An Empirical Study of Customer Behaviour towards Life Insurance Products in Ponda Taluka

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Abstract

This paper reviews the extent of research on systemic risk in the insurance sector and outlines new areas of research in this field. The aim of the study is to identify the influencing factors to prefer the life insurance products to buy. The primary data has been collected with the help of questionnaire from the Customer from Ponda Taluka of Goa from period commencing from 1st December 2023 to 10th February 2024. The data was collected through structured questionnaires. The secondary data sources such as Magazines, Journals, Newspapers, several books, and online materials have been collected to achieve the objectives of the present study. The research shows that more than majority of the people are aware of the importance of a life insurance policy among the people and know the benefits and benefits it can give. This study stands useful for drawing couple of suggestions which may be beneficial for any further growth of insurance sector industries, common people, and for the government.

Key Words: Insurance policy, systematic risk, life insurance, insurance products.

Introduction

Insurance is a way to manage your risk. When you buy insurance, you purchase protection against unexpected financial losses. The insurance company pays you or someone you choose if something bad happens to you. If you have no insurance and an accident happens, you may be responsible for all related costs. Having the right insurance for the risks you may face can make a big difference in your life. People get insurance not only to help with risks from unexpected events but also to help pay for routine things, such as annual medical checkups and dental visits. In addition, insurance companies negotiate discounts with health care providers, so their customers pay those discounted rates. An insurance policy is a written contract between the policyholder (the person or company that gets the policy) and the insurer (the insurance company). The policyholder is not necessarily the insured.

Review of Literature

For current study, the following literatures have been reviewed.
Martin Eling and David Pankoke (2014): reviewed the topic of "Systemic risk in The Insurance sector". This paper reviews the extent research on systemic risk in the insurance

sector and outlines new areas of research in this field. 43 theoretical and empirical research papers have been summarized and classified in this paper. This paper is of interest not only to academics but is also highly relevant for the industry, regulators and policymakers.

C. Balaji (2015): in his paper- "Customer awareness and satisfaction of life insurance policy holders with reference to Mayiladuthurai Town" tries to measure awareness among the urban and rural consumer about the insurance sector and the various policies involving various premium rates. The study was conducted by examining around 100 sample respondents which revealed that 100% of respondents are aware of the life insurance policies, whereas 87% of the respondents came to know about insurance policies through agents. But it also came to light that Most of the respondents are aware of government insurance company LIC and in the private sector HDFC Standard Life insurance.

Sumana B. K. and Roshan K. (2016): In his study "A review of Literature on Life Insurance in India" tries to highlight various elements of life insurance concept which will benefit to people at large and can also contribute to the insurance sector in terms of growth. This research tries to systematically review important available literature on life insurance.

Mohammad Yaqub Azeez and Y. Arun Kuma (2022): reviewed a study on "Factors affecting customer preference with respect to life insurance products". The aim of the study is to identify the influencing factors to prefer the life insurance products to buy. For that study has made on the basis of consumer behaviour with a focus on mainly factors affecting the customer preference for choosing the life insurance product policyholders. The responses of respondents were analyzed by using the statistical tool one way Anova test. Findings are discovered on the basis of product features, premium, paying term of the product, pitching of salesman or agents and the claim rate of the organization are the Factors that influences to prefer the insurance product.

Research Objectives
1. To Study the number of customers who have invested in Life Insurance.
2. To evaluate the factors influencing Customer decisions while purchasing Life Insurance Products.
3. To evaluate the benefits considered by the customers while investing in Life Insurance Products.

Sample Size
The researcher has taken a sample of 180 respondents on convenient sampling in the Ponda Taluka of Goa.

Sources of Data
The Quantitative data was collected through a survey method with the help of structured questionnaires. The questionnaire was personally handed over to the respondents. Data was collected from secondary data sources such as Magazines, Journals, Newspapers, several books, and online materials to achieve the objectives of the study.

Period of Study

The study is based on Primary as well as secondary data. The primary data in the present study has been collected with the help of questionnaire from the Customer from Ponda Taluka from period commencing from 1st December 2023 to 10th February 2024. Hence the period of the survey is considered as period of the study.

Analysis and Interpretation

Profile of Respondents

A brief description of the sample collected from the respondents, in the study, with reference to their demographic characteristics and personal attributes is given below:

Table No. 1: Respondents Demographic Profile

Sr. No	Particulars	Frequency	Percentage
1.	**Gender**		
	Male	102	57%
	Female	78	43%
	Total	**180**	**100%**
2.	**Age**		
	10-20	4	2%
	20-30	28	15%
	30-40	118	66%
	Above 40	30	17%
	Total	**180**	**100%**
3.	**Educational Status**		
	Below SSC	17	9%
	SSC	33	18%
	HSSC	73	41%
	Graduate	29	16%
	Postgraduate	19	11%
	Professional Courses	9	5%
	Total	**180**	**100%**
4.	**Employment Status**		
	Self Employed	33	18%
	Government Servant	73	41%
	Private Employee	46	26%
	Others	28	15%
	Total	**180**	**100%**
5.	**Monthly Income**		
	Below 10,000	11	6%
	10,000-20,000	18	10%
	20,000-30,000	108	60%
	30,000-40,000	21	12%
	Above 40,000	22	12%
	Total	**180**	**100%**

Source: Primary Data (Field Survey)

Table 1 indicates that, out of 180 respondent's majority are male i.e. 57% and 43% are female respondents. 2% of the respondents are in the age group of 10-20, 15% from age group of 20-30, majority are from age group of 30-40 i.e. 66% and remaining 17% are above 40 years of age. As far as educational qualification is concerned, it is seen that 9% are below SSC, 18% and 41% are SSC and HSSC respectively, 16% are graduate, 11% have done postgraduate and 5% have done some professional courses. The respondent's employment status shows 18% are self-employed, 41% are government servant, 26% are working in private firms and 15% are working as daily wage earners and students.

Table No. 2: Life Insurance Policy Purchased by Respondents

Sr. No	Particulars	Frequency	Percentage
1.	**Life Insurance Policy Purchased or not**		
	Yes	144	80%
	No	36	20%
	Total	**180**	**100%**

Source: Primary Data (Field Survey)

The table shows the percentage of people having or not having a life insurance policy. 80% of the responses collected do have a life insurance policy and remaining sample of 20% does not have a Life Insurance policy. This shows that the awareness and importance of a LIC policy among the people needs to increase.

Table No. 3: Reasons for not buying Life Insurance

| Sr. No	Particulars	Frequency	Percentage
1.	**Reasons**		
	Inconvenience/Onerous purchasing process	7	19%
	Too Expensive	15	42%
	Unnecessary Purchase	8	22%
	I Don't Believe In Insurance	1	3%
	Others	5	14%
	Total	**36**	**100%**

Source: Primary Data (Field Survey)

Above table shows 42% believed it to be a too expensive and 22% thought it was an unnecessary purchase. 19% said that it was a onerous process to buy a Life Insurance. While 14% did not purchased a Life Insurance Policy due to other reasons. Minority said they don't believe in insurance i.e. 3%.

Table No. 4: Company Preference

Sr. No	Particulars	Frequency	Percentage
1.	**Insurance Company Policy Purchased**		
	Life Insurance Corporation of India (LIC)	62	43%
	HDFC Life Insurance Co. Ltd	33	23%

|			
	Max Life Insurance Co. Ltd.	17	12%
	Kotak Mahindra Life Insurance Co. Ltd.	12	8%
	TATA AIA Life Insurance Co. Ltd.	1	1%
	SBI Life Insurance Co. Ltd.	13	9%
	Other	6	4%
	Total	**144**	**100%**

Source: Primary Data (Field Survey)
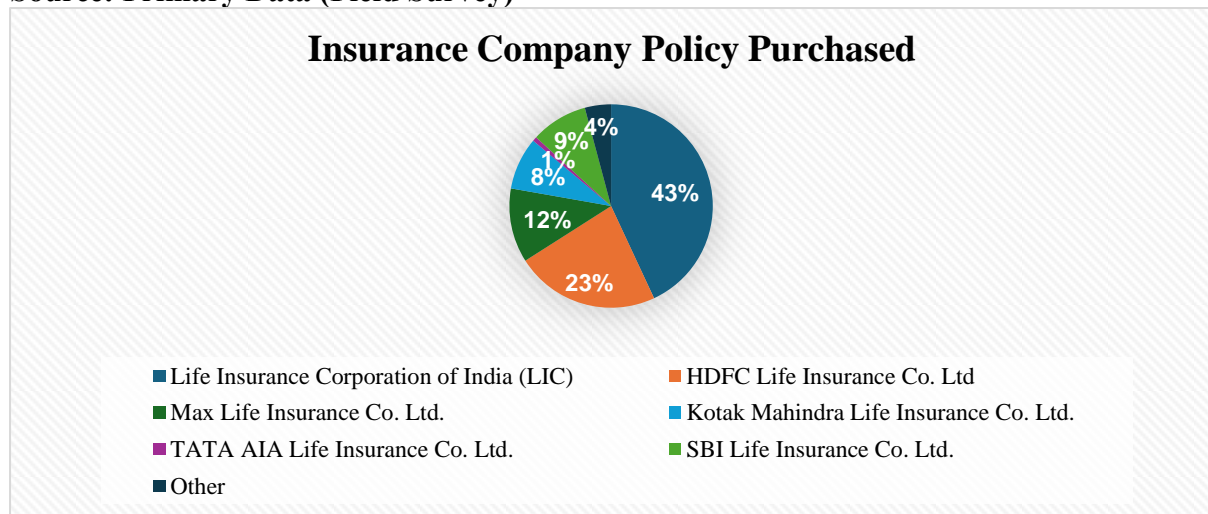
Figure No: 1

From the above pie chart its clearly seen that majority have purchased from Life Insurance Corporation of India which is 43%. HDFC life Insurance Co. Ltd and Max Life Insurance Co. Ltd is 23% and 12% respectively. 8% have purchased Kotak Mahindra Life Insurance and 9% from SBI Life Insurance. Only 1% preferred TATA AIA Life Insurance. 4% preferred others like Max Life, ICICI etc.

Figure No. 2: Benefits to be considered while purchasing Life Insurance Policy
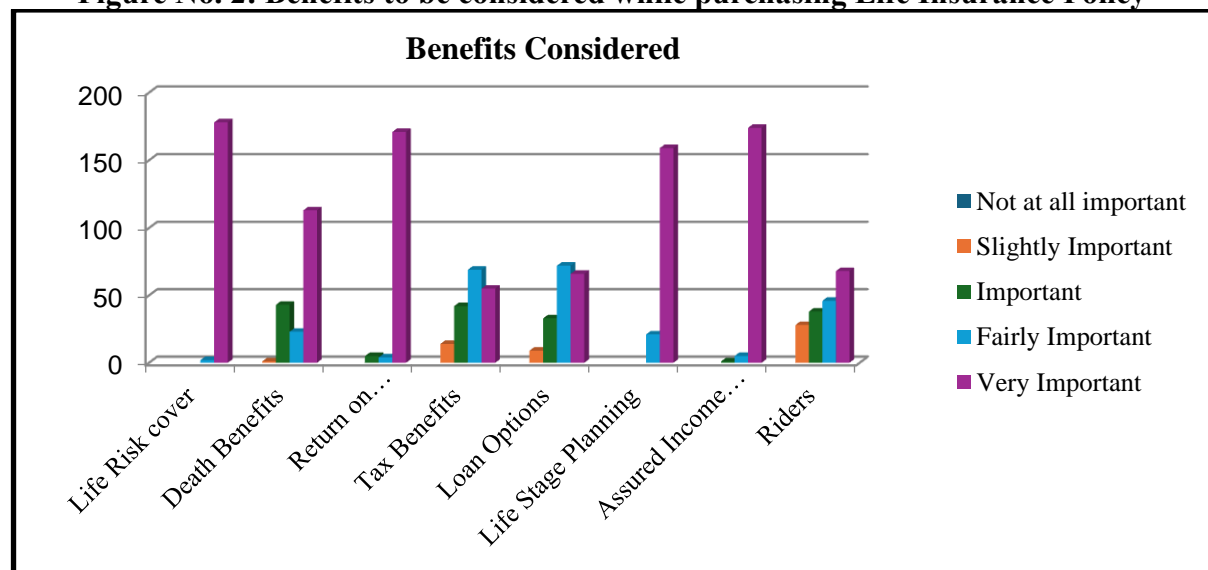
Source: Primary Data (Field Survey)

The above bar graph shoes the important of coverage of life risk. 98% of the people think it is very important aspect and also 2% finds with fairly important while buying a life insurance policy. The death benefits are not so important for 1% only. 24% considers it to be a important one, 13% to be fairly important and 62% to be very important. Return on investment is important to very important for everybody. 31% says Tax benefits is very important factor. 5% says loan options available are slightly important, and rest other says from important to very important. Majority are considering Life stage planning as important benefits. Majority also look for assured income benefits. Some also considers riders also important.

**Figure No. 3: Important factors to use when buying Life Insurance Product**
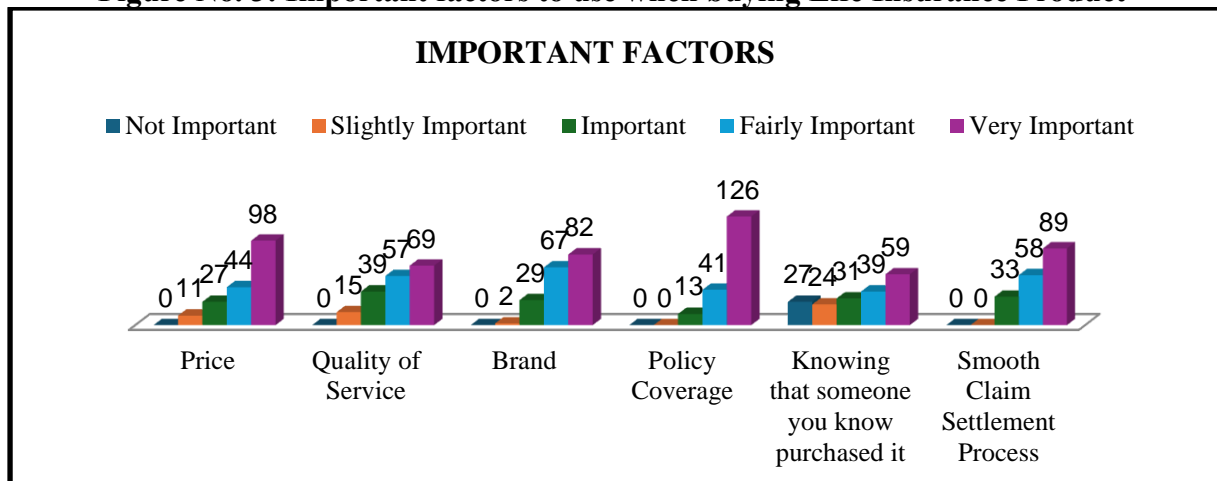
Source: Primary Data (Field Survey)

The factor "price" is very important for most of the people , important and fairly important for the rest. The quality for the service id slightly important foe 15 people, important for 39 people, fairly and very important for 57 and 69 people. The brand is a very important factor for the majority of the people and fairly and vary important for the rest. 126 people find the coverage of the policy to very important factor and remaining says it is fairly important. 27 people thinks that knowing a person who already has the same policy is not that important while 24 says it is slightly important, 31 and39 its fairly important and 59 says that's a very important factor.

According to 89 people claim settlement process is very important factor and 58 says it's fairly important while 33 it's neutrally important.

Figure No. 4: Most important Life Insurance Policy Considered
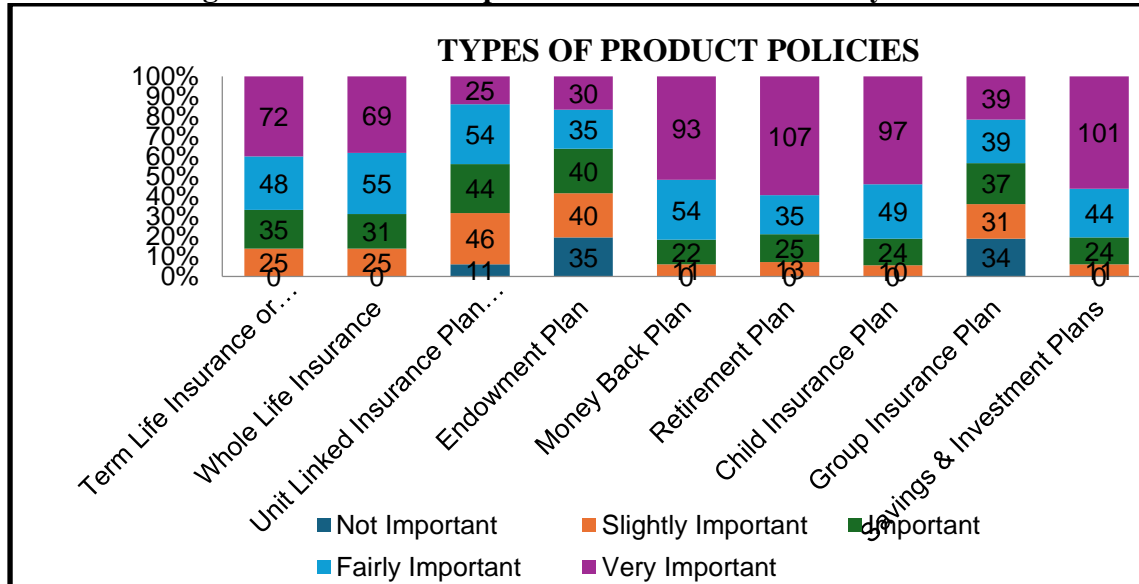
Source: Primary Data (Field Survey)

The Term Life Insurance is very important for the majority of the people. 25 say it's slightly important, 35 and 48 people says it's neutrally and fairly important. The Whole Life Insurance is very important for the majority of the people. 25 says it's slightly important, 31 and 55 people says it's neutrally and fairly important. The importance of ULIP is roughly equal among the respondents. Most of them say that money back plan is very important LIC plan. It is of fair importance amongst rest. Most says that retirement plans very important Life Insurance Product. It is of fair importance amongst rest. The Child Insurance is very important for the majority of the people.10 says its slightly important, 24 and 47 people says its neutrally and fairly important. The importance of group insurance plan is roughly equal among the respondents.101 people says that the saving and investment plans are of most importance, 44 says it to be of fair importance 24 to be neutrally important and only 11 says it to be of slight importance.

Findings of the study

The demand for private insurance companies has been enormously increased through last decades due to better quality services offered by them. Private insurance companies are giving a tough competition to public insurance companies. This survey displays that people are quite satisfied with Indian insurance service sector but there always a scope of improvement. The study shows that the major barrier for not buying a Life Insurance policy is that it is an expensive purchase. As per survey the people said that they don't believe in insurance, some said insurance is too expensive, and they also said its unnecessary purchase. The study clearly shows that low income of a person holds him back from investing his savings into a insurance policy. Generally, a good policy plan with more coverage and returns comes along with a very high premium which makes it very difficult for a common person to buy. The factors like prices, premium, brand, years covered, terms and conditions

etc that influences a person for buying a Life Insurance policy plays a major role. Anyone can easily invest in a Life Insurance Policy if this factor is in his favor.

Conclusions

The purpose of this study was check the literacy level of the people residing in Ponda Taluka on life insurance policies offered by various insurance companies with their advantages and usefulness. This study has analysed the data collected from policy holders and has brought out the expectations of the policy holders and their preferences. It has also depicted the general idea of the policy holders regarding their choices and problems faced. This study stands useful for drawing couple of suggestions which may be beneficial for any further growth of insurance sector industries, common people and also for the government. The primary data collected shows that more than majority of the people are aware and know the importance and benefits a Life insurance policy can give. The society especially the young generation is well informed and believes in saving and investment policies.

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