A Study on Factors Affecting Customers Investment Decisions towards Life Insurance Policies: A Study at Satna District

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ABSTRACT

Mortal life is a most important asset and life insurance is the most important type of insurance which provides fiscal protection to a person and his family at the time of uncertain pitfalls or damage. Life insurance provides both safety and protection to individualities and also encourages savings among people. Lic of India plays a vital part in the weal of mortal well- being by furnishing insurance to millions of people against life pitfalls similar as uncertain death or accident.

The present exploratory and descriptive based study was named with an ideal to identify those factors which impact guests policy buying decision and also dissect the preferences of guests while life policy investment decision- timber. Colorful insurance related factors have been bandied in the paper. The data for the study has been collected from both primary and secondary sources. The study area is limited to Satna quarter, of Madhya Pradesh and sample size is 150 policyholders of LIC and different private life insurers have been named through a stratified and intentional slice system. Experimenter has taken many thesis grounded on demographic and insurance grounded preference factors and tested them with the help of colorful statistical tools like ki- forecourt, correlation and weighted average system. The anatomized data has been presented in the form of table, bar graphs and pie- maps. LIC is the most accepted and popular brand in life insurance, the request share of private insurers are gradationally adding with people trust and better services offered by them are some of the main findings of the study. Insurance companies should spread further mindfulness about life insurance, reduction in decoration quantum and giving further attention on need grounded innovative products are some of the suggestions handed by the experimenter. The paper concludes with that demographic factors of the people play a major and vital part in deciding the purchase of life insurance programs.

KEY WORDS: life insurance, risk

INTRODUCTION

Life insurance is a must for everyone because life is very precious. With a population of over one billion, national and international life insurance companies, see India as a land of opportunities and a market for big business. Until 1999, the business of life insurance in India was the monopoly of life insurance Corporation of India (lic). Privatization witnessed dynamic changes in the insurance industry and most of the private insurance companies are joint ventures with recognized foreign players across the globe. Customers are the main pillar of life insurance business. Every company tries to attract and retain existing customers to keep their profits high. The proper understanding of customers, their needs and expectations help insurance providers to bring

improvement in product as well as services offered. When compared with the developed foreign countries, the Indian life insurance industry has achieved only a little because of low consumer awareness, poor affordability, delayed customer services, lack of suitable products. In today's cut throat competition, it becomes essential for life insurers to provide better customer services, spread more awareness, emphasis on need based innovative products and reasonable price. So that, every individual may avail the benefits of insurance and protect their lives against future uncertainties.

REVIEW OF LITERATURE

(Sharma, 2016) attempts to find out the determinants of Customers perception towards Life Insurance Investment decision. This research is focused on customer's belonging different demographic levels. The validity, reliability and explanatory factor analysis tests are applied to make the study more effective and reliable. Finally the significance of the results has been tested applying independent t-test and one way anova test.

(Gajenderan, 2016) investigates user perceptions of internet insurance the study also attempts to determine whether the variables driving customers to acquire online insurance goods and the level of satisfaction with online insurance products. The researchers discovered that factors influence customers to purchase online insurance goods, and customers are completely happy with the online insurance products provided by insurers.

(Subashini R., 2016) examined that service quality and customer satisfaction in banks can be explored further to determine what approach banks use for different service quality and customer satisfaction over a sample period. Despite the fact that a number of studies have discovered inconsistencies in service quality and customer satisfaction and have attributed various explanations for service quality and customer satisfaction of foreign and public banks, no study has been able to resolve this problem.

(Panigrahi & Azizan, 2018)Identify the important SERVQUAL criteria for consumer purchase intention in the context of life insurance products in Malaysia in their paper. We used descriptive statistics as well as exploratory and confirmatory factor analysis. The findings demonstrated that customer satisfaction and trust, in conjunction with SERVQUAL variables, influence purchase intent. In contrast, this article demonstrates that life insurance agents with problem-solving skills and helpfulness enhance consumers' intent to purchase life insurance products. The validation of the framework makes it clear that all quality functions must be aligned with expanding competitive advantage as well as organizational objectives.

Dr.T.Unnamalai (2018) has analyzed the customer satisfaction and customer awareness about service rendered by the Life insurance Corporation. Life insurance Corporation of India competes other plays in the market very aggressively with their human resource of agents because the police holders are having more faith with agents.

(Arora & Sharma, 2019) tries to find out the various factors that affect the perception of investors, CFA technique is used to identify the factors. In Life Insurance there are so many factors which affect customer's investment decision and it has been concluded by the study that demographic factors of the people play a major and critical role in deciding the purchase of life insurance policies. Other identified factors are influence by others, claim settlement, medical benefits, bonus rates etc.

(Patel, n.d. 2019) examines factors influencing life insurance investors' investment decisions. The goals of this research are to identify the many elements influencing investors' life insurance investment decisions and to assess investors' preferences while making life insurance investment decisions. According to the study, agents/advisers, personal interests, present health and family and friends, and form of premium payment are the elements influencing investors' investment decisions in life insurance. Policyholders select an insurance firm for the money-back promise and greater risk coverage.

(Singh, 2020)A comparison of the service quality of public and private life insurance companies has been attempted. The analysis clearly shows that the public sector company (LIC) has a good track record of providing people with life insurance. Customers have more faith in LIC than in private sector enterprises. Return on

investment in private and public enterprises differs dramatically. The majority of respondents believed that public life insurance is more dependable than private life insurance.

(Rajinikanth, 2021)In their study, they look at how customers feel about life insurance businesses in Kumbakonam. This study's major purpose is to measure consumer satisfaction with LIC. To evaluate the characteristics that influence customer satisfaction with LIC, the data was analyzed using percentages and the chi-square test. Despite the high level of competition in the market, the general public sector LIC leads the Indian insurance industry, according to the study. According to the report, practically all of the respondents are aware of the Life Insurance Corporation of India.

NEED OF THE STUDY

The insurance industry is one of the fastest growing industries in the country and offers abundance growth opportunity to the life insurers. When compared with the developed foreign countries, the Indian life insurance industry has achieved only a little because of the lack of insurance awareness, ineffective marketing strategies, poor affordability and low investment in life insurance products. The huge and ever rising population levels in our country provide an attractive opportunity but still nearly 70% Indian lives is un-insured. The study is basically intended to discover and examine the factors affecting customer's decision towards investment in life insurance policy.

OBJECTIVE

1. To explore the various factors influencing customer investment decision in life insurance.

2. To study and analyze the impact of various demographic factors on customers life insurance investment decision.

RESEARCH METHODOLOGY

The present study is an exploratory and descriptive type of research study. The study aims to find out the factors influencing customer's life insurance investment decision and their preferences at the time of policy buying decision. In order to conduct this study, 150 policyholders of Satna district have been surveyed for a period of 6 month from July 2024 to December 2024 and questionnaire method was used for data collection.

SOURCES OF DATA

The data for the study has been collected from both primary and secondary sources. The primary data has been collected through a well-drafted questionnaire. The secondary data has been collected from IRDA annual reports, insurance journals and insurance website.

DATA COLLECTION METHODS

The data collection method used to obtain the desired information from primary sources has been through direct interview, and questionnaire has been used as an instrument.

RESEARCH PLAN Target population and universe: Satna district

SAMPLING UNIT: life insurance policyholders

SAMPLING METHOD: purposive sampling

SAMPLE SIZE: 150

STATISTICAL TOOLS AND TECHNIQUES

For measuring various phenomena and analyzing the collected data effectively and efficiently to draw sound conclusions, a number of statistical techniques including chi-square, correlation, and weighted average score have been used for the testing of hypotheses.

DATA ANALYSIS & INTERPRETATIONS FACTORIAL ANALYSIS AT SATNA

The respondents of different age groups, occupation, income and gender for study have been selected through purposive sampling method in order to achieve the research objectives.

DEMOGRAPHIC PROFILE OF THE RESPONDENTS

Demographic factors such as age, income, occupation and gender are some of the important determinant in the decision of life insurance. The study is conducted with reference to the customers of Satna district, Madhya Pradesh. The demographic profile of the respondents is analyzed on the basis of age, monthly income, gender and occupation.

DATA ANALYSIS AND INTERPRETATION

TABLE - 1

DEMOGRAPHIC DETAILS OF THE RESPONDENTS (IN PERCENTAGE)

Age		
Basis	**Respondents**	**Percentage (%)**
20-30	39	22.5
30-40	78	52
40-50	30	20
Above 50	03	02
Total	**150**	**100**

Interpretation:

it is revealed from the table no. 1 it is quite evident from the table that a majority of the respondents (52%) fall in the age band of 30-40 years, 22.5% respondent fall in the age band of 20-30 and 20 % fall in the age band of 40-50 and 02% above 50 respectively

TABLE NO 2
Income

Basis	**Respondents**	**Percentage (%)**
5000-10000	18	12
10000-15000	29	19.3
15000-20000	48	32
20000-25000	32	21.3
Above 25000	23	15.3
Total	**150**	**100**

Interpretation:

It is revealed from the table no. 2 that majority of the respondent (32%) fall in the income band of 15000-20000,21.3% respondent fall in the income band of 20000-25000, and 19.3% responents fall in the income band of 10000-15000,15% respondents fall in the income band of above 25000 and 12% respondent fall in the income band of 5000-10000.

TABLE NO 3
Occupation

Basis	Respondents	Percentage (%)
Govt.	66	44
Businessman/private	28	18.6
Professionals	34	22.8
Agriculture	22	14.6
Total	**150**	**100**

Interpretation:

It is revealed from the table no. 3 that majority of respondents (44%) are govt. employees, 22.8% are professionals, and 18.6% are businessmen and 14.6% are from agriculture.

TABLE NO 4
Gender

Basis	Respondents	Percentage (%)
Male	108	72
Female	42	28
Total	**150**	**100**

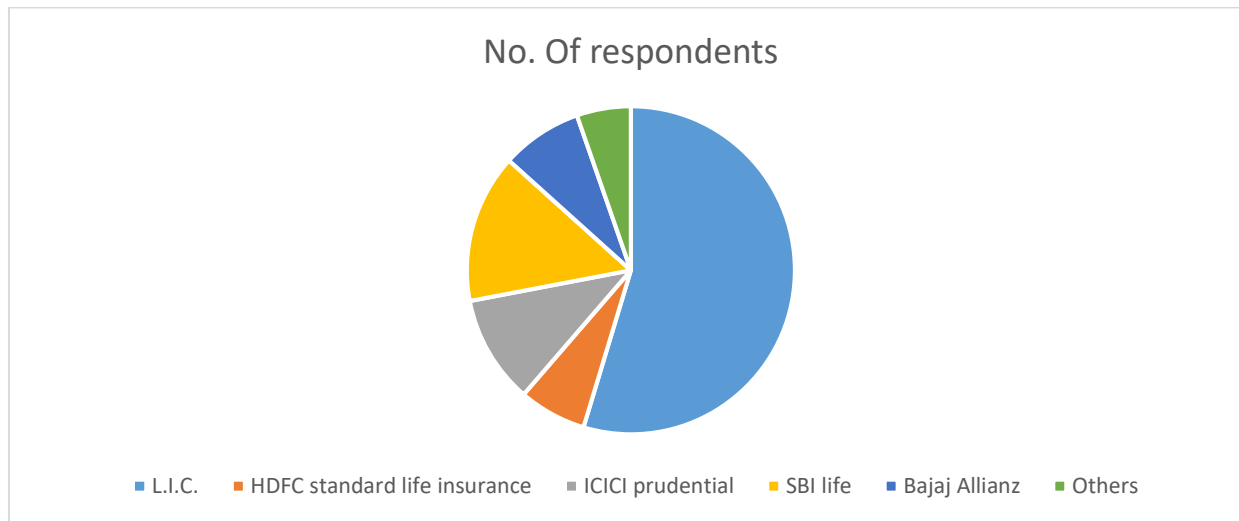Source: primary data

Interpretation:

It is revealed from the table no. 4 that 72% respondents are male and 28 % respondents are female

PREFERENCE OF THE POLICYHOLDERS

PREFERENCE TOWARDS LIFE INSURANCE COMPANIES

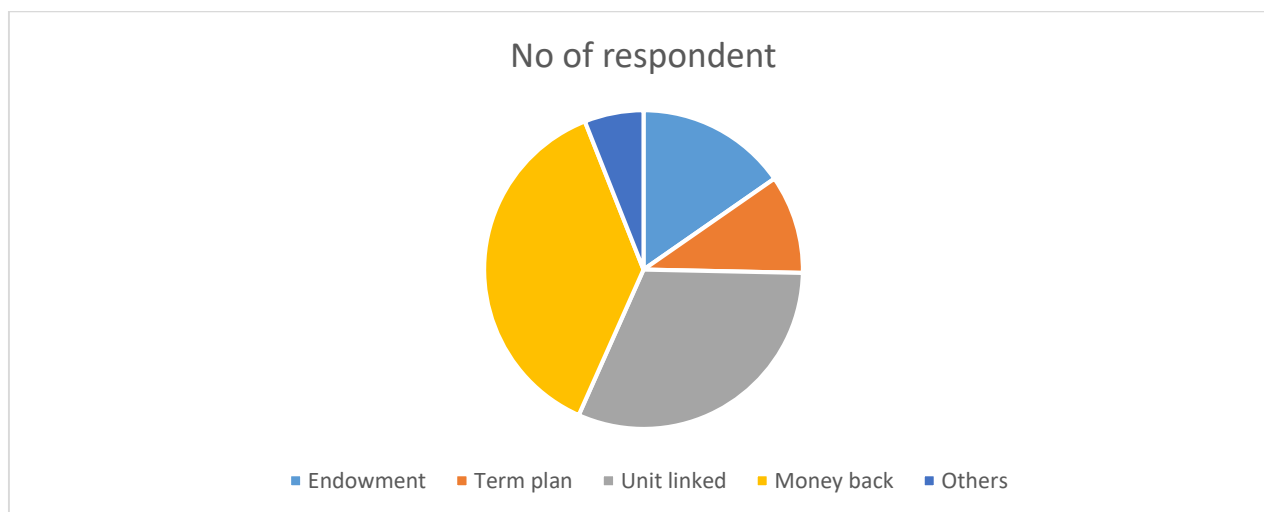| Responses	No. Of respondents	Percentage
L.I.C.	82	54.6
HDFC standard life insurance	10	6.6
ICICI prudential	16	10.6
SBI life	22	14.6
Bajaj Allianz	12	8.0
Others	08	5.3
Total	**150**	**100**

TABLE NO 5

GRAPH 1

Interpretation:

It is revealed from the table no. 5 and graph no. 1, a majority (about 55%) of the respondents preferred to buy policy from LIC, followed by the 14.6% and 10.6% of respondents preferred to buy from SBI life insurance, ICICI prudential life respectively. Remaining 8% and 10.6% of the respondents preferred Bajaj Allianz and HDFC standard life insurance respectively. The left 5.3% respondents preferred other than these life insurance companies.

Thus it can be inferred that LIC of India is the most preferred life insurance company and majority of them prefer government-owned LIC for getting insured because of security. The other private life insurance companies are having less percentage of share and those who prefer private insurers are because of better customer services and high returns.

TYPE OF POLICY

Policy type	No of respondent	percentage
Endowment	23	15.3
Term plan	15	10.0
Unit linked	47	31.3
Money back	56	37.3
Others	09	6.0
Total	**150**	**100**

TABLE NO 6

No of respondent

■ Endowment ■ Term plan ■ Unit linked ■ Money back ■ Others
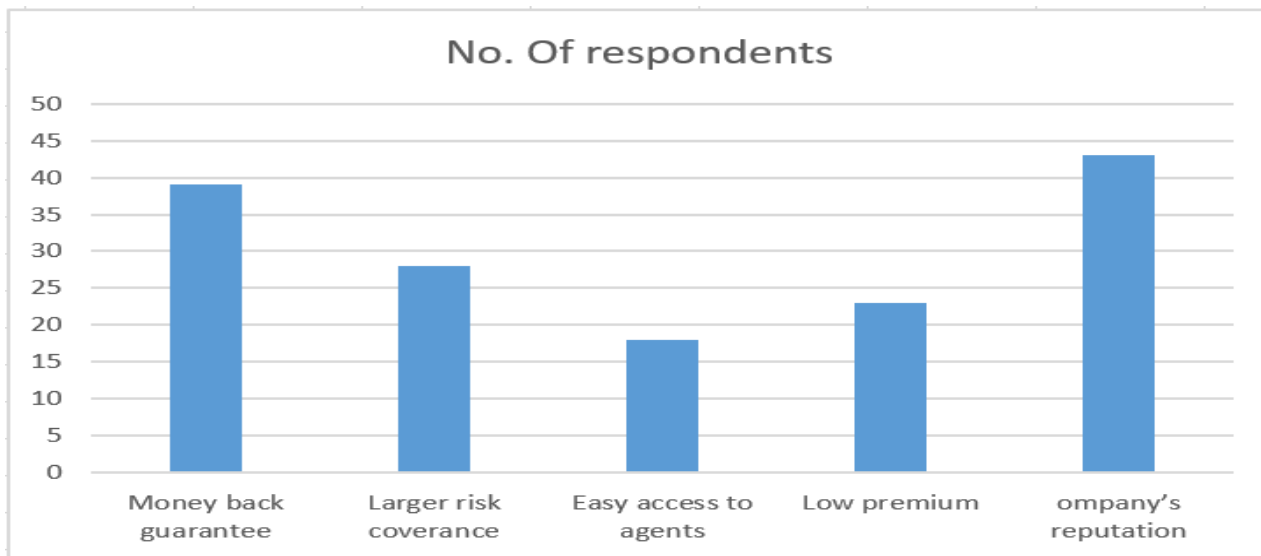
GRAPH 2

Interpretation:

It is quite evident from the table no. 6 and graph no. 2, there are various types of life insurance policies with customized features and value additions catering to the needs of specific target segments. That a majority (38%) of the respondents preferred money back policy, followed by 31.3% of the respondents preferred unit linked plans and 15.3% preferred endowment plans. Out of 150 samples drawn, only 10% of the respondents preferred term plans.

Thus it can depict that among many plans available, the most preferred one among the mass is money back plan. This plan helps you to withdraw your money at regular intervals and still staying insured. This plan is famous for its high liquidity advantage. The other product gaining popularity is ULIP'S (unit linked insurance plan), as its serve multiple purpose, it give high returns, tax benefit, life insurance , critical illness cover and is admired for its flexibility for paying premium amount.

THE MOST ATTRACTIVE FEATURES OF POLICY

TABLE NO 7

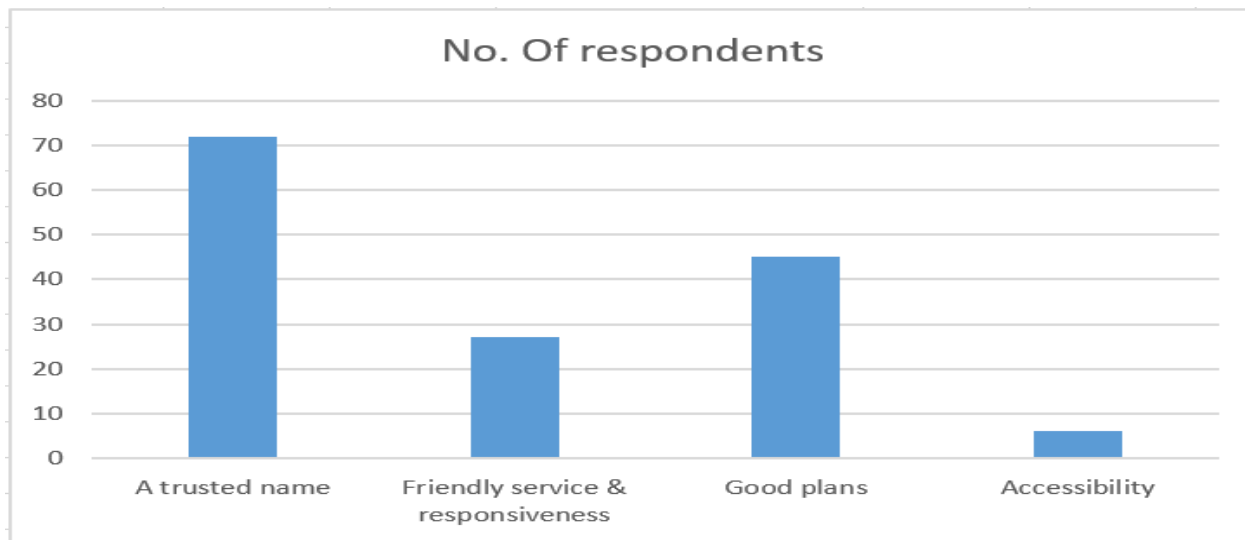| Responses	No. Of respondents	Percentage (%)
Money back guarantee	39	26
Larger risk coverage	28	18.6
Easy access to agents	18	12
Low premium	23	15.3
company's reputation	43	28
Total	150	100

GRAPH 3

Interpretation:

It is evident from the table no. 7 and graph no. 3, when the policyholders were asked to rank the features of policy that attracts the most their order of their preference as 1, 2, 3, 4, 5 and 6. A majority (28%) of the respondents believes that company reputation is the most influencing factor in policy buying decision, followed by the 26% of respondents influenced with money back guarantee, 18.6% influenced with larger risk coverage. Remaining 15.3% and 12% of the respondents are influenced with low premium rates and easy access to agents respectively.

Hence reputation of company is the main influencing factor during policy purchasing decision.

PEOPLE WOULD LOOK FOR INSURANCE COMPANY

TABLE NO 8

Responses	No. Of respondents	Percentage
A trusted name	72	48
Friendly service & responsiveness	27	18
Good plans	45	30
Accessibility	06	04
Total	150	100

GRAPH 4

Interpretation:

it is revealed from the table no. 8 and graph no. 4 , that a majority (48%)of the respondents look for a trusted name in a company for insurance. 30% respondents look for a good plans and 18% looks for a friendly service and responsiveness. Remaining 4% respondents looks for an ease of accessibility in a company for insurance.
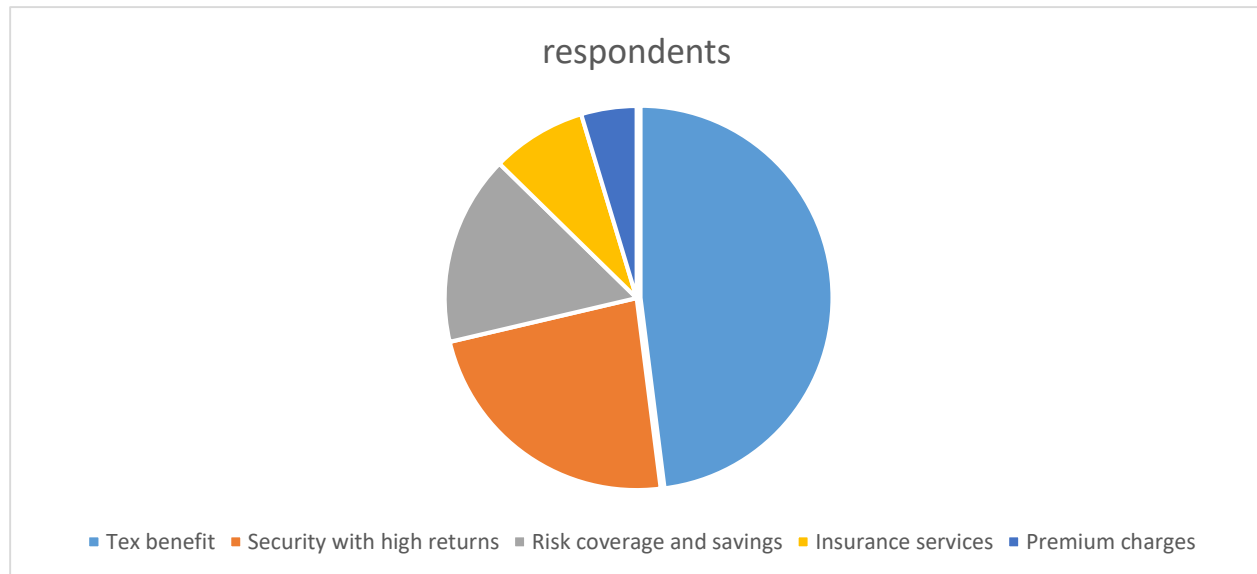
Hence it can be inferred that trust is very important factor, which a majority of customers looks before buying policy from an insurance company.

KEY FACTORS FOR INDIVIDUALS FOR CHOOSING TO INVEST IN LIFE INSURANCE?

TABLE NO 9

Factors	Respondents	Percentage
Tex benefit	72	48
Security with high returns	35	23.33
Risk coverage and savings	24	16
Insurance services	12	8
Premium charges	7	4.6
Total	150	100

Source – primary data
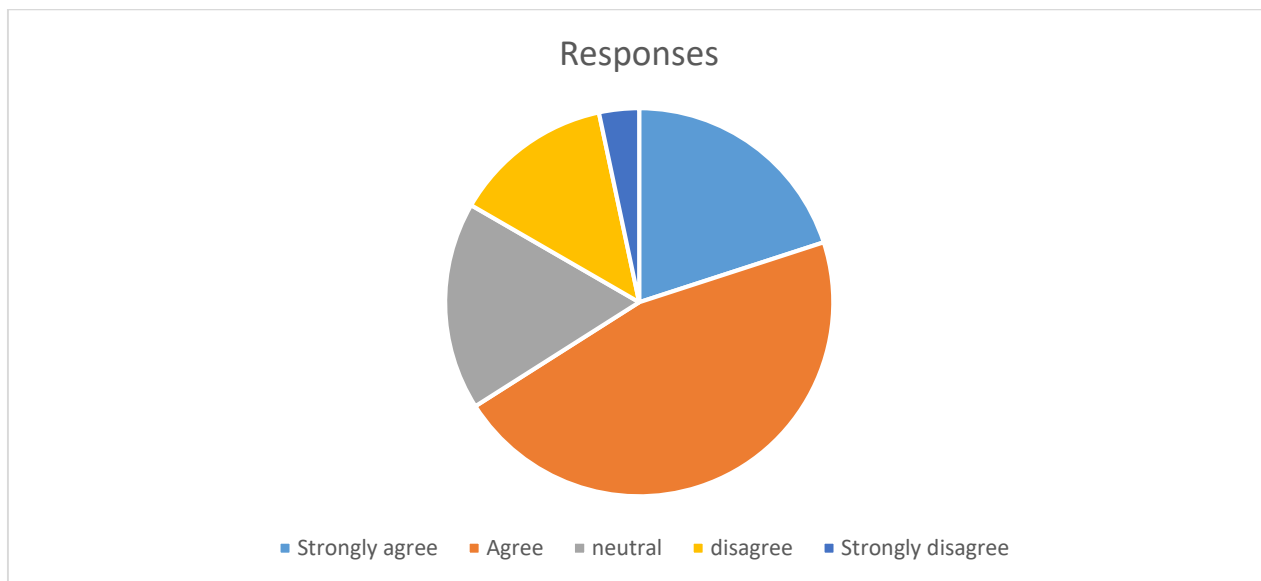
GRAPH 5

INTERPRETATION:

it is revealed from the table no. 9 and graph no.5 which among the surveyed people, majority of the respondents invest in life insurance for tax benefit, followed by the security with high return, risk coverage & saving, insurance services ,premium charges respectively.

Thus it can be depicted that tax benefit is the main concern of customers while making investment in insurance policy.

MOST INSURANCE POLICIES ARE PURCHASED ON ACCOUNT OF RECOMMENDATIONS?

TABLE NO 10

Basis	Responses	Percentage
Strongly agree	30	20
Agree	69	46
neutral	26	17.3
disagree	20	13.3
Strongly disagree	5	3.3
total	150	100

Responses

■ Strongly agree ■ Agree ■ neutral ■ disagree ■ Strongly disagree
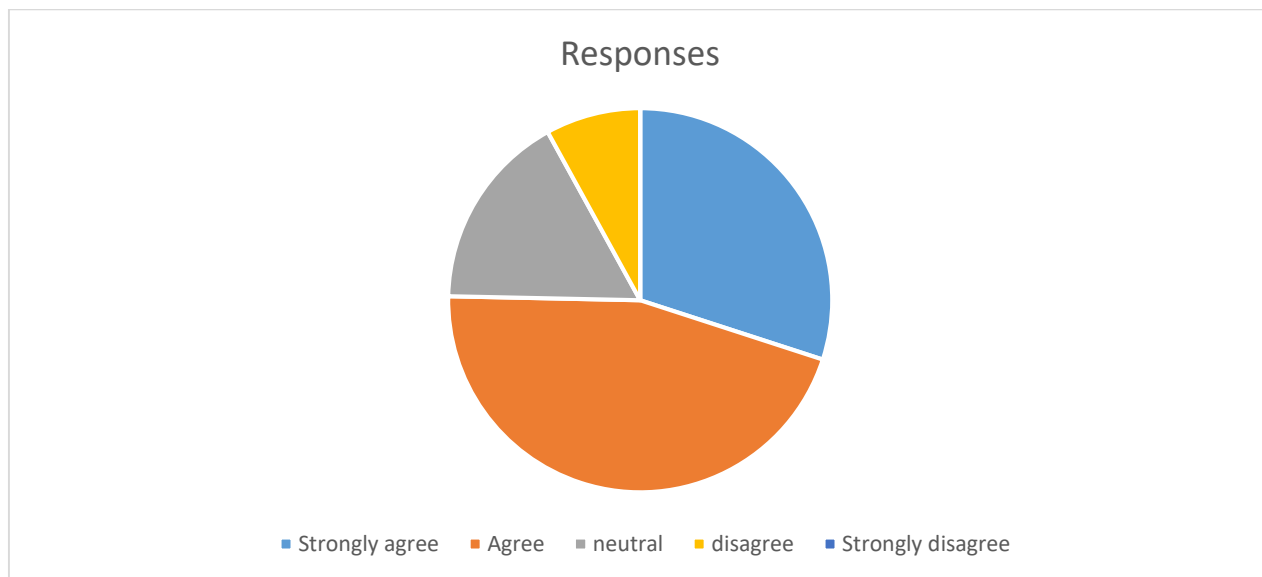
GRAPH 6

Interpretation:

The majority of respondents (66%) either strongly agree (20) or agree (46%) that most insurance policies are purchased based on recommendations. A significant proportion (17%) remains neutral in this statement.13% and3%are disagree and strongly disagree with the statement respectively.

SAVING FOR CHILDRENS FUTURE EDUCATION OR MARRIAGE EXPENSES IS INFLUENCED MORE

TABLE NO 11

Basis	Responses	Percentage
Strongly agree	**45**	30
Agree	**68**	45.3
neutral	**25**	16.6
disagree	**12**	8
Strongly disagree	**0**	**0**
total	**150**	**100**

Responses

■ Strongly agree   ■ Agree   ■ neutral   ■ disagree   ■ Strongly disagree

GRAPH 7

Interpretation:

The results of the survey show that a majority of 75 %, strongly agree (30 %) and agree (45.3%), believe that saving for children and future education or marriage expenses has a greater impact. About 16.6 %percent remain neutral on this point of view, while a smaller portion, 8 percent, and disagree. These findings highlight respondents' general understanding of the impact of saving on children and future life events.

FINDINGS

1.it is revealed from the table no. 1 it is quite evident from the table that a majority of the respondents (52%) fall in the age band of 30-40 years, 22.5% respondent fall in the age band of 20-30 and 20 % fall in the age band of 40-50 and 02% above 50 respectively.

2. It is revealed from the table no. 2 that majority of the respondent (32%) fall in the income band of 15000-20000,21.3% respondent fall in the income band of 20000-25000, and 19.3% respondents fall in the income band of 10000-15000,15% respondents fall in the income band of above 25000 and 12% respondent fall in the income band of 5000-10000.

3. It is revealed from the table no. 3 that majority of respondents (44%) are govt. employees, 22.8%are professionals, and 18.6% are businessmen and 14.6% are from agriculture.

4. It is revealed from the table no. 5 and graph no. 1, a majority (about 55%) of the respondents preferred to buy policy from LIC, followed by the 14.6% and 10.6% of respondents preferred to buy from SBI life insurance, ICICI prudential life respectively. Remaining 8% and 10.6% of the respondents preferred Bajaj Allianz and HDFC standard life insurance respectively. The left 5.3% respondents preferred other than these life insurance companies.

5. It is evident from the table no. 7 and graph no. 3, when the policyholders were asked to rank the features of policy that attracts the most their order of their preference as 1, 2, 3, 4, 5 and 6. A majority (28%) of the respondents believes that company reputation is the most influencing factor in policy buying decision, followed by the 26% of respondents influenced with money back guarantee, 18.6% influenced with larger risk coverage. Remaining 15.3% and 12% of the respondents are influenced with low premium rates and easy access to agents respectively.

6. it is revealed from the table no. 8 and graph no. 4 , that a majority (48%)of the respondents look for a trusted name in a company for insurance. 30% respondents look for a good plans and 18% looks for a friendly service and responsiveness. Remaining 4% respondents looks for an ease of accessibility in a company for insurance.

7. it is revealed from the table no. 9 and graph no.5 which among the surveyed people, majority of the respondents invest in life insurance for tax benefit, followed by the security with high return, risk coverage & saving, insurance services ,premium charges respectively.

8. The majority of respondents (66%) either strongly agree (20) or agree (46%) that most insurance policies are purchased based on recommendations. A significant proportion (17%) remains neutral in this statement.13% and3%are disagree and strongly disagree with the statement respectively.

9. The results of the survey show that a majority of 75 %, strongly agree (30 %) and agree (45.3%), believe that saving for children and future education or marriage expenses has a greater impact. About 16.6 %percent remain neutral on this point of view, while a smaller portion, 8 percent, disagree. These findings highlight respondents' general understanding of the impact of saving on children and future life events.

SUGGESTIONS

1. Customer satisfaction is such an important factor to keep its customers to grow or even to survive in current competitive market. The critical success factor is customer service – by providing best of services, private insurers will be able to differentiate themselves from lic.

2. Private insurers must focus on advertisement; creating brand awareness in different medias of communication. It will ultimately lead to propagation of insurance knowledge through to the common man.

3. To achieve greater insurance penetration, the healthier competition has to be intensified by both the sectors and they should come up with new innovative products to offer greater variety or choice to the customers and also make improvement in the quality of services and sell products through appropriate distribution channel to win-win situation for both the parties.

 4. Insurance companies should devise policies which provide effective risk coverage rather than focusing on the tax benefits and also encourages them for long term investment in insurance.

5. Life insurance companies should come up with innovative tailor-made products with high risk cover, more return and low insurance premium to attract more number of customers.

CONCLUSION

Life insurance is an important form of insurance and is essential for all individuals. The penetration of Indian life insurance is very low compared to developed countries that have covered almost all life and reached the saturation stage. Customers are the true pillars of success for life insurance. Therefore, it is important for insurance companies to not only satisfy their policyholders and keep them loyal for as long as possible, but also to attract new customers by offering innovative products based on their needs. Many factors influence a customer's life insurance investment decision. The study concluded that demographic factors play a significant and vital role in the decision to purchase life insurance or not.

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