Consumer Preference In Life Insurance – A Case Study Of Guwahati

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ABSTRACT *Since past couple of years, India has achieved a significant growth in the insurance sector offering the market more choice, better service, quicker settlement, tighter regulations and greater awareness. The present study carried out projects on the specific parameters based on the purchasing decision of the consumers, the customer-orientated accessibility and promptness of services including more returns on investment, tax savings as well as life coverage, which tends to lead a company acquiring the top rank with a huge market share. The buying behavior of customers in respect of Life insurance products in general is initiated by number of factors viz. Psycho graphical, Economical, Social, Politico legal and Demographical. The list is not exhaustive but it is adequate to have the deep understanding of the factors influencing the decision. This paper analyzes & rates all the life insurance companies by analyzing certain variables, the clients perception , purchase behavior & consumer's awareness about the Life Insurance industry and to establish the factors affecting the choice of investors for choose a life insurance policy in Guwahati*

1. Introduction
With the leading number of life insurance policies in force in the globe, insurance happens to be a key opportunity in India. It's an industry growing at the rate of 15 -25 % per annum simultaneously with banking services. It adds about 7% to the country's GDP. The gross premium collection is nearly 2% of GDP & funds accessible with Life Insurance for investments are 8% of GDP. Yet so nearly 65% of the Indian people are without Life Insurance cover up while health insurance & non life insurance continue to be beneath international standards.

In India, insurance is commonly considered as a tax-saving tool instead of its additional implied long term financial benefits. Indian people are prone to invest in property and gold followed by bank deposit. They selectively invest in shares also but the proportion is extremely small. Even to this date, Life Insurance Corporation of India dominate Indian insurance segment. With the entrance of private sector players backed by foreign expertise, Indian insurance market has become more exciting.

2. Objectives:
Have anyone ever put attention why a business often loses relatively satisfied clientele? Why is it that clients will often indicate they are happy with how they have been treated but then go away for an opponent at the first chance? Why customer defection is often not associated to price? The answers to these and other associated questions are found in coming to an understanding of client liking.

The thought that clients prefer one product or one service over a new is not new. The capability to recognize and calculate the elements of such inclination decisions with any correctness and reliability has only newly become available.

❖ To assess the clients perception , purchase behavior & consumer's awareness about the Life Insurance industry in Guwahati
❖ To establish the factors affecting the choice of investors for choose a life insurance policy in Guwahati.
❖ To study the types of benefits provided by life insurance products in Guwahati.
❖ To study the contentment level of investors in life insurance in Guwahati.
❖ To know the most preferred life insurance company in Guwahati.

3. Review of Literature
The review of literature shows that a number of studies have been conducted, especially in developed countries R.L Oliver (1994) observed that customer satisfaction results from a process of internal evaluation that actively compare expectations before purchase of a product/service with perceived performance during & at the conclusion of a purchase experience.

4. Limitations of the Study
• The research will be confined to a certain parts of Guwahati and does not necessarily represent the choice of other parts of the state.
• Some respondents might reluctant to divulge personal information which can affect the validity of all responses.

5. Scope of the study
• The Indian Insurance industry, taking benefit of optimistic conditions in the economy, has seen a remarkable expansion in the current years after passing LPG (Liberalization, Privatization and Globalization) policies. It has undergone a major renovation and emerges with noticeable trends.
• A huge boom has been witness in Life Insurance Industry in current times. A large number of new players have entered the market and are vying to expand market share in this swiftly improving market place.
• The study is conducted in the city of Guwahati and deal with the factors touching a person for going for a life insurance. The study then goes on to estimate and analyze the findings so as to present a clear picture of trends in the Life Insurance sector with respect to satisfaction level and perception of benefits of Life insurance policies in the mind of the people.

6. Methodology:
The study deals principally with the liking in the Life Insurance in Guwahati city. The diverse segments of the market are divided in terms of Insurance Needs, Age groups; Satisfaction levels etc The research is primarily both exploratory as well as descriptive in nature. The sources of information are both primary & secondary. Primary data, which are the major source of information for the project, were collected by way of preparation of a well-structured questionnaire. Personal interviews were conducted to gather the customer's perception and buying behavior, through the questionnaire. Secondary data was composed by way of editorials or extracts in relation to life insurance from magazines and newspapers. The sampling patterns adopted were on the whole judgmental and convenient. The sampling units comprise of employees of reputed organizations, Government Employees, Businessmen etc. Total sample size was 300. The area of the research

was Guwahati, Assam (India).

7. Data analysis & interpretation

Table 7.1: People Having Life Insurance Policy

Response	Number of Respondents	Share (%)
Yes	85	68%
No	40	32%
Total	125	100%

Source: Based on primary data

Table 7.1 explains that out of the sample size of 125 respondents surveyed, 68% of the respondents are having Life Insurance policy. 32% of the respondents is either not having any Insurance policy currently or their policy is by now matured. his can be explained with the help of figure 7.1

Fig7. 1: Percentage of people having Life Insurance Policy
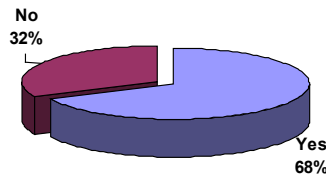
In order to explain the general characteristics of the population surveyed, we can refer to table 7.2

Table7.2: Demographic Profiles of Respondents Having Life Insurance Policies

Particulars		Number of Respondents
Gender	Male	55
	Female	30
Age Group	Less Than 20 Years	4
	Between 21-30 Years	42
	Between 31-45 Years	23
	45 Years and Above	16
Occupation	Businessman	25
	Professional	15
	Housewives	8
	Salaried People	19
	Others(Students, Fruit Vendors etc.)	18
Monthly Income	Less Than Rs. 5000	12
	Between Rs.5000-RS.10000	17
	Between Rs.10000- Rs.20000	16
	Between Rs.20000- RS.50000	19
	Above Rs. 50000	21

Source: Based on primary data

From the above table more male members are having Life Insurance policy than females and most of them are within the age group of 21 to 30. It is seen that businessman are seems to be more prone to do Life Insurance policies than others. People take various types of insurance policies. With the help of table 7.3, people's preference on various kinds of insurance policies could be found out.

Table 7.3: Type of Life Insurance Policy People Have

TYPE OF POLICY	NO. OF RESPONDENTS	SHARE (%)
TERM (A)	21	25 %
ENDOWMENT(B)	30	35 %

ULIP (C)	17	20 %
BOTH (A & B) ABOVE	10	12 %
ALL (A+B+C)	7	8 %
TOTAL	85	100%

Source: Based on primary data

According to out of sample size of 85 respondents havin g Insurance policy, 35 % of them are having Endowment policies while respondents have also shown their interest in Term Policies (25%) and Unit linked Insurance Policies (ULIP = 20%).Respondents have also a combination of policies such as both Term and Endowment policies (12%) and Term, Endowment and ULIP policies (8%). This is very much clear from figure 7.2.
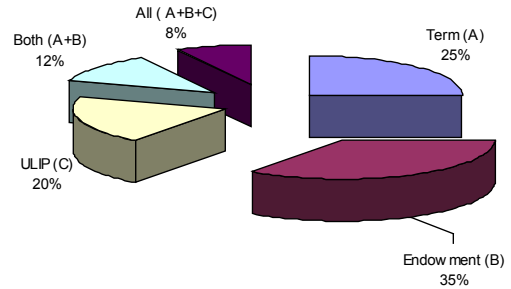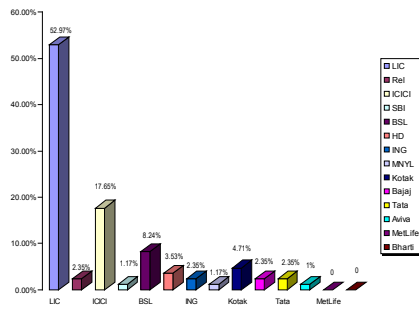
Figure7.2: Type of life insurance policies people have

Table 7.4: Preference of Respondents & Rating of Life Insurance Companies in Guwahati

COMPANY'S NAME	NO.OF RESPONDENTS	SHARE (%)	RANKING
L.I.C.I	45	52.96	1
Reliance Life Insurance	2	2.35	6
ICICI Prudential	15	17.65	2
SBI Life	1	1.17	7
Birla Sunlife	7	8.24	3
HDFC Standard Life	3	3.53	5
ING Vyasya	2	2.35	6
MAX Newyork Life	1	1.17	7
Kotak Life Insurance	4	4.71	4
Baja Allianze	2	2.35	6
Tata AIG	2	2.35	6
Aviva Life	1	1.17	7
Metlife	0	0	8
Bharti Axa Life	0	0	8
TOTAL	85	100	

Source: Based on primary data

The above table (Table 7.4) presents that the well-established LICI is dominating with 52.97% respondent's preference, ICICI Prudential with 17.65 %, Birla Sun Life with 8.24 % of policy holders. And out of the 85 respondents, only 1.17% of respondents with Max New York Life, SBI Life and Aviva Life while there are some insurance companies MetLife and Bharti Axa which has still to do lot to attract clients. There are too many factors contributing to the successful purchase of a policy, and in that, the important factor is brand awareness and time of establishment of business. We can judge that LICI has maximum policy holders and ranked 1st among other insurance companies, ICICI Prudential, and Birla Sun life hold the 2nd and 3rd ranks respectively.

Figure 7.3: Share of people having various insurance policies

From the figure 7.3, it clear that the share of LICI is the highest among the other life insurance policies with reference to people's preference of such policies.

Table 7.5: Rank Correlation Analysis

Company's Name	X	Y	Di = X-Y	Di²
L.I.C.I	1	1.00	0.00	0.00
Reliance Life Insurance	6	7.50	-1.50	2.25
ICICI Prudential	2	2.00	0.00	0.00
SBI Life	4	11.00	-7.00	49.00
Birla Sunlife	7	3.00	4.00	16.00
HDFC Standard Life	5	5.00	0.00	0.00
ING Vyasya	13	7.50	5.50	30.25
MAX Newyork Life	8	11.00	-3.00	9.00
Kotak Life Insurance	9	4.00	5.00	25.00
Baja Allianze	3	7.50	-4.50	20.25
Tata AIG	11	7.50	3.50	12.25
Aviva Life	10	11.00	-1.00	1.00
Metlife	12	13.5	-1.50	2.25
Bharti Axa Life	14	13.5	0.50	0.25
TOTAL				167.50

Source: Based on Primary Data
Note: X: the ranks based on the market share on consumed policies (Secondary Variable);
Y: the ranks based on consumer ratings. (Primary Variable).

Rank correlation has been calculated between the ranks of primary and secondary data by considering the variables of consumed policies and consumer preferences.

Rank Correlation,
$R = 1 - 6 [\sum Di2 + 1/12 \{(m13 - m1) + (m23 - m2) + m33 - m3\}]$

$n3 - n$

$= 0.61$

Note: m1 = 4, m2 = 3, m3 = 2, n = 14
Table 7.6: Number of Years People Having Insurance Policy

PARTICULARS	NO. OF RESPONDENTS	SHARE (%)
LESS THAN 5 YEARS	19	22 %
5-10 YEARS	30	36 %
10-15 YEARS	23	27 %
15 YEARS OR MORE	13	15 %

Source: Primary Data

From table7.6, shows that maximum number (30) of respondents have insurance policy for five to ten years. This is also vivid from the pie diagram below.

Figure 7.4: Number of years people having insurance policy
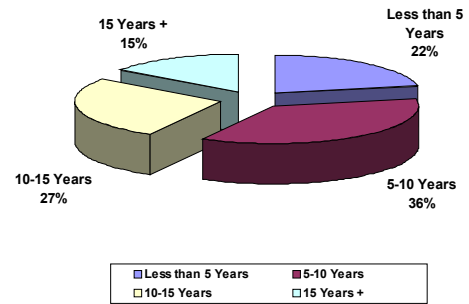
Majority of the respondents are having Insurance policies having maturity more than 5 years (Table 7.6). 36 % of the respondents are having an Insurance Policy for a period of 5 –10 years. There are respondents who are having Insurance policies having maturity period of more than 15 years and that constitute 15 % of the sample size of respondents having insurance policies. Let us now see the types of benefits the people derive from various kinds of insurance policies taken by the respondents.

Table 7.7: Benefits of Insurance Perceived by Respondents

BENEFITS	NO.OF RESPONDENTS	SHARE (%)
Cover Future Uncertainty	45	53
Tax Deductions	15	18
Future Investment	25	29
TOTAL	85	100

Source: Primary Data

Out of total sample size under study 53% believe that covering the uncertain future is the biggest benefit of an insurance policy which is well proved by the survey about the respondents (Table 7.7). Rest of which comprises of 18% & 29% believe it as a tax deduction & future investments instruments. We can show this result with the help of the following figure 7.5
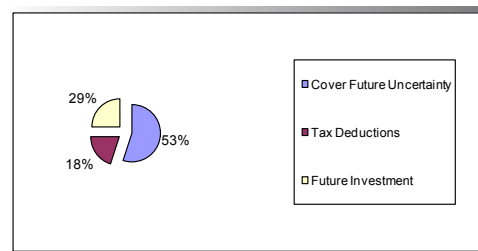

Figure 7.5 Respodents benefits from Insurance

Table 7.8: Features of Insurance Policy that Attracted Respodents

PARTICULARS	NO. OF RESPONDENTS	SHARE (%)
Low Premium	15	17.64
Larger Risk Coverage	19	22.35
Money Back Guarantee	11	12.94
Brand Name	9	10.58
Agents Accessibilty	1	1.17
Friendly Service & Responsiveness	1	1.17
Advertisement	1	1.17
Flexibility	3	3.52
High Return on Investment	25	29.46
Total	85	100

Source: Primary Data

According to table 7.8, major part of the respondent (29.46 %) received high Return on Investment in insurance policies as the most attractive feature of the all such policies which is followed by larger risk coverage (22.35%) feature. 44 % of the respondents are of the view that Insurance is a tool to secure future. 23 % of the respondents have perception of Insurance being an Investment option. When it comes to savings aspect, respondents have perception that life insurance is both a simple saving tool (18%) as well as a Tax saving tool (15%). This is clear from the table below (Table 7.9).

Table 7.9: People Perception about Insurance

RESPONSE	NO. OF RESPONDENTS	SHARE (%)
A Saving Tool	15	18
A Tax Saving Device	13	15
A Tool to Protect Future	37	44
An Investment Option	20	23
Total	85	100

Source: Primary Data

Let us now people's perception about life insurance policy analysis data that gives data that shows people who go for voluntary purchase of a life insurance policy.

Table 7.10: Buying process of the people

BUYING PROCESS	NO. OF RESPONDENTS	SHARE (%)
Customer approached Insurance Company/Agent	15	18
Company/agent approached Customer	70	82
Total	85	100%

Source: Primary Data

From Table2.10, it was found that 18 % of the respondents approached the Insurance Company / Agent, whereas, 82 % of the respondents were approached by the Company / Agent.

Table 2.11: People go Voluntary and buy a life insurance policy without an Advisor

RESPONSE	NO. OF RESPONDENTS	SHARE (%)
Yes	35	41
No	50	59
Total	85	100%

Source: Primary Data

Of the sample size of 85 surveyed respondents having Insurance policies, 41 % of the respondents are ready to buy a Life Insurance policy by themselves without the help of any agent. Out of 59 % of the respondents who are not ready or prefer to buy a Life Insurance policy by themselves without any insurance advisor help.

Table 2.12: Satisfaction of Respondents with respect to policy

RESPONSE	NO. OF RESPONDENTS	SHARE (%)
Satisfied	60	60%
Not satisfied	40	40%
Not Responded	0	0.0%
Total	100	100%

Source: Primary Data

60% of the respondents are more or less satisfied with their existing policy but 40% of the respondents are dissatisfied with their existing policy. In this case all of those who have taken a policy have responded to express whether they are satisfied with the policy or not.

3. Findings of the study:
To insure life is very important for any person in this world and so various policies are made by the people. After doing the survey regarding the needs of the people in relation to the insurance policies in Guwahati, the following results were found:

Out of the 125 respondents approached, 65 % of the respondents are found to have a life insurance policy of one insurance company or the other while the rest 30 % either do not have any insurance policy or their insurance policy has been matured and now do not have any insurance policy.

Out of the respondents having Insurance policies, 60 % of them are satisfied with their Insurance Companies while the rest 40 % are slightly dissatisfied with their Insurance Companies in terms of quick response, claim settlement and so on.

The respondents having Insurance policies are having almost every type of Insurance products like Term Policies (25%), Endowment Policies (35%) and Unit Linked Insurance Policies (20%). Respondents also prefer to have a mixture of said policies.

Majority of the respondents (35%) are having insurance policies having maturity period of 5-10 years and there are some respondents (15%) who prefer to have insurance policies of maturity more than 15 years.

Out of 85 respondents that are having insurance policies of one insurance company or the other, 53% purchase policy because it covers future uncertainty. 29 % purchase an insurance policy as they feel it to be a future investment and only18 % stated that they purchased the policy for income tax deduction. However, they are some respondents who prefer all benefits of insurance policies such as a tool to cover future uncertainty, tax deduction and future investment. From this, we can clearly know that consumers expect more benefits than the single benefit offering.

Regarding insurance companies preference and ratings among the respondents in Guwahati, it was observed that out of 85 respondents of both public and private insurance policy holders, 52.96 % respondents ranked LICI as top of all insurance companies and 17.65 % voted for ICICI Prudential to make it second and which is followed by Birla Sun life (8.24 %). This shows that awareness and growth prospects of LICI are considerably superior to the private players. Nevertheless, with the increasing use of Information technology tools like internet and E-commerce, LICI has to face tough competition from major private players like ICICI, HDFC, Bajaj Allianz, Birla Sunlife etc, as its use of this technology is lower as compared to the private players. On the other hand, private players feel that convenience, time savings and money saving schemes are the key factors to the success of a business, and now, they have clearly tapped consumers' expectations.

Regarding the features that attract most, the respondents give more weightage to High return on investment (29.41%) feature and followed by features like larger risk coverage (21.17%) and low premium (18.82%). Respondents are less attracted by advertisements by insurance companies.

44 % of the respondents think life insurance as a tool to protect future which is followed by the perception that it is an investment option (23%).

82 % of the respondents desired to buy an insurance policy when insurance companies approached them while 18 % of the respondents are of the view that they should approach the insurance companies to buy an insurance policy.

59 % of the respondents are ready to buy an insurance policy with the help of an advisor while rest 41% desired to buy an insurance policy on their own and without any help from an advisor.

4. Conclusion and Suggestions:
4.1 Conclusion:
The present exhaustive research in the field of Life Insurance

throw up some exciting trends which became very much clear from the above analysis. A general idea that we gathered during data compilation was the enormous awareness and knowledge among people about diverse companies and their insurance products. People are beginning to look beyond LICI for their insurance needs and are enthusiastic to belief private players with their hard earned money.

The buying behavior of consumers in respect of Life insurance products in general is initiated by number of factors viz. Psycho graphical, Economical, Social, Politico legal and Demographical. The list is not exhaustive but it is adequate to have the deep understanding of the factors influencing the decision. The respondents are expecting more benefits than the single benefit being offered by an insurance product and they are generally satisfied with their insurance companies. Amongst all insurance companies, LICI is most preferred which is followed by ICICI Prudential Life Insurance and Birla sun Life Insurance Companies Limited.

Another inspiring trend was in terms of people viewing insurance as a tax saving and savings instrument as much as a protective one. A very soaring number of respondents have opted for insurance for such purposes and it shows how insurance companies have been booming to magnetize public money in present times.

4.2 Suggestions:

Insurance is considered as an instrument to guard their family & a tax saving device. They are conscious of the fact & realizing its importance. So, the insurance companies in Guwahati should try to expand & build up their infrastructure because there is a huge potential for insurance in Guwahati. The key strategy should be the return maximization and the premium minimization. Mainly private companies should modify the premium and increase the return.

The Insurance Companies should adopt tangibility strategy to increase the sales by brand image, etc. Thus, private players, in this area, have to build brand image in the minds of public to get established in the current market. In order to ensure the reach of all insurance products and services to the ultimate consumers, insurance companies should follow the understandable market segment strategy. Insurance companies should also make more consultancy services, intermediaries or agencies to channelize the distribution of insurance products and service perfectly.

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