

A STUDY OF CONSUMER BUYING BEHAVIOUR TOWARDS LIFE INSURANCE POLICIES IN PUNJAB STATE

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ABSTRACT

This research paper makes an effort to study consumer buying behaviour with respect to life insurance policies. Three major districts of Punjab (Amritsar, Jalandhar and Patiala) from Majha, Doaba and Malwa regions were taken for sampling. Due to the amount of opportunities and large accessibility with the impact of developments taking place especially with reference to infrastructure; these are the commercial districts of Punjab state. These have been chosen for the purpose of research study in the Punjab state. The research study was conducted based on a field survey through structured questionnaire method. A structured questionnaire was designed and the responses were collected from 150 respondents (50 respondents from each district) by using convenient sampling technique. This research paper presents insights about the number of consumers opting for life insurance plans, awareness among respondents towards life insurance policies and investment behaviour and pattern in buying decisions in life insurance with reference to education.

Keywords-Buying Behaviour, Life Insurance, Buying Decisions.

I. INTRODUCTION

India is a country which is known for its unity in diversity. It is second in the world in terms of population. But when it comes to life insurance, it still ranks much lower compared to Western and other Asian countries.

As per Webster dictionary; life insurance is providing for payment of a stipulated sum to a designated beneficiary upon death of the insured. According to Business Dictionary, two major purposes are served by Insurance:

- (1) To substitute for the insured's incomes if he or she dies, and
- (2) To qualify the insured for favorable tax treatment.

Life insurance broadly covers the financial loss incurred to the family due to the death of the Insured. The insurance company compensates the insured's family by paying the sum assured. Life insurance is also considered as insurance cum investment plan, in which the policy is for a stipulated period of time. The maturity is calculated at the death of the insured or the completion of stipulated period of time, whichever is earlier. Therefore, the insured has the possibility of enjoying the sum assured by him or her.

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II. LITERATURE REVIEW

Khan, M.K. (1978) discusses the opportunities available which provide wonderful careers in life insurance sector. The paper talks about the skills required for a career in life insurance sector. Life insurance sector doesn't come along with restrictions and barriers. It provides lots of flexibility for the people who want to build their careers in the sector. In fact the avenue also creates and develops the overall personality of an individual. There is a long lasting relationship of life insurance agent with his/her clients and also there is no substitute for service rendered.

Shesha Ayyar, V. (1986) opines in the article entitled "Product Development" about various issues and challenges which are related with regard to developing new policies. The author discusses the need for building and developing new schemes and various concerns which can pose problems for the insurance sector. The insights present details about the growing requirement regarding ancillary benefits such as benefits for hospitalization or disablement etc.

A project report was being prepared by The Insurance Institute of India on "Marketing of Life Insurance" (1987). The purpose of undertaking the project was to evaluate various aspects with respect to insurance such as extent of life insurance coverage, awareness of the people towards life insurance plans and policies, beliefs and attitudes in life insurance, changing perceptions towards insurance, identification sense of employees with Life Insurance Company. The findings of the report included that LIC is a better investment avenue for the investors as compared to bank deposits. Also in terms of reliability, the sense of reliability is more with LIC as compared to other investment options.

Venkatesh, N.C. (1987) focuses on the area entitled "On the Trail of Better Service" where the author presents the great need and significance of healthier and individual servicing to the consumers and has accentuated the substance of gratifying the policyholders. The department of insurance continuously works to satisfy and adhere to the growing requirements of the policy holders with the objective of serving them better.

Thanjavur (1987) worked upon field visit and exploratory study to gather data on "Customer Satisfaction". The purpose of the analysis was to provide insights about the different factors which affect the level of customer satisfaction. The findings included the level of consumer satisfaction regarding the services, such as follow ups, timely fulfillment of responsibilities etc.

Ward and Zurbruegg (2002) examined the impact of legal and political factors, which are significant in Asian countries. In the Asian countries there is lots of improvement as compared to OECD countries.

S.Raju and M. Gurupandi (2009), opine that the attitude of the policy holders and their socio economic background creates a significant influence. The study showcased the opinions and attitudes of the policy holders towards the services of LIC.

Shivanand .H.Lengti (2009), discuss about the insurance investors who have the option to choose all other aspects of insurance from insurance authority such as insurance ombudsman and insurance counsel to take their disputes further.

Siddiqui et al. (2010) tried hard to build up a suitable and consistent tool to compute customer perceived service quality in life-insurance sector. The objectives of the study were, first to investigate service quality

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structure for life insurance and then relative importance of these service quality dimensions from customers' perspective, so as to ensure optimal deployment of resources among these dimensions, and thereby best value to the customers. Further, the study tried to measure as to how well services were being delivered i.e. up-to what level performances were meeting the expectations.

III. STATEMENT OF PROBLEM

Abraham Maslow's need hierarchy theory lists safety and security as an important need. Buying behaviour is influenced by wide range of factors such as need, love, affection, urgency, pride, envy etc. these factors are emotions based and an important emotional and rational factors influencing buying behaviour also are safety and security. To build a sense of safety and security for family, and to secure their future financial needs, the life insurance policies have been designed. As the slogan of LIC very truly conveys, "Jindagi ke saath bhi, jindagi ke baad bhi"

IV. NEED OF THE STUDY

Investment behaviour differs from one to another. Especially when it comes to insurance, there is a large difference and influence of factors which also govern buying behaviour. Even most of the earning persons are not aware about right insurance plans for themselves. As we know that financial security of our family is very important but even then people afraid from life insurance agents and avoid purchasing life insurance policies. Some persons buy insurance plans for tax saving purpose only. So an effort is made to attempt and explore through a descriptive research to find out buying behaviour of consumers towards life insurance policies in Punjab state with special reference to Amritsar, Jalandhar and Patiala districts.

V. RESEARCH OBJECTIVES:

1. To explore the level of awareness and likability towards different life insurance policies
2. To understand and evaluate investment behaviour and patterns in the buying decisions in life insurance with reference to education

VI. RESEARCH METHODOLOGY

A proper research methodology is adopted in order to achieve the set objectives and relevant Information is collected.

6.1. Sampling Design: Convenience Sampling Technique was used.

6.2. Sample Size: Sample size of 150 respondents was taken (50 respondents from each district).

6.3. Nature and Sources of Data: The data was collected by using the following Sources:

a) Primary data

Primary data was collected through a structured questionnaire with personal interview.

b) Secondary data

Secondary data was collected through some relevant journals, newspaper articles, books, magazines, governmental documents and internet etc.

6.3. Tools for Data Collection

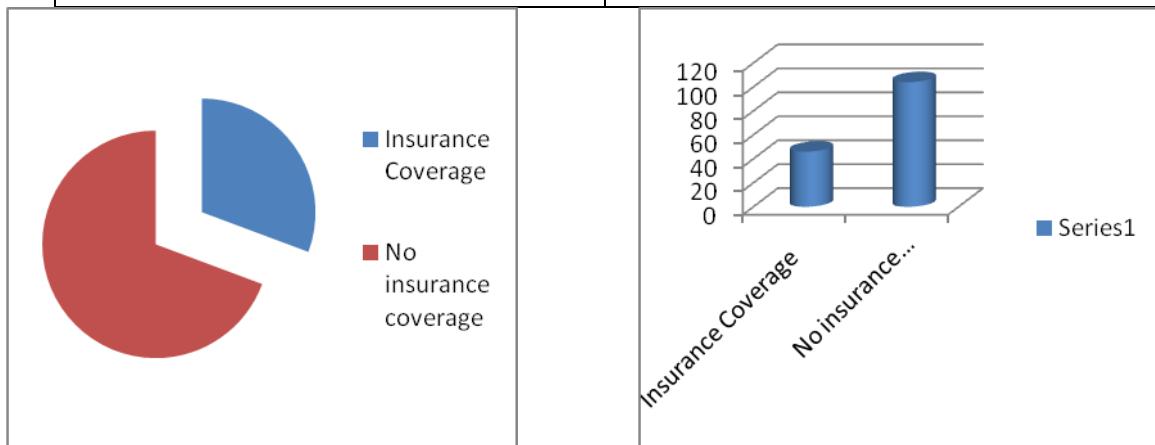
The data collection was done using structured questionnaires. The researcher used structured questionnaires filled by the respondents of Amritsar, Jalandhar and Patiala districts of Punjab state.

VII. DATA ANALYSIS AND INTERPRETATION

Data analysis tools included those tools which provide a better analysis of the data and thus provide a clear direction to the research to reach at valid interpretations and conclusions. It is analyzed by using various statistical tools as mentioned below:

Table 1.1: The number of insured and uninsured under different policies

No. of respondents having insurance coverage	No. of respondents not having insurance coverage
46	104

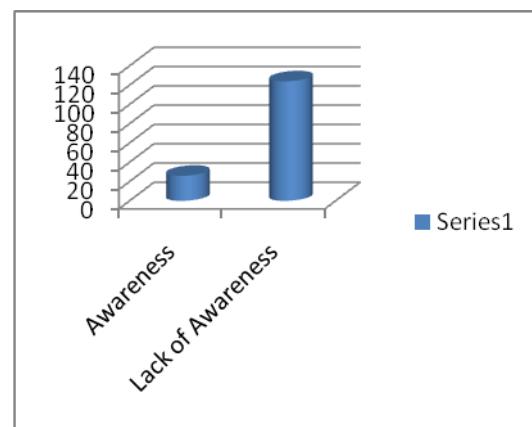
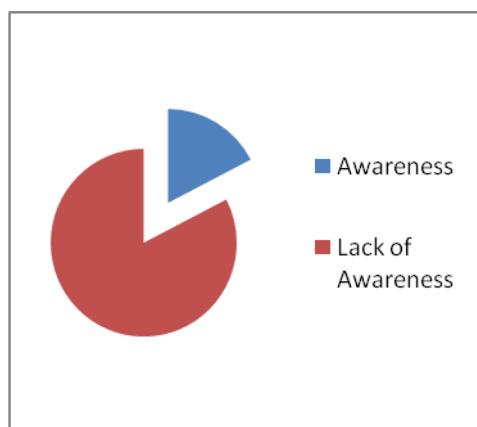


Interpretation:

Only 30.66% of the population is covered under schemes of life insurance. 46 respondents out of total 150 respondents have taken life insurance policies, whereas still 104 respondents are not covered by any of the life insurance plans which is 69.33% of total population.

Table 1.2: The number of respondents aware about terms & conditions under different life insurance policies

Awareness (No. of respondents)	Lack of Awareness (No. of respondents)
26	124



Interpretation:

26 respondents out of total 150 respondents are aware and familiar about the terms and conditions under different life insurance policies. Whereas 124 respondents are not aware and familiar with the terms and conditions of life insurance policies, i.e. only 17.33% of the respondents are aware about the terms and conditions out of total respondents.

Table 1.3: With reference to education: type of Life Insurance policies like to be purchased

Null hypothesis (H_0): There is no relationship between investment behaviour and buying decisions in life insurance with respect to education.

Alternative hypothesis (H_1): There is a relationship between investment behaviour and buying decisions in life insurance with respect to education.

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Education/Qualification	Type of policy you like the most			Total
	Secured and Low Returns with Low risk	Moderate Returns with Moderate Risk	Secured and High Returns with High Risk	
Below Graduation	34	4	2	40
Graduation	7	12	39	58
Post Graduation/ Professional	10	23	19	52
Total	51	39	60	150

Interpretation:

Calculated value of Chi-square test = 76.285

Degree of Freedom = 4

Tabulated value of chi-square at 5% level of significance = 9.49

The calculated value is greater than the tabulated value, therefore null hypothesis are rejected.

- Alternative hypothesis (H_1) is accepted.

Therefore we can say that **there is a relationship between investment behaviour and buying decisions in life insurance with respect to education.**

VIII. FINDINGS

The findings of the study revealed that:

- There is very less number of the population is covered under schemes of life insurance.
- There is unawareness on bigger scale regarding terms & conditions of different life insurance policies among respondents.
- There is a relationship between investment behaviour and buying decisions in life insurance with respect to education.

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IX. RECOMMENDATIONS

In the Punjab state a large part of insurance related opportunities is untapped. Therefore, rendering an ocean of opportunities existing in this area as only 30.66% of the total respondents are opting for insurance provide a wonderful avenue for the insurance companies in Punjab state to tap this untapped market. The market seems very opportunistic for the insurance companies to cover the rest 69.33% of the market. Also in future the government's easy access of international insurance companies through the FDIs will create more options to explore.

X. SCOPE FOR FUTURE RESEARCH

This research study has a big scope for further research as it was done in reference to awareness level and likability among respondents regarding life insurance policies as well as the relationship between buying decisions and education has been explored. The researcher had not touched other demographic variables such as age, gender, income, occupation and family size etc. So, further research can be done to explore the relationship among buying decisions and other demographic variables in reference to life insurance.

XI. CONCLUSION

In this research study, the research has explored that majority of the population of Punjab state is not covered under any life insurance policy. People are still avoiding purchasing life insurance policies. Even the level of awareness regarding different life insurance policies is very low among the respondents. Majority of the population is not aware and familiar with the terms and conditions of different life insurance plans. It is also explored that education plays a vital role in purchasing of life insurance policies. It is scientifically proved that there is a relationship between buying decisions and education. There is a very large part of the market is still untapped in insurance industry in Punjab. Scope for insurance industry in Punjab is very wide.

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