International Journal of Research
Available at https://edupediapublications.org/journals
e-ISSN: 2348-6848
p-ISSN: 2348-795X
Volume 04 Issue 13
October 2017

A Study of Consumer Perception and Consumer Awareness for Life Insurance Products in Selected Cities of Rohtak Region in Haryana

Mrs Harsh

Lecturer in Commerce

Shri L.N. Hindu college Rohtak

Email : harshmanchanda1993@gmail.com

Abstracts: Life Insurance not because you are to die today, but your family to live tomorrow. This study is pioneer study that examines the growing importance of Life Insurance and Consumer Perception towards that. A couple of issues relating to consumer perception and life insurance that have not been examined to such an extent in previous studies are represented here. The overview leads to a currently existing knowledge gap within the life insurance needs and consumer perception in India. This knowledge gap allows constructing this research problem and the purpose of the study. Finding of the present study actually life insurance is for chief earner of the family. Retired person, Student and Housewife don't contribute financially to the family, as they themselves are dependent. Life insurance preference for them shows lack of knowledge amongst respondents.

Key words: Consumer Perception, Consumer Awareness and Life Insurance

Introduction

Indian insurance industry's achievements are always measured either by the premium they have collected or by the number of agents they employ. Whether in media articles, press release or websites, the refrain is always about the crores of premiums collected or the number of people who became agents. The insurance industry exists not to collect money, but to provide insurance, and we need to answer questions on the delivery and match it with the premium. It is now apparent that there is a broad swell of opinion that there are deep problems in the Indian insurance industry and in the interest of the public it needs to be fixed. This is important because the nature of insurance products leads to people being drastically under-insured. The nature of commissions and compensation is such that there is a huge incentive for insurance companies and agents to divert more of the premium towards investment and away from cover.

Agents' behavior and preferences are driven by insurance companies' guidance and by the commissions paid on various products. Insurance companies don't want to sell real insurance. Instead, they want to sell investment products. They just dress up

e-ISSN: 2348-6848
p-ISSN: 2348-795X
Volume 04 Issue 13
October 2017

these investment products as insurance by adding a small percentage of insurance. What really matters is that in a country with practically no social security, insurance is a critical need for crores of Indians. Insurance that actually is insurance, as in the money that a family gets for food and rent and education when the breadwinner dies.

Formation of the Insurance Industry in India

Insurance law in India had its origins in the United Kingdom with the establishment of a British firm, the Oriental Life Insurance Company in 1818 in Calcutta, followed by the Bombay Life Assurance Company in 1823, the Madras Equitable Life Insurance Society in 1829 and the Oriental Life Assurance Company in 1874. However, till the establishment of the Bombay Mutual Life Assurance Society in 1871, Indians were charged an extra premium of up to 20% as compared to the British. The first statutory measure in India to regulate the life insurance business was in 1912 with the passing of the Indian Life Assurance Companies Act, 1912 ("Act of 1912") (which was based on the English Act of 1909). Other classes of insurance business were left out of the scope of the Act of 1912, as such kinds of insurance were still in rudimentary form and legislative controls were not considered necessary. 2 General insurance on the other hand also has its origins in the United Kingdom. The first general insurance company Triton Insurance Company Ltd. was promoted in 1850 by British nationals in Calcutta. The first general insurance company established by an Indian was Indian Mercantile Insurance Company Ltd. in Bombay in 1907. Eventually, with the growth of fire, accident and marine insurance, the need was felt to bring such kinds of insurance within the purview of the Act of 1912. While there were a number of attempts to introduce such legislation over the years, non-life insurance was finally regulated in 1938 through the passing of the Insurance Act, 1938 ("Act of 1938"). The Act of 1938 along with various amendments over the years continues till date to be the definitive piece of legislation on insurance and controls both life insurance and general insurance. General insurance, in turn, has been defined to include "fire insurance business", "marine insurance business" and "miscellaneous insurance business", whether singly or in combination with any of them.

Research Methodology

Research Objective

1 Attempts to explore the causes, which led to poor penetration of life insurance markets.

2 To know about the types of insurance policy taken by consumer

3 To know about the total sum assured of life insurance

Hypothesis

There is no significant difference among consumer about type of policy purchased.

There is no significant difference among consumer about total sum assured.

There is no significant difference among consumer about riders purchased with insurance policy

Data Collection

For the data collection purpose the following two sources are used

Primary Sources: Primary data are collected by questionnaire and informal interviews with the earning individual.

Secondary Sources: Secondary data that is to be utilized in the project are collected through Internet, Magazines, Reference books and Journals.

Sampling Size and Sample

Based upon random convenience sampling, the data are collected based on insurable population in the city and statistical requirement of the study. The insurable people who were asked to fill out questionnaires are the sample.

Primary data has been obtained in following ways (Total 150 respondents):

CITY	SAMPLE
ROHTAK	80
SONIPAT	40
JHAJJAR	30

Sampling Method

Researcher used Random Sampling Method in present study

Data Analysis

Researcher used 5 points scale method where appropriate weightage is assigned on the basis of significance. For present study

Period of Study

Period of two years i.e. 2015 to 2017

Significance of the Study

This data can be explored to study the trends across the industry. The significance for the industry lies in studying these trends that emerge from the study. Insurance sector is a rapidly changing and evolving sector. People are only beginning to wake up to its vast possibilities. A study like this can attempts to guide the future of the industry based on current trends. The study is also expected to promote the interest of consumers and educating public opinion regarding this vital area of public interest. It will also guide insurance companies regarding effectiveness in protecting the interests of consumers. Thus, the significance of this study from Social point of view is established beyond iota of doubt.

Findings of the present study

Consumer Awareness about Importance of Life Insurance Objective:

To know about the types of insurance policy taken by consumer

Findings:

Table no 4 suggests that 63 % of the respondents have purchased endowment policy. Majority of the respondents prefer benefits of the plan (the original sum and the accumulated bonus) in a life time.

Table no 10 analysis researcher can say that majority of respondents have purchased Endowment policy followed by money back and ULIP policies. Term policy, Pension & Child plan are least preferred and purchased policies.

Table no 9 shows that Term insurance is purchased by only 18 % respondents. Term Insurance, as the name implies, is for a specific period, and has the lowest possible premium among all insurance plans.

Table no 6 shows that only 28 % respondents agree that agent explains benefits of Term plan.

Hypothesis Result

H_1: There is significant difference among consumer about type of policy purchased

Objective 2:

There is no significant difference among consumer about riders purchased with insurance policy.

Findings:

On the basis of collected information and chart 4.2.11 researcher can say that 90 % of the policyholders have not purchased riders with policies.

Table no 7 shows that 71 % respondents agree that Accident is a major threat to life before age 60.

Table no 8 shows that 75 % respondents agree that Critical illness is a major threat to life before age 60.

Table no 5 shows that only 32 % respondents agree that agent explains benefit of riders.

Hypothesis Result

There is no significant difference among consumer about riders purchased with insurance policy.

Objective 3:

To know about the reasons for investment in life insurance

Findings:

Table no 1 shows that 85 % of the respondents agree that Chief earner of the family must have insurance. 15 % of the respondents still don't agree that Chief earner of the family need life insurance.

Table no 2 shows that 58 % of the respondents agree that life insurance is for Housewife.

Table no 3 shows that 55 % of the respondents agree that life insurance is for Students.

Table no 4 shows that 55 % of the respondents agree that life insurance is for Retired person.

Hypothesis Result

H_1: There is significant difference in awareness about life insurance products

Findings:

From the response it has been found in Table no 9 that 39 % respondents agree that their preferred policy term is between 5 to 10 years.

From the response it has been found in Table no 10 that 48 % respondents agree that their preferred policy term is between 11 to 20 years.

From the response it has been found in Table no 11 that 54 % respondents agree that their preferred policy term is between 21 to 30 years.

From the response it has been found that 65 % respondents agree that their preferred policy term is life time.

Findings:

Table no 14 shows that 55 % respondents agree that preferred sum assured should be up to 6 times of their annual income.

Table no 15 shows that only 30 % respondents agree that preferred sum assured should be 6 to 9 times of their annual income.

Table no 16 shows that only 29 % respondents agree that preferred sum assured should be above 9 times of their annual income.

Objective:

To evaluate the financial security for the family

Findings:

Table no 6 shows that only 26 % respondents are disagree that their family cannot live the same standards of life for more than 7 years in absence of chief earner of the family.

Hypothesis Result

- H_1: There is significant difference among consumer regarding the financial security for the family

Conclusion:

Term is the cheapest policy amongst all other policy. There is no return on investment in it so it is least purchased policy. Lack of agent's effort to sell Term is seen here.

Above 70 % of the respondents are well aware of the fact that accident and critical illness are major threat to their life. Still only 10 % respondents have purchased riders with the policy. Lack of efforts from the agent is seen here with only 32 % respondents agree that agent has explained benefit of riders.

Actually life insurance is for chief earner of the family. Retired person, Student and Housewife don't contribute financially to the family, as they themselves are dependent. Life insurance preference for them shows lack of knowledge amongst respondents.

Majority of respondents are in favor of life time as their preferred policy term of life insurance. Actually life insurance is required during wealth creation time. Once enough wealth is created, life insurance is not required. Here, again lack of knowledge amongst respondents is found.

Majority of respondents have shown their agree ness towards preferred sum assured (Insurance) should be up to 6 times of their annual income. Less number of respondents is in favor of 6 to 9 time of their annual income or above 9 times of their annual income as preferred sum assured (Insurance). Having insurance only up to 6 times of their annual income are actually under insured.

Majority of respondents are agree or strongly agreed that life insurance is necessary for financial security of family. Aforesaid that they cite their family cannot survive at same standard of living in their absence.

References:

Bodla B.S., Garg M. C., Singh K.P. (2003), “**Fundamentals Environment and Procedure”, Deep & Deep Publications Pvt. Ltd**., New Delhi

Brassington, F. and Pettit, S. (2006), **Principles of Marketing‘, 4th ed**., Essex: Pearson Education Limited,

Chang, H. (2006), Integrating **the Role of Sales Agent into the Branding Model in the Insurance Industry,** The Journal of American Academy of Business, Cambridge, vol.8, No.2 (March), pp.278-285

Gregorio Impavido, Alberto R. Musalem, and Therry Tressel, **‘Contractual Savings Institutions and Banks’ Stability and Efficiency,’** Policy Research Working Paper, the World Bank, 2001.

Hofstede, G. (1995) **‘Insurance as a product of national values’,** The Geneva Papers on Risk and Insurance, Vol. 20 No 77, pp. 423-429

Joseph, M., Stone, G. and Anderson, K. (2003), **Insurance Customers‘ Assessment of Service Quality: A critical Evaluation, Journal of Small Business and Enterprise Development**, vol.10, No.1, pp.81-92

Kotler, P. (2003), **marketing management, 11th ed.** Upper Saddle river New Jersey Pearson Education, Inc.,pp132-133

Kotler, P. and Armstrong, G. (2008**), Principles of Marketing, 12th ed**., New Jersey: Pearson Education Inc.,

Upper Saddle River, Kunreuther, H. (1979) **"An experimental study of insurance decisions." Journal.of Risk and Insurance**(Vol. 46, No.4;pp 603-618).