

***A STUDY OF BUYING BEHAVIOR OF CONSUMERS TOWARDS LIFE
INSURANCE POLICIES WITH SPECIAL REFERENCE TO MOGA
DISTRICT IN THE STATE OF PUNJAB***

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Abstract

The research paper makes an effort to study the buying behavior with respect to life insurance policies. Moga district, due to the amount of opportunities and large accessibility with the impact of developments taking place especially with reference to infrastructure is a commercial district. It has been chosen for the purpose of study in the agricultural based state of Punjab. The research study was conducted based on a field survey through structured questionnaires method. The structured questionnaires were designed and the responses were collected from 150 respondents by using purposive and convenient sampling technique. The paper presents insights about the behavior of consumers towards life insurance policies, number of consumers opting for life insurance plans and the factors which influence their choice of investments. It also compares and analyses the prominent role of gender in the buying of life insurance policies.

Keywords

Buying behaviour, age factors, investment decisions etc.

1. Introduction

India is a country which is known for its unity in diversity. It is second in the world in terms of the 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, Insurance cover serves two major purposes:

- (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.

2. 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 is 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 interprets, "Jindagi ke saath bhi, jindagi ke baad bhi"

3. 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. Women are 40% less impulsive when it comes to investment decisions as compared to men. 58% of women trust male members more when it comes to investment decision making and therefore feel less confident over their investment abilities.

Investment attitudes and decision making of women are more conservative and thus they choose their portfolios diligently. 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 Moga district.

4. Objectives of the Study

- To understand and evaluate investment behaviour and patterns in the buying decisions in life insurance.
- To compare the different factors influencing the buying behaviour of demographic factors towards life insurance policies.

5. Review of Literature

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. The relationship of life Insurance agent with clients is not temporary and the service rendered has no substitutes.

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 presents details about the growing requirement for including ancillary benefits such as accident benefits, disablement and hospitalization benefits.

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 that the insurance investors have the option to choose from insurance authority to all other aspects of insurance. Such as insurance ombudsman and insurance counsel to take their disputes further.

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.

The Insurance Institute of India prepared a Project Report 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, attitudes and beliefs of people on life insurance, changing perceptions towards insurance, sense of identification 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 importance of better and personal servicing to the customers and has emphasized the importance of satisfying 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.

6. Research Methodology

A proper research methodology will be adopted in order to achieve the set objectives and wide information will be collected by questionnaire method.

6.1. Definition of Research

Research comprises of defining and redefining problems, formulation of solutions: collecting, organizing and evaluating data; and at last carefully testing the hypotheses to devise results and conclusions.

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

a) Primary data

Primary data is the information collected from sources such as personal interviews, questionnaires or surveys with a specific intention and on a specific subject, and observation based on the results.

b) Secondary data

Secondary data is the information that is already available somewhere, such as journals, internet, newspapers, governmental archives etc. Secondary data allows for comparison of several years worth of statistical information researched. It is collected through newspapers, business magazine, internet sites and relevant books.

6.3. Tools for Data Collection

The data collection was done using structured questionnaires. The researcher used structured questionnaire to be filled by respondents, from the consumers in Moga district.

7. Data Analysis and Interpretation

Research analysis tools included the tools which will provide a better analysis of the data and thus will provide a clear direction to the research so as to reach to valid interpretations and conclusions. It will be analysed using various statistical tools.

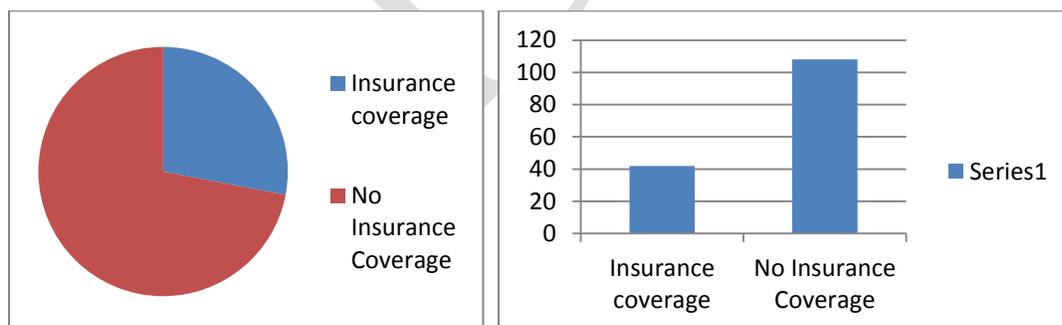
Table 1.1: Type of Life Insurance Policy Purchased in Respect to Education

Education	Which type of plan you like			Total
	Low risk with secured & low	Moderate risk moderate returns	high risk with secured & high returns	

	returns			
Education Below graduation	34	4	2	40
Graduation	7	12	39	58
Post graduation/ Professional	10	23	19	52
Total	51	39	60	150

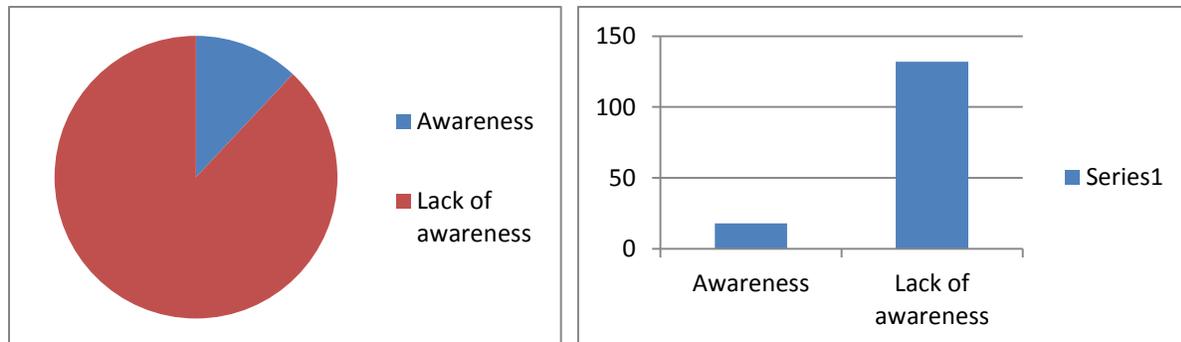
Chi-Square Tests Value Df Asymp. Sig. (2- sided) Pearson Chi-Square 19.328(a) 4 .001

Table 1.2: The number of assured and uninsured under different policies



Only 28% of the population is covered under schemes of life insurance. 42 respondents out of total 150 respondents have taken life insurance policies, whereas still 108 respondents are not covered by any of the life insurance plans.

Table 1.3: The number of respondents aware about terms and conditions under different policies



18 respondents out of total 150 respondents are aware and familiar about the terms and conditions under different life insurance policies. Whereas 132 respondents are not aware and familiar with the terms and conditions of their policies, i.e. only 12% of the respondents are aware about the terms and conditions out of total respondents.

8. Findings and Recommendations

The findings of the study revealed that income has no correlation with the buying behaviour of insurance policy. In fact it was found that during the course of research that at very high level, people tend to avoid purchasing insurance policies. As the generation of more wealth is correlated with more security, therefore the desire to take an insurance policy is very less, due to reduced risk level.

Similarly the people with less income and lesser wealth consider themselves and the family at risk, therefore the dependence on insurance policy is considered as a safe medium.

Conclusions

In India a large part of insurance related opportunities are untapped. Therefore, rendering an ocean of opportunities existing in this area. Only 28% of the total respondents opting for insurance provide a wonderful avenue for the insurance companies in India and abroad to tap this untapped market. The market seems very opportunities for the insurance companies to cover the rest 72% of the market. Also in future the government's easy access of international insurance companies through the FDIs will create more options to explore.

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Bio

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