



A STUDY OF ANALYSIS ON PERCEPTIONS OF CONSUMER BEHAVIOUR AND ATTITUDE TOWARDS LIFE INSURANCE COMPANIES

Dr. R. Sridharan* Dr. E. Sambasivan*

*Assistant Professors, Department of Commerce, Faculty of Science and Humanities, SRM University, Chennai.

Introduction

In today's hectic world, there is a lot of uncertainty, risk and stress in everybody's life. Generally, human beings are risk averse. People have an urge to minimize the risks and take protection against possible uncertainty of life. Life insurance provides a mean by which people can collectively seek protection against various types of risks related to their life that may arise in future. Not only risk coverage, life insurance also provides certain other benefits, namely investment, tax saving, loan facility, etc. Keeping in view the varied requirements of insurance customers, insurance companies endeavour to offer a large variety of insurance products or policies to prospective customers. Since the relationship with the insurance customer continues over a sufficiently long period of time, the insurance companies are required to provide a lot of services to a policyholder till the maturity of the insurance policy.

The extent of attention given to customer needs has increased a lot in India with the transition of life insurance sector from a state monopoly to a market driven one. Till 2010, 23 private players have entered the Indian life insurance industry. The entry of such a large number of private companies has changed the market from a seller's market to a buyer's market.

The private companies are making strides in raising awareness levels through extensive advertisement campaigns, introducing innovative products and increasing the penetration of life insurance in the vastly underinsured Indian market. The new players offer a plethora of new and innovative products, mainly from the stables of their international partners. Customers have tremendous choice from large variety of products from pure term (risk) insurance to unit linked investment products. Competition in insurance industry spurred product innovation, reduced premium, active sales and distribution channels coupled with targeted advertising and marketing campaigns by the insurers.

Consumers have become the most important centre of the insurance sector. Because of this, insurance companies have begun to provide better customer services. Advice and need-based selling practice is emerging through a much better trained sales force and advisors. The response and turnaround times are signaling improvement in specific areas, such as delivery of first policy receipt, policy document, premium notice, final maturity payment, settlement of claims, etc.

As a result of customer orientation, the new private insurers have acquired 36 percent share of new business of the life insurance market by the end of 2008. The one time monopoly of the LIC is now going through a revision. However, the mushrooming growth of life insurance business and service-based competition has posed some problems for the customers. One of the problematic outcomes of the enhanced competition has been the difficulty in choosing an appropriate company by the prospective customers. Hence, the present study has made an attempt to find out and analyze consumer behaviour and attitude towards life insurance companies.

Scope of the Study

After the globalization of Indian insurance market, Indian insurance market went through number of drastic changes. More number of Indian companies comes forward to start insurance companies in association with foreign insurance legends. There are 24 private companies in Indian insurance market. The performance of such private life insurance companies is commendable and day by day, they are moving towards better performance which gives stiffer competition to LIC. Private Life Insurance Companies provide a wide variety of innovative life insurance products to the public than LIC which provide them a competitive advantage over LIC in the insurance market. Moreover, Private

Insurance Companies adopt different types of innovative and thoughtful sales and marketing strategies to attract the public which are outcome of association of foreign insurance companies with Indian Private insurance companies. Therefore, it is essential to have a detailed study on Indian Life Insurance Companies' sales and marketing strategies and their innovative life insurance products.

Objectives of the Study

1. To study about consumer behaviour and attitude and their preference towards Indian Life Insurance Companies.
2. To find out and analyze consumer behaviour and attitude of the respondents towards Life Insurance Companies.

Data Collection

The study is based on both primary data and secondary data. Data and information relating to sales and marketing strategies of selected private life insurance companies, their insurance products and their performance are collected and analyzed from



various secondary sources which include annual reports of selected private life insurance companies for various years, annual reports of Insurance Regulatory Authority of India (IRDA), Hand book on Indian Insurance Statistics etc...

Data and information relating to consumer attitude and preference towards life insurance companies, consumer satisfaction and the factors which attract the people towards Indian Life Insurance

Sampling Frame

Primary data needed for the study have been collected through questionnaire issued to people of Chennai city who are the sample for the study. Sample consists of people in Chennai city belonging to different occupations, religion, category and age group. Convenience sampling has been adopted considering the availability and approachability of people.

Review of Literature

Jha, (1999) commented that improvement in life span and advancement in medical science had changed the customers' needs for insurance products worldwide. The focus of the insurers in matured market of the west had shifted to pension, health care and protection products.

Hasanbanu, and Nagajyothi, (2007) concluded that there is significant relationship between age, educational qualification, gender, occupation and income of respondents and their level of investment with taking LIC policies and further concluded that there is no significant relation between marital-status, family type and family size and their level of investment with taking LIC policies.

Consumer preferences means subjective (individual) tastes, as measured by utility, of various bundles of goods. They permit the consumer to rank these bundles of goods according to the levels of utility they give the consumer. Preferences are independent of income and prices. Ability to purchase goods does not determine a consumer's likes or dislikes. One can have a preference for Porsches over Fords but only have the financial means to drive a Ford.

Consumer preference is used primarily to mean an option that has the greatest anticipated value among a number of options. This is an economic definition and doesn't tap in to wishes or dreams, but for all practical purposes is an appropriate definition. Preference and acceptance can in certain circumstances mean the same thing, but, it is useful to keep the distinction in mind with preference tending to indicate choices among neutral or more valued options while acceptance indicating a willingness to tolerate the status quo or some less desirable option.

Therefore, to design and evaluate new product or service strategies, managers require an understanding of how consumer form preferences and how they will behave if a new product or service is launched. Accurate predictions on consumer response coupled with models of production costs, tax rates, cash flow and product line considerations can lead to more successful products and can reduce the risk of failure.

Namasivayam (2006) studied the socioeconomic factors influencing the decision to obtain life insurance policy. The study reported that socioeconomic factors, such as age, education level and gender of the policyholders are insignificant but income level, occupation and family size are significant factors influencing the preference of the policyholders towards various types of policies of LIC of India

Devasenathipathi, (2007) analyzed and rated all the life insurance companies by examining certain variables. The study also examined the effect of privatization, measured the customer perceptions, analyzed purchase behaviour, and consumer awareness regarding the life insurance policies. The study also reported that awareness and growth prospects of LIC were considerably better than the private players.

Bodla and Verma (2007) conducted a study to understand the consumer's insurance buying behaviour in rural areas of Haryana. The study was conducted to understand the consumer demographics, to examine the preference of the policyholders towards various types of policies of insurance and to probe into the reasons or the causal factors behind the insurance product purchases in rural area. The study found that the respondents in the age-group of 31-40 years dominated the rural insurance market; agents were the most important source of information and motivation as the people took a policy that was suggested by the agent; Money-back policy was the most preferred policy in the rural areas; and the rural people exhibited less faith in private players.

Khurana (2008) attempted to identify customer preferences regarding plans and company, their purpose of buying insurance policies, their satisfaction level and future plans for the new insurance policy. The results of this study show that protection was the main purpose of buying an insurance policy. Half of the respondents (50%) faced the claim settlement problem and the remaining half faced problems while collecting the relevant information from the insurance company. Out of the total



sample 28.1 % of the respondents had obtained the Money-Back Policy, out of which 77.8% were policyholders of LIC only, which meant that the customers preferred public sector companies to private sector companies.

Analysis and Discussions

1. Female respondents constitute 53.9% of the sample.
2. 54.1% of the respondents are married.
3. 62.3% of the respondents are below the age of 40 years.
4. The respondents who have completed at least under graduate degree constitute 80.7% of the sample and the remaining 19.3% of the respondents completed up to higher secondary education.
5. 37% of the respondents have up to 2 members as dependents
6. 17.3% of the respondents are professionals, 19.1% of the respondents are government employees, 33% of the respondents are private sector employees and 30.6% of the respondents are in business.
7. Around 40% of the respondents have annual income of Rs 100001 to Rs 300000.

Gender and Consumer Behaviour and Attitude of the Respondent

Gender	Mean Value	F Value	P Value	Result
Male	2.3212	1.361	.244*	Not significant
Female	2.2369			

Source: Primary data

*At 1% level of significance; **At 5% level of significance

The above one way ANOVA table shows that there is no significant difference between gender and behaviour and attitudes of the respondents towards insurance companies. Therefore, it can be said that gender of the respondents does not affect consumer behaviour and attitude levels of the respondents towards private insurance companies.

Age and Consumer Behaviour and Attitude of the Respondent

Age	Mean value	F value	P value	Result
Up to 18 years	2.3465	.632	.594*	Not significant
19 years to 40 years	2.2769			
41 years to 60 years	2.2056			
More than 60 years	2.2740			

Source: Primary data

*At 1% level of significance **At 5% level of significance

Educational Qualification and Consumer Behaviour and Attitude of the Respondent

Educational qualification	Mean value	F value	P value	Result
Up to HSC	2.2617	.555	.645*	Not significant
UG	2.3237			
PG	2.2153			
Professional	2.3124			

Source: Primary data

*At 1% level of significance; **At 5% level of significance



The above one way ANOVA table shows that there is no significant difference between educational qualification and behaviour and attitudes of the respondents towards insurance companies. Therefore, it can be said that educational qualification of the respondents does not affect consumer behaviour and attitude levels of the respondents towards insurance companies.

Conclusion

This research has studied about perceptions of consumer behaviour and attitude towards Life Insurance Companies. Certain specific observations and conclusion are made in this study. All the companies are coming with innovative product strategies, pricing strategies, promotional strategies, distribution strategies and services still they are grappling with the right marketing strategies for reaching potential customers. Some of the contemporary strategies of Indian life insurance companies are Price Bundling and Product Bundling, Product Advertisement, Channels, Service etc. People are interested in purchasing insurance products from insurance companies which means that insurance companies gained confidence of the people. People are satisfied with products and services of insurance companies. People prefer products and services of insurance companies and they are willing to refer products and services of insurance companies to others. People have positive attitude towards products and services of insurance companies.

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