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“A STUDY OF CONSUMERS’ BUYING BEHAVIOUR TOWARDS TERM INSURANCE POLICIES DUE TO COVID19”

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ABSTRACT:-

In today's tough competition, every company in service sector tries hard to satisfy their customer. In Insurance sector, various new private companies have entered in industry by doing the merger with foreign companies. Day by day they are offering new services with the basic plan to attract the new customers & for retaining the present customers. In this research paper, we tried to understand the consumer behavior in Insurance sector. The main objective of this paper to identify customer preference regarding plans & company, their purpose of buying the insurance policies, satisfaction level & their future plans for new insurance policy. Data was collected with help of structured questionnaire from 300 customers of Vadodara city only.

Key Words:- Customer Preferences, Insurance, Competition, Satisfaction

I.INTRODUCTION

Life is full of risk and uncertainties. Since we are the social human being, we have certain responsibilities too. Indian consumers have big influence of emotions and rationality on their buying decisions. They believe in future rather than the present and desire to have a better and secured future, in this direction life insurance services have its own value in terms of minimizing risk and uncertainties. Indian economy is developing and having huge middle-class societal status and salaried persons. Their money value for current needs and future desires here the pendulum moves to another side which generate the reasons behind holding a policy.

COVID-19 has accelerated the insurance awareness in India. The findings of this Policy bazaar survey show that unlike in the past insurance has now become a product that consumers are likely to buy without the need for a big sale push.

However, there is one good thing that has happened due to this pandemic. More and More people are now becoming aware of the importance of having insurance policy.

The survey found that unlike in the past insurance has now become a product that consumers are likely to buy.

Product Profile

Term Insurance

Term insurance is a life insurance plan offered by an insurance company that provides comprehensive financial coverage against premiums paid for a limited period to the beneficiary of the policy; this coverage, provided under term insurance plans, is paid as death benefit upon the demise of the insured during the policy term.

A term plan not only offers financial security to your family but also is capable of fulfilling its future needs such as your child's higher education, child's marriage, etc.

Among all the life insurance products, Term life insurance offers the highest life coverage for the minimum premiums during the term of the policy. Some Insurance Companies also cover permanent or partial disability wherein the policyholder's regular income is disrupted.

Why Should You Buy Term Insurance?

There are various reasons to buy a term plan. However, here are the key and basic reasons that you must buy term insurance:

The Dependency of your Family: You can use the term insurance money to meet the monthly expenses of your dependents and family when you're not around. Moreover, it fulfils vital life goals such as education and marriage of your child.

Protection of the Assets: A term plan allows you to take loans for assets such as a car or a house. Nevertheless, if you're not around, your dependents and family might be burdened with the repayment of loans. In such circumstances, your family can utilize the term insurance pay-out in paying off the outstanding debts.

Risks Related to Lifestyle: Present-day lifestyle problems often lead to various ailments and diseases. Some term insurance Plan do not just safeguard your dependents and loved ones after the demise of the policyholder

but also offer critical illness protection for a lifetime. This key feature pays on the diagnosis of some critical illnesses such as heart attack or cancer.

Advantages: -

There are a lot of convincing factors that might give you a second thought for taking a term plan in this pandemic. You must go through all the reasons for buying the plan.

1. High Sum Assured
2. Deaths due to COVID 19
3. Low Premiums
4. Security to Family
5. Fast Claim Settlement
6. Long Term Security
7. Life Cover

II.OBJECTIVES:-

- **To compare the various current policies available in market and analyse each policy.**
- **To the most preferred term insurance company.**
- **To analyse the features of term insurance policy that attract people.**
- **To analyse the satisfaction level of the policy purchased.**
- **To analyse the benefit for which they have purchased the policy.**

IV.PROBLEM STATEMENT:-

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 customers decision towards investment in Term insurance policy.

V.REVIEW OF LITERATURE

- **Guru and Umamaheswari (2019)** in their research on factors deciding selection of policies of private life insurance companies among consumers in Thanjavur District explored that Price, product uniqueness, accessibility and promotions impacts the purchase decision of consumers upon the various policies of private life insurance companies significantly and positively. The agents are supposed to provide better and accurate services and settle claims without any delay or issues. Private life insurance companies are required to appreciate precisely the financial needs of consumers and should set easy and uncomplicated terms and conditions for purchasing their life insurance policies. In addition, private life insurance companies have to bring in different innovative products to fulfill needs of various consumer segments.
- **Rajavardhan and Jahangir (2015)**; the sample has been taken from Nalgonda district with 120 respondents. In their article conducted a survey on rural market Telangana to find out socio demographic and economic variables that have impact on decision of consumer of agents also affect customer satisfaction. perception. They found that gender and marital status have very low impact on perception. While education and income level have significant impact. Middle income group are more engaged in insurance sector. Similarly, an occupation also has significant impact on insurance. Moreover, still insurance is seen as tax saving. and not an investment opportunity
- **Suganthamani C.V. and Nagesh Kumari (2016)** highlighted that life insurance sector has gone through tremendous changes eve since it was opened to private insurers and this in turn contributed to development of Indian economy. Sunita Mal.
- **Shilpa Agarwal and A. K. Mishra (2017)** opined that life insurance industry has created value for its customers or policy holders and there is huge potential for life insurance to enhance its business in terms of technology innovations, client relationships and quality.
- **Guru and Umamaheswari (2018)** in their research concluded that among the various other factors, the major variables that control the insight of the consumers towards life insurance policies positively were quality of the service offered, relationship between the client and company and reputation of the company. The growth rate of insurance industry in India is faster and hence it has become significant for the insurance companies to identify and comprehend the factors that persuade the perception of the consumers and the same can be utilized as the supportive feature in developing fresh and pioneering items which meet the consumer's expectation.
- **Mehr and Cammack (1976)** agrees that Insurance is usually thought of as a product that spreads the risk of serious, but low-probability, losses among a group of individuals, thus providing some financial protection to each individual.
- **Kunreuther, (1979)** said that his product makes good sense, particularly when the protection is purchased against potential losses so large as to be catastrophic, such as total destruction of one's home,

a large accident liability judgment, or death of primary family breadwinner. However, it has long been recognized that this sensible product is difficult to sell.

- **Kotler, (1973)** considers insurance to be in the category of "unsought goods," along with products such as preventive dental services and burial plots. He notes that unsought goods pose special challenges to the marketer. **Slovic, Fischhoff, Lichtenstein, Corrigan, and Combs (1977)** found that subjects were more likely to buy insurance against small, high-probability losses than insurance against large, low probability losses, **Hershey and Schoemaker (1980)** reported the opposite result.
- **Kunreuther (1979)** "It is not the magnitude of a potential loss that inspires people to buy insurance voluntarily – it is the frequency with which a loss is likely to occur".
- **Kahneman & Tversky, (1979)** reported a risk-averse individual, therefore, should avoid nearly all types of risk. Empirical evidence, however, suggests most people are risk averse for gains and risk seeking for losses. **Kahneman & Tversky, (1984)** stated indeed, repeated demonstrations have shown most people lack an adequate understanding of probability and risk concepts **Dhar, (1997)** **Greenleaf and Lehmann, (1995)** **Tversky and Shafir, (1992)** have shown that offering more options can generate decision conflict and preference uncertainty, leading to decision deferral.

VI. RESEARCH METHODOLOGY

- **Research Design:-** The study is mainly a descriptive research designed to know the consumers buying behaviour towards term insurance policy.
- **Sources of Data Collection:-**
Primary Data:- The primary data is collected with the help of structure questionnaire.
Secondary Data:- In secondary data collection are through internet sites, articles in magazines and books.
- **Data collection Method:-** Structured questionnaire has been prepared as an instrument for gathering required information from the employees.
- **Target Population:** Vadodara city

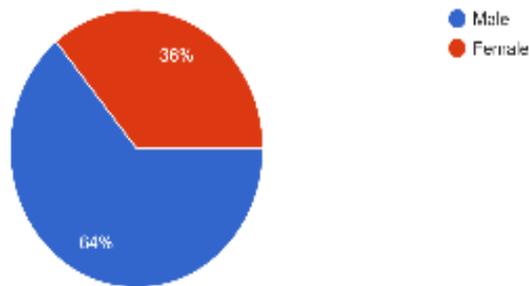
Sampling Frame: People having policies of LIC , ICICI Prudential life insurance, HDFC life insurance Kottak , max life.

Sampling unit: People aged 18 & Above

Determining Sampling Size: 300 sample size as per convenience and for accurate analysis and interpretation of data.

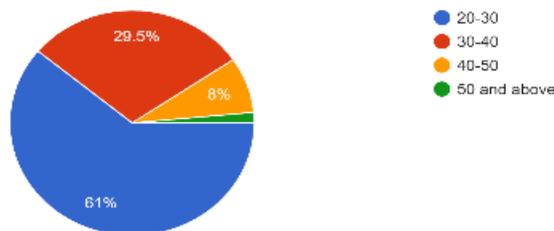
VIII.FINDINGS:-

Gender
200 responses



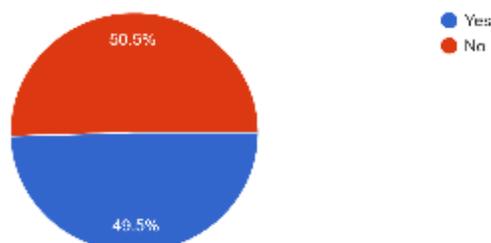
- From our 200 responses, 64% are Male and 36% are Female.

Age
200 responses



- The consumer decision to purchase insurance product from different insurance companies can be affected by several factors like age, gender and income level. From the analysis, it is inferred that respondents belonging to the age group between 20 to 30 years (which contribute 61% to the total respondents) found to be more interested in buying a life insurance policy as compare to other age group.

Are you investing in Term life Insurance ?
200 responses

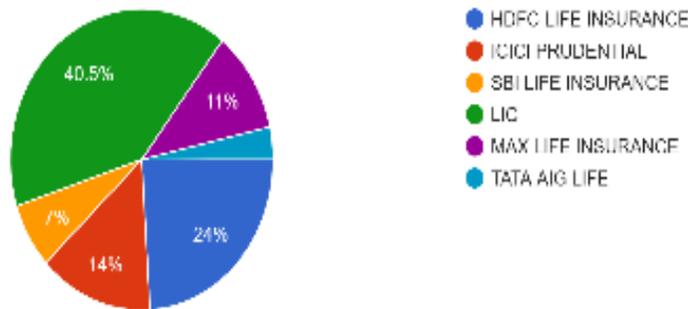


- Out of 200 responses still 49% don't have a Term insurance policy.

L

Which company you prefer the most in insurance?

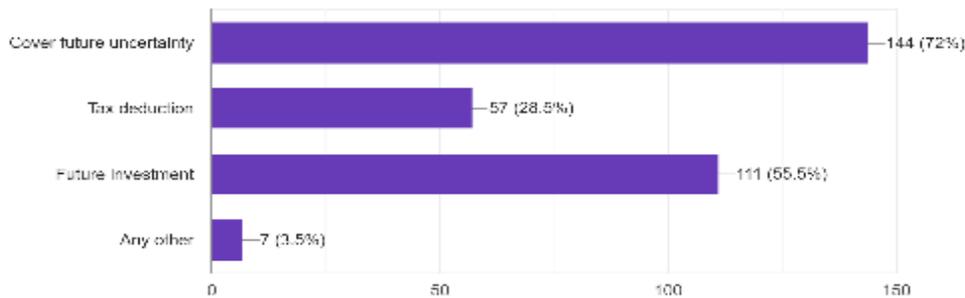
200 responses



- Out of 200 samples drawn, a majority (40.5%) of policyholders have shown preference towards lic followed by with among the private players. Therefore, lic has the maximum no. Of policyholders and rank as 1st among other insurance companies, followed by sbi life (7%), icici prudential (14%), Max Life (11%) and hdfc standard life with 24%.

What do you think are the benefit of insurance plan?

200 responses

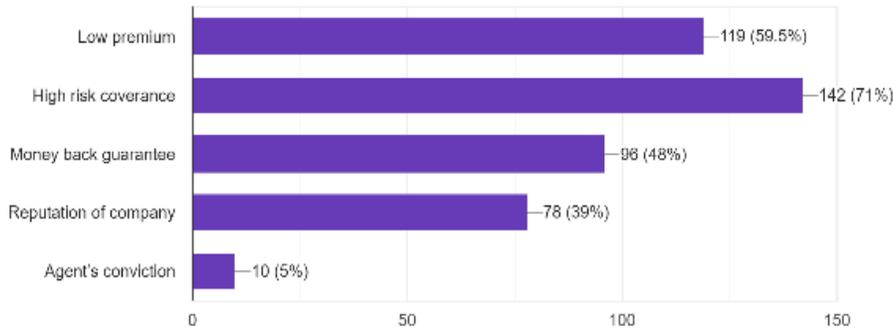


- The features of policy that attracted policyholders can be ranked as follows: company reputation, money back guarantee, risk coverage, low premium and easy access to agents as 1 st, 2nd, 3rd, 4th and 5th respectively. Thus, it can be inferred that goodwill of the company is the most influencing factor while policy buying decision.

Ko

Which feature of your policy attracted you most?

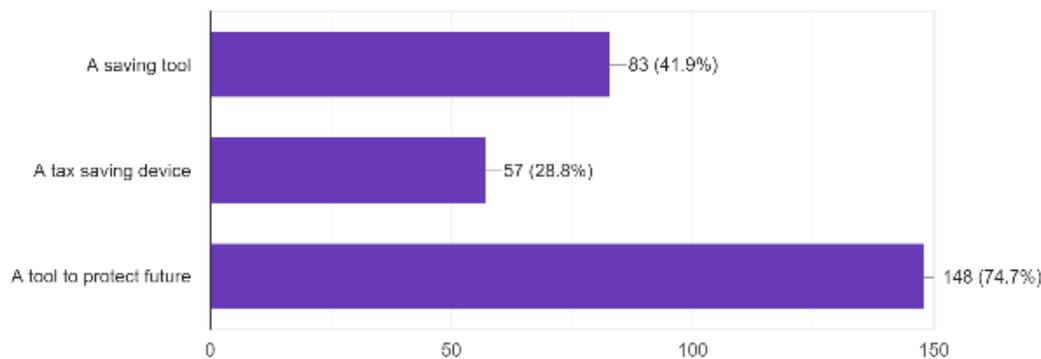
200 responses



- It is found from the analysis that out of 200 respondents, majority (71%) respondents preferred High risk coverage. (59.5%) policy have low premium. (48%) preferred Money back guarantee. Only 5% of the respondents have shown interest towards Agent's conviction. Hence in present days people are more interested in such policy which gives higher return along with the risk coverage benefit.

What's your perception about insurance?

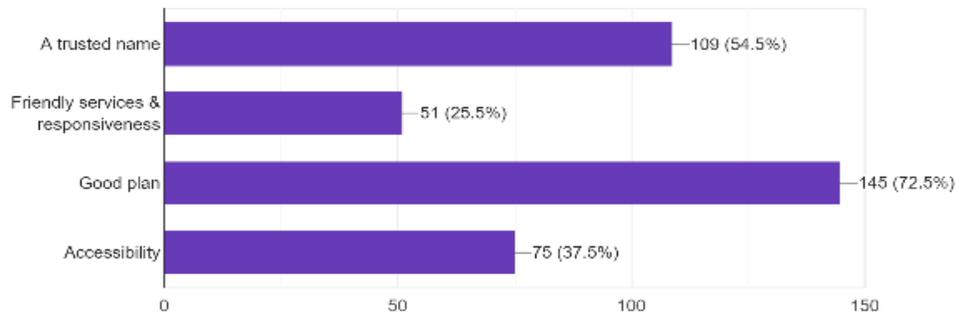
198 responses



- It is evident from the above study that most (74.7%) of the respondents have opted A tool to protect future. The purpose of most policyholder are Saving tools are (41.9%). And rest are the take the policy to save the taxes is (28.8%).

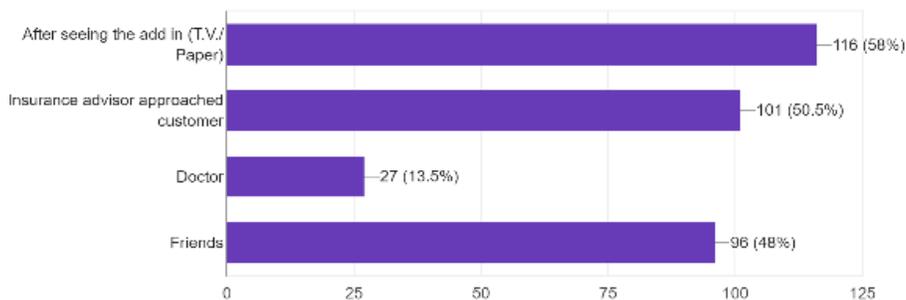
What would you be looking for insurance company?

200 responses



How did you come to know about the policy?

200 responses



- A large no. Of the respondents (72.5%) said that they look for good plan in a company for insurance, followed by trusted name, friendly service and accessibility with 54.5%, 25.5% and 37.5% respectively.

IX. CONCLUSION :-

A term insurance plan is a good investment to ensure the financial security of your family. It is an absolute must if you are the sole source of income for your family. The above table clearly shows that waiting to buy a policy will only increase the premium. So, it is better to buy a term plan sooner rather than later. Keep the points in this guide in mind and start your **term insurance plan comparison** today. You need to make the most of a term plan so that your family can get the best benefits.

we addressed the research question of how individuals made a choice between different kinds of policies, and how these choices were affected by different factors. We found that (42.5%) policy are essential, (26.5%) partially, (25.5%) is very essential in today's Scenario. This was a somewhat surprising finding, but it was indicative of the lack of financial knowledge and awareness among many consumers about their investment / insurance decisions. We looked at the demographic factors that affected choice of policies. Older people had a higher probability of owning term policies. Younger people were less likely while married individuals without children were more likely

to own endowment policies. Finally, males and high-income individuals were more likely to own multiple policies.

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