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Review Of Research

DEMOGRAPHIC ANALYSIS OF POLICY HOLDERS PREFERENCE AND DETERMINANTS OF SATISFACTION TOWARDS TERM LIFE INSURANCE

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ABSTRACT

Today India is one of the fastest growing economies of the world. Insurance being one among the players in the financial services sector. Indian insurance business is the most significant one among them. The industry covers two dimensions viz. Life Insurance and General Insurance. Understanding the consumer's perception and attitude towards insurance and creating an insurance culture is essential in facilitating the success of insurance services. A better understanding of consumer's behavior through



demographic analysis can play an important role in predicting demand for insurance. However, emerging new complex financial products and changes in the preferences of people for preventing their risks make it difficult. This study is conducted in Thanjavur District to find out the relationship of demographic characteristics of the respondents and satisfaction level of term life insurance policy holders/consumers. It has been further observed that cross table analysis with demographic characteristics and preference of the respondents.

KEYWORDS: Term Life Insurance, Demographic, Customer Preference, Customer Satisfaction.

INTRODUCTION :

Over the past two decades, the service sector has expanded rapidly

and plays an increasingly important role in national and international economy. Services today account for over 70 per cent of production and employment in many developing countries. Today India is one of the fastest growing economies of the world. The Insurance Industry contributes to the financial to the people of the country. Insurance is the unique and most important financial instrument used in order to cover the risks in the society. Thus, insurance plays a crucial role in sustainable growth of an economy. Life insurance companies cover risks that relates to human lives. They offer different benefits under different types of products and cover the risk of early death, as well as the risk of living into old age. Under traditional plans, like term life insurance plans, insurance companies provide death cover. If

the insured person dies within the term of the policy then the nominee/beneficiary is paid a specified amount (also known as the sum insured).

Term life insurance is often referred to as “Pure Insurance” because its premise is very simple: You pay a premium to an insurance company in exchange for their promise to pay a death benefit to your survivors if you die while the contract is still in force. Term life insurance provides protection for a specified period and is usually renewable at the end of each period at progressively higher premiums. As you get older, your risk of dying increases, so the cost of term insurance goes up. Term insurance carries no cash value element, making it less expensive than permanent alternatives. The service is thus intrinsically satisfying. The market for term life insurance products is unlimited. Every living person on this earth needs term life insurance at some point or another in his/her life. It was viewed as the shelter to the family members. Analysis and understanding of prospective buyers of life insurance according to their demographic characteristics in specific geographical regions thus becomes important. This will enable the life insurance companies like public and private to better prepare their marketing strategies as per the requirements of the people in the region.

REVIEW OF LITERATURE

S. Narender & L. Sampath, (2014) to find out the level of awareness towards the right and duties of the policy holders across demographic profiles and about the level of awareness towards life insurance policies prevailing in the India market. The study totally concentrates on the individual behavior, attitudes and also crating the awareness regarding their contribution on Indian insurance sector.

Pankaj Chaudhary, (2012) concluded that there is urgent need to spread more awareness and provide satisfaction to insurers. I would also like to draw attention that private companies are also need to make some relaxation to attract customers towards their products.

Dr. Divya Negi & Praveen Singh, (2013) as is evident from the study, ‘Product Quality and Brand Image’ has got the highest mean. The insurance companies thus should try to maintain the timely and satisfactory service along with maintaining their reputation and goodwill. The companies should pay more attention in timely and hassle free settlement of the claims. Further customer relationship management should be of utmost importance for such companies. ‘Brand Loyalty’ has been rated lowest among customers while selecting and purchasing insurance product which signifies the healthy competition among the insurance industry.

Gandolfi and Miners (1996) and Back and De vaney, (2005) agreed in their research that there is a positive relationship between education and life insurance demand.

Fitzgerald, (2004) develops a utility maximizing model of a married couple choosing the amount of life insurance it wants on each of its earners. Social security survivor benefits are found to decrease the demand for life insurance on an earner, while social security benefits that are conditional on the earner’s survival increase the demand. Husband and wife’s future earning are to increase the demand for insurance on husbands.

Saibaba et al, (2002) study the perception and attitude of women towards life insurance policies. Nowadays many insurance companies are trying hard to woo the female population. The study finds that women feel that their lives are not as valuable as their husbands, they perceive insurance as a tool for risk coverage and not as a tax saving device, there is also lack of knowledge about suitable insurance plans.

STATEMENT OF PROBLEM

Insurance in itself is not understood or appreciated enough in India. Once it was viewed as the shelter to the family members. Later large amount of people consider insurance as just another form of savings or tax savings instruments, which can earn them safe, stable returns over the long run. Today one of the most misunderstood and lesser amount of awareness insurance products in India is “Term Life Insurance”. Term insurance plan, like pure life insurance plan is not an investment for future but it is a product which helps your family when you are no longer there protecting them financially. Hence, this paper moves to identify the demographic characteristics, customers’ preference towards life insurance companies and satisfaction level of term life insurance customers.

OBJECTIVE OF THE STUDY

- ✦ To know the demographic characteristics of Term Life Insurance policy holders in Thanjavur District.
- ✦ To examine policy holders preference towards Life Insurance Companies.
- ✦ To identify the factors influencing customer satisfaction.

RESEARCH METHODOLOGY

The primary research undertaken was exploratory in nature. The data was collected with the help of pre-tested and structured questionnaires distributed to 200 respondents but only total 159 questionnaires were found fit and taken for analysis. The sample for the study consisted of policy holders of both private and public life insurance companies operating in Thanjavur District, Tamil Nadu during September - November 2016. The researchers used factor analysis and cross table analysis using SPSS software and results accordingly.

DATA ANALYSIS

In this study the researchers have identified the demographic characteristic of the respondents under study area and the cross table analysis was carried out to find customer preference towards Life Insurance Company across key demographic characteristics i.e. age, gender, marital status, income, qualification, occupation, earning members and dependent person of the respondents. After identifying the demographic and cross table analysis factors analysis was carried out for identifying the important customer satisfaction factors. The demographic characteristics and cross table analysis of the respondents are explained table no. 1 and 2.

The respondents were offered to answer five point scales where ‘1’ meant “Highly satisfied” and ‘5’ meant “Highly dissatisfied”. The data on the ten variables are analyzed using the principle axis factoring method. The number of factors can be obtained by Kaiser’s criterion which recommends retaining all factors with Eigen Values greater than 1. In this study KMO value is 0.185 which is more than the general rule (0.5). Bartlett’s test of sphericity is to find out the relationship between the variables. A p-value is < 0.05 indicates that it makes sense to continue with the factors analysis, therefore it is concluded that there are relationships between the variables had greater loading in individual factors. The four factors extracted together account for 82.052 of total variance. The results are presented in the table no.3.

Table No: 1
Demographic Characteristics of the Respondents

	Category	Respondent	Percentage
Gender	Male	100	62.9
	Female	59	37.1
Age	20-30 years	94	59.1
	31-40 years	50	31.4
	41-50 years	15	9.4
Occupation	Private Employee	61	38.4
	Business	76	47.8
	Student	22	13.8
Monthly Income	From Rs. 10000 to 20000	54	34.0
	From Rs. 20001 to 30000	68	42.8
	From 30001 to 40000	22	13.8
	Above Rs. 40001	15	9.4
Qualification	Illiterate	49	30.8
	School Level	8	5.0
	UG-level	37	23.3
	PG-level	65	40.9
Marital Status	Married	72	45.3
	Unmarried	87	54.7
Earning member in the family	Only one	9	5.7
	Two	92	57.9
	Three	35	22.0
	Above 3	23	14.5
Dependent person in the family	Two	74	46.5
	Three	20	12.6
	Above 3	65	40.9

Sources: Primary Data

From the above demographic characteristics table 1 it has clear that the sample was dominated by those respondents who are in the Age groups of 20-30 years (59.1%), 62.9 per cent policy holders Male, 54.7 per cent policy holders Unmarried, 40.9 per cent policy holders educated i.e. Post Graduate level, 42.8 per cent policy holders earn income between Rs.20001 to 30,000 p.m., 47.8 per cent respondents are Business people, 57.9 per cent policy holders family were earning two members and 46.5 per cent policy holders family were depending three person. Therefore Term Insurance policy is more popular among those people who are all mentioned above. Age group between 41-50 years, only one earning member families were considered Term Insurance policy 9.4 and 5.7 percentage only.

Table: 2
Customer Preference towards Term Life Insurance Companies

	Category	Policy holders have Maintained/preferred Term Life Insurance Policy from,					
		LIC		Commercial Bank		Others	
		No. of Respondents	%	No. of Respondents	%	No. of Respondents	%
Gender	Male	58	36.47	27	16.98	15	9.43
	Female	37	23.27	00	-	22	13.83
Total Respondents – 159							
Age	20-30 years	52	32.70	27	16.98	15	9.43
	31-40 years	28	17.61	00	-	22	13.83
	41-50 years	15	9.43	00	-	00	-
Total Respondents – 159							
Occupation	Private Employee	31	19.49	15	9.43	15	9.43
	Business	42	26.41	12	7.54	22	13.83
	Student	22	13.83	00	-	00	-
Total Respondents – 159							
Monthly Income	From Rs.10000 to20000	42	26.41	12	7.54	00	-
	From Rs.20001to30000	38	23.89	15	9.43	15	9.43
	From 30001to 40000	00	-	00	-	22	13.83
	Above Rs.40001	15	9.43	00	-	00	-
Total Respondents – 159							
Qualification	Illiterate	22	13.83	12	7.54	15	9.43
	School Level	08	5.03	00	-	00	-
	UG-level	00	-	15	9.43	22	13.83
	PG-level	65	40.88	00	-	00	-
Total Respondents – 159							
Marital Status	Married	23	14.46	27	16.98	22	13.83
	Unmarried	72	45.28	00	-	15	9.43
Total Respondents – 159							
Earning member in the family	Only one	09	5.66	00	-	00	-
	Two	43	27.04	12	7.54	37	23.27
	Three	35	22.01	00	-	00	-
	Above 3	08	5.03	15	9.43	00	-
Total Respondents – 159							
Dependent person in the family	Two	37	23.27	15	9.43	22	13.83
	Three	20	12.57	00	-	00	-
	Above 3	38	23.89	12	7.54	15	9.43
Total Respondents – 159							

Sources: Primary Data

From the above table 2 reveals that the preferences of Term Life Insurance companies by the policy holders. Gender wise classification shows that 36.47 per cent male and 23.27 per cent Female policy holders have preferred Life Insurance Company (LIC).

Age wise classification mentioned that a majority of 32.70 per cent belongs to 20-30 age groups, 17.61 per cent belongs to 31-40 age groups and 9.43 per cent belongs to 41-50 age groups policy holders have preferred LIC.

Occupation wise classification shows that a majority of 19.49 per cent and 26.41 per cent respondents belongs to private employee and business people. These policy holders have preferred

Life Insurance Company.

Monthly income of the respondents contains that 26.41 per cent of the policy holders are earned ten thousand to twenty thousand. These monthly income respondents have preferred LIC. 13.83 per cent of the policy holders are earned monthly income between 30,001 to 40,000 these policy holders have preferred other than LIC and Commercial Bank.

Qualification of the policy holders reveals that LIC have preferred 40.88 per cent at Post Graduate level, a majority of 13.83 and 9.43 per cent of policy holders have preferred Reliance life insurance, Tata AIA, ING vysya and Commercial Bank.

Marital status of the respondents explains that a majority of 16.98 per cent married respondents have preferred Commercial Bank and 45.28 per cent unmarried respondents have preferred Life Insurance Company.

Earning member in the policy holders' family indicates that a majority of two earning members policy holders family have preferred LIC (27.04%) and 9.43 per cent of the policy holders family are earned above three members also have preferred Commercial Bank.

Dependent person in the policy holders' family shows that a majority of 23.89 per cent policy holders' family have depended above three persons also these families have preferred Life Insurance Companies. Hence, it the researcher concluded that a large amount of policy holders have preferred LIC and aged people i.e. didn't like commercial bank and other term life insurance companies.

Table: 3
Factors influence of satisfaction level towards Term Life Insurance

Factors	Service variables	Factor loading	Reliability co-efficient	Eigen value	Per cent of variation
Product Convenience			0.777	2.623	26.225
	Affordability and Flexibility	0.856			
	Premium Payment	0.788			
	Claim Settlement	0.713			
	Minimum Premium Option	0.680			
Customer Care			0.821	1.979	19.786
	Overall satisfaction				
	Terms and Conditions				
Sales Promotion			0.670	1.924	19.244
	Advertisement				
	Agent Services				
Company Services			0.691	1.680	16.796
	Service Quality				
	Feature of Policy				
Total					82.052

KMO measure of sampling adequacy: 0.185	Bartlett's Test of sphericity: Chi-square:2265.3* df:45 *Significant at 1 per cent level
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The first and most important factor for satisfaction is the 'Product Convenience' factor. It consist of four variables such as Affordability and flexibility, Premium payment, Claim settlement and Minimum premium option with the reliability co-efficient of 0.777. Affordability and flexibility of the policy has the highest load of 0.856, Premium payment of the policy is loaded as 0.788, Claim settlement of the policy is loaded as 0.713 and minimum premium option is loaded as 0.680 on the factor 1. The Eigen value and the per cent of variation explained by this factor are 2.623 and 26.225 per cent respectively.

The second important factor is 'Customer Care'. This factor contains two variables with the reliability co-efficient of 0.821. Overall satisfaction has the highest load of 0.859 and Term and conditions of the policy is loaded as 0.815 on the factor second. The Eigen value and the per cent of variation explained by this factor are 1.979 and 19.786 per cent respectively.

'Sales Promotion' is third factor which contains two variables with the reliability co-efficient of 0.670. Advertisement has the highest load of 0.853 and Agent Services is loaded as 0.741 on the factor 3. The Eigen value and the per cent of variation explained by this factor are 1.924 and 19.244 per cent respectively.

Fourth factor is 'Company Services'. It consists of two variables with reliability co-efficient of 0.691. Service quality of the policy has the highest load of 0.916 and Features of the policy is loaded as 0.740 on the factor four. The Eigen value and the per cent of variation explained by this factor are 1.680 and 16.796 per cent respectively.

SUGGESTIONS

- ✦ Private life insurance companies include commercial bank more concentrate to term life insurance products and services.
- ✦ To familiarize term insurance policies the companies should give more number of advertisements in various media by explaining various features of term assurance policies.
- ✦ Commercial banks life insurance companies more concentrate to female policy holders.
- ✦ LIC has been maintaining aged and retired traditional policy holders in near futures.

CONCLUSION

In the huge service sector, insurance sector is one of the most important entities which has been growing relatively fast in India. As is evident from the study, 'Product Convenience' has got the highest sati factional factors loading. Hence the insurance companies should try to maintain the Affordability and Flexibility, claim settlement, Minimum premium option and premium payment option.

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