INFLUENCE OF INSURANCE ON CUSTOMER SATISFACTION: AN EMPIRICAL STUDY

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ABSTRACT

This research paper tries to understand the perception of the people towards insurance. Insurance is one of the important saving or needs for every people during their life. Insurance is the transfer of risk by an individual, organization etc. Insurance is the one type of safest investment for the people. The various elements involved in the insurance policy such as; Price, Terms of payments, quality etc. According to the study company image is to be the highly important criteria which we consider before taking up a life insurance. Bank Deposits is the most preferred investment alternative which is available to people followed by alternatives such as insurance, Real states, gold and silver, mutual etc. This study helps the company to make the marketing strategy.

KEYWORDS: Marketing Strategy, Consumer Preference, Insurance, Risk, Investment Alternatives

INTRODUCTION

Insurance is protection from financial loss. It is a form of risk management primarily used to hedge against the risk of an uncertain loss. It is a form of risk management primarily used to hedge against the risk of a contingent, a uncertain loss. People can save their earnings either in the form gold, fixed assets like property or insurance etc. Insurance is one form of savings where in people try to assure themselves against risks. All the savings of people of a country calculated for gross domestic savings. Today, there is no shortage

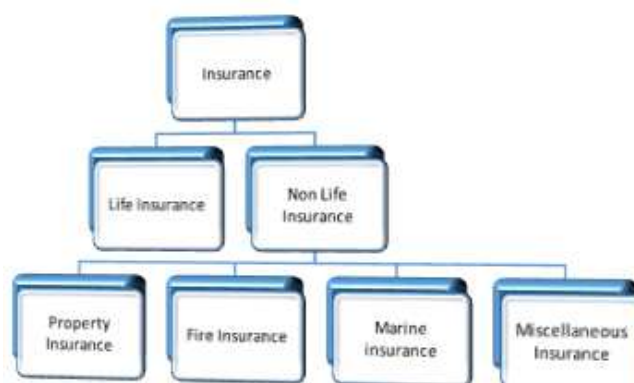**Types of Insurance**

Figure 1

Insurance cover is essential because it provides the following benefit

- At the time of death of a policyholder, the nominee gets a stipulated amount of payment.

- A regular payment to the nominees in the event of the death of the policyholder. Tax benefits, as premiums paid reduce the liability of tax.

- Relieves economic hardships in the family on the uneventful death of the sole income holder.

- Inculcates the habit of savings

Objective of the Study

- To evaluate an investment pattern a standardized pattern is developed.

- Factors underlying consumer perception towards investment in life insurance policies is evaluated.

- To compare the differences in consumer perception of male and female consumers.

REVIEW OF LITERATURE

Kunreuther, (1979) said that his product makes good sense, particularly when the protection is purchased against potential losses which is so large as to be catastrophic, such as total destruction of one's home, a large accident liability judgment, or death of primary family breadwinner. However, it has been recognized that this sensible product is difficult to sell considers insurance to be in the category of "unsought goods," along with products such as preventive dental services and burial plots. He notes that unsought goods pose special challenges to the marketer.

Smith, Michael L. (1982) said that a typical life insurance contract provides a package of options or rights to the policy owner i.e not precisely duplicated by any other combination of commonly available contracts. Viewed from this perspective, life insurance enjoys a unique position in the field of investments and it should be judged in this light. The paper shows that an options viewpoint provides complete explanation of policy owner behavior towards life insurance than the conventional savings-and-protection view.

Walden, Michael L. (1985) told that the option's package describe the whole life insurance policy suggests that a whole life policy is a package of options, each of which has value and is expected to influence the price of the policy. This viewpoint implies the general hypothesis that price differences between whole life policies can be explained by differences in policy contract provisions and differences in selected company characteristics. The option's package theory was empirically investigated using regression analysis on data from a sample of policies marketed in North Carolina. The results suggest support for the options package theory.

Stephen Diacon (2004) presents the results of a detailed comparison of the perceptions by individual consumers and expert financial advisers of the investment risk involved in various UK personal financial services' products. Factor similarity tests show that there are significant differences between expert and lay investors in the way financial risks are perceived. Financial experts are likely to be less loss averse than lay investors, but are prone to affiliation bias (trusting providers and salesmen more than lay investors do), believe that the products are less complex, and are less cynical and distrustful about the protection provided by the regulators.

The traditional response to the finding that experts and non-experts have different perceptions and understandings about risk is to institute risk communication programmes designed to re-educate consumers. However, this approach is unlikely to be successful in an environment where individual consumers distrust regulators and other experts.

RESEARCH METHODOLOGY

The scope of research methodology is wider than that of research methods Research methodology is a way to systematically solve the research problem. It may be understood a science of studying how research is done scientifically. It also considers the logic behind the methods we use in the context of the research.

Type of research - Descriptive research

Data source - Primary and Secondary data

Data collection method - Interview and survey

Data collection tools - Questionnaire

Sample size - 100

DATA ANAYSIS
Gender

Table 1

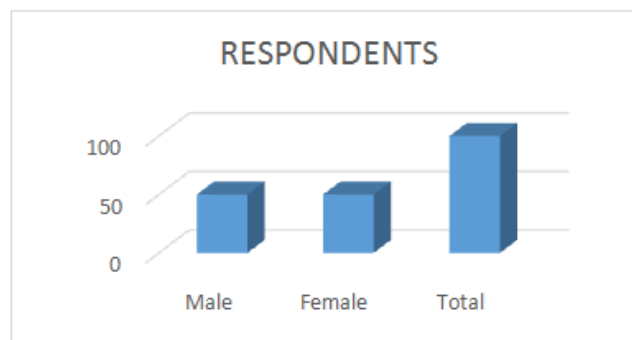| Gender	Respondents
Male	50
Female	50
Total	100

Figure 2

Above table shows that 50 of the customers are male and 50 of the respondents are female.

Age

Table 2

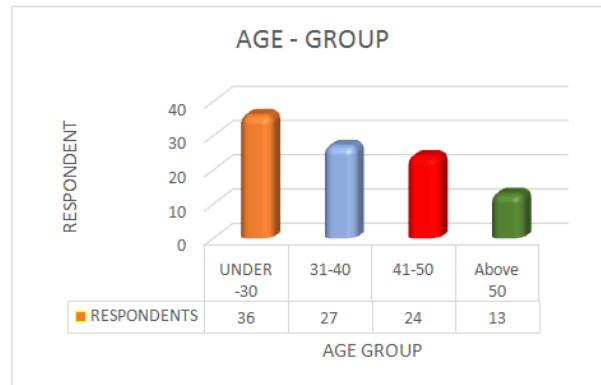| Age	Respondents
UNDER-30	36
31-40	27
41-50	24
Above 50	13
Total	100

Figure 3

Above table shows that 36 respondents fall under the age group of under 30, 27 respondents fall under the age group of 31-40 years, 24respondents fall under the age group of 41-50 years, 13 respondents are in the above 50 years of age group.

ANNUAL INCOME LEVEL

Table 3

Income	Respondents
BELOW-100000	22
100001-300000	48
300001-500000	12
Above 500000	18
Total	100

Figure 4

Above table shows that 12 respondents fall under the income group of below 100000. 48 customers fall under the income group of Rs. 100001-30000, 10 respondents fall under income group of Rs. 300001-500000 and 10 respondents fall under income group of above 500000.

Percentage of Saving

Table 4

Percentage of Saving	Respondent
Less than 15%	53
15 - 30 %	32
Above 30%	15
Total	100

Figure 5

53 Respondents save Investment

Table 5

Investment	Respondent	Percentage
Short Term	41	41%
Long Term	39	39%
Both	20	20%
Total	100	
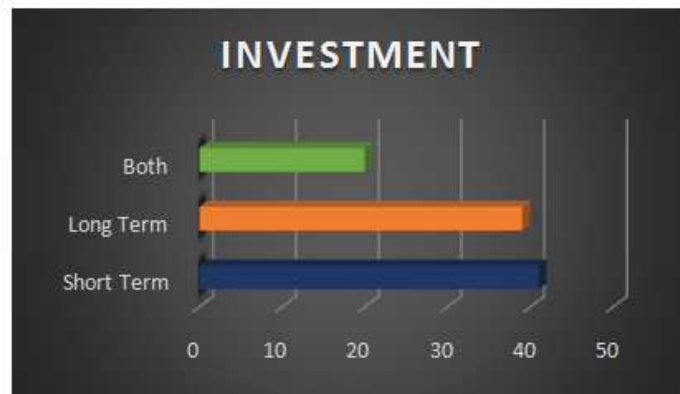
Figure 6

Various Investment Alternatives Available to Consumers

Table 6

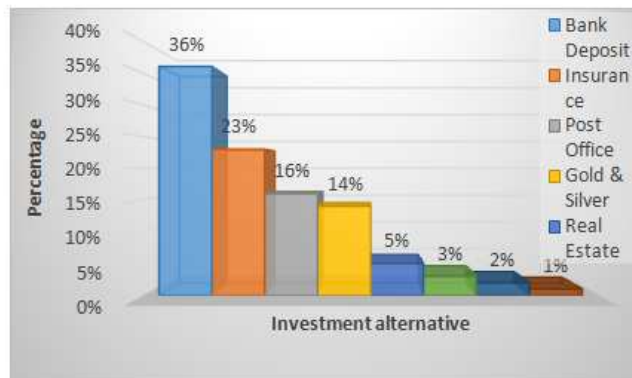| Investment Alternative	Percentage
Bank Deposit	36%
Insurance	23%
Post office	16%
Gold & Silver	14%
Real Estate	5%
Mutual Fund	3%
Equity	2%
PPF	1%
Total	100

Figure 7

36% of the respondent has rated Bank Deposits is the most preferred investment alternative secondly Insurance with the average of 23%, followed by other investment alternatives like Post Office (16%), Gold and Silver (14%), Real Estate (5%), Mutual Fund (3%), Equity (2%) and PPF (1%).

Hold Life Insurance Policy

Table 7

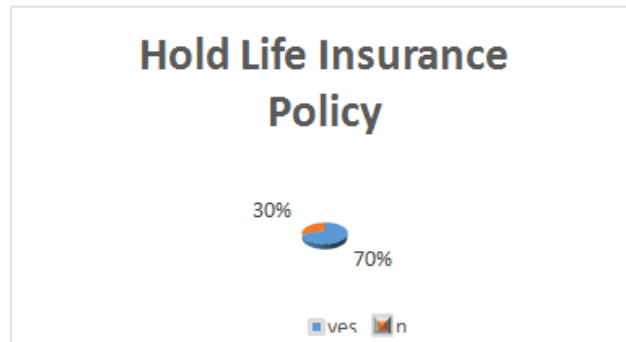| Hold Life Insurance Policy	Respondents	Percentage
Yes	70	70%
No	30	30%
Total	100	

Figure 8

70% of them had life insurance policy that was either taken by him/her or it was taken by their parents on their name, while 30% of them did not have any kind of Life insurance policy from any company.

Table 8

Types of Policy Plan	Respondent
Life protection plan	70
Education plan	11
Retirement plan	5
Money growth plan	2
Health plan	11
Other	1
Total	100

Figure 9

Nearly 70 respondents

Important Criteria before Taking a Life Insurance on the Basics of Insurance Policy

Now, let us see what criteria people consider most important before taking a life insurance policy (the criteria for the study have been mentioned before). Here, the highly important criterion as perceived by the people is rated as 1, if people perceived that is only important it is rated 2, if people perceived that it can be only neutrally important is rated as 3, then the least important criterion is being rated as 4 and if perceived that it is not important it is rated as 5. Here the number of respondent is only 70, because those 30 people who do not have any life insurance policy have been excluded from the purview of the study.

Premium

Table 9

Rating	Respondent	Percentage
1	24	34%
2	19	27%
3	15	21%
4	9	13%
5	3	4%
Total	70	

Figure 10

Now if we consider one of the criteria we can see that 24% of the respondent has ratedpremium as the highly important thing that they consider before taking any insurance policy from any company, and 3% has rated it as the not important criterion. So, it can be clearly interpreted that premium that the policy holder has to pay to continue his/her policy plays a very important role before selecting the terms and conditions of the policy and also the company from which the policy is to be taken.

BONUS & INTEREST

Table 10

Rating	Respondent	Percentage
1	33	47%
2	24	34%
3	11	16%
4	0	0%
5	2	3%
Total	70	

Figure 11

Bonus and interest are paid by the companies to the policy holder for the policies which are with profit policy i.e. if a person takes a with profit policy, he/she also becomes liable to get a certain percentage of the profit that the company makes in a certain financial year. 33% of the respondents consider it as the highly important criterion before taking life insurance policy and only % of respondents considered it to not important.

POLICY TERM

Table 11

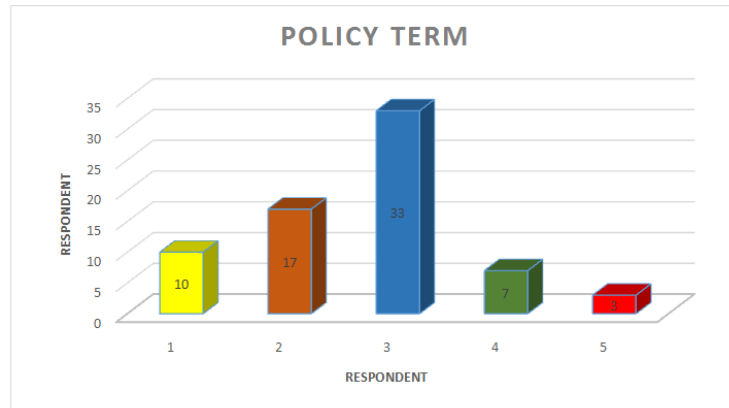| Rating	Respondent	Percentage
1	10	14%
2	17	24%
3	33	47%
4	7	10%
5	3d	4%
TOTAL	70	

Figure 12

The policy term depends on the policy holder but sometimes the insurer can also influence the policy term by giving some additional benefits on policies taken for a longer period of time or vice versa. In the study that was conducted by us, we found out that 10% of the respondents think that it is the highly important thing that one should consider before taking any life insurance policy.

COMPANY IMAGE

Table 12

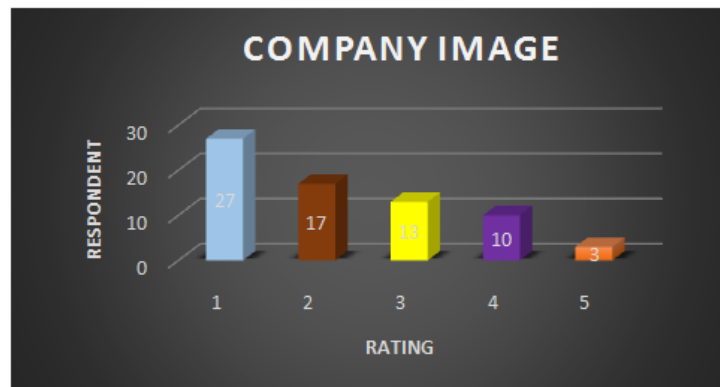| Rating	Respondent	Percentage
1	27	39%
2	17	24%
3	13	19%
4	10	14%
5	3	4%
Total	70	

Figure 13

Company image also plays a very important role in influencing the decision of a prospective customer while taking the final decision. From the study it has been found out that nearly27% and 17% of the people feel that it is the highly and most important thing, which has higher influence than any other criterion that influences one's decision regarding taking of life insurance policy, while for 3% of people it does not provide any significant importance in their decision making.

To further analyze the perception of the respondents about what they think as the important criteria before taking an insurance policy, I have taken two independent parameters, namely:

- Age of the People.

- Annual Income of the People.

After taking these two independent parameters, the analysis is being made to see which age group people think what criterion is important or what is the difference perception among the people who have annual income which are significantly different from each other. The number of respondents taken here is only 30 as those people who are not having any life insurance policy have been excluded from the purview of the study and these 70 respondents were allowed to rate the criteria according to their importance. (Rating 1 represents highly important, 2 represents only important,3 represents neutrally important,2 represents least important and 1 represents not important).

Criteria before Taking a Life Insurance Policy

On the basis of Age group:

For conducting the study the ages of respondents are divided into four categories, those are as follows:

- Less than 30 years.

- Between 31-40 years.

- Between 41-50 years.

- Above 50 years.

Age Group – Premium

Table 13

Age Group	1	2	3	4	5	Total Respondent
Less than 30 yr.	21	7	5	0	0	33
31-40	10	0	3	0	2	15
41-50	7	4	3	2	1	17
above 50	3	0	2	0	0	5
Total Respondents	41	11	13	2	3	70

Figure 14

Nearly 64% of the people who belong to the age group of less than 30 consider premium as the highly important criterion in comparison to only 67% of the people who belong to an age group of 31-40. So, people who have started their professional life consider more about the money that has to be spent on the insurance policy in comparison to the people who are working for a relatively longer period of time. Again, those people 41-50 years who have come to the important stage of their working life, I can see that these people also thing that the expense regarding the premium to be paid is the highly important criteria for them because they likely to spend or save their money on medical, education etc..

AGE GROUP – BONUS & INTEREST

Table 14

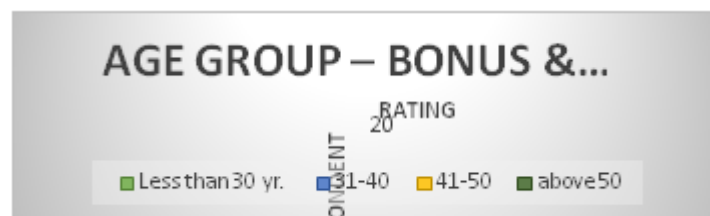| Age Group	1	2	3	4	5	Total Respondent
Less than 30 yr.	9	16	5	3	0	33
31-40	5	7	2	0	1	15
41-50	6	9	2	0	0	17
above 50	4	1	0	0	0	5
Total Respondents	24	33	9	3	1	70

Figure 15

Nearly 80% of the respondents belonging to age group above 50, think that it is highly important criteria and 53% of the respondent belonging to age group 41 – 50, also think that its important criteria, which influence the decision regarding life insurance.

AGE GROUP – POLICY TERM

Table 15

Age Group	1	2	3	4	5	Total Respondent
Less than 30 yr.	7	10	9	5	2	33
31-40	3	9	2	0	1	15
41-50	4	11	2	0	0	17
above 50	3	1	0	1	0	5
Total Respondents	17	31	13	6	3	70

Figure 16

The policy term mainly depends on the wishes of the policy holder, so here I can see that only 21% of the people whose age is below 30 years, think this is highly important criteria, but people who a little bit more experienced know that insurer companies sometime provide extra benefits for longer policies in comparison to policies which have a shorter span of life, that's why nearly 60% of people belonging to the age group of above 50 years think that it is a highly important criteria which affects the decision regarding insurance.

AGE GROUP – COMPANY IMAGE

Table 16

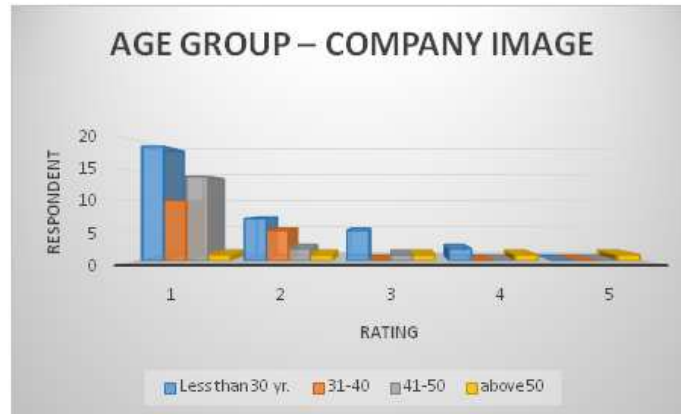| Age Group	1	2	3	4	5	Total Respondent
Less than 30 yr.	19	7	5	2	0	33
31-40	10	5	0	0	0	15
41-50	14	2	1	0	0	17
above 50	1	1	1	1	1	5
Total Respondents	44	15	7	3	1	70

Figure 17

Nearly 58%, 67% and 82% of the people whose age is below 30 years, 31- 40 and 41-50 think this is highly important criteria.

Criteria before Taking a Life Insurance

On the basis of Annual income level:

For conducting the study the annual income of respondents is divided into five categories, those are as follows:

- Less than 1 lakh.

- Between 1.01 – 3 lakh

- Between 3.01 – 5 lakh

- Above 5 lakh

ANNUAL INCOME – PREMIUM

Table 17

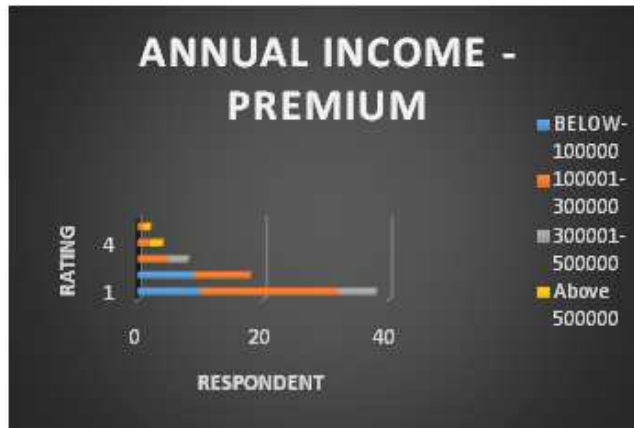| Annual Income	1	2	3	4	5	Total
BELOW-100000	10	9	0	0	0	19
100001-300000	22	9	5	2	1	39
300001-500000	6	0	3	0	0	9
Above 500000	0	0	0	2	1	3
Total	38	18	8	4	2	70

Figure 18

Nearly 53% of the people who belong to the annual income less than 1 lakh consider premium as the highly important criterion in comparison to only 56% of the people who belong to the annual income 1.01-3 lakh. So, people who have started their professional life consider more about the money that has to be spent on the insurance policy in comparison to the people who are working for a relatively longer period of time.

ANNUAL INCOME – BONUS & INTEREST

Table 18

Annual Income	5	4	3	2	1	Total
BELOW-100000	11	7	1	0	0	19
100001-300000	21	9	3	3	3	39
300001-500000	6	2	1	0	0	9
Above 500000	3	0	0	0	0	3
Total	41	18	5	3	3	70
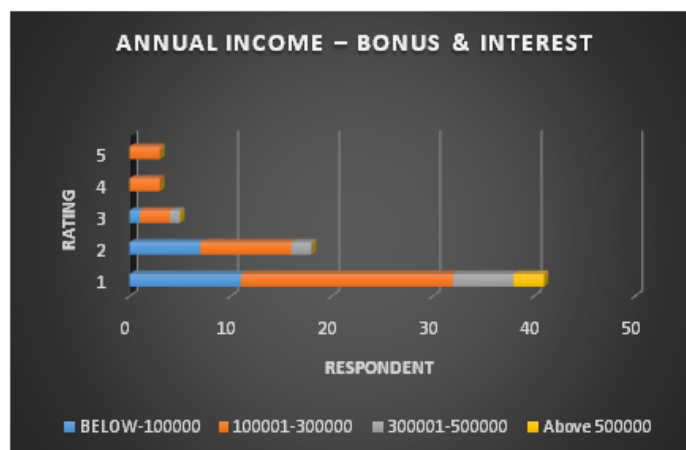
Figure 19

ANNUAL INCOME – POLICY TERM

Table 19

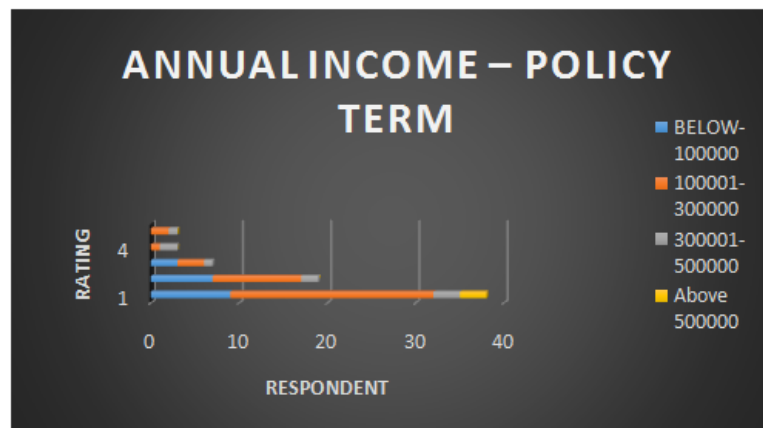| Annual Income	1	2	3	4	5	Total
BELOW-100000	9	7	3	0	0	19
100001-300000	23	10	3	1	2	39
300001-500000	3	2	1	2	1	9
Above 500000	3	0	0	0	0	3
Total	**38**	**19**	**7**	**3**	**3**	**70**

Figure 20

Nearly 59% and 100% of the respondent who belongs to the income group 1.01-3 lakh & above 5 lakh consider as a highly important criteria.

ANNUAL INCOME – COMPANY IMAGE

Table 20

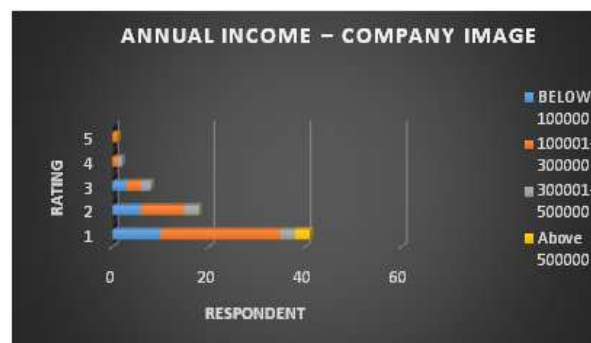| Annual Income	1	2	3	4	5	Total
BELOW-100000	10	6	3	0	0	19
100001-300000	25	9	3	1	1	39
300001-500000	3	3	2	1	0	9
Above 500000	3	0	0	0	0	3
Total	**41**	**18**	**8**	**2**	**1**	**70**

Figure 21

Nearly 64% and 100% of the respondent who belongs to the income group 1.01-3 lakh & above 5 lakh consider as a highly important criteria.

GENDER BIASNESS

Table 21

Gender	Having Insurance
Male	49
Female	21
Total	70

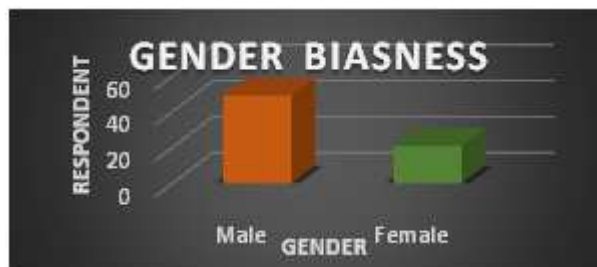**Figure 22**

Life Insurance Companies in Which Company People will be Willing to Take a Life Insurance

Table 22

Companies	Respondents
ICICI Prudential	18
Bajaj Allianz	13
LIC	61
Birla Sunlife	8
Total	100

Figure 23

CONCLUSIONS

The conclusion that can be drawn from the survey conducted by us can be summarized in the following way; Bank Deposits is the most preferred investment alternative which is available to people followed by alternatives such as insurance, Real states, gold and silver, mutual etc. It was found that 70% respondent were willing to take a life insurance under LIC and 30% respondents under other insurance company. The scheme mostly preferred by insurance holders was life protection scheme like death benefits followed by money growth plans like wealth creation and high returns plans.

According to the study company image is to be the highly important criteria which we consider before taking up a life insurance. It was found that 53% of the respondent towards their investment alternatives followed by return, brand name, tax benefits, liquidity and capital growth. People who belong to different age groups have different perception regarding the most important criteria before taking the decision on a life insurance policy. People who belong to different income groups also have usually save less than 15% and the kind of investment mostly preferred by the respondents were both long and short term. According to the survey safety are the most important criteria which are accepted among all the respondents different perception regarding the important criteria concerned with the life insurance.

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