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Economics

AN OVERVIEW OF CONSUMER PERCEPTION TOWARDS LIFE INSURANCE POLICY

KEY WORDS:

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ABSTRACT

The life of human is loaded with risks which can be certain or uncertain in nature. One can only have a proactive measure in place to deal with unpleasant situations. Hence, the concept of insurance was introduced with a motive to mitigate the risk and to provide protection. Insurance is the primary way of managing life's risk. Life insurance provides both safety as well as protection to individual and also boosts savings among people. The life insurance is considered as the fastest growing service sector in India after privatisation and increase in FDI. The present study is an attempt to illustrate the consumer perception towards life insurance services. The study revealed that demographic factors like age, family size, and marital status have significant impact on consumer's attitude towards insurance services. Consumers identify different reasons for taking insurance policy. The most important reasons among them are financial security, risk coverage, savings and known agents. Respondents have awareness on the details of the policy they buy. But at the same time taking of policy is not a voluntary decision among many. The factors that forced them to buy include the influence of insurance agents, family and friends. It is found that most of the respondents buying low premium policy are not ready to invest more money in insurance and are not interested in buying more than one policy. Thus overall attitude of customers towards life insurance is positive. In nutshell it can be concluded that human life is the most precious asset and life insurance is one of the ways which provides financial protection to a person and his family at the time of any uncertainty.

Background

Every individual is prone to uncertainties and risks of various types. Individual, families, businesses, properties and assets are exposed to different types and levels of risks. These include risk of loss of life, property, assets etc. The untimely death of the earning members and natural calamities such as fire, floods, earthquake etc which takeaway a heavy toll on human life and tumbledown unexpectedly many families. These risks are such which cannot be known in advance when they happen, while it is not always possible to prevent the unwanted event from occurring. Insurance is a device not to avert these risks but to mitigate the rigorous effect on individuals. Thus the insurance provide financial support and reduce uncertainties that individual and business face at every steps of their life cycle. Life and medical insurance can guard our family against financial instability so that they can carry on their lives with dignity and comfort. It acts as an assurance from unexpected events such as terminal illness or untimely death. It provides an ideal risk mitigation mechanism against events that can potentially cause financial distress to individuals and business.

Insurance is taken against the possible financial loss caused by pure risk, speculative risk, and fundamental risk. Pure risk is a category of risk that cannot be controlled and has two outcomes, complete loss or no loss at all. Pure risk is generally prevalent in situations such as fire, death of key person, the bankruptcy of a customer. Speculative risk is a risk category, which results in an uncertain degree of gain or loss when undertaken. Fundamental risk arises from the economic, political, social, or natural forces acting on society. Some specific sources of fundamental risk are floods and earthquakes, inflation and war. The function of insurance is to provide protection, prevent losses, capital formation etc. The insurance industry is critical for any country's economic development. A well-developed insurance sector boosts risk taking in the economy as it provides some security in the event of an unforeseen loss causing incident. It also provides a protective cover and support to family members in the case of loss of life or death.

The most important Function of insurance is to spread the risk over a number of persons who are insured against the risk, share the loss of each member of the society on the basis of the probability of loss to their risk and provide security against losses to the insured. Insurance also provide certainty of payment at the uncertainty of loss. Other functions include providing protection against the probable chance of loss and providing capital to society. The accumulated funds are invested in the productive channel and it also helps us to progress economically and eliminates worries and miseries of losses at death and destruction of property.

In today's competitive world of insurance business, customers are treated as the back bone of their business. Every company tries to attract new customers and retain existing customers in order to keep their profits high. Customer service and the customer experience is becoming an important competitive differentiator in the insurance industry. To establish a successful relationship between insurers and customers, companies must focus on meeting consumer demands during each phase of the customer journey. The proper understanding of customers, their needs and expectations help insurance providers to bring betterment in product as well as service offered. It becomes necessary for life insurers to provide customer satisfaction, spread more awareness, stress on need based innovative products and affordable price. Typical Indian consumers consider the future and struggle to make a healthier and safer life for his dependents in the future. Earlier life insurance was used as a best option to cover savings and risk of life, but now life insurance is used for many other reasons, including wealth preservation and tax savings. Whether an individual needs to have life insurance or not, merely depends on his wishes. That is why the new private players offer many new innovative products and services. They are increasing the awareness level among consumers by using innovative and new techniques of advertisement, introducing new products, increasing penetration of life insurance of consumers in uninsured markets. Dev Sachin and Bandam Manish (2017) examined the factors which influence customers buying decisions while taking life insurance policy. The consumer's decisions to purchase insurance product from different insurance company can be affected by several factors like age, gender, and income level.

History of Insurance in India

In India Insurance finds its mention in the writings of Manu (Manusmruthi), Yagnavalkya (Sharma sasthra), and Kautilya (Artha sasthra) and hence history of insurance is probably as old as story of mankind. The writings talk in terms of pooling of

resources that could be redistributed in times of calamities such as fire, floods, epidemics and famine. This was probably a precursor to modern day insurance. Life insurance in its modern form came to India from England in the year 1818. Oriental life insurance Company started by Europeans in Calcutta was the first of its kind on Indian soil. This company failed in 1834. In 1829, the Madras Equitable Company had begun transacting life insurance business in the Madras presidency. 1870 saw the enactment of the British Insurance Act and in the last three decades of nineteenth century, the Bombay Mutual (1871), Oriental (1874), and Empire of India (1897) were started in the Bombay presidency. This era, however, was dominated by foreign insurance offices which did good business in India, namely Albert Life Assurance, Royal Insurance, Liverpool and London Globe Insurance and the Indian offices were up for hard competition from the foreign companies.

In 1914, the Government of India started business undertaking of insurance companies in India. The Indian Life Insurance Act 1912, were the basic walk to supervise insurance business. In 1928, the Indian Insurance Companies Act was enacted to enable the Government to collect statistical information about both life and non-life business transacted in India and foreign insurers including provident insurance societies. The Insurance Amendment Act of 1950 abolished principal agencies. However, the prevalence of large number of insurance companies led to a higher level of competition among companies. There were also allegations of unfair trade practices. The Government of India, therefore, decided to nationalize insurance business by ordinance issued on 19th January 1956 nationalising life Insurance sector. The Life Insurance Corporation came into existence on 1st September 1956, with the objective of spreading life insurance much more widely and in particular to the rural areas with a view to reach all insurable persons in the country, providing them adequate financial cover at a reasonable cost. The LIC had monopoly till the late 90s when the insurance sector was reopened to the private sector.

The history of general insurance dates back to the industrial Revolution in the west and the consequent growth of sea-fearing trade and commerce in the 17th century. It came to India as a legacy of British occupation. General insurance in India has its roots in the establishment of Triton Insurance company Ltd, in the year 1850 in Calcutta by the British. In 1907, the Indian mercantile Insurance Ltd was set up. This was the first company to transact all classes of general insurance business. 1957 saw the formation of general insurance council, a wing of the Insurance Association of India. The General Insurance Council framed a code of conduct for ensuring fair conduct and sound business practices. In 1968, the Insurance Act was amended to regulate investment and set minimum solvency margins. The Tariff Advisory Committee was also set up then. In 1972 with passing of the General Insurance Business (Nationalisation) Act, general insurance business was nationalized with effect from 1st January 1973. 107 insurers were amalgamated and grouped into four companies, namely National Insurance Company Ltd, the New India Assurance Company Ltd, the Oriental Insurance Company Ltd and the United India Insurance Company Ltd. The General Insurance Corporation of India was incorporated as a company in 1971 and it commenced business on January 1st 1973.

This millennium has seen insurance complete a full circle in a journey extending to nearly 200 years. The process of re-opening of insurance sector had begun in the early 1990s and the last decade and more has been opened up substantially. In 1993 the government set up a committee under the chairmanship of R.N Malhotra, former Governor of RBI, to propose recommendation for reforms in the insurance sector. The objective was to complement the reforms initiated in the financial sector. The committee submitted its report in 1994 wherein, among other things, it recommended that the private sector be permitted to enter the insurance industry. They stated that foreign companies are allowed to enter by floating Indian companies, preferably a joint venture with Indian partners. Following the recommendation of the Malhotra Committee report, in 1999, the Insurance Regulatory and Development Authority (IRDA) was constituted as an autonomous body to regulate and develop the insurance industry. The IRDA was incorporate as a statutory body in April 2000.

Insurance companies in India.
The Indian insurance industry has witnessed significant growth in the past few years with the introduction of a wide range of advanced insurance products and services. It consist of both life and non-life insurance companies. At the end of March 2019, there were 70 insurers operating in India, comprising of 24 life insurance business, 27 general insurers, 7 standalone health insurers and 12 re-insurer including foreign re insurers' branches and Lloyd's India. Of the 70 insurers presently in operation, eight are in public sector and remaining 62 in private sector. Two specialized insurers, namely ECGC and AIC, one life insurer namely LIC of India, four in general insurance and one in re-insurance namely GIC are in public sector. Insurance Regulatory and Development Authority (IRDA) is an autonomous body that regulates and promotes the insurance and re-insurance industries in India. LIC continues to be dominant insurer even in the liberalized scenario of Indian insurance business. From then to now, LIC has crossed many milestones and has set unprecedented performance records in various aspects of life insurance business. India's share in global insurance market was 1.92 percent during 2018, However during 2018 the total insurance premium in India increased by 9.3 percent whereas global total insurance premium increased only by 1.5 percent. The Insurance sector is a colossal one and is growing at a speedy rate of 15-20%. Together with banking services, insurance services contribute about 7% to the country's GDP.

Significance of the study
Insurance is playing a major role in combating risks economically for both human life and assets through life insurance and other assets through general insurance as unexpected situation like death, calamities can occur at any time disrupting our life and property. Among them life insurance is very dominant. It offers a comprehensive financial protection to your loved ones and yourself. Since it helps a human life in two ways, firstly through investment and offering considerable yearly return on investment, then it helps through reducing the risk of human life economic. The life insurance is fastest growing service sector in India after privatisation and increase in FDI. However before purchasing an insurance policy, it is imperative to understand the different types of insurance policies and then choose one that aligns with our needs. Thus it has become essential to study the buying pattern of the life insurance policies.

Chaudhary Sandeep (2016) has extracted six factors that affect the buying decision of a consumer, they are customized and timely services, better company reputation, effective service quality, customer convenience, tangible benefit and healthy customer client relationship. He concluded that cent percentage of respondents are aware about life insurance policies and majority of respondents are satisfied with the service of their respective life insurers and most of the policy holders purchases the insurance policy for saving purposes. The result of the present study would help the company to have better understanding of investment behaviour towards life insurance. And it also helps to understand the awareness about the investors of different age and income level.

Statement of the problem.
Consumer behaviour in life insurance market has remained largely unexplored. Given the low levels of insurance

penetration and its critical role in increasing financial wellbeing, it is important to understand the life insurance purchase behaviour of Indians. There are several issues such as interest, the level of financial literacy and awareness, level of social influence in the purchase decision. This study covers the areas of source of customer awareness, motivations and preference behind the purchase and understanding whether the existing insurance providers are meeting the needs of the customers.

Objectives of the study
The present study mainly relies upon primary data collected from 120 life insurance policy holders in Kannur district. The information is collected through direct personal interview of the respondents for the purpose in hand. The study employed sample survey method. Present study also relies on secondary data obtained from published research reports, published journals, websites and the annual report of IRDA. The main aim of the study is to analyse the areas of source of customer awareness, motivations and preference behind the purchase and understanding behind the purchase of insurance by customers, with the following specified objectives.

• To evaluate the factors underlying consumer perception towards investment in life insurance policies.
• To determine the awareness level of consumers regarding life insurance policies.
• To study and analyze the impact of various demographic factors on customers' life insurance investment decisions.

Consumer Behaviour towards Life insurance
Consumer behaviour is very complex because each consumer has different mind and attitude towards purchase, consumption and disposal of the product. Consumer behaviour is the study of how individual customers, groups or organisation select, buy, use, and dispose ideas, goods and service to satisfy their needs and wants. It refers to the actions of the consumers in the market place and underlying motives for those actions. Consumer behaviour is not static; it undergoes a change over a period of time depending on the nature of product. All consumers do not behave in the same manner. Different consumers are behaving differently. The differences in consumer behaviour are due to individual factors such as the nature of consumer, life style and culture and it also varies across the states, regions and countries. Allnvi Fatima and Babri Maria (2007) tried to find answer to the question how could insurance company enhance their ability of meeting the constant changes in customers' preference in an increasingly competitive environment.

There are various factors that influence the consumer behaviour, they are;

• Marketing factors such as product design, price, promotion, packaging, position and distribution.
• Personal factors such as age, gender, education and income level.
• Psychological factors such as buying motives, perception of product and attitude towards the product.
• Situational factors such as physical surroundings at the time of purchase, social surroundings and time factor.
• Social factors such as social status, reference group and family.
• Cultural factors, such as religion, social class, caste and sub castes.

1.1 Demographic factors Influencing insurance
Muthusamy.A and Yuvarani.R (2016) analyzed impact of various demographic factors on customers' life insurance investment decision. Their study revealed that the consumer decision to purchase insurance product from different insurance companies can be affected by several factors like age, gender, and income level. The respondent belonging to the age group between 30 to 40 years found to be more interested in buying a life insurance policy when compared to other groups.

Gender and age
It is clear from the present study that the proportion of female interested to buy insurance policy is higher than the proportion of male and 52 percentage of female respondents showed interest in buying insurance policy. Age of the respondent is one of the most significant characteristics in perceptive, it helps to determine which age group is most likely to be insured. Higher age indicates the level of maturity of individual in that sense age become more important to examine the responses. Hence it is concluded that majority of the respondents belong to the age group below 50 years are interested to purchase insurance policies. It may be due to greater awareness about the maximum benefits of having insurance at this age group.

Figure .1. Age wise preference of insurance purchase.
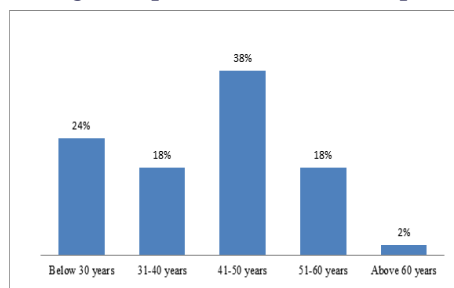
Source: Survey data

Marital status
Marital status is an important indicator in determining the proportion of the customers buying an insurance policy. Majority of the respondents are married, the perception and attitude of person towards insurance differ by their marital status because marriage might make persons more responsible and mature. 76 percentage of the married respondents prefer to purchase insurance while only 28 percentage of unmarried respondents prefer to buy insurance.

Educational qualification
Education enriches the people's understanding of themselves and world. Education is one of the important characteristics of the customer, because the perception, behavior and awareness depend upon their academic qualification. 52 percent of the Graduated respondents and 44 percent of the respondents having Plus two and above level of education have shown preference for insurance purchase in this present study.

Occupational status
The employment status determines the living standard of the respondent. An unemployed person depends upon others to satisfy his needs, whereas employment provides financial freedom and decision making power. The non-salaried workers, who belong to the category of others, are those who depend on daily wage work for their livelihood. Out of this group 54 percentage prefer to purchase insurance. 10 percentage of the government employees and 20 percent of private sector employees show their preference towards life insurance policy. From businessmen category only 4 percentage are interested in insurance policies. 12 percent from unemployed category who depend on earning members of the family also responded positively towards buying of life insurance policies.

## Figure.2 -Preference of the respondents on the basis of occupational status
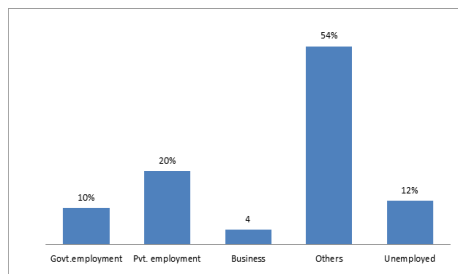
Source:Survey data

Family Size of the Respondents

The type of the family in which a person lives has innumerous significance in deciding investment, security and savings patterns, which are likely to affect his or her attitude towards a particular need or problem. It is evident that out of the total, 60 percent of the respondents who have purchased the policies belong to a family consisting maximum 4 members and 28 percentage had more than five members. Only 2 and 10 percentage of respondents had two and three members respectively.

Figure. 3- Family size of Respondents
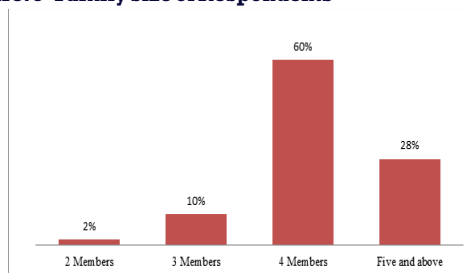
Source:Survey data

Family income of the Respondents

Most of the respondents have one (48 %) and two (46 %) income earners in their family, only 6 percent of respondent's have more than two income earners in their family. It is found that 50% percentage of the respondents were in the annual income group between 1 lakh to 5 lakh prefer to purchase insurance. The preferences of insurance purchase of the respondents having annual income less than 1 lakh and above 5 lakh were 36 and 14 percentage respectively. It can be inferred that family income effect the buying pattern of insurance policies.

Figure. 4 - Family income of the respondents
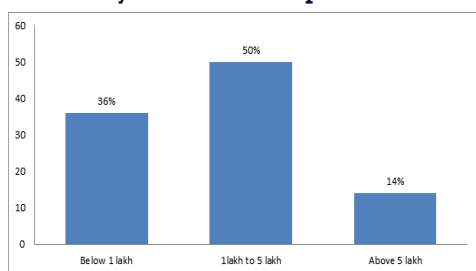
Source:Survey data

Savings of respondents

Saving money is one of the essential aspects of building wealth and having a secure financial future. Saving is crucial for everyone irrespective of their earnings, spending and life style. It is clear that majority of the people who save less than fifty thousand per annum prefer to buy insurance policies as a means of saving and most of them having only insurance as their savings. 14 percentage of the respondents each of the category of fifty thousand to seventy five thousand and above one lakh respectively saved their income in insurance. 10

percentage of the respondents who save between 75000 to 1 lakh prefer insurance.

## Figure.5 - Savings of respondents per annum
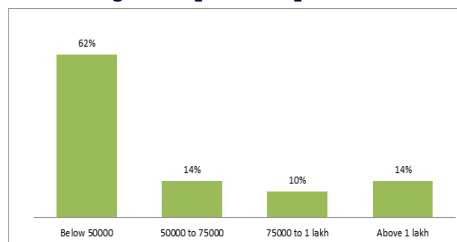
Source:Survey data

1.2 Consumption pattern of Insurance Policy holders.

Risk and unforeseen events can occur in our life at any time which could endanger the financial security of our family. So buying life insurance policy is a safe way to protect our family financially through certain add-ons in case of death or disability or serious illness in our life. In every household at least one member could buy the insurance policy for securing their life, so insurance is common nowadays. The study discloses that most of the respondents are having only one insurance policy and only small number of respondents is interested to buy two or more than two policies. So it can be inferred that people do not prefer to buy more policy. The study also revealed that 78 percent of respondents have a need for long term life insurance protection and 16 percent need short term life insurance coverage to help with a specific need. 6 percent preferred both short term and long term. Most of the respondents tend to secure the future of their loved one's after their demise by investing in long term insurance plans. Short term life insurance is meant to cover for a short period of time and for a specific purpose whereas long term insurance refers to insurance directly related to people and life changing events.

Sources of information about insurance

Evaluating information sources of buying insurance policy is one of the important part of the study. Information stimulates the thought process of the users of a particular product. By understanding the sources of information we can find out what influence the customers to buy a policy. The Figure.1 depicts that most of the respondents are buying insurance policy only because of the influence of agents. Only 14 percent got information about insurance policy from family and friends. Newspapers and television propaganda has not at all influenced their buying decisions.

Figure. 6. Sources of information about insurance
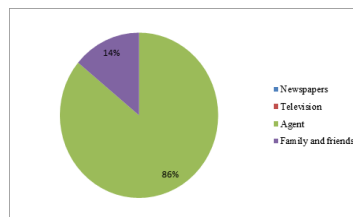
Source:Survey data

Level of awareness

Product awareness is the degree of knowledge that customers have about a product. The first step in purchasing a product is developing the knowledge about the product.. It is essential to understand the clarity of awareness of the respondents to a life insurance policy. Majority of the respondents are aware of the coverage, claim procedure and withdrawal procedure of their policies. But most of them are not aware of the tax benefits. But at the same time 44 percentage of the respondents were unaware about the insurance policy and their procedure. Their only preference for buying insurance

policy is the influence of insurance agents or family and friends.

Mode of Premium Payment

Peoples save their money in different time period like daily, weekly, monthly, quarterly, etc. It depends up on their income and level of consumption. Out of the respondents 66 percent prefer to pay the premium during quarterly whereas 20 percent prefer to pay premium once in a month. Whereas 8 and 6 percent were like to pay half yearly and yearly respectively. Thus the study depicts that majority of the respondents prefer to pay quarterly and monthly.

Method of Premium Payment

We use different methods to pay for a particular product, which makes easier for people to transact. It is clear from the study that 44 percent of respondents depend agents to pay the premium of the policy. 32 percent were paying the premium themselves. 10 percentage were using salary saving scheme to make payment of premium. Those who use bank and internet services to make payment are 8 and 6 percentage respectively. And no one use the electronic clearing mechanism to make payment.

Amount of Premium

Amount of premium is an important variable to understand how much of a person's money is invested in an insurance policy in a financial year. From the study it is clear that majority of the respondents have insurance premium per annuam less than Ten thousand. 20 percent of the respondents having a premium amount between ten thousand to fifteen thousand whereas 16 percent were between fifteen thousand to twenty thousand and 14 percent have the premium more than twenty thousand per annuam.

Types of insurance policy

There are primarily 7 different types of insurance policies when it comes to life insurance. These are Term insurance, endowment plan, whole life insurance, money back plan, pension fund, ULIP, children's plan. Term insurance provides full risk cover against any type of eventuality. Endowment life insurance policy provides the combined benefit of life insurance cum saving, Whole life insurance policy offers life insurance coverage till 100 years of age, Money back policy provides periodic return along with the benefit of life insurance cover, Retirement plan also known as pension fund helps to create a retirement corpus, so that you can retire gracefully. ULIPs are a type of life insurance plan that provide you with a dual advantage of protection and flexibility in investment and lastly Children's plan is a saving cum investment plan that is designed to meet your child's future financial needs.

Majority of the respondents prefer endowment and money back insurance policy, they were 38 and 28 percentage respectively. 12 percent prefer whole life insurance coverage. 8 percent invested for securing their children's future. 8 percent taking term insurance policy and 6 percent invest in pension fund for securing their life after retirement. No one preferred ULIP plans in our study area.

1.3 Parameters for Influencing the Buying decision

There are different parameters that influence people's decision of buying life insurance policy. They are categorised as premium, charges, policy term, Bonus and interest, pre and post services, accessibility and company image. Here the present study tries to analyze the parameters which highly influence the buying decision of the respondents.

Premium

An insurance premium is the amount of money an individual or business pays for an insurance policy. Insurance premiums are paid for policies that cover healthcare, auto, home, and life insurance. Once the premium is paid, it is the income for insurance company. Majority of the people consider premium as an important parameter influencing their buying decision. Only two percentage have the neutral opinion. It is inferred that reasonable premium influence the peoples buying decision of insurance policy.

Influence of Charges

The charges include fees such as cost of underwriting, medical expenses, agent's commission, etc. After deducting these charges, the remaining amount is invested in the chosen fund. Insurance charge has not that much effect on the buying decision of the respondents. 40 percent of the respondents were of the opinion that it is a least important parameter. 32 percent have the neutral opinion. Only 20 percent were responded that it is an important parameter. 8 percent opined that an insurance charge is not an important factor. Thus it can be understand that most of the people do not consider charges as an important factor influencing the buying decision.

Influence of Policy terms

Policy term refers to the period for which the insurance policy will remain active. This term is determined at the time of purchasing the insurance plan. It is used to refer to the period during which the life insured is provided guaranteed coverage by the insurer. From the study it is clear that 40 percentage of the respondents opinioned that policy term is one of the important parameter to influencing their buying decision. 28 percent have neutral view about policy term and 22 percent said that it is least important factor whereas 5 percent of the respondents have the opinion that policy term is the highly important factor that influenced the buying decision of insurance by them.

Bonus and Interest

Life insurance policies allocate a share of their profits as a bonus. It is a payout one receives in addition to the entitled basic sum assured. The concept of the bonus is simple. The extra sum which keeps accumulating under the plan every year is paid to the policyholder at death or upon maturity. It is clear that bonus and interest is an important factor that influenced the insurance buying decision, 72 percentages of respondents agree with the above said concept. 6 percent said that bonus and interest is neutrally influenced by them. 10 percentage agree it is highly important and 6 percentage said it is least important parameter

Pre and Post services

Analysing the pre and post services of company is essential to understand the service quality of their product. Sometimes pre and post services of insurance company influenced the people to buy insurance policy. The study shows that 38 percent of respondents have neutral opinion about the pre and post services of insurance company. At the same time 36 percent said it a least important factor. 26 percent believe that pre and post services play an important role to influence the insurance buying decision whereas 4 percentage said that it is not important.

Influence of Accessibility

There are different options for buying life insurance but it's actually not as complicated as it may seem, it is accessible to all nowadays. Accessibility defined as the ability of being reached, approached, used, or understood. 40 percentage of respondents of total have a neutral opinion about the accessibility of insurance policy, 28 percentage said it is important at the same time 24 percentage said that it is least important to influence the investment decision of people. Only 8 percentage assign high importance to accessibility.

Influence of Company image

Corporate image is one of the most important assets of an organisation. It acts as a comfort factor for customers and assures them that they are buying from the best. Moreover, it

influences attitudes of not only customers but also employees, media, analysts, influencers etc. towards an organization. According to 60 percent of the respondents company Image is one of the important parameter to influence the buying decision of customers. 24 percentage of respondents assign high importance to company image whereas 16 percentage have neutral view. Thus it can be inferred that company image influence the customers' attitude towards insurance policy.

1.4. Customer satisfaction
Customer satisfaction is defined as a measure that determines how happy customers are with a company's products, services, and capabilities. Customer satisfaction is one of the most important indicators of consumer purchase intentions and loyalty. Hount (1991) said that "Satisfaction is a function of customer's belief that he or she was treated fairly". The study depicts that most of the respondents are satisfied with the service of Life Insurance Company but at the same time majority of respondents are not interested in buying an additional policy. 88 percentage of the respondents were satisfied with life insurance and rest of them are not satisfied. 66 percentage of people are not likely to buy a new policy and 34 percentage were interested to buy a new policy.

1.5. Expectation of Respondents from Life Insurance
Expectation towards every financial product differs from person to person. The study helps us to understand what was the expectation of people from insurance product, whether they expect more benefit or more security from insurance. From the study it is clear that majority of the respondents were buying insurance policy for the expectation that they get more security in their life. Only 10 percent of respondents feel that they get no benefit in buying of insurance policy. No one said any other expectation that they get from insurance plan.

1.6. Reasons for taking the Policy
Buying life insurance is one of the most important financial decisions. There are different reasons for taking insurance policy such as savings, risk coverage, reasonable premium, and settlement of previous claims, tax rebate and known agents.

Savings
Saving money is important because it help us to protect in the event of a financial emergency. Additionally, saving money can help to pay for large purchases, avoid debt, reduce financial stress, leave a financial legacy, and provide us with a greater sense of financial freedom. Saving is the important reason for taking insurance policy among majority of the respondents. 84 percentage of respondents strongly agree that they were buying policy for saving money for meeting incalculable events in future.14 percentage of respondents gives it lesser importance and 2 percentage have neutral opinion.

Wide Risk Coverage
Risk is the possibility of something worse happening. Life insurance policies offer a way to plan for future expenses in the present, while many things are not in our control in life. Thus insurance are the best sources of risk aversion. 84 percent of the respondents agree that covering of risk is an important reason for taking insurance policy. Rest of them had neutral opinion about the risk coverage.

Reasonable premium
Premium is an amount paid periodically to the insurer by the insured for covering risk, for taking risk insurer charges an amount called the premium. Reasonable premium is an important factor to influence the people for buying insurance policy. The study tries to find out the attitude of respondents about the amount of premium as a factor determining the purchase of insurance. The study shows that out of 120 respondents, 96 respondents (80%) agreed that reasonable premium is an important reason for taking insurance policy.

Quick settlement of the previous claim
Claim settlement is one of the most important services that an insurance company can provide to its customers. Insurance companies have an obligation to settle claims promptly. As per the regulation 14 (2) (i) of the IRDAI (Policy holder's Interest) Regulations, 2017, the insurer is required to settle a claim within 30 days of receipt of all documents including clarification sought by the insurer. The study reveals that majority of the respondents are indifferent that quick settlement of previous claim is the reason for taking insurance policy. 32 percent agree that quick settlement of previous claim is also the reason for taking policy. 6 percent strongly agree that reason and 12 percent disagree with that.

Image and popularity of the policy
Product image is affected both by the physical attributes of the product itself and by the psychological or imputed values of the buyer which can be cultivated and manipulated by advertising and other promotional forms. With the expansion of brands in the market, consumers are more and more often making their purchasing decisions based on the brand image, rather than on the product itself. Most of the respondents agree that image and popularity of the policy is one of the important reasons for taking insurance policy. 10 percent of respondents strongly agree that. 36 percent have neutral view and only 4 percent of respondents disagree that.

Tax Shelter
The life insurance policies became more important as individuals can rely less on Medicare and Social security policies. Income and estate taxes are skyrocketing in the present economic situation. Permanent life insurance helps to transfer wealth into a tax shelter. Majority of the respondents strongly disagree that they were buying insurance policy not for the tax concession. 14 percent agree that tax rebate is one of the reasons for taking life insurance. 20 percent were indifferent that whether insurance is taken for tax deduction or not.

Known Agent
Insurance agents specialise in providing information to their clients on insurance policies that protect them against uncertain events such as illness, damage, theft, or death. The primary objective of an insurance agent is to sell insurance policies that will meet the requirements of the client. Known agent is one of the important reasons for taking life insurance policies. Majority of the respondents agree that. Only 4 percent of respondents disagree with the opinion.

1.7. Influencing factor of insurance company
Benefits of insurance to individuals, organizations and society in more than what is known to the layman. Insurance companies collect premiums upfront, invest those premiums in various investment channels, and pay claims when situation arise. The benefit of insurance is reducing social burden. Insurance helps to reduce the burden of uncompensated accident victims and the uncertainty of society. There are different factors of insurance company that encourage people to invest in insurance. Majority of the respondents said that quality of the life insurance product is the most important factor of an insurance company that influences the consumers. And it was followed by the assistance by agents. Out of the total respondents 4 respondent consider number of branches as an important attracting factor of an insurance company and 2 respondents revealed that the simple procedure and formalities of the insurance company appealed them.

1.8. Opinion about Insurance
The study analyzes the opinion of respondents about insurance and attempt to understand the feeling of respondents after investing in the insurance plan, and the profitability of insurance. 56 percent of the respondents were of the opinion that insurance is not at all profitable they were

investing in insurance only for their security and minimizing risk. 44 percent agrees that to an extent insurance is profitable. This is because the insurance premium is a small amount and the total amount is very high. Majority of the respondents said that insurance is not better than other type of investment. And out of total respondents 62 percentage feel an average opinion about insurance whereas 38 percent have good opinion about insurance.

### 1.9. Overall Perception towards Life Insurance

With the increase in risk there is need of insurance to bear the losses. Insurance is the instrument used as the financial protection against various contingency. This study tries to understand the consumer perception towards life insurance product. Over all perception about life insurance is positive. Only few number of peoples have negative attitude towards life insurance investment. Though the overall consumer perception towards insurance is positive but still people consider insurance only for security of life. People prefer low premium policy and they were not ready to invest more amount in insurance. And it should be noted that some policies are not familiar to the people, for example ULIP plans are not popular among the respondents. So if the people get more information regarding insurance then they will invest more in insurance sector. It is also clear from the figure.3

Figure. 7. Insurance Company's influencing factors.
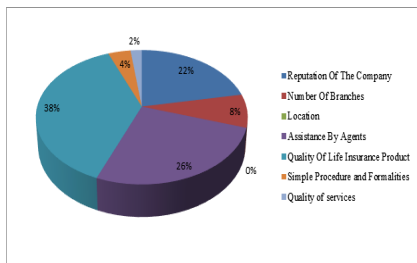
Source: Survey data

Figure. 8. Overall perception towards life insurance
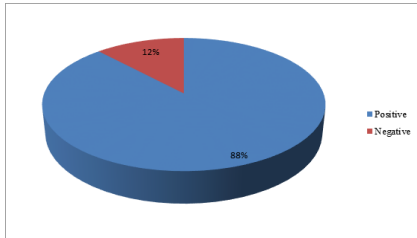
Source: Survey data

Conclusion

Nowadays insurance companies are successfully running their business, and majority of the people are purchasing an insurance policy to avoid risk and run a smooth life. With the rise in risk and rapidly increasing expenses, nowadays people prefer to take insurance for financial security from uncertainties.

In present time, the investment habits of consumers are changing very frequently. Consumers have different perception towards investment. This study focused on the factors underlying consumer perception towards investment in life insurance policies and to understand the consumers' awareness level and the impact of demographic factors on investment decisions. Majority of the customers feel insurance as a risk protection and savings option. If their investment pattern were analyzed, preference for long term investment, amount of premium, policy term, bonus and company image are the important parameters influenced by the buying decisions. Agents' knowledge influences greatly the purchase decision of the customers. The behaviour and

the presentation skill of the agents also affect the buying decisions of the customer. Newspaper and television have no role in decision making of customer's buying preference. Majority of the respondents have full awareness on details of the policy they buy. But at the same time some of the people are not aware about the policy details and its benefits. They are taking policy because of the insistence of agents.

Most of the people are inclined to purchase endowment plan and money back policy. ULIP plans are not very popular among the respondents. The major influencing factors in choosing an insurance company are quality of life insurance product, assistance by agents and reputation of the company. Demographical factors like age, marital status family size are influencing the buying decision, whereas gender, education, employment and family income is not mostly influencing the buying behaviour of an insurance policy. Thus company image and good will is most important factor that strongly influencing the consumers' choices and purchasing behaviour. Thus overall attitude of customers towards life insurance is positive. In nutshell it is to say that human life is a most precious asset and life insurance is one of the ways which provides financial protection to a person and his family at the time of any uncertainty.

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