



A Study on Factors Affecting The Perception and Behaviour Towards Marketing of Life Insurance Products With Reference to Lic in Salem District.

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ABSTRACT

Human life is a most important asset and life insurance is the most important type of insurance which provides financial protection to a person and his family at the time of uncertain risks or damage. Life insurance provides both safety and protection to individuals and also encourages savings among people. Lic of india plays a vital role in the welfare of human well-being by providing insurance to millions of people against life risks such as uncertain death or accident. The present exploratory and descriptive based study was selected with an objective to identify those factors which influence customers policy buying decision and also analyze the preferences of customers while life policy investment decision-making. Various insurance related factors have been discussed in the paper. The data for the study has been collected from both primary and secondary sources. provided by the researcher. The paper concludes with that demographic factors of the people play a major and pivotal role in deciding the purchase of life insurance policies.

KEYWORDS

Customers, Life Insurance Policies, LIC, Investment, Socio-Economic Factors.

INTRODUCTION

The growing competition, rising customer aspiration and the increasing private participation are posing a threat to LIC of India. The LIC of India has to adopt special marketing strategies to gauge the changing scenario of the customers expectation as well as to ensure the continued customer satisfaction not only through innovation like online payment, ECS modifications of the product, better services, physical facilities and so on but also by motivating the sales force of the agents and development officers. Hence, an attempt has been made to study the marketing service of LIC of India in Salem Division. Insurable interest is the pecuniary interest. The insured must have an insurable interest in the life to be insured for a valid contract. Insurable interest arises out of the pecuniary relationship that exists between the policyholder and the life assured so that the former stands to lose by the death of the latter and/or continues to gain by his service. If such relationship exists, then the former has insurable interest in the life of the latter. An individual always has an insurable interest in his own life. Its presence is not required to be proved. Insurable interest is an evident that the person will continue to gain financially which he is surviving and will rather lose if he is dead because he will be unable to earn or protect the property.

Life insurance is a must for everyone because life is very precious. With a population of over one billion, national and international life insurance companies, see india as a land of opportunities and a market for big business. Until 1999, the business of life insurance in india was the monopoly of life insurance corporation of india (lic). Privatization witnessed dynamic changes in the insurance industry and most of the private insurance companies are joint ventures with recognized foreign players across the globe. Customers are the main pillar of life insurance business. Every company tries to attract and retain existing customers to keep their profits high.

The proper understanding of customers, their needs and expectations help insurance providers to

bring improvement in product as well as services offered. When compared with the developed foreign countries, the indian life insurance industry has achieved only a little because of low consumer awareness, poor affordability, delayed cus-

tomers services, lack of suitable products. In

today's cut throat competition, it becomes essential for life insurers to provide better customer services, spread more awareness, emphasis on need based innovative products and reasonable price. So that, every individual may avail the benefits of insurance and protect their lives against future uncertainties.

REVIEW OF LITERATURE

1. Raman and Gayathri (2004) In their research paper had found out the awareness about new insurance companies and preference of investors towards investments in insurance companies in future. The major findings of the research are that the majority of the respondents have taken insurance to cover risk and also have taken up policies other than LIC. It is also observed that majorities were aware of the new insurance companies and, more over, they opted for new companies due to reasonable premium.

2. Sheela.P and Arti.G (2007) Stressed the insurance companies have to understand the changing needs of customers. They have to develop viable and cost-effective distribution channels, build consumer awareness and confidence which will together contribute in further strengthening the insurance business in India. The study revealed that though majority of the respondents are aware of life insurance and its significance, only 41.7% of them have opted for insurance coverage. The study indicated that saving element was the main element that made them to purchase life insurance policies.

3.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.

4.Girish kumar and eldhose (2008), published in insurance chronicle icfai monthly magazine august 2008 in their paper titled "customer perception on life insurance services: a comparative study of public and private sectors", well explained the 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 insurance services.

5.Jayakar (2003) in his study emphasized that new products innovation; distribution and better use of technology are helping the new private life insurers to take market share away from lic, a only company before liberalization of insurance industry. With the privatization of insurance sector and with the entrance and cut throat competition with the private sectors gaining an ever increasing edge over the public sector.

AIM OF THIS STUDY

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 life insurance policy.

- To explore the various factors influencing customer investment decision in life insurance.
- To study and analyze the impact of various demographic factors on customers life insurance investment decision.
- To evaluate preferences of the customers while taking life insurance investment decision.
- To study and rank the factors responsible for the selection life insurance as an investment option.
- To offer suggestions for popularizing life insurance among the public at large.

PERCEPTIONS OF INSURANCE POLICYHOLDERS

This section focuses attention on the information required regarding the period of purchase of first insurance policies by the respondents, the number and type of policies, premium amounts paid, claims settled by LIC, satisfaction derived by the customers in this regard on LIC and its agents and so on. The main aim of this exercise is to know whether the LIC or its agents are providing the required information or services and whether the customers are satisfied with them.

In India, the level of insurance awareness in general is very low and it is very poor in rural areas. Therefore, customers do not approach the branches of LIC directly to buy the insurance policies. Normally they would be influenced by some people to take the policies and the agents play a major role in this regard. However, with a view to know this the customers are asked to specify the persons who are influenced them in taking their respective policies and these responses

FINDINGS

1. 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 30 to 40 years (which contribute 52% to the total respondents) found to be more interested in buying a life insurance policy as compare to other age group.

2. Out of 150 samples drawn, a majority (54.6%) of policyholders have shown preference towards lic followed by sbi life insurance with (14.6%) among the private players. There-

fore lic has the maximum no. Of policyholders and rank as 1st among other insurance companies, followed by sbi life (14.6%), icici prudential (10.6%), bajaj allianz (8.0%) and hdfc standard life with 6.6%.

3. 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 1st, 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.

4. It is found from the analysis that out of 150 respondents, majority (37.3%) respondents preferred money-back policy of lic. This is followed by the unit linked plan of private insurers (31.3%) and endowment plans (15.3%). Only 10% of the respondents have shown interest towards term plan. Hence in present days people are more interested in such policy which gives higher return along with the risk coverage benefit.

SUGGESTIONS

1. In present competitive world, customer satisfaction has become an important aspect to retain the customers, not only to grow but also to survive. Customer service is the critical success factor and private insurers through their best services would be able to reposition and differentiate itself from lic.
2. Private insurers should emphasis more on advertising and building brand awareness through different modes of communication. This will help in spreading insurance awareness among the common man.
3. To achieve greater insurance penetration, the healthier competition has to be intensified by both the sectors and they should come up with new innovative products to offer greater variety or choice to the customers and also make improvement in the quality of services and sell products through appropriate distribution channel to win-win situation for both the parties.
4. Insurance companies should devise policies which provide effective risk coverage rather than focusing on the tax benefits and also encourages them for long term investment in insurance.

CONCLUSION

The customer will be the single most important factor driving change in the life insurance business. The key to success would be in providing insurance solutions, not insurance products. In terms of diversification of channels, the past years have seen the emergence of corporate agents, brokers and direct sales force in addition to the individual financial consultant; websites emerge which will provide this evaluation service comparing the products of different insurers. Arriving at the optimal mix of distribution channels quickly would be critical to the long run success. Technology will play a crucial role in delivery of the service of the highest standard to both the end customer as well as the intermediary. It helps to reduce costs significantly and hence get reflected in the pricing of products.

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