies. Conclusion of this study focused on corporate agents, brokers, internet sources and most significant the demographic factors keenly linked with the choices of life insurance policies.

Bong et.al (2019) found that consumers' fear of unfavorable or unforeseen outcomes from purchasing a life insurance policy is another definition of risk.

Azeez and Kumar (2022) studied customer's preference for buying various life insurance products and resulted that insurance policy premium amount, influence of agents, claim amount are the key leading factors for the life insurance product selection.

Prajapati (2023) focused to study the customer's decision on buying of life insurance products and its factors affecting and identified important parameters as well as factors affecting while buying of insurance products by using chi square test.

3. OBJECTIVES OF THE STUDY

1. To study the impact of demographical factors on life insurance product selection.
2. To study the factors influencing and motivational factors for the selection of life insurance products.
3. To study the knowledge level of life insurance customers.

4. RESEARCH METHODOLOGY

This is the section for the boundary line for the successful completion of the study. The study is a try to find out the role of different factor on Indian life insurance product buyer. This is a primary data based research study, to reach on a significant end. Questionnaire method is adopted for the collection of the data for the study. Analysis is performed by using table, graphical and percentage method. To keeping in the mind the target of the study, the sample size for this primary data based study chosen as 200 respondents by using convenience sampling technique for the collection of the data by using structured questionnaire. To analyze the objectives of the study percentage method and graphical method is used with the tabulation of the data.

5. DATA ANALYSIS AND INTERPRETATIONS

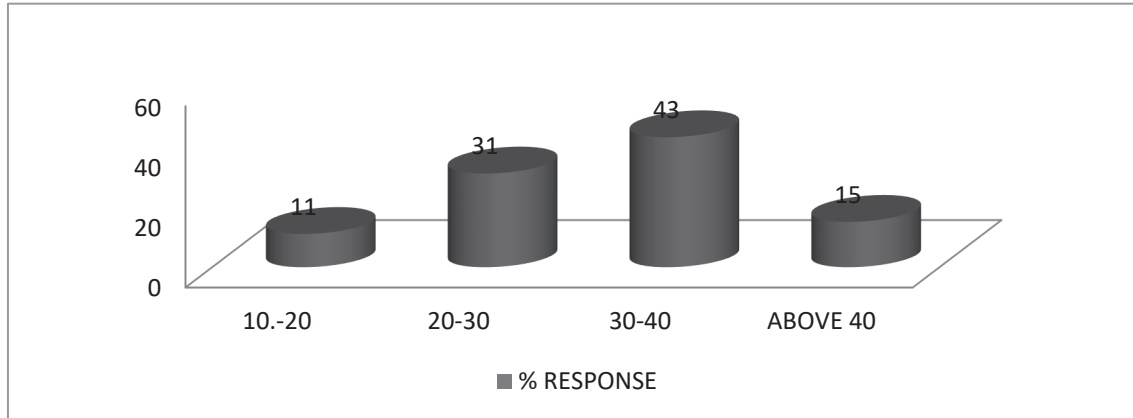
To examine the objectives, the next step is to set up appropriate tools and methods. Collected data was tabulated, analyzed and interpreted with statistical tool (percentage method, graphical method), with the help of M.S. Excel application software to achieve meaningful results.

Table 1: Customers Age and Life Insurance

Sr. No.	Age (years)	Respondents	Response in %
1	10-20	22	11
2	20-30	62	31
3	30-40	86	43
4	above 40	30	15
	Total	200	100

Source: Primary Data Survey

Figure 1: Response in Percentage



Source: Primary Data Survey

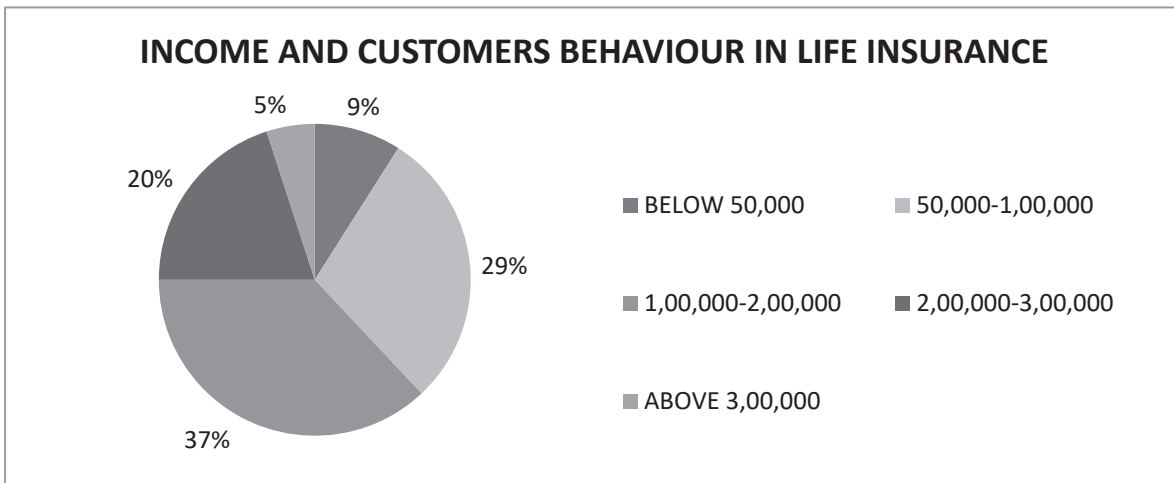
Table 1 and figure 1 shows the relationship of the age group and life insurance products selection. 10-20 years age group people (11 %) show lowest interest in life insurance. Age group of 30-40 years shows positive relation with the life insurance products selection. 31 % people belong to 20-30 years and 15 % people belong to above 40 years age group.

Table 2: Income and Customers Behaviour in Life Insurance

Sr. No.	Annual Income (in Rupees)	Respondents	Response in %
1	Below 50,000	18	9
2	50,000-1,00,000	58	29
3	1,00,000-2,00,000	74	37
4	2,00,000-3,00,000	40	20
5	Above 3,00,000	10	5
	Total	200	100

Source: Primary Data Survey

Figure 2: Response in Percentage



Source: Primary Data Survey

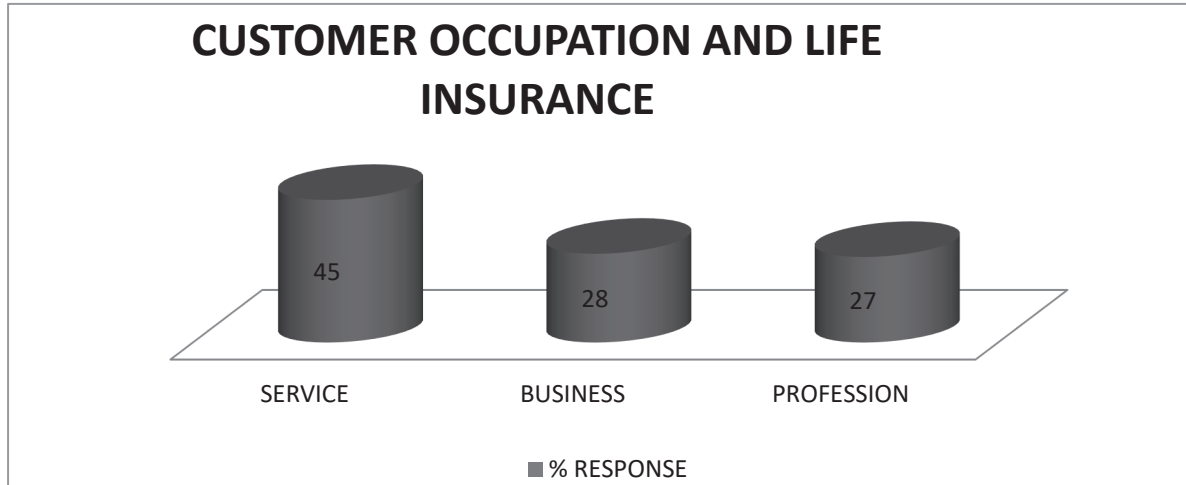
As shown above, as per the survey 37 % respondents belongs to Rs. 1,00,000 - 2,00,000. But above Rs 3,00,000 income customers show fewest response. 29 % people belongs to Rs 50,000-1,00,000 income and Rs 2,00,000-3,00,000 income group people include 20 % of the respondents. Thus, Rs 1,00,000-2,00,000 income group people show great interest in life insurance.

Table 3: Customer Occupation and Life Insurance

Sr. No.	Occupation	Respondents	Response in %
1	Service	90	45
2	Business	56	28
3	Profession	54	27
	Total	200	100

Source: Primary Data Survey

Figure 3: Response in percentage



Source: Primary Data Survey

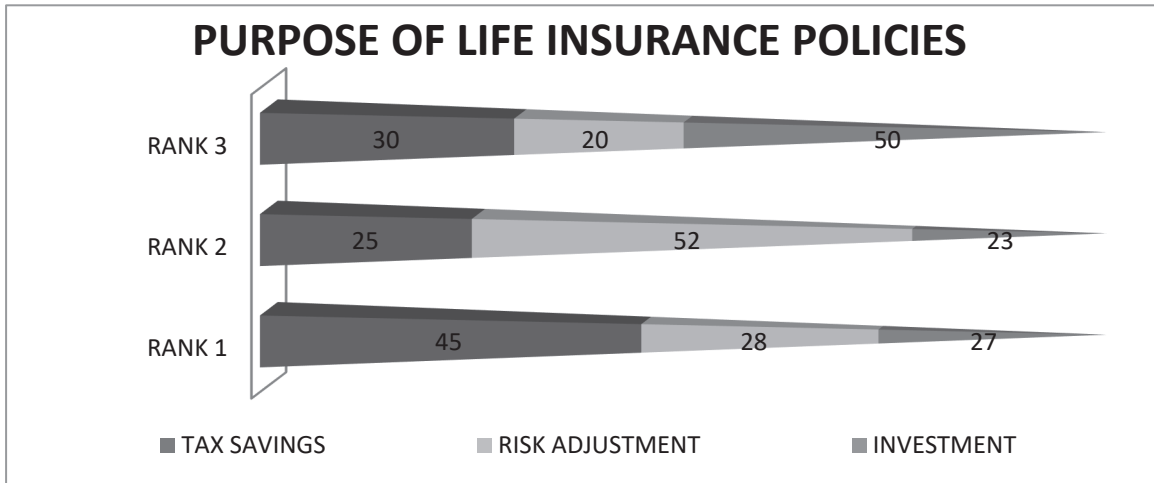
Service group people prefer most the life insurance products as shown in the table 3 and figure 3, 45 % of the respondents shown great interest in the life insurance products. Professional people showed very lower interest in the favour of life insurance i.e. 27%. 28% business group people shown response in the favour of life insurance.

Table 4: Purpose of Life Insurance Policies

Sr. No.	Purpose	Rank 1	Rank 2	Rank 3
1	Tax savings	45	25	30
2	Risk adjustment	28	52	20
3	Investment	27	23	50
	Total	100	100	100

Source: Primary Data Survey

Figure 4: Purpose of life insurance policies



Source: Primary Data Survey

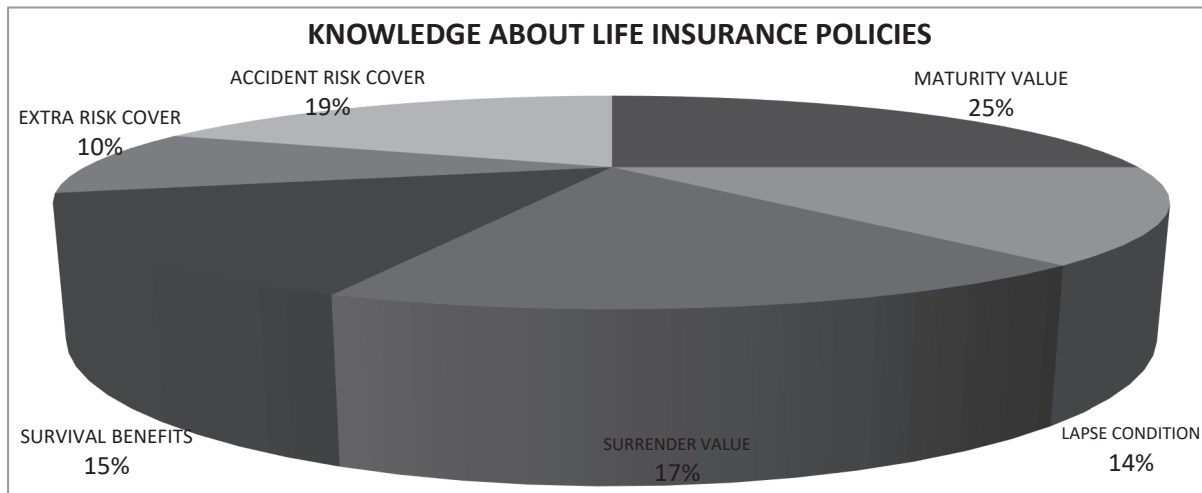
In the above shown table 4 and figure 4, three main purposes has been taken into consideration for the respondents to invest in life insurance products further ranks also used for each of them to measure the main purpose of the life insurance customers. Tax saving (45 % with rank 1) is the main purpose of the life insurance customers, after this life insurance customers are in favor of risk adjustment (52% with rank 2) and very fewer people found in favor of investment (50% with rank 3) for obtaining life insurance products.

Table 5: Knowledge about Life Insurance Policies

Sr. No.	Benefits	Respondents	Response in %
1	Maturity value	82	25
2	Lapse conditions	47	14
3	Surrender value	57	17
4	Survival benefits	48	15
5	Extra risk cover	34	10
6	Accident risk cover	63	19

Source: Primary Data Survey

Figure 5: Response in Percentage



Source: Primary Data Survey

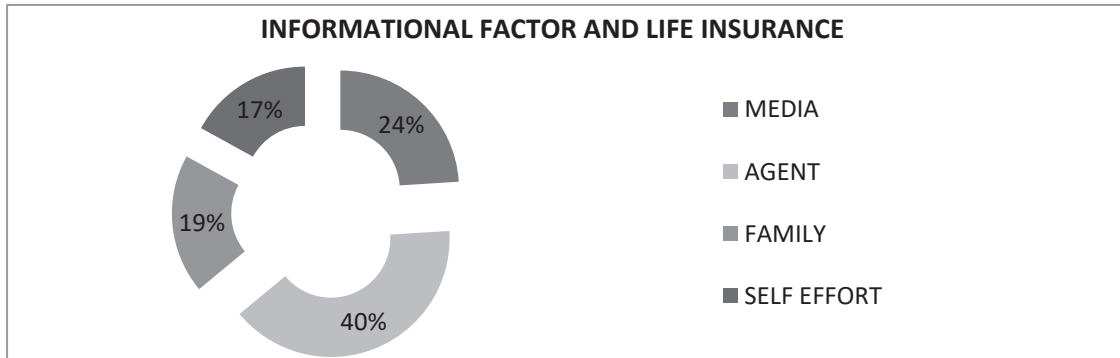
Above shown table and figure describing the relationship of knowledge level about life insurance policies and the buying behavior of the life insurance customers. Most of the life insurance customers put money into life insurance due to the maturity value (25%). Extra risk cover is the lower choice (10%) of the life insurance customers to invest in life insurance products. Lapse conditions (14%), surrender value (17%), accident risk cover (19%) other knowing.

Table 6: Informational Factor and Life Insurance

Sr. No.	Source	Respondents	Response in %
1	Media	48	24
2	Agent	80	40
3	Family	38	19
4	Self effort	34	17
	Total	200	100

Source: Primary Data Survey

Figure 6: Response in Percentage



Source: Primary Data Survey

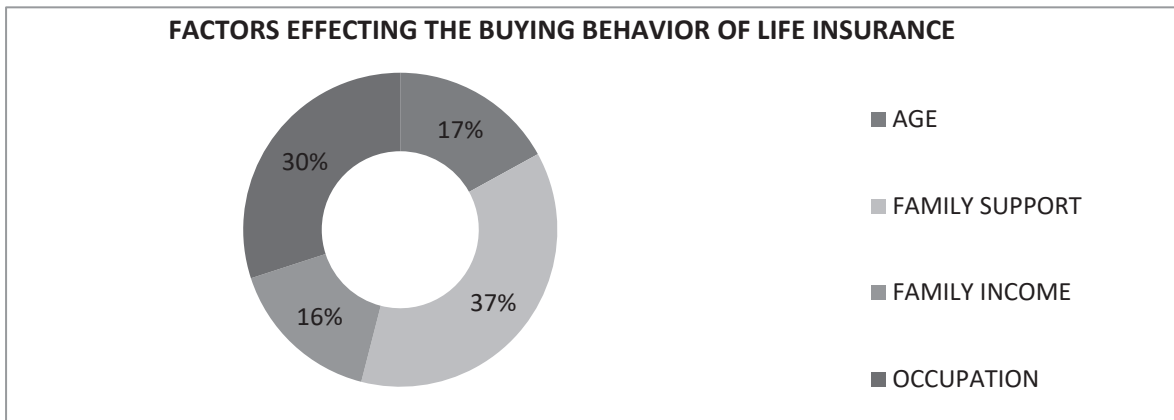
As shown in the table 6 and figure 6, most of the life insurance customers get information from agents (40%). Self-effort (17%) is the lowest information channel and media (24%), family (19%) are the other information channel to know about the life insurance products.

Table 7: Factors effecting the buying behavior of Life Insurance

Sr. No.	Factors	Respondents	Response in %
1	Age	34	17
2	Family support	74	37
3	Family income	32	16
4	Occupation	60	30
	Total	200	100

Source: Primary Data Survey

Figure 7: Response in percentage



Source: Primary Data Survey

Table 7 and figure 7 is framed to know the Factors effecting the buying behavior of Life Insurance product customer’s. Family support (37 %) is the main factor, second major factor is occupation (30 %) which influence the life insurance customer behaviour. Age (17 %) cause very fewer influence on the selection of the life insurance products.

6. CONCLUSION

Life insurance product selection influenced by a number of factors and these factors vary from customer to customer for life insurance product. As per this study it can be concluded, agents are the main source of information for the customers. Majorly people buy the life insurance produces due to their maturity value. Service class people’s favorite option of investment due to tax saving purpose. Now, life insurance is getting very popularity among the investors due to a large numbers of benefits.

7. REFERENCES

- [1]. Azeez, M. Y. & Kumar, Y. A. (2022). A Study on Factors Affecting Customer Preference with Respect to Life Insurance Products. *International Journal of Scientific Development and Research*, 7(1), 266-285.
- [2]. Chaudhary, S. (2016). Consumer Perception Regarding Life Insurance Policies: A Factor Analytical Approach. *Pacific Business Review International*, 9(6), 52-61.

- [3]. Chimedtseren, E., & Safari, M. (2016). Service quality factors affecting purchase intention of life insurance products. *Journal of Insurance and Financial Management*, 1(1), 1-12.
- [4]. Das, B., Mohanty, S., & Shil, N. C. (2008). Mutual fund vs. life insurance: Behavioral analysis of retail investors. *International journal of business and management*, 3(10), 89-103.
- [5]. Hwang, T., & Greenford, B. (2005). A cross-section analysis of the determinants of life insurance consumption in Mainland China, Hong Kong, and Taiwan. *Risk Management and Insurance Review*, 8(1), 103-125.
- [6]. Jiang, S. J., Liu, X., Liu, N., & Xiang, F. (2019). Online life insurance purchasing intention: Applying the unified theory of acceptance and use of technology. *Social Behavior and Personality: an international journal*, 47(7), 1-13.
- [7]. Keat, P. T. B., Zakaria, W. N. W., & Mohdali, R. (2020). Factors influencing purchase intention of life insurance among engineering students. *Open International Journal of Informatics*, 8(1), 1-9.
- [8]. Minash Rajkumar, P. A. & Kannan, N. (2014). Factors Affecting Customer's Preferences for Selection of Life Insurance Companies: An Empirical Study with Reference to Tamilnadu. *International Journal of Accounting & Business Management*, 2(1), 87-95.
- [9]. Negi, D., & Singh, P. (2012). Demographic analysis of factors influencing purchase of life insurance products in India. *European Journal of Business and management*, 4(7), 169-180.
- [10]. Nursiana, A., Budhijono, F., & Fuad, M. (2021). Critical factors affecting customers' purchase intention of insurance policies in Indonesia. *The Journal of Asian Finance, Economics and Business*, 8(2), 123-133.
- [11]. Prajapati, K. B. (2022). A Study on Factors Influencing Decision of Customers Purchasing Life Insurance Product with Reference to Education Group in Gujarat Region (Chi-square Analysis Approach). *International Journal of Education and Management Studies*, 12(3), 170-176.
- [12]. Rodge, J. R. (2001). Influences of advertisement on consumers of different age groups and areas. *Indian Journal of Marketing*, 31, 25-29.
- [13]. Sahu, P., Jaiswal, G., & Pandey, V. K. (2009). A study of buying behaviour of consumers towards life insurance policies. *Aima Journal of Management & Research*, 3(3), 1-10.

- [14]. Srivastava, M., & Rastogi, M. (2010). Life Insurance and Working Women: A Critical Study of Factors Affecting the Purchase Decision. *Indian Journal of Marketing*, 40(11), 53-61.
- [15]. Yadav, B., & Tiwari, A. (2012). A study on factors affecting customers investment towards life insurance policies. *International Journal of Marketing, Financial Services & Management Research*, 1(7), 106-123.

