"A Study On Consumer Behavior Towards Life Insurance With Reference To IT Professionals In Pune."

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Abstract

The study named "A Study on Consumer Behavior toward Life Insurance with reference to IT Professional in Pune' is about consumers buying behavior and the factor which influence consumer towards insurance companies. As an individual each person possesses a certain amount of risk from various sources. Typical Indian consumers consider the future and struggle to make a healthier and safer life for his dependents in the future. Therefore, life insurance products are created which will meet the need of two aspects that is: covering the risk and saving the tax. Insurance is the best and most effective tool for these purposes. So, for these a person goes for buying insurance. But there are many different factors which buyer analyses before buying and have different preferences.

Life insurance represents the most appropriate investment opportunity for most investors. As financial markets become more sophisticated and complex, investors need a financial intermediary who provides the required knowledge and professional expertise on successful investing. As investors always try to maximize the returns and minimize the risk, Life insurance satisfies this requirement by providing attractive returns with affordable risk. When purchasing an insurance product, a customer transfers his life risks to an insurance company.

The study concludes that consumers buy the insurance policy by giving importance to various factors such as tax benefits, flexibility, liquidity, website/app and interest rate/return. Gold, PPF & Mutual funds products are and can be the main competitors of Life Insurance. 66.97% of respondents think that high return & safety are the most important components when investing their money in investment. 58.72% of the respondents' main reasons to buy life insurance is to secure their family's financial future. Respondents expect moderate returns from life insurance, and a good clam settlement ratio. 53.21% of the respondents would like to receive information about insurance from an agent or personal advisor. The higher income groups are currently the major market for insurance companies. The consumer also goes through the advertisement before buying the policy. Most consumers are satisfied by their current companies, making them feel delighted might help the company to capture the competitor's market.

Overall, the consumer is satisfied with buying insurance policy. So, the companies can plan for the policy keeping the competitors i.e., consumer preferred companies and other buying factors which consumer consider before buying. It will help the company to create better strategies. Target marketing and promotion marketing strategies are recommended to the company.

Introduction: -

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The study concludes that consumers buy the insurance policy by giving importance to various factors such as tax benefits, flexibility, liquidity, website /app and interest rate/return. The higher income groups are currently the major market for insurance companies. The consumer also goes through the advertisement before buying the policy. The consumer preferred LIC and IFLI companies for buying insurance policy. Most consumers are satisfied with their current companies, making them feel delighted might help the company to capture the competitor's market. Overall, the consumer is satisfied with buying insurance policy. So, the companies can plan for the policy keeping the competitors i.e., consumer preferred companies and other buying factor which consumer consider before buying. It will help the company to create better strategies. Target marketing and promotion marketing strategies are recommended to the company.

Literature Overview

A. Muthusamy, Dr. R. Yuvarani[1] (2021) – **"An alpha and beta analysis of customer's purchasing behavior and awareness of life insurance products in Salem district."** In the paper an endeavor has been made to know the challenges on deals position of protection enterprises and furthermore a point-by-point study was made to distinguish the potential section of individuals to advertise protection in Salem district. It concluded that in the rising situation, the protection business must focus on (a) Product development,
(b) Appropriate estimating and
(c) Speedy settlement of cases.

M. Vijaya Ragunathan[2] (2016) – **"Factors influencing the choice of investment in life insurance policy."** The paper explains the behaviors of customers for purchasing service and attempts to explore the effect of customers behavior in financial services especially in Life Insurance Industry. It concluded, the consumers are satisfied with the service provided by IDBI Fortis, but they still have to improve the service facility.

Guru.P, D. Umamaheswari[3] (2019) – **"Consumer buying behavior towards life insurance policies in Thanjavur city."** It studies on Factors Deciding Selection of Policies of Private Life Insurance Companies among Consumers in Thanjavur District. It finds that Product uniqueness, price, promotions, services of agents and accessibility are deciding factors. IT also suggests that the agents of private life insurance companies should provide better services timely and accurately and settle claims without any issues.

Vishal Kumar, Neha Singh[4] (2019) – **"Post purchase experience of consumers in life insurance policies: an empirical study."** The paper identified the important factors for evaluating post purchase experience of life insurance policy holders. 396 respondents who are policy holders of public and private life insurance companies are sample size. It concluded that the three major factors for consumer post-purchase behavior namely agent behavior, company image and customer service.

Sandeep Chaudhary, Jasneet kaur[5] (2016) – **"Consumer perception regarding life insurance policies: a factor analytical approach."** The study examines various factors that affect consumer perception towards life insurance policy. Data was collected from 100 respondents. It reflects customized and timely services, better company reputation, effective service quality, customer convenience, tangible benefits and healthy customer client relationship that influence the consumer perception towards life insurance policy.

S. EZILARASI[6] (2020) – **"A study on customer perception towards the online insurance products in Chennai city."** It studies various factor related to insurance. Collected data from both primary and secondary sources and sample size is 50 policyholders of LIC. The LIC is the most accepted and popular, market share of private insurers is gradually increasing with people trust and better services offered by them are some of the main findings of the study. The paper concludes with that demographic factor of the people play a major role in deciding the purchase of life insurance policies.

Ram Singh, Rohit Bansal[7] (2020) – "Customer preferences in life insurance industry—a case study of Bareilly, Uttar Pradesh." The primary goal of this paper to recognize client inclination with respect to plans and friends, their motivation ofpurchasing the protection strategies, fulfilment level and their likely arrangements for new protection strategy. Data was gathered with assistance of organized survey from 200 clients of Bareilly city in the research. The finding shows that Protection is the fundamental reason for purchasing an insurance strategy.

Suryanarayana Gajula, P. Dhanavanthan[8] (2019) – "Exploration on consumer's perception and buying behavior of health insurance policies in Hyderabad city." The study attempts toknow the perception levels to find out the awareness, influence, expectations, and willingness to purchase policy from the Non-Health Insurance Policy holders in Hyderabad City with sample size of 118. It shows that socio economic factors, individuals' perception and personality traits induces healthinsurance policy buying Behavior in the region.

Sandeep Chaudhary[9] (2016) – "Consumer perception regarding life insurance policies: a factor analytical approach." The current study examines the various factorsthat affect the consumer perception towards life insurance policy. Data was collected with the help of structured questionnaire with 100 samples. The mainfinding of the study reflected that there are six factors i.e., customized and timely services, better company reputation, effective service quality, customer convenience, tangible benefits and healthy customer client relationship that influence the consumer perception towards life insurance policy.

Mr. Sandeep Deshmukh & Dr. Rajiv Jadhao[10] (2017) – "Customers perception for taking life insurance: a critical analysis of life insurance sector in Nagpur." It analyzes the preferences of customers while life policy investment decision-making. The data for the study has been collected from both primary and secondary sources.The study area is limited to Nagpur District of Maharashtra. The paper concludes that most of the respondents take insurance policies for Savingsand Wide risk coverage.

Objectives

1.To study the performance of Life Insurance in the financial sector with reference to IT Professionals.
2.To understand the investor's behavior towards investment of Life Insurance.
3.To understand customer awareness.

Research Methodology:

In any research study, the research design adopted is a basic and vital concept. The design adopted will help the proper method of approach in several aspects such as preparing questionnaire, sampling method, and data collection etc. In the present study, a comparative idea of the responses of the chosen respondents about the investor's behaviors on Life Insurance will help to have as an idea in important aspects of the investors in the decision of the investment and its impact. Hence, the study design descriptive analysis. This would give the required information on the expectations, extent of fulfilment of the expectations and it would help to have an idea of various investment preferences. The data were collected through using a structured questionnaire.

Sample size-
In this study a sample is collected from 109 respondents and all 109 responses are used to apply the various statistical tools. The secondary data iscollected from the internet and companies' documents.
Sampling Frame-
IT Professionals in Pune region
Sampling Unit-
Individual IT Professionals
6.8 Data Collection:

In current research, primary data collection method is used to collect the data.

Data collection method-

A structured questionnaire was framed and distributed to the respondents through a direct interview method and it contains two parts. Primary data wascollected through filling up the Google form and Questionnaire by direct personal & Telephonic interview. The Secondary data was collected from Internet & companies documents.

Primary data is collected through:

Questionnaires were used to get the information from salaried individuals.

It was collected through desk visits, by formal and informal talks and though filling upthe questionnaire prepared.

Secondary data is collected through:

Here in this research project the secondary data is also used data which are taken from published sources of Insurance Regulatory and Development Authority of India (IRDAI)

Data Analysis:

Variable	Category	Frequency	Percentage
1. What is your gender?	Male	72	66.06%
	Female	37	33.94%
2. Are you aware about products and services of the Insurance plan?	Yes	30	27.52%
	No	62	56.88%
	Partial	17	15.60%
3. Have you ever invested in Life Insurance?	Yes	69	63.30%
	No	40	36.70%
4. If no, do you intend to invest in Life Insurance?	Yes	28	70%
	No	12	30%
5. What form of investment do you prefer?	Real estate	5	4.59%
	LIC policy	22	20.18%
	Shares/debentures	3	2.75%
	Mutual funds	20	18.35%
	Fixed deposits	10	9.17%
	Post offices schemes.	25	22.94%
	PPF	45	41.28%
	UTI schemes	34	31.19%
	Gold	56	51.38%
	NSC, NSS	34	31.19%
6. Tick the most preferred basis that you consider are important while investing into any investment scheme.	Safety	43	39.45%
	Liquidity	36	33.03%
	Tax benefits	34	31.19%
	Reliability	22	20.18%
	High return	73	66.97%
7. Which types of schemes do you prefer most?	Equity (Growth &Dividend)	52	47.71%
	Debt (income)	12	11.01%
	Tax benefit	13	11.93%
	Reliability	8	7.34%
	High return	24	22.01%
8. What type of insurance do you have?	Private	24	34.78%
	Public	45	65.22%

9. How would you like to obtain information on a life insurance product?	Online brochure/Website	22	20.18%
	Mail	20	18.35%
	Speak to an agent/adviser in person	58	53.21%
	Over the phone	9	8.25%
10. What is your main reason for getting life insurance?	Tax Benefits	12	11.01%
	Encourages Saving Habit	21	19.27%
	Secures Family's Financial Future	64	58.72%
	Helps Plan Your Retirement	12	11.01%
	Other	NA	NA
11. How would you like to buy life insurance?	Internet	24	22.01%
	Online chat with an adviser	13	11.93%
	Over the phone	9	8.26%
	Adviser at a branch	63	57.80%
12. What has been your expectation with returns expected from investment in Life Insurance?	Very high	5	7.24%
	High	13	18.84%
	Neither high nor low	36	52.17%
	Very low	9	13.04%
	Not applicable	6	8.69%
13. Which of the following source of information influenced you most in selection of Life Insurance?	Brokers	4	3.67%
	Financial advisors'	41	37.61%
	Friend's Advice	39	35.78%
	Newspaper/ financial journal	9	8.26%
	TV/Internet	16	14.68%

Findings

- **Competitors-** Gold, PPF & Mutual funds products are and can be the main competitors of Life Insurance.
- **Safety and Returns-** 66.97% of respondents think that high return & safety are the most important components when investing their money in investment.
  51.38% of the respondents still want to invest their money in gold, and only 20.18% are ready to invest in Life insurance.

- **Selection of Insurance-** 58.72% of the respondent main reasons to buy life insurance is to secure their family's financial future. 19.27% want to invest to encourage saving habits. Tax benefits and retirement plans are least important factor to invest in insurance.

- **Age Factor-** 72 respondents are male who have taken the survey and 48 are in the age group of 24-35 years which indicate they have started working or run business and have plans to protect family and look for long term investment.
- **Platform to Sell Insurance-** 58(53.21%) of the respondents like to receive information about insurance from agent or personal advisor, 22(20.18%) respondents want it online and 9(8.25%) respondents want it on call.
  So, rather than just calling the customer the salespersons can visit the prospects personally, as most prefer personal advisors. As a result, the conversion ratio also increases.

- **Reason to Buy LIFE insurance-** 64(58.72%) of the respondent main reasons to buy life insurance is to secure their family's financial future. 21(19.27%) want to invest to encourage saving habit.
  So, when company salesman giving information of their product to prospects, they can tell them how life insurance is to secure their family's financial future and they can easily convince to invest into life insurance.
- **ROI Factor-** Respondents expect moderate returns from life insurance. 52.17% do not expect either high or low returns from insurance and expect a good clam settlement ratio.

- **The mindset** of the investors is towards Life Insurance. They think of investing in life insurance to secure the family's financial future.

Recommendations

The company can focus more on advertising as consumers go for advertisement before buying a policy. Companies can use different marketing strategies for the same. The company can also create a modified version if policy for middle and lower segment income group as these group currently did not have the policy. Companies can consider this factor i.e., tax benefits, flexibility,liquidity, website/app and interest rate/return as important because these factorsmay provide the opportunity to company for better market and provide the edgeover competitors.

Promotion strategy- The company can go for different promotion strategies which would help to increase the awareness level and knowledge of consumers.

Hashtag marketing and different digital marketing are the new trends of marketing which companies can adopt and get the edge over the competitors.

Target market- The company can also target the middle and lower segment by modifying the exciting policy which would be suitable for middle and lower segment.

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