A STUDY ON PERCEPTION OF INVESTOR'S INVESTMENT IN LIFE INSURANCE

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ABSTRACT

Insurance is related to the protection, every human being has the tendency to save or protect himself or his family from risks or events in future. Insurance is one kind of protection where people try to keep themselves safe from the risk or future uncertainties. Investments are both important and useful in the context of present day conditions of the economy. The descriptive based study was selected with an objective to identify the perception of investors towards Life Insurance. Various insurance related factors have been discussed in the paper. The data for the study has been collected from both primary and secondary sources. The study area is limited only to vadodara and sample size is150.

KEYWORDS

Life Insurance Policies, Investors Perception, Investment, Protection of Family, Financial Security.

INTRODUCTION

Life insurance is a contract between an individual or organization (insurance policy holder) and an insurer (insurance company). The policyholder pays the policy premium and the insurer

promises to pay a designated beneficiary a sum of money upon the occurrence of an insured event. Depending on the contract, events such as terminal or critical illness may also trigger payment. The core benefit of life insurance is that the financial interests of one's family (e.g.) children's education, remain protected from circumstances such as loss of income due to critical illness or death of the policyholder. An investor an individual who commits money to investment products with the expectation of financial return. Generally, the primary concern of an investor is to minimize risk while maximizing return, as opposed to a speculator, who is willing to accept a higher level of risk in the hopes of collecting higher-than average profits. Investors" behavior is the study of how individuals make decision to spend their available resources (time, money and efforts) on investment related items. It helps the marketers to understand what, why, where, when and how an investor behaves with respect to products and services. Knowing answer to this question let marketers to design their marketing strategies accordingly.

The insurance has become a part of human life. It is not restricted to life, marine or fire only, but has spread over to almost every sphere of human activity. For example, a singer can insure his or her throat, a dancer her legs and an actress her nails etc. So the scope of insurance is unlimited. The significance of the insurance is not only limited to an individual or to a family alone but it has spread over the entire nervous system of a business or say the country as a whole.

OBJECTIVES OF THE STUDY

1. To understand the perception levels of the investors towards the life insurancepolicies.
2. To observe the impact of various affecting factors on the purchasing behavior of the investors.
3. To measure the satisfaction levels of the investors towards to the services provided by the life insurancecompany.
4. To determine the awareness level of investors regarding life insurance policies and the number of investors who have actually invested in life insurancepolicies.

LITERATURE REVIEW

1) **Athma. P and kumar. R (2007)**in the research paper titled "an explorative study of life insurance purchase decision making: influence of product and non-product factors". The empirical based study conducted on 200 sample size comprising of both rural and urban market. The various product and non-product related factors have been identified and their impact on life insurance purchase decision-making has been analyzed. Based on the survey analysis; urban market is more influenced with product based factors like risk coverage, tax benefits, return etc. Whereas rural population is influenced with non-product related factors such as: credibility of agent, company's reputation, trust, customer services. Company goodwill and money back guarantee attracts many people for life insurance.

2) **Girish kumar and eldhose (2008)**, published in insurance chronicle icfai monthly magazine august 2008 in their paper titled "customer perception on life insurance services:acomparativestudyofpublicandprivatesectors",wellexplainedthe

importance of quality services and its significance in raising customer satisfaction level. A comparative study of public and private sectors help in understanding the customer perception, satisfaction and awareness on various life insuranceservices.

3) **Narayan. H. Jai (2009)**, in an article has made an emphasis on importance of customer in the business of insurance. He explained in phase of growing market competition, there is an intense need to go beyond mere efficiency in designing products. To understand the customer's needs and to convey what they have to offer would perhaps bring in higher efficiencies in customer service. Insurance business revolves around the customer and fair treatment to customers is need of an hour to win their loyalty and trust. In a service based organizations, customer service is the most dominating feature that differentiate and gives good return to the insurers. Proper dealing with customer complaints, effective customer grievances handling mechanism and fast claim settlement procedure are some of the ways through which satisfaction level of customers can be increased. Hence to serve the customers promptly and effectively is the key success of a life insurancebusiness.

4) **Uma, Selvanayaki & Shankar (2011)**based their article titled „A Survey of Life Insurance Customer's Awareness, Perception and Preferences" on the survey of 100 customers of life Insurance policies, carried out in Coimbatore. It throws light on various aspects related to customers' awareness, perception and preferences pertaining to life insurance. The primary objectives of this survey were to find preferences of customer's towards various life Insurance policies, factors influencing choice of life Insurance policy and awareness about life Insurancebrands.

5) **M.Selva Kumar and J Vimal Priyan(2012)**concluded that LIC continues to dominate insurance sector. Private sector insurance companies also tried to increase their market share. Life insurance has today become a mainstay of any market economy since it offers plenty of scope for garnering large sums of money for long periods of time. The study compared premium, policies and market shares ofcompanies.

6) **Kalani, Salunkhe and Ahirrao (2013)**examined claim settlement ratio of LIC with other insurance companies in India. Study observed that there are cases of frauds in claim settlement that may happened but if the policyholder uses proper precautions he will prevent himself from fraud. LIC of India provides better corporate services for settling the customers claim. D-mat may improve transparency and efficiency of the claim settlement. Authors studied comparison of claim settlement ratio of LIC with other life insurance industry and survey of policyholders and opinion regarding claimsettlement.

7) **Piyali Chandra Khan and Mitra D(2014)**analyzed that the overall position of LICI was found to be quite satisfactory as the profit after tax improved by 270% in the last 12 years. It had strong liquidity position. The company had sufficient current assets to meet the current liabilities. This resembles that LICI is quite capable to earn superior return in this competitiveenvironment.

8) **Bhagabat Barik et. al. (2014)**discussed the emerging trends in insurance and highlighted that there is a need of highly skilled professional advisory in Indian insurance industry, balanced marketing mix, policy administration and as far as possible re- engineering of the business model. Analyzed the different factors that determine the investment in LI policies and the result given was the trustEffective and good plans were the main reasons to invest in LI among thecustomers.

9) **Balasubramanyam (2015)**focused on the overall development of insurance companies in India and proposed that the insurance industry should offer its customers tailor made products to satisfy their financial needs in thefuture.

10) **SHEKAR CHANDRA(2016)**in his article 'future strategies for life insurance". Discussed various issues relating to life insurance. He has given detailed note about new kinds of products and intimacy with the constant technology adoption for survival as well as for consistent growth. Marketer is not simply to have a relationship with buyer but also to build the relationship with buyer but also to build the relationship with buyer in the form of linking the brand to a particular need, associating it with a pleasant mood, appealing to sub conscious motives conditioning buyers to prefer the brand the brand through reward penetrating perceptual and cognitive barriers to create preferences and providing attractive models forbuyers.

RESEARCH METHODOLOGY

1. RESEARCH DESIGN: In this project, descriptive research have been used. Descriptive research technique is concerned with describing the characteristics of particular individual orgroup.
2. SOURCES OF DATA: We have collected the various information from various websites, journals, newspapers andarticles.
3. DATA COLLECTION METHOD: For this research we have collected both the primary as well as secondary data method.
4. POPULATION: In this research we have assumed total population withinVadodara.
5. SAMPLE SIZE: For this research the sample size is 150, which includes investors who invest in lifeinsurance.
6. DATA COLLECTION INSTRUMENT: In instrument we have used articles, research papers, internet and various websites have been visited and data have been referenced fromthem.
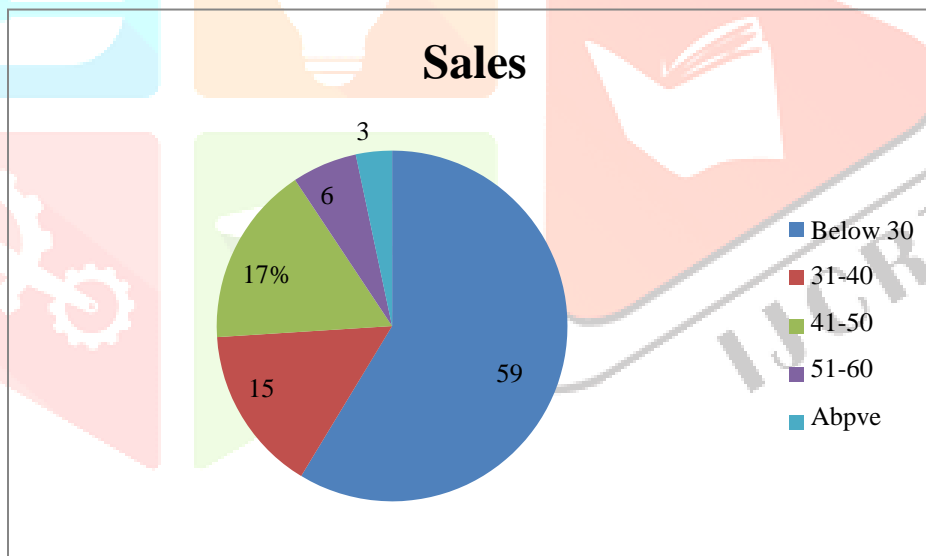7. SAMPLING TECHNIQUE: The sampling technique that adapted to conduct the survey

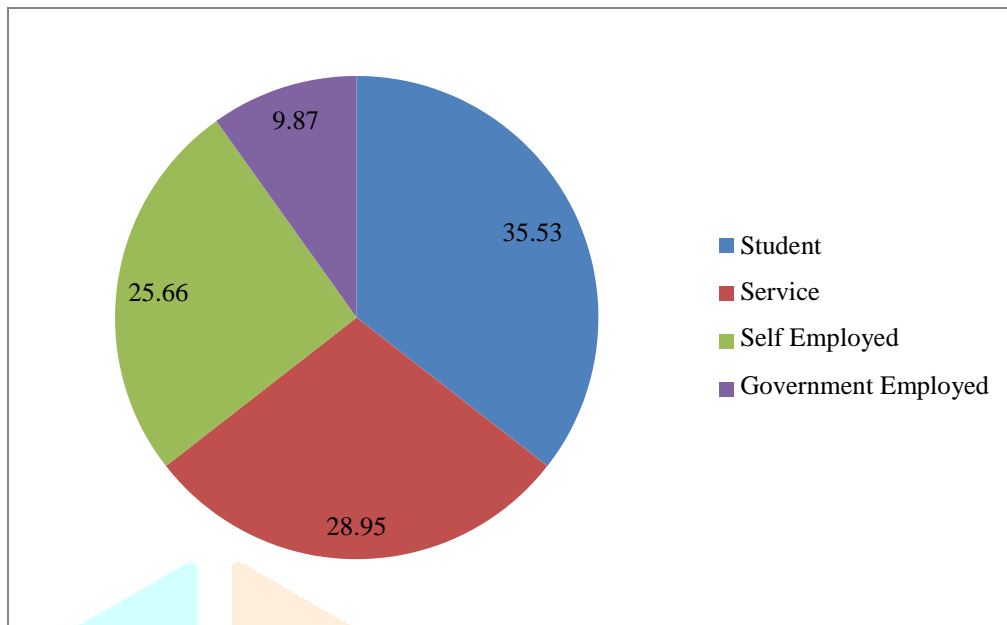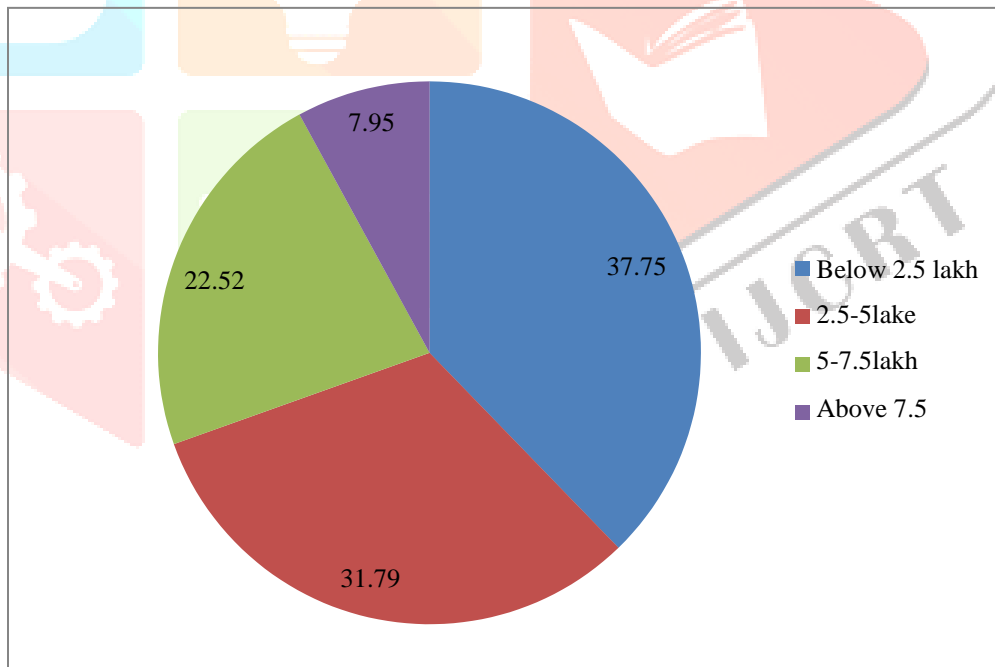was convenient randomsampling.
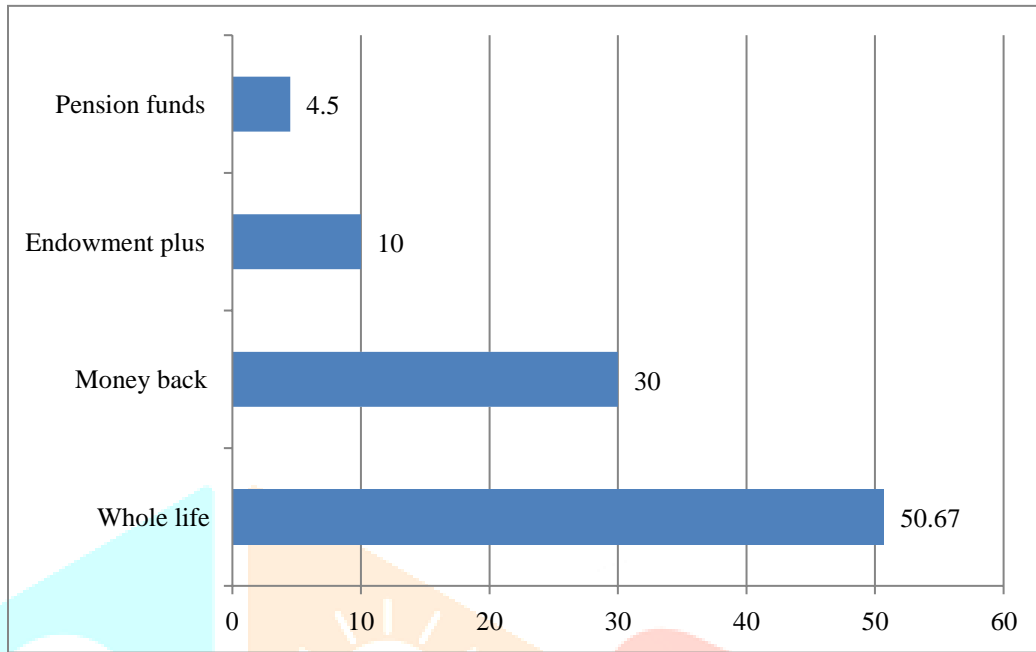
DATA ANALYSIS
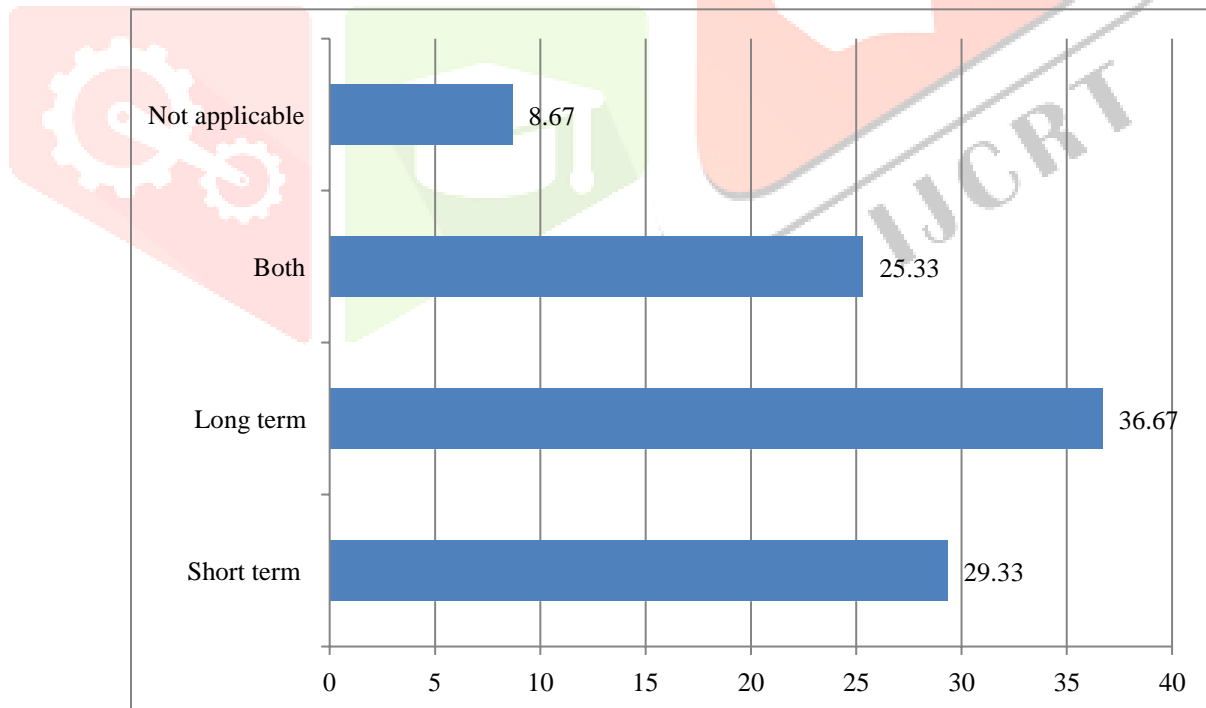
1. Gender
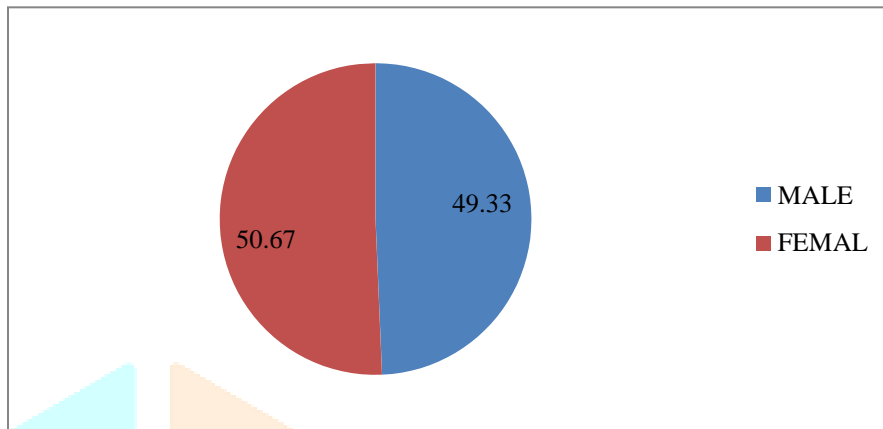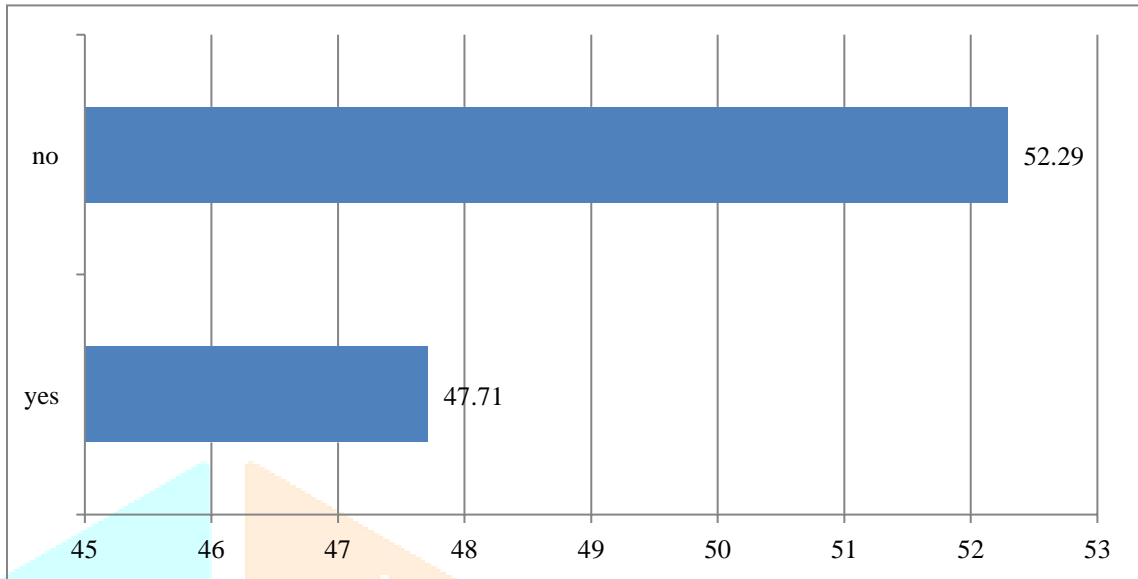

2. Age

3. Occupation

4. AnnualIncome

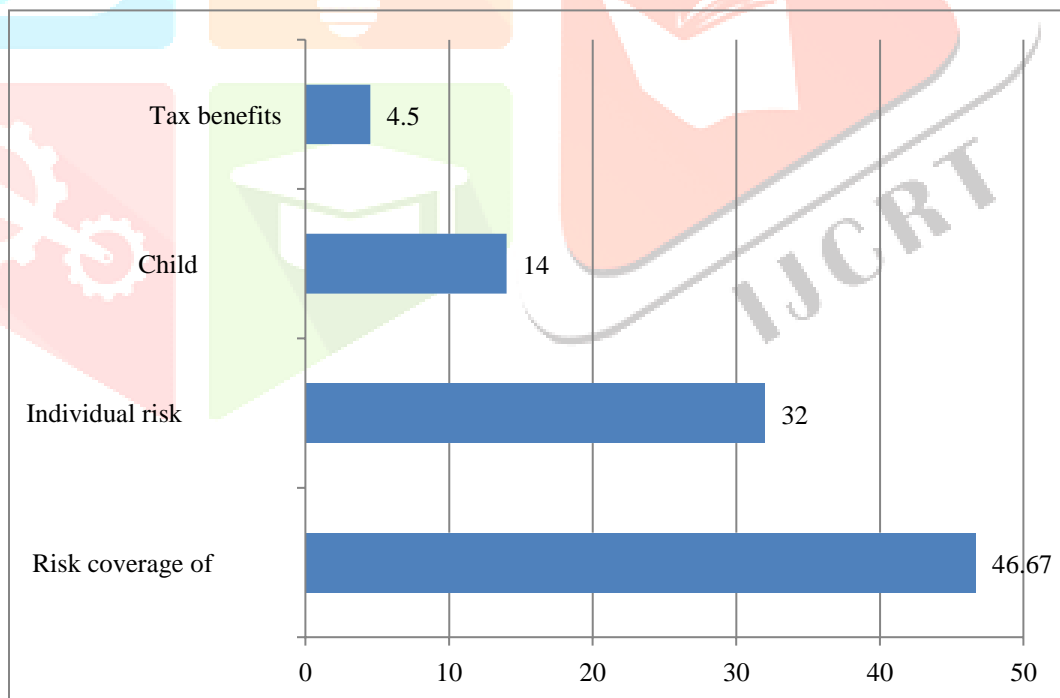**5. What scheme of insurance policy have youtaken?**

6. What kind of investment do youprefer?
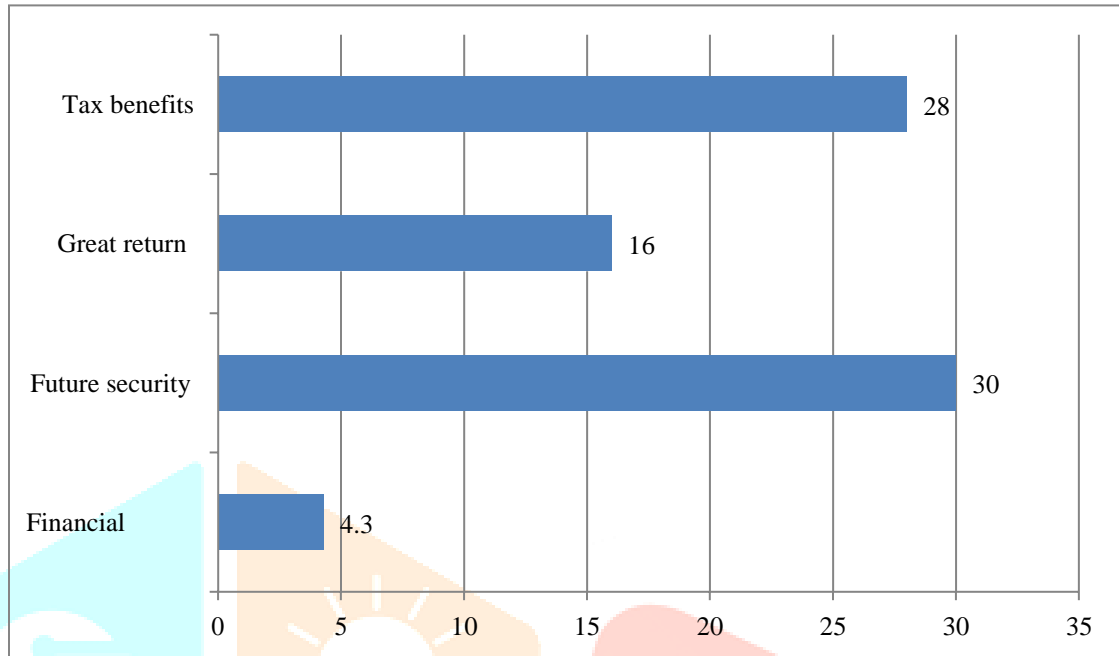
7. Are you aware about all the life insurancepolicy?
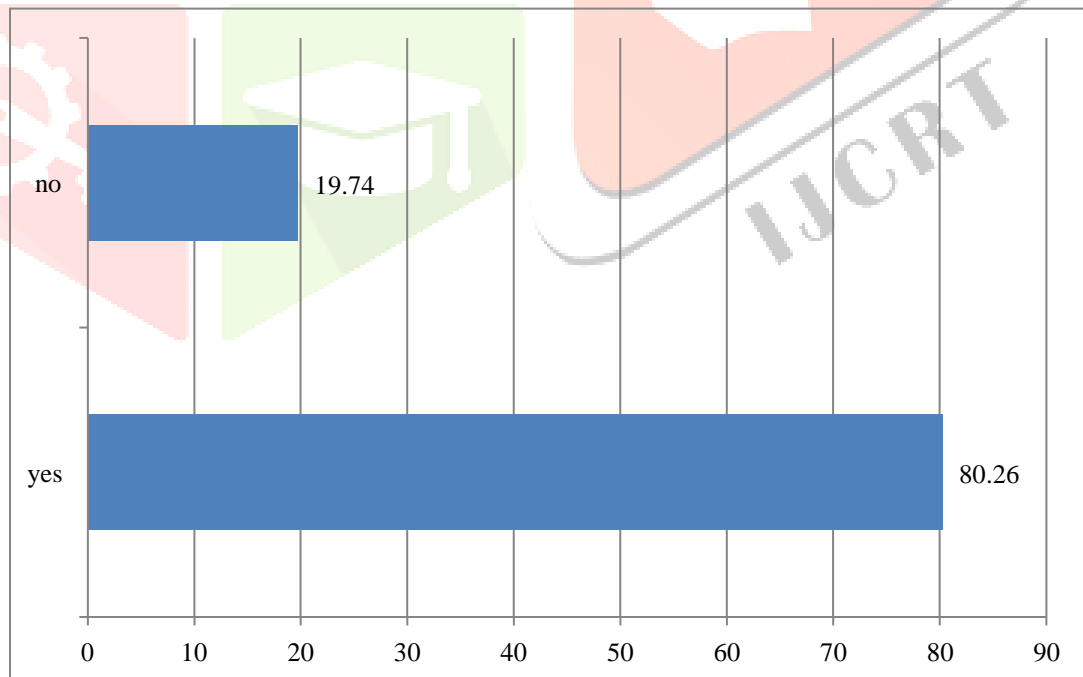

8. Which is the most rationalreason?
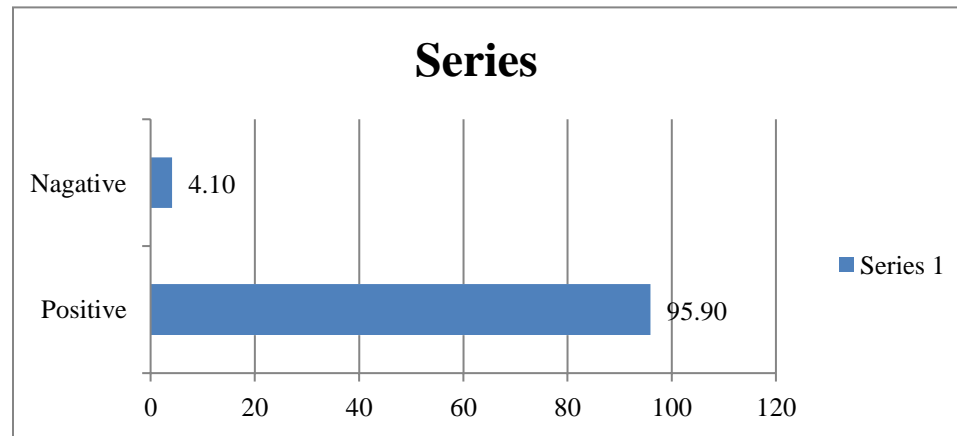
9. **What would you like more in life insurancepolicy?**

10. **If you will get a chance to invest money in further investment will you invest init?**

11. What is your overall perception about life insurancepolicies?

Series

Nagative	4.10
Positive	95.90

0   20   40   60   80   100   120

■ Series 1

Conclusion

This study attempted to identify the satisfaction level of investors invest in life insurance policies provided by the life insurance companies. The findings of the study shows that insurance is a tool by which fatalities of a small number are compensated out of funds collected from plenteous. Insurance is a safeguard against uncertain events that may occur in future. Thus, the study also comprise company image is highly important criteria that consumers consider before taking up life insurance policy. This is mainly because people expect safety and security of their money which they have invest in life insurance policy, followed by the factor premium which we pay to the insurer and then bonus and interest paid by the company, services etc.

Findings

Out of 150 respondents 74 are male and 76 are female. That's mean the female have more knowledge about life insurance policies and having more knowledge about the services provided by the life insurance companies.

Only 47.71% of total respondents are aware about all the life insurance policies and 52.29% people are not aware about all the life insurance policies offered by the life insurance companies.

It was found that 29.3% people prefer short term investment policy, 36.7% people prefer long term investment policy and 25.3% people prefer both long and short term policies of life insurance while 8.7% people are notapplicable.

The scheme mostly preferred by the insurance holders was protection schemes like whole life, money back policy, endowment plus and pension funds insurancepolicy.

According to survey safety the most important criteria which is expected among all the respondents towards their investment alternatives followed by Great Return, Tax Benefits, Future security and Financial Safety.

According to the study company image is to be the highly important criteria which we consider before taking up a life insurance this is mainly because people expect safety and security for their money which they invest, followed by the factor premium which we pay to the insurer and then bonus and interest paid by the company, services etc.

People who belong to different age groups have different perception regarding the most important criteria before taking a decision on life insurance policy.

People who belong to different income groups also have different perception regarding investment in life insurance policies.

Limitations of study

- This study has been conducted purely to understand investor's perception investment towards life insurancepolicies.

- This study is only limited to Indian insurancecompanies.

- Some of the respondents of the survey were unwilling to shareinformation.

- The information given by the respondents might be biased because some of them might not be interested in providing correctinformation.

References

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- ❖ **http://indianresearchjournals.com**