



CUSTOMER AWARENESS AND PURCHASE DECISION TOWARDS LIC PRODUCTS IN CHENNAI DISTRICT

S. Suthakar

Assistant Professor, Department of Commerce, Apollo Arts & Science College, Kanchipuram, Chennai – 602 105.

Dr. T. Raguathan*

Principal, Sri Balamurugan Arts and Science College, Sathappadi, Mecheri, Mettur TK., Salem District. *Corresponding Author

ABSTRACT

Life insurance is an agreement between two parties where one party called policyholder agrees to pay premium on the policy for an agreed period and the other party agrees to pay the sum assured along with bonus accumulated thereon either to the policyholder on the maturity of the policy or to the nominees or legal heirs on the death of the policyholder. Life insurance is an example of savings as well as investment. It ensures fair returns to the policyholder on his survival and indemnity or security to his family on his death. The perception of customers towards life insurance has increased in the post liberalization, privatization and globalization era. Due to the entry of private players, the Life Insurance Corporation of India (LIC), the erstwhile only public sector insurance company in the country has made the LIC to introduce more products. In this context, the present study has made an attempt to examine the level of awareness of customers towards LIC products and the reasons for buying these products with special reference to Chennai District.

KEYWORDS :Life insurance; customers; awareness; reasons

INTRODUCTION

Life is short and uncertain. Everybody wants to have a secured life. In the life of uncertainty, saving one's life is not that much easy. When the life of an individual comes to an end due to early or unexpected death, his or her family suffers from the loss of such individual. If the deceased is an earning member, the loss could not be compensated. In this context, the concept of life insurance has been introduced. Life insurance is a typical concept. It could be regarded as savings and also a security. Life insurance is a contract between the person insured and the insurance company. The person who has insured his life is known as the 'Insured' or the 'policyholder'. He is also called as a customer. The policyholder buys a life insurance policy from a life insurance company for the 'Sum Assured'. He agrees to pay premium as agreed till the end of the term of the policy. The term of the policy is the period for which the policyholder has agreed to pay premium. The insurance company agrees to pay the 'Sum Assured' along with the bonus accumulated thereon either to the policyholder on maturity of the policy if he survives or to the nominees or the legal heirs of the policyholder if he dies before the maturity of the policy, provided the policy is in force and the premiums have been paid properly.

STATEMENT OF THE PROBLEM

Life Insurance Corporation of India (LIC) has been the only public sector life insurance company in India. After the adoption of Liberalization, Privatization and Globalization (LPG) policy in the country, the insurance sector has been opened for private as well as foreign players. As a result, the LIC has to face the competition of new companies. Under these circumstances, LIC has been introducing newer products every now and then. The agents play a vital role in conveying the information about new products to the customers. LIC is also taking various measures to publicize the information about these products through advertisements. Despite these measures, it is still unknown whether customers are aware of the products of LIC. Similarly, the customers buy life insurance policies for a variety of reasons. Hence, the following questions have been probed in this study:

1. What is the level of awareness of customers about the products of LIC? And
2. What are the reasons for buying the products of LIC?

SCOPE OF THE STUDY

The present study has been undertaken in Chennai District which is one of the major districts of the state of Tamil Nadu. It is a well grown district in terms of educational sector, industrial sector, health sector, etc. Rise in income would increase the savings habit of the

individuals. People residing in this district have been leading a better life by the development of educational and industrial sector. An attempt has been made in this study to examine the awareness of customers and reasons for buying the products of LIC.

OBJECTIVES OF THE STUDY

The objectives of the study include the following:

1. To assess the level of awareness of customers towards LIC products and
2. To examine the reasons for buying LIC products.

HYPOTHESES OF THE STUDY

The following hypotheses have been framed for the present study:

1. There is no significant difference between male and female customers about the awareness on LIC products.
2. There is no significant association between occupation of the customers and the reasons for buying LIC products.
3. There is no significant relationship between income of the customers and the reasons for buying LIC products.

RESEARCH METHODOLOGY

The present study is a descriptive study based on the survey method. The awareness of customers towards LIC products and the reasons for buying LIC products have been analyzed in this study using the data collected by survey method.

The data required for this study have been obtained from primary sources – sample respondents. For this purpose, the researchers have drafted a structured questionnaire and administered the same among the sample respondents.

In this regard, 150 respondents have been selected from the customers of LIC. The researchers have collected the list of customers of LIC from the agents and the sample respondents have been selected under convenient sampling method.

The data collected from the sample respondents have been analyzed using the statistical tools like percentage analysis, t test and chi square test.

LIMITATIONS OF THE STUDY

The present study is subject to the following limitations:

1. Due to time and economic constraints, the study is confined to 150 respondents only.
2. Since the study is conducted on the basis of responses given by

the sample respondents in Chennai District, the results could not be generalized to other districts.

ANALYSIS AND INTERPRETATION

The data collected from the sample respondents have been grouped, regrouped and tables have been prepared wherever necessary. The first of the questionnaire consists of the personal data of the respondents which includes gender, occupation and income. The second part of the questionnaire contains the questions relating to the awareness of respondents towards various products of LIC and the third part deals with the reasons for buying the LIC products.

TABLE 1: DEMOGRAPHIC VARIABLES

Demographic Variables	Group	No. of respondents	Percentage
Gender	Male	96	64.00
	Female	54	36.00
	Total	150	100.00
Occupation	Employee	41	27.30
	Businessman	67	44.70
	Professional	19	12.70
	Farmer	23	15.30
	Total	150	100.00
Monthly Income	Below Rs.10000	32	21.30
	Rs.10001 to Rs.20000	79	52.70
	Rs.20001 to Rs.30000	24	16.00
	Above Rs.30000	15	10.00
	Total	150	100.00

According to the Table 1, out of the total respondents 64.00 per cent of them have been found to be male customers while 36.00 per cent of them have been female customers. It indicates that the number of male customers is greater than the female customers.

It is also observed that among the sample respondents 27.30 per cent of them have been employees while 44.70 per cent of them have been engaged in their own business and 12.70 per cent of them have been professionals. The remaining 15.30 per cent of them have been found to be farmers. It implies that the proportion of businessmen is greater than that of other respondents.

There is a further understanding that out of 150 sample respondents, the monthly income of 21.30 per cent of them was found to be less than Rs.10000 whereas the greatest proportion of 52.70 per cent of the respondents were earning a monthly income of Rs.10001 to Rs.12000. The monthly income of 16.00 per cent of the respondents has been observed to be Rs.20001 to Rs.30000 and that of 10.00 per cent of the respondents was above Rs.30000. It denotes that the monthly income of the majority of respondents was found to be Rs.10001 to Rs.20000.

TABLE 2: GENDER AND LEVEL OF AWARENESS

Gender	Frequency	Low	Medium	High	Total	t value	P value	Result
Male	No.	6	38	52	96	5.634	0.000	Significant @ 1%
	%	6.30%	39.60%	54.10%	100.00%			
Female	No.	22	21	11	54			
	%	40.70%	38.90%	20.40%	100.00%			
Total		28	59	63	150			

It is evinced from the Table 2 that out of 96 male customers 6.30 per cent of them had low level of awareness on LIC products while 39.60 per cent of them had medium level of awareness and 54.10 per cent of them had high level of awareness towards the products of LIC. On the other hand, low level of awareness found among 40.70 per cent of the female customers whereas the level of awareness was medium for 38.90 per cent of female customers and high level of awareness was found among 20.40 per cent of female customers. It implies that male customers had more awareness than female customers. The difference in the level of awareness between male and female customers was examined using t test and the results showed that the t value and p value were 5.634 and 0.000 respectively. Since the p value is less than 0.01, it is concluded that the difference between male and female customers towards awareness on LIC products is significant.

TABLE 3: OCCUPATION AND INCOME V/S REASONS FOR BUYING LIC PRODUCTS

Occupation	Savings	Security for family	Tax benefits	Compulsion of Agents	Total	Chi square value	p value
Employee	5	22	8	6	41	38.437	0.000**
Businessman	5	20	36	6	67		
Professional	3	5	8	3	19		
Farmer	2	7	2	12	23		
Total	15	54	54	27			
Monthly Income							
Below Rs.5000	2	14	11	5	32	4.726	0.857
Rs.5001 to Rs.10000	10	26	27	16	79		
Rs.10001 to Rs.15000	1	8	10	5	24		
Above Rs.15000	2	6	6	1	15		
Total	15	54	54	27			

**Significant @ 1% NS – Not Significant

From the Table 3, it is divulged that out of 41 employees, 5 of them have bought LIC products for savings whereas 22 of them wanted to buy the LIC products for security of family and 8 of them have bought for tax benefits. Due to compulsion of agents 4 employees have bought the LIC products. Out of 67 businessmen, 5 of them have bought LIC products for savings while 20 of them have bought for security for family and 36 of them have bought LIC products for tax benefits. The remaining 6 of the businessmen wanted to buy LIC products due to the compulsion of agents. The reason for buying LIC products for 3 of the 19 professionals was savings and that of 5 of them was security for family. Tax benefit was the reason for buying LIC products as indicated by 8 professionals and compulsion of agents was the reason for 3 professionals to buy LIC products. Out of 23 farmers, LIC products were bought for savings by 2 of them and for security by 7 of them. Tax benefits and compulsion of agents were the reasons for 2 farmers and 12 farmers respectively. The computed value of chi square and p value stating the association between occupation of the customers and reasons for buying LIC products were 38.437 and 0.000 respectively. Since the p value is less than 0.01, it is concluded that there exists a significant association between occupation of the customers and reasons for buying LIC products.

It is further observed that out of 32 customers whose monthly income was below Rs.10000, LIC products were bought by 2 of them for savings; 14 of them for security to the family; 11 of them for tax benefits and 5 of them due to compulsion of agents. Out of 79 customers earning a monthly income of Rs.10001 to Rs.20000, savings have been the reason for buying LIC products for 10 of them; security to the family for 26 of them; tax benefits for 27 of them and compulsion of agents for 16 of them. It is also understood that out

of 25 customers having a monthly income of Rs.20001 to Rs.30000, the LIC products were bought by 1 of these customers for savings; 8 of them for security to the family; 10 of them for tax benefits and 5 of them for compulsion of agents. In the case of 15 customers whose monthly income was above Rs.30000, savings were the reason for buying LIC products for 2 of them; security to the family was the reason for 6 of these customers; tax benefits were the reason for another 6 of them and compulsion of agents was the reason for 1 of these customers. The computed value of chi square and p value were 4.726 and 0.857 respectively. Since the p value exceeds 0.05, it is concluded that there is no significant relationship between income of the customers and reasons for buying LIC products

FINDINGS OF THE STUDY

It is found that LIC products have been bought more by male customers than the female customers. Occupation wise distribution of customers revealed that businessmen were the major customers of LIC products and the income wise distribution of customers implied that the LIC products were mainly bought by the customers having a monthly income of Rs.10001 to Rs.20000.

It is also observed that the level of awareness of customers towards LIC products has been influenced by the gender of the customers. The reasons for buying LIC products have been influenced by the occupation of the customers and not significantly influenced by the income of the customers.

SUGGESTIONS

The following suggestions have been offered on the basis of research findings:

1. It is suggested that the LIC has to conduct publicity campaigns among the women groups regarding the LIC products – Women association, Self Help Group, etc.
2. It is recommended that Pension linked insurance policies shall be introduced for employees.

CONCLUSION

Life Insurance Corporation of India has been introducing new products from time to time for the benefit of the customers. The level of awareness about the products of LIC was found greater among the male customers than the female customers. Employees buy the products of LIC for security to the family while the businessmen buy the LIC products for tax benefits. It reveals that the employees are concerned about the security of the family and the businessmen are concerned about the tax benefits while buying LIC products.

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