



A STUDY ON POLICYHOLDER'S AWARENESS AND PERCEPTION ON LIFE INSURANCE INVESTMENT IN CHENNAI DISTRICT

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Abstract

In any economy, insurance is seen as a pillar of growth and acts as a stimulus for the economy's overall development. Life insurance gives out a lump sum of money upon the insured person's death or after a specified length of time. It has the broadest scope because life is the most valuable asset of a society or an individual. Every single person requires insurance. This paper is covered the policyholders awareness and perception on life insurance investment with special reference to Chennai District. It also examines that the factors influencing the policyholders while investing in Life Insurance. This research is based on primary data collected through a well-structured questionnaire from 200 policyholders in Chennai District, and the collected data was analysed by using percentages, weighted average method and the chi-square test. As a result, most of the respondents have fully aware of life insurance investment. There is a significant relationship between Monthly Income of the policyholders and their perceptions towards the life insurance investment in Chennai district.

Keywords: Life Insurance, Awareness and Perception.

1. Introduction

In the year 1818, life insurance in its contemporary form was introduced to India from England. The Oriented Life Insurance Firm, founded in Kolkata by Europeans, was India's first life insurance company. All of the insurance firms that were established during that time were created to serve the interests of the European Community, and Indians were not covered by these companies. In 1870, the Bombay Mutual Life Assurance Society became the first Indian life insurance company, covering Indian lives at standard rates. More insurance businesses arose as a result of the Swadeshi agitation of 1905-1907. In 1906, Madras-based United India, Kolkata-based National Indian and National Insurance, and Lahore-based Co-operative Assurance were founded. The Hindustan Co-operative Insurance Company was founded in 1907 in one of the rooms of the Jorasanko, the Kolkata home of the great poet Rabindranath Tagore. The Life Insurance Companies Act was enacted in 1912. The proposal for nationalisation of the life insurance industry had been voiced before, but it gained traction in 1944 when the Legislative Assembly passed a bill amending the Life Insurance Act 1938. However, India's life insurance industry was nationalised much later, on January 19, 1956. At the time of nationalisation, India had around 154 Indian insurance businesses, 16 non-Indian insurance companies, and 75 provident societies.

Life insurance is distinct from other types of insurance in that the subject matter of the insurance is human life. At the time of death or the end of a specified period, the insurer will pay the fixed amount of insurance. Because life is the most valuable property of a community or a person, life insurance now has a wide range of applications. Every single person requires insurance. This insurance protects the family in the event of a breadwinner's absence or provides a suitable amount at an age when earning capacity is decreased.

2. Review of literature

Usha Tiwari (2014) in his study shows the job satisfaction and its impact on employee performance at life Insurance corporation (LIC) of India, appear good. The average mean score and percentage score has been computed at 3.7 (67.5%) the most important factors contributing employee. Job satisfaction are comfort work place, relationship with superior, converted working hours, fairness, participation in decision, chances for future development and overall satisfaction with present job. **Muthusamy (2016)** highlighted the growing competition rising customer aspiration and the increasing private participation are posing a threat to LIC of India. The LIC of India must employ unique marketing strategies in order to assess changing customer expectations and ensure continued customer satisfaction, not only through innovation such as online payment, ECS product modifications, improved services, and physical facilities, but also by motivating the sales force of agents and development officers. As a result, an attempt has been made to research the LIC of India's marketing service in Salem Division.

Regha, V. and Kalavathi, S. (2018) in their study entitled, "A study on policyholder's satisfaction towards Life Insurance Corporation of India (LIC) with special reference to Coimbatore city", have explained that risk and uncertainty are incidental to life. Insurance does not eliminate loss arising from unexpected events; it only spreads the loss over a huge number of people who insure themselves against that risk. LIC and not in favour of private insurance companies given the advantage that it is a public sector organization. Today the maximum number of people knows insurance and its benefits, as a result, the urban population got more attention and it let to good insurance penetration in an urban area as well as rural areas also. **Lakshmana. B.C et, al (2019)** in their article on "Operational Efficiency of Selected General Insurance Companies in India", have suggested the public sector general insurance companies have to implement new and innovative policies to give energy to the growth so that they can compete with private players. The growth in the general insurance business in India, so far, is only a good start still it has to reach 90% of the population in India. As people are also receiving aware of insurance products and services, the regulatory body i.e. Insurance Regulatory Development Authority (IRDA) must emphasize safeguarding the people's interest by placing down standard policies to be followed by both public and private sector general insurance companies. **P.Umamaheswari, D., and Sathyapriya, J. (2020)** in their study on "Effect of Customer Perception on Customer Satisfaction in LIC Life Insurance" have a view that the Services sector is the greatest rising sector in India and is projected to have high development in future. The main supplier between enormous service sectors is the insurance sector which plays a significant role in attractive financial intermediation, create liquidity and mobilize savings in the country. Customer service is an essential part of the Life insurance organization. It is essential to recognize the key achievement factors in the life insurance industry, in terms of customer satisfaction to live in strong competition and add to the market share.

3. Statement of the problem

Chennai, commonly known as Madras, is the capital of Tamil Nadu, an Indian state. It is a major commercial, cultural, economic, and educational centre in South India, located on the Coromandel Coast off the Bay of Bengal. It's also recognised as South India's Cultural Capital. In this industry, life insurance is critical, especially in a country with the world's second-largest population. There is still a significant need for insurance that has yet to be met. Insurance firms play an important role in providing insurance solutions that fit people's needs while remaining cheap. A Life insurance contract is a contract of certainty as death or the expiry of the term will certainly occur, payment of the assured sum is certain. So life insurance is a good avenue to invest money for any persons. So it is necessary to study the policyholder's awareness, Sources of awareness, perception towards the life insurance investment in Chennai District.

4. Objectives of the study

- To determine the policyholder’s level of awareness towards the life insurance investment in Chennai district.
- To analyse the Factors that influencing the policyholders while Investing in Life Insurance in Chennai district.

5. Hypothesis of the study

Ho: There is no significant relationship between socio-economic profile of the policyholders and their perceptions towards the life insurance investment in Chennai district.

6. Research Methodology

The study is both descriptive in nature. Primary data were collected from life insurance policyholders in Chennai district. The researcher used simple random sampling techniques, under which primary data were collected. By using questionnaire Primary data were collected from 200 life insurance policy holders. The secondary data were collected from books, magazine, newspaper, web site and journals. Using appropriate methods such as percentage analysis, weighted average and the chi-square test, the collected data were analysed, and the findings were interpreted.

7. Analysis and interpretation

7.1 Socio-Economic Profile of Respondents

It describes the Age, Gender, Education, Monthly Income, Occupation and Area of Residence of the selected 200 policyholders in Chennai district.

Table – 1: Socio-Economic Profile of Respondents

S.No	Variables	Parameters	Frequency	Percentage (%)
1.	Age	Below 20	28	14.00
		21-30	34	17.00
		31-40	49	24.50
		41-50	51	25.50
		Above 50	38	19.00
		Total	200	100
2.	Gender	Male	110	55.0
		Female	90	45.0
		Total	200	100
3.	Education	Illiterate	07	3.50
		Primary level	56	28.0
		High school	34	17.0
		Under Graduate	89	44.5
		Post graduate & Profession	14	07.0
		Total	200	100
4.	Monthly Income	Up to 10000	57	28.5
		10000-20000	94	47.0
		20000-30000	24	12.0
		30000-40000	13	06.5
		Above 40000	12	06.0
		Total	200	100

5.	Occupation	Agriculture	09	04.5
		Government Employee	25	12.5
		Private Employee	85	42.5
		Business	58	29.0
		House wife	23	11.5
		Total	200	100
6.	Area of Residence	Rural	98	49.0
		Urban	102	51.0
		Total	200	100

Source: Primary data.

The Socio-Economic profiles of the respondents are summarized in Table 1. Out of 200 policyholders, majority 25.50% of the respondents are from the age group of 41-50 years, it represents 55.0 % of male respondents, 45.0% of the respondents are female. 44.5% of the respondents have completed their under graduation, 47.0 % are earning the monthly income between Rs. 10,000 – Rs. 20000. 42.5% of the respondents are employed in private concern.

7.2 Awareness on Life Insurance investment-

Table-2 describes the policyholder's level of awareness on life insurance investment in Chennai district.

Table-2: Awareness on Life Insurance Investment

Level of Awareness	No. of Frequency	Percentage
Fully Aware	93	46.5
Partly Aware	86	43.0
Not Aware	21	10.5
Total	200	100

Source: Primary data

Table-2 explains that, out of 200 selected policyholders, 46.5% of them fully aware of life insurance investment, 46.0% of them partly aware of life insurance investment and 10.5% of them only not aware of life insurance investment.

7.3 Sources of Awareness

Table-3 describes the policyholder's mode of awareness on life insurance in Chennai district.

Table-3: Sources of Awareness

Sources	No. of Frequency	Percentage
Media advertisement	42	24.0
Agent	54	27.0
Friends and relatives	83	41.5
Newspaper	21	10.5
Total	200	100

Source: Primary data

Table-3 explains that, out of 200 selected policyholders, 24% of respondents have obtained awareness from media advertisement, 27% from agent, 41.5% from their friends/ relatives and 10.5 % from newspaper.

7.4 Policyholder's perception with regard to factors influencing them while Investing in Life Insurance- Weighted Average Method

Table-4 describes the Policyholder's perception with regard to factors influencing them while investing in Life Insurance in Chennai district.

Table-4: Policyholder's perception with regard to factors influencing them while Investing in Life Insurance

Factors	Highly Agree	Agree	Moderate	Disagree	Highly Disagree	Total	Mean/Rank
Security and Safety	240 (48)	288 (72)	75 (25)	70 (35)	20 (20)	693 (200)	3.465 V
High Returns	280 (56)	228 (57)	66 (22)	72 (36)	29 (29)	675 (200)	3.375 VI
Family Protection	340 (68)	264 (66)	48 (16)	58 (29)	21 (21)	731 (200)	3.655 III
Provision for old age	380 (76)	236 (59)	60 (20)	48 (24)	21 (21)	745 (200)	3.725 II
Easy Accessible	290 (58)	200 (50)	84 (28)	68 (34)	30 (30)	672 (200)	3.360 VII
Risk Coverage	390 (78)	248 (62)	45 (15)	50 (25)	20 (20)	753 (200)	3.765 I
Taxation Benefit	330 (66)	228 (57)	96 (32)	52 (26)	19 (19)	725 (200)	3.625 IV

Source: Primary data

Table -4 explains that out of 200 respondents most of them invest in life insurance for risk coverage (Mean 3.765 and Rank-I), followed by, Provision for old age (Mean 3.725 and Rank-II) Family Protection (Mean 3.655 and Rank-III).

7.5 Relationship between socio-economic profile of the policyholders and their perceptions

Chi-Square test is used to analysis the Relationship between socio-economic profile of the policyholders and their perceptions. For this the following hypothesis is framed.

Ho: There is no significant relationship between socio-economic profile of the policyholders and their perceptions towards the life insurance investment in Chennai district.

Table- 5: Result of Chi Square Test

Socio-Economic Factors	Chi Square Value	Ho	Result
Age	0.14 > 0.05	Accepted	Not Sig.
Gender	0.46 > 0.05	Accepted	Not Sig.
Education	0.17 > 0.05	Accepted	Not Sig.
Monthly Income	0.02 < 0.05	Rejected	Sig.
Occupation	0.23 > 0.05	Accepted	Not Sig.
Area of Residence	0.40 > 0.05	Accepted	Not Sig.

Sources: Computed from Primary Data

As per the result of Chi-Square test, Table explains that there is no significant relationship between Age, Gender, Education, Occupation and Area of Residence of the policyholders and their perceptions towards the life insurance investment in Chennai district. But there is a significant relationship between Monthly Income of the policyholders and their perceptions towards the life insurance investment in Chennai district.

8. Findings of the study

- Majority (25.50%) of the respondents are from the age group of 41-50 years.
- Majority (55.0 %) of the respondents are male.
- Most of (44.5%) the respondents have completed the under graduation.
- Majority (47.0 %) are earning the monthly income between Rs. 10,000 – Rs. 20000.
- Most (42.5%) of the respondents are employed in private concern.
- 46.5% of them fully aware of life insurance investment
- Most of the policyholders invest in life insurance for risk coverage (Mean 3.765).
- 41.5% of respondents have obtained awareness from their friends/ relatives
- There is a significant relationship between Monthly Income of the policyholders and their perceptions towards the life insurance investment in Chennai district.

9. Suggestions

Now LIC has become generic. People believe more in the public sector, hence it is the time for private companies to win the confidence of the people. Private companies should try to create a positive image in the minds of the target customers. Despite the high level of competition in the market, the study shows that the Life insurance dominates the Indian insurance industry. The awareness among must be improved through other effective media like television, magazines etc. The misconception on insurance marketing among the public should be removed by using effective awareness programs. using effective awareness programs¹⁰.

10. Conclusion

From the above study it is concluded that almost, respondents of Chennai district is Aware of Life Insurance. Most of the respondents are Aware of Life Insurance through friends and relatives. It can be concluded that the people Expectations in Life Insurance Company is Risk coverage while investing. People are willing to buy a life insurance policy because of the attracting features of safety, tax saving, and different types of life insurance policy depend upon the income level of people. Now people realized that most important financial decision a person can make is buying life insurance. Life insurance business is flourishing in India because of the high population rates in India. Urge of people to have insurance and strong marketing can make the industry reach the maximum.

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