Research Paper

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CUSTOMER'S ATTITUDE TOWARDS INVESTMENT IN LIFE INSURANCE WITH SPECIAL REFERENCE TO IT PROFESSIONALS IN ERNAKULAM DISTRICT

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ABSTRACT

Life Insurance is intangible in its nature hence majority of the Indian population cannot understand its meaning. After history of more than two hundred years of life insurance sector in India it is still under penetrated with 27 percent. Almost all the insurers knows that it is not bought and it has to be sold, even still there are lot of misconceptions in the minds of Indians towards the concept of insurance hence it caused complications in marketing its products. Marketing activities of life insurance companies is all about to inform, bringing awareness, develop belief, to form positive attitude, to reinforce trust etc. in the minds of the consumers by using tools such as advertising, public relations, displays, word of mouth, sales promotion, personal selling etc. Insurers may form positive attitude or may cause negative attitude so knowing the feelings of respondents found essential. Today customers are more informed with number of options; even still majority of the population in India is still uninsured. The present study is conducted at Infopark. It has been growing fast ever since its inception in 2004, and within a short period of time, has attracted investments from IT majors like Tata Consultancy Services, Wipro, Affiliated Computer Services, OPI Global, IBS Software Services and US Technology. The study aims to analyze the attitude of customers towards investment in life insurance.

KEYWORDS: *Consumer Attitude, Customer Satisfaction, Insurance Policy, Investment, Life Insurance.*

1. INTRODUCTION

The introduction of the paper should explain the nature of the problem, previous work, purpose, and the contribution of the paper. The contents of each section may be provided to understand easily about the paper. Life Insurance is intangible in its nature hence majority of the Indian population cannot understand its meaning. After history of more than two hundred years of life insurance sector history in India it is still under penetrated with 27 percent. Almost all the insurers knows

that it is not bought and it has to be sold, even still there are lot of misconceptions in the minds of Indians towards the concept of insurance hence it caused complications in marketing its products. In reality making the uneducated, rural and economically backward people to understand the insurance concept is a challenging task. Today customers are more informed with number of options; even still majority of the population in India is still uninsured. The present study is conducted at

Infopark, Kochi. Infopark has been growing fast ever since its inception in 2004, and within a short period of time, has attracted investments from IT majors like Tata Consultancy Services, Wipro, Affiliated Computer Services, OPI Global, IBS Software Services and US Technology. Because of the fast growth rate achieved and strategic positioning of the Park in the upcoming city of Kochi (previously known as Cochin), Infopark is well known among the IT/ITES investors as a very potential destination. Kochi (formerly known as Cochin) is located in the Indian state of Kerala. The present study gives more importance to the attitudes of customers towards life insurance. Hence the selected topic is "Customer's Attitude towards Investment in Life Insurance with special reference to IT professionals in Ernakulam District"

2. OBJECTIVES OF THE STUDY

The following have been laid down as the objectives of the study.

1. To identify the factors/ features of insurance plans influencing the purchase of life insurance.
2. To study the customers attitude towards investment in life insurance.

3. RESEARCH METHODOLOGY

The study aims to analyze the attitude of customers towards investment in life insurance and the study is basically a descriptive research and it has made use of such research design. Both primary data and secondary data have been used in the study. Primary data were collected by a sample survey conducted with the help of a pre tested standard questionnaire. Secondary data were collected from the annual reports of the insurance companies that of IRDA and other official publications of the state and central governments.

Sampling Design of the Study

The present study is focused on IT professionals of Info Park, Cochin. In Ernakulam district IT companies are established in Info parks, SEZ, Kinfra and private IT parks. Since there are many companies functioning in the Info park, the study is mainly focused on the employees of IT companies in Info park. There are a total of 92 IT companies functioning in the Info Park at Kochi. Among them 6 companies were taken as sample units by using random sampling method. Multistage random sampling method was adopted in the selection of the sample. In the first stage Info Park , Kakkanad was selected from Ernakulam District.

Sample Size

Population size – 24680

Confidence level – 95%

Margin of error – 5

Samples – 379

4. ANALYSIS AND DISCUSSION

Preference of investments and their ranks with regard to investment

The ranking method helps the researcher to identify which investment avenues are most preferred. Table – 1 presents the weighted average and their respective rankings based on that.

TABLE 1: Preferred Type of Investment

Variable	Weighted Average	Rank
Bonds and Debentures	1.74	9
Equity/Shares	3.84	7
Mutual Fund	4.83	6
Public Provident Fund	3.78	8
Post Office	6.46	2
Insurance	5.57	3
Bank Deposit	6.75	1
Real Estate	5.07	5
Gold & Silver	5.33	4

Source: Primary Data

It is inferred from the above table that the most preferred investment alternative are bank deposits, post office deposits and insurance. These are well established and the customers strongly agree that the investment in bank deposits, post office savings and insurance gives fixed returns with minimum market risk. So they prefer bank deposit as rank 1 followed by post office deposit, insurance, gold and silver, real estate, mutual fund, public provident fund and bonds and debentures in order.

Features of insurance plan/schemes that motivated to own life insurance policy

TABLE 2: Features of Insurance Plan/ Schemes that Motivated to Own Life Insurance Policy

Feature of Insurance	Mean	Rank
Bonus	3.95	8
Safety of money	6.66	1
Regular returns	4.53	6
Higher returns	4.51	7
Long term benefits	5.81	4
Future security	6.30	2
Tax benefits	4.92	5
Low risk	6.11	3
Flexibility	2.25	9

Source: Primary Data

From the detailed data analysis it has been inferred that safety of money features of a particular insurance plan/schemes have motivated majority on an average is 6.66 of the sample population to own a life insurance policy. It has been placed first in a list of nine variable constructed for the study. Followed by 6.30 of the sample subjects have mentioned that future security benefits realization have motivated them to own a life insurance policy. The sample respondents' perception towards low risk, long term benefits and tax benefits have been placed in third, fourth and fifth rank with a mean score of 6.11, 5.81 and 4.92 respectively. The sixth, seventh and eighth ranked features are regular returns, higher returns and bonus and the average mean is 4.53, 4.51 and 3.95. The least ranked variable is flexibility with a mean score of 2.25.

Expectations on Investment

TABLE 3: *Expectations on Investment*

Sl. No	Expectations on investment	Mean	SD	Rank
1.	Safety	4.18	1.391	1
2.	Capital Growth	3.63	1.343	6
3.	Liquidity	4.08	1.398	3
4.	Return	4.09	1.311	2
5.	Tax Benefit	3.70	1.362	5
6.	Grievances Handling	3.87	.9207	4
7.	Speedy settlement of claims	3.58	1.929	7

Source: Primary Data

Descriptive statistics and ranks for the importance of various variables of expectation on investment in life insurance are presented in Table 4.23.The sample respondents were asked to rate the expectations on investment in life insurance in the order of their importance. Since the mean values are higher than 3 indicates that the respondents are giving more importance to all these variables. They are expecting safety of money, maximum returns and liquidity etc. from their investments in life insurance.

Level of satisfaction with the services rendered by insurance company

Customer service is an integral part of life insurance organization. It is necessary to identify the key success factors in life insurance industry, in terms of customer satisfaction so as to survive in intense competition and increase the market share. The subsequent table illustrates the life insurance customers' level of satisfaction towards various services rendered by life insurance company(s).

TABLE 4: *Customers' Level of Satisfaction towards Services Rendered by Life Insurance Company(S)*

Service Rendered	Highly Satisfied	Satisfied	Neutral	Dissatisfied	Highly Dissatisfied	Mean	Rank
Intimation of premium	37.92	56.04	4.38	1.67	0.00	4.30	1
Bonus	16.25	61.46	18.54	3.54	0.21	3.90	4
Variety of policies	13.75	54.38	25.00	6.25	0.63	3.74	5
Loan facility	11.46	45.63	32.71	9.38	0.83	3.58	6
Terms of policies	10.00	39.79	37.08	11.88	1.25	3.45	10
Convenience	7.08	46.67	33.33	12.92	0.00	3.48	8
Response to enquiry	37.50	21.04	38.33	0.83	2.29	3.91	3
Agents response	8.13	46.88	33.13	10.83	1.04	3.50	7
Customer treatment	47.08	20.6	17.08	13.33	1.88	3.98	2
Communication	6.46	25.83	29.38	35.83	2.50	2.98	12
Claims settlement	9.79	42.08	34.17	12.08	1.88	3.46	9
Others	5.63	40.83	33.54	19.17	0.83	3.31	11

Source: Primary data

The analysis of table 4.25 indicates that majority of the policy holders have expressed satisfaction towards service feature of intimation of premium payment on time by their insurance company(s) and it is ranked at first with a mean score of 4.30. The respondents have opined that they have high degree of satisfaction towards the customer treatment and response to enquiry at office; these variables are duly ranked at second and third place with average score of 3.98 and 3.91 respectively. Sample subjects level of satisfaction towards bonus and variety of policies offered are placed at fourth and fifth places with an average score of 3.90 and 3.74 respectively. Respondents have placed their satisfaction towards loan facility at sixth place with a mean score of 3.58. As per the results of data analysis sample subjects satisfaction level towards agents response, convenience, claims settlement, terms of policies and others have secured seventh, eighth, ninth, tenth and eleventh ranks with an average scores of 3.50, 3.48, 3.46, 3.45 and 3.31 respectively. Finally, the respondents have said that they have experienced least satisfaction towards communication services offered by the insurance companies and it is placed twelfth in order with a mean score of 2.98.Thus, it is concluded that majority of the policy holders have expressed satisfaction towards service feature of intimation of premium payment on time by their insurance company(s) and it is ranked at first with a mean score of 4.30.

5. FINDINGS AND SUGGESTIONS

After a detailed investigation on customers' attitude towards investment in life insurance with special reference to IT professionals in Ernakulam district, the following major findings were arrived at.

❖ It was inferred that 56 percent of the respondents are mid level professionals and 31 percent of the respondents are entry level professionals. The remaining 13 percent of sample respondents are senior level professionals. From the study it has been concluded that majority i.e., 56 percent of the respondents are mid level professionals. Life insurance policies are purchased by the respondents with several objectives. The main objective of salaried people is to get tax exemption.

❖ From the present study it is found that 57 per cent of the respondents prefer short term investments, 24 per cent of the respondents prefer long term investments and the remaining 19 per cent of the respondents prefer both short term and long term.

❖ It is inferred from the study that the most preferred investment alternative are bank deposits, post office deposits and insurance. These are well established and the customers strongly agree that the investment in bank deposits, post office savings and insurance gives fixed returns with minimum market risk. So they prefer bank deposit as rank 1 followed by post office deposit, insurance, gold and silver, real estate, mutual fund, public provident fund and bonds and debentures in order.

❖ Safety of money features of a particular insurance plan/schemes have motivated majority on an average is 6.66 of the sample population to own a life insurance policy. Followed by 6.30 of the sample subjects have mentioned that future security benefits realization have motivated them to own a life insurance policy. The sample respondents' perception towards low risk, long term benefits and tax benefits have been placed in third, fourth and fifth rank respectively.

❖ It has been found that 42 per cent of the policy holders have made their investment in LIC life insurance.

❖ The customers are expecting safety of money, maximum returns, liquidity, capital growth, tax benefit etc. from their investments in life insurance. They are also giving more importance to Bonus and interests, policy term, accessibility, company image/brand name while they are investing in life insurance policy.

❖ The analysis indicates that majority of the policy holders have expressed satisfaction towards service feature of intimation of premium payment on time by their insurance company(s) and it is ranked at first. The respondents have opined that they have high degree of satisfaction towards the customer treatment and response to enquiry at office; these variables are duly ranked at second and third place. Sample subjects level of satisfaction towards bonus and variety of policies offered are placed at fourth and fifth places respectively.

❖ Out of the total 379 respondents included in the study, 71 per cent have positive attitude towards the insurance company, 23 per cent have highly positive attitude, 5 per cent of them

have negative attitude and only 1 per cent of the respondents have highly negative attitude towards the investment in life insurance.

SUGGESTIONS

Based on the findings of the study the following suggestions are made:

- ❖ Majority of the customers have expressed satisfaction towards service features. In the global era, Insurance companies are increasingly willing to spend more on the customer satisfaction and brand building exercises. Though it is one of the highly regulated industries, it still provides lot of scope for creativity and innovations. As this industry is predominantly dominated by personal selling and personalized services, many a time the service standards vary based on the intermediary involved in the process.

- ❖ In order to achieve the competitive edge over others, it is necessary to standardize the process and bring about quality improvement and get feedback from the customers regarding the quality of services rendered. This will result in customer satisfaction, customer retention, customer acquisition, employee retention and cost reduction.

- ❖ Information should be clearly conveyed to the customers by educating them regarding the basic financial terminologies of insurance such as premium, duration of the policy, sum assured, non forfeiture provisions, surrender of policy, repayment of loan, provisions of accident and death claims, calculation of mortality table, tentative bonus calculation, details of rider policies, lapse and revival of policy and procedure followed for claim settlements, etc;

- ❖ Insurance is one of the least preferred investment alternatives. The companies must take necessary actions to attract customers. The premium is also one of the influencing factors to attract the customers. It is suggested that the insurance companies may charge reasonable amount as a premium and also maintain transparency among the policies. It will help the company to increase the market share.

- ❖ Demographic factors have significant impact on the attitudes of life insurance policy holders.

All variables mentioned in the study namely: age, gender, education, marital status, area of residence, designation, experience, annual income, number of earning members in the family and number of dependents are found to be significant in order to measure attitude with varying degrees. So the companies should prepare customized Solution to different life insurance Consumers in the market as per their needs and requirements.

- ❖ The overall attitude towards Life Insurance companies is highly commendable. By understanding the requirements of policy holder, it is easy to provide excellent service to them. At the same time, in the present hectic competitions the companies should keep on taking the utmost care in motivating the agents and employees to serve the customers better and promote the business to reach the peak.

6. CONCLUSION

From the discussion mentioned above it can be concluded in the present study that demographic factors have significant impact on the attitudes of life insurance policy holders. All variables mentioned in the study namely: age, gender, education, marital status, area of residence, designation, experience, annual income, number of earning members in the family and number of dependents are found to be significant in order to measure attitude with varying degrees. It is conclude that most of the customers selected for the present study were satisfied and have a positive attitude towards their investment in life insurance.

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