A STUDY ON CUSTOMER PERCEPTION TOWARDS LIFE INSURANCE POLICIES IN CHANDIGARH

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ABSTRACT

Previously, Insurance was seen as a product for "investment" or to save on taxes by the majority of Indians, however after the COVID-19 pandemic, many have realized the importance of this. In this study, descriptive research design is used to examine how customers felt about life insurance. Both primary and secondary data sources are used in this study. The data has been collected with the help of Questionnaires. The first section asks about the consumer's demographics, and the second half asks on a five-point scale i.e., how satisfied customers are with the life insurance services offered by various insurers in Chandigarh. There are 150 participants in the sample, and random sampling techniques were used to gather the data from January to March 2023. The collected data was examined using approaches including percentage analysis and the chi-square test, and the results were then explained. The study shows that almost all of the respondents are familiar with the various providers of life insurance services. Nearly 56% of respondents stated that they independently decided to buy life insurance due to future uncertainties. In addition, 81 percent of respondents think obtaining life insurance coverage is a wise idea, given the future's uncertainty. 19% of respondents said they were unsatisfied with this insurance service provider and intended to switch in the future.

Keywords: Insurance, life insurance, customer perception.

1. INTRODUCTION

A sudden pandemic caused by COVID-19 has affected people's lives all around the world. Previously, insurance was seen as a product for "investment" or to save on taxes by the majority of Indians, however after the pandemic, many have realized the importance of this.

Protection is the real goal of purchasing insurance. Insurance is a financial investment that helps to protect against the danger of unforeseen future events. Various investment products are available, including gold, insurance, bank deposits, stocks, mutual funds, and immovable assets like real estate. However, the majority of investment in India is made through traditional investment vehicles including gold, real estate, and bank fixed deposits. The insurance industry therefore has enormous potential.

The COVID-19 pandemic has caused widespread financial anxiety, which sparked a rise in insurance interest. It is clear that the pandemic has motivated customers to investigate their insurance policy options and select the best insurance plan to offer adequate protection for the individual and their family in the event of any unforeseen occurrences in the future.

In order to protect oneself against financial loss, one party will agree to pay compensation to another in the case of a certain loss, damage, or injury in exchange for a fee. It is a type of risk management that is mostly applied to protect against the risk of a potential or unforeseen loss.

In general, an insurance policy is referred to as a contract that provides financial protection and compensation for any damages from the insurer of the insurance company to a person or an organization. An insurance policy can be defined as a means of protection against any unforeseen loss or injury, to put it another way. One may clearly understand the definition of insurance from this line.

The insurance sector in India is one of the high-growth industries. Growing incomes and greater industry understanding can be credited for the insurance sector's improving trend. With a growth rate of between 32%-34% annually, India is the fifth-largest life insurance market in the world. The sector has recently seen intense competition among its competitors, which has sparked the development of new and cutting-edge products. This industry is regulated by the insurance regulator i.e., Insurance Regulatory and Development Authority of India (IRDAI).

There are 57 insurance companies in the Indian insurance market; 24 of them are involved in the life insurance sector, and 34 are non-life insurers. Life Insurance Corporation (LIC) is the only organization in the public sector that provides life insurance. In the non-life insurance market, there are six public-sector insurers. In addition to this, there is just one national reinsurance company i.e., General Insurance Corporation of India (GIC Re). Agents (individual and corporate), brokers, surveyors, and third-party administrators handling health insurance claims are other market participants in India.

2. REVIEW OF LITERATURE

Sharma (2011) created a management competency framework for middle-level managers in India's general insurance industry. A survey was conducted among 98 middle-level managers from both commercial and public general insurance organizations for the study. Communication skills, creativity, analytical skills, ability to delegate, flexibility, initiative, interpersonal skills, managerial skills, capacity to motivate, ability to plan, job knowledge, team management, managerial abilities, and decision making were identified as the 14 critical qualities. The most crucial talents were management and job expertise.

Sandhu and Bala (2011) investigated customers' attitudes about life insurance. Data was gathered using a questionnaire that included 34 remarks from 337 clients from three places in Punjab. The findings concluded seven variables, including proficiency, media and presentations, physical and ethical excellence, service delivery procedure and purpose, security and dynamic operations, credibility, and functionality. They also looked into the relationship between each of the identified criteria and consumer satisfaction with service quality. According to the findings, proficiency, physical and ethical excellence, and functionality are the main aspects that influence the total service quality of Life Insurance.

Kavitha et al. (2012) investigated client attitudes about general insurance. The study was conducted to ascertain the customer mindset of the Erode, Tamil Nadu. For the study, a questionnaire with 25 statements on a likert scale was created and distributed to the 750 residents of the erosion district. On the data collected, factor analysis and multivariate techniques were used to group all statements into six factors: loyalty conscious customers, trustworthy conscious respondents, agent conscious respondents, policy performance conscious respondents, policy transparency conscious respondents, and bonus conscious respondents.

Thangadurai and Rahim (2015) investigated client attitudes about online insurance. Primary data for the study were gathered through questionnaires and fieldwork, while secondary data was gathered through government documents, newspapers, business magazines, websites, and other sources. The data was analyzed using the Chi-square technique, and the study recommended taking particular steps to improve online initiatives in order to push growth even further.

Siddhartha and Sumanth (2017) investigated the elements that impact a customer's decision to purchase an insurance policy from a particular insurance firm. The survey included respondents from the city of Visakhapatnam. Customers' attitudes about life insurance were mostly good. According to the survey, most insurance policy investors invested with the primary goal of tax savings and generating return rather than the actual goal of insurance, which is risk covering. During the survey, it was also discovered that the image of the firm and the customer relationship are the two most important elements that influence the choice of an insurance company.

Kavita and Latha (2017) investigated customer attitudes regarding general insurance in their article. The study was conducted out in the Erode district. The sample size was 750 respondents. The study sought to identify the elements that influence policyholders. In this regard, respondents' opinions were compiled using a 5-point rating scale. On a total of 25 variables, factor analysis was used. The survey demonstrated the diverse expectations that clients have from the insurance firm.

Nair (2019) analyzed the level of satisfaction with insurance claim settlements from private and public sector insurance organizations. He discovered that the claim settlement ratio of public sector insurance companies is higher than that of private sector insurance companies.

3. OBJECTIVES OF THE STUDY

The objectives of the study are as follows:

• To assess the reasons for purchasing a life insurance policy.

• To determine the level of satisfaction of life insurance customers with the insurer's services.

4. RESEARCH METHODOLOGY

A descriptive study design was employed to analyze customer perception towards life insurance policies. This study uses both primary and secondary sources of data. The primary data has been collected with the help of Questionnaires. The first section of the questionnaire covers the consumer's demographic profile, while the second half has five-point scale questions about customer satisfaction with life insurance services provided by different insurers in Chandigarh. The sample size consists of 150 participants, and data was obtained using random sampling techniques. The data was collected from January to March 2023.

The acquired data was analyzed by employing methodologies such as percentage analysis, and chi-square test and then the findings were interpreted.

Table -1 Reason for purchase of Insurance Policy (Rank analysis)

Reason	Frequency	Percentage	Rank
For Future Investment	45	28	IV
Well-known agent/executive	60	39	I
Prompt service	25	16	VII
Recommendations from friends	36	23	V
Easy accessible	22	14	VIII
Risk Coverage	28	18	VI
Savings	46	30	III
For Taxation purpose	50	32	II
Self-interest	44	28	VI

Source: Primary Data

According to Table 1 above, knowing an agent/executive is a key reason to purchase insurance, on the other hand savings and tax benefits are also significant factors, and easy accessibility is the least significant factor.

Table - 2 Customer satisfaction with the services provided by the insurers

Statement	Highly satisfied	Satisfied	Neutral	Dissatisfied	Highly dissatisfied	Mean
Encouragement from the agent to acquire the policy	30	74	41	5	0	2.01
Assistance at the time of policy purchase	29	91	23	6	1	2.00
Consistency in releasing policies	29	74	39	7	1	2.10
Contact by agents after issuing the policy	23	69	43	13	2	2.20
Renewal notices are sent out on time	24	69	43	13	2	2.30
Company's attitude toward issuing loans secured by insurance policies	14	69	54	11	2	2.35
Loan process and interest rates for policyholders	24	54	53	14	5	2.46

Source: Primary Data

The above table makes clear that the loan application process and interest rates for policyholders are the most important factors for customer satisfaction, with a mean of 2.46. These factors are followed by the company's attitude towards issuing loans secured by insurance policies, with a mean of 2.35, and timely notices of policy renewals, with a mean of 2.3, while assistance at the time of policy purchase are the least significant factors in customer satisfaction with the different life insurers services.

Table - 3 Chi-Square test of Consumer satisfaction on the basis of their Gender

H0: Respondents' satisfaction does not differ substantially based on their gender.

H1: Respondents' satisfaction does differ substantially based on their gender.

Level of Satisfaction	Gender		Total
	Male	**Female**	
Highly satisfied	30	25	55
Satisfied	29	15	44
Neutral	20	12	32
Dissatisfied	05	05	10
Highly dissatisfied	06	03	09
Total	90	60	150
Calculate Value (Chi-Square Test)			**1.9886**
Table Value			**2.447 (5%)**
Degree of Freedom			5

The above table-3 reveals that of the 55 extremely satisfied respondents, 30 were men and 25 women. 99 consumers gave the life insurance services a satisfactory rating. 59 of the 99 insured are male.

The table value at 5 degrees of freedom is 2.447, and the estimated value for the Chi-square test is 1.9886. So, the null hypothesis is accepted and the alternate hypothesis is rejected because the table value is greater than the computed value. In light of this, it was determined that respondents' levels of satisfaction are not significantly different based on their gender.

5. CONCLUSION AND SUGGESTIONS

The analysis reveals that customer loyalty has become a crucial component in today's dynamic market for keeping customers through alluring offers and first-rate amenities. Due to increased competition, a wide range of policies and products, and a variety of distribution channels, businesses prefer happy and highly profitable customers. Also, the study shows that practically all of the respondents are familiar with the different life insurance services companies. Almost 56% of respondents said they made the decision to purchase life insurance on their own because of future uncertainty. Also, 81 percent of respondents believe that having a life insurance policy is good for the uncertain future. According to 19% of poll participants, they are dissatisfied with this insurance service provider and plan to transfer in the future.

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