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A STUDY ON INVESTORS' ATTITUDE TOWARDS INSURANCE PRODUCTS: EVIDENCE FROM SANGLI CITY, MAHARASHTRA

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ABSTRACT :

Insurance has become an essential component of financial planning and risk management in modern economies. This study examines investors' attitudes towards insurance products in Sangli city, Maharashtra. The research aims to analyse the level of awareness, perception, preferences, and factors influencing investment decisions related to insurance products. A descriptive research design was adopted, and primary data were collected from 100 respondents through a structured questionnaire. Percentage analysis was used for interpreting the data.

The findings reveal that a majority of respondents are familiar with insurance products and consider insurance an important part of financial planning. Factors such as financial security, tax benefits, company reputation, claim settlement ratio, and advice from financial advisors significantly influence purchase decisions. The study also identifies concerns regarding customer service and transparency of insurance companies. Overall, investors exhibit a positive attitude toward insurance, particularly as a tool for family protection and long-term financial stability.

The study concludes that insurance companies should focus on improving financial literacy, simplifying policy information, enhancing customer service, and building greater trust among investors to increase insurance penetration and customer satisfaction.

KEY WORDS: *Insurance, Investor Attitude, Financial Planning, Risk Management, Financial Literacy, Sangli, Insurance Awareness.*

1. INTRODUCTION

Insurance plays a vital role in providing financial protection against uncertainties such as death, illness, accidents, property loss, and other unforeseen events. It enables individuals and businesses to transfer risk to an insurance company in exchange for a premium. Beyond risk coverage, insurance has increasingly emerged as an important financial planning and investment tool.

In India, the insurance sector has undergone significant transformation after liberalization, leading to increased competition, product innovation, and greater awareness among consumers. Both public and private insurance companies now offer a wide range of life and non-life insurance products tailored to different customer needs.

Investor attitude toward insurance is influenced by multiple factors including income, education, risk perception, financial literacy, trust in insurance companies, expected returns, and tax benefits. Understanding these attitudes is important for insurers, policymakers, and financial advisors because it helps in designing customer-centric products and improving insurance penetration.

Sangli city, a growing commercial and financial centre in Maharashtra, provides an appropriate setting for studying investor behaviour. With increasing awareness of financial products such as mutual funds, SIPs, and insurance, investors in Sangli are gradually shifting from traditional savings instruments toward diversified financial planning.

This study therefore attempts to examine investors' attitudes toward insurance products, identify the factors influencing their decisions, and evaluate the role of insurance in their overall financial planning.

2. RESEARCH GAP

Although several studies have examined insurance awareness and investment behaviour in India, limited empirical research is available specifically on investors' attitudes toward insurance products in Sangli city. Existing studies often focus on metropolitan areas and may not adequately capture the perceptions of investors from semi-urban and developing financial centres. This study attempts to fill this gap by analysing the awareness, preferences, and decision-making factors of investors in Sangli.

3. OBJECTIVES OF THE STUDY

- To study investors' attitudes toward insurance products.
- To analyse the socio-economic profile of investors.
- To identify the factors influencing insurance purchase decisions.
- To examine the role of insurance in financial planning and risk management.

SECTION 2: REVIEW OF LITERATURE, THEORETICAL BACKGROUND & RESEARCH METHODOLOGY

4. REVIEW OF LITERATURE

The insurance sector has gained considerable importance in recent decades due to increasing financial awareness, rising income levels, and growing concern for financial security. Several researchers have examined investor attitudes, awareness, and behavioural factors influencing insurance purchase decisions.

4.1 Review of Previous Studies

Kumar and Joseph (2019) reported that financial literacy significantly influences insurance purchasing behaviour. Their study concluded that individuals with higher financial knowledge are more likely to purchase suitable insurance products and make informed financial decisions.

Sharma (2020) observed that customer satisfaction in the insurance sector depends upon service quality, claim settlement efficiency, premium affordability, and company reputation. The research emphasized that transparency and prompt customer service improve customer loyalty.

Patel and Shah (2021) examined factors affecting insurance investment decisions and found that tax benefits, risk coverage, family security, and long-term financial planning are the primary reasons for purchasing insurance products.

Gupta and Verma (2022) studied investor behaviour in financial services and concluded that demographic variables such as age, education, occupation, and income significantly influence investment preferences and risk perception.

IRDAI Annual Report (2023) highlighted that India's insurance penetration has improved due to increasing awareness, digital insurance platforms, and regulatory reforms. However, customer education and financial literacy remain major challenges for increasing insurance coverage.

Collectively, previous studies indicate that investor awareness, financial literacy, trust in insurers, service quality, and demographic characteristics significantly influence insurance purchasing behaviour.

5. THEORETICAL BACKGROUND

Insurance is a financial contract that provides compensation against specified losses in exchange for a premium. It helps individuals and organizations manage financial risks arising from uncertain future events.

Investor attitude refers to the psychological tendency of individuals to evaluate insurance products positively or negatively based on their beliefs, experiences, knowledge, and expectations. Positive attitudes generally encourage insurance adoption, while negative perceptions reduce willingness to purchase insurance products.

Behavioural Finance Theory suggests that investment decisions are influenced not only by rational economic considerations but also by emotions, personal experiences, cognitive biases, and social influences. This theory provides a useful framework for understanding investor behaviour toward insurance products.

The Life-Cycle Theory of Saving also explains that individuals purchase insurance according to different stages of life. Young individuals often prioritize health insurance, middle-aged individuals focus on life insurance and child education plans, while older individuals prefer retirement and pension-related products.

6. CONCEPTUAL FRAMEWORK

The conceptual framework of the study identifies the relationship between independent variables and investor attitude toward insurance products.

Independent Variables

- **Demographic Characteristics**
  - Age
  - Gender
  - Education
  - Occupation
  - Monthly Income
- **Awareness and Knowledge**
  - Financial Literacy
  - Understanding of Insurance Products
- **Motivation Factors**
  - Financial Security
  - Tax Benefits
  - Family Protection
- **Decision Factors**
  - Company Reputation
  - Claim Settlement Ratio
  - Advisor Recommendation
  - Premium Affordability
  - Customer Service

Dependent Variable

Investors' Attitude Towards Insurance Products

The study assumes that demographic characteristics, awareness, and purchasing factors collectively influence investors' overall attitude toward insurance products.

7. RESEARCH METHODOLOGY

Research Design

The present study adopts a **descriptive research design** to analyse investors' attitudes toward insurance products in Sangli city. The descriptive approach is appropriate because it helps explain existing behavioural patterns and investor perceptions without manipulating variables.

Nature of Study

The study is empirical and analytical in nature. It is based on primary data collected from respondents and supported by secondary information obtained from books, journals, government reports, insurance company publications, and websites.

Sources of Data

Primary Data

Primary data were collected using a structured questionnaire administered to investors residing in Sangli city.

Secondary Data

Secondary information was collected from:

- Books on Insurance and Financial Management
- Research Journals
- IRDAI Reports
- Annual Reports of Insurance Companies
- Published Articles
- Official Websites

Sampling Technique

Convenience Sampling Method was adopted for selecting respondents because it allows easy access to participants within the study area.

Sample Size

The study consists of **100 respondents** representing different demographic categories.

Area of Study

The research was conducted in **Sangli City, Maharashtra**, which has experienced significant growth in financial services and insurance awareness.

Statistical Tools Used

The collected data were analysed using:

- Percentage Analysis
- Frequency Distribution
- Tabular Presentation
- Charts and Graphical Representation
- Descriptive Interpretation

Research Instrument

A structured questionnaire containing demographic and attitude-related questions was used to collect primary data.

8. RESEARCH HYPOTHESES

The following hypotheses were formulated for the study:

Null Hypothesis (H_0)

There is no significant relationship between investor awareness and attitude toward insurance products.

Alternative Hypothesis (H_1)

There is a significant relationship between investor awareness and attitude toward insurance products.

9. SCOPE OF THE STUDY

The present study is limited to investors residing in Sangli city. It focuses on their awareness, perception, preferences, satisfaction, and factors influencing insurance purchase decisions. The findings may assist insurance companies, financial advisors, policymakers, and researchers in understanding consumer behaviour and developing effective marketing strategies.

SECTION 3: RESULTS AND DISCUSSION

10. RESULTS AND DISCUSSION

This section presents the analysis and interpretation of data collected from **100 respondents** regarding their attitudes towards insurance products. The analysis focuses on demographic characteristics, awareness, motivation, investment behaviour, purchase decisions, customer satisfaction, and future perceptions. The findings are presented using percentage analysis and interpreted in relation to the objectives of the study.

10.1 Demographic Profile of Respondents

Table 1: Demographic Profile of Respondents (N = 100)

Variable	Category	Frequency	Percentage
Age	18–25 years	55	55%
	26–35 years	17	17%
	36–45 years	20	20%
	46–60 years	5	5%
	Above 60 years	3	3%
Gender	Male	36	36%
	Female	64	64%
Education	High School	27	27%
	Diploma	10	10%
	Bachelor's Degree	36	36%
	Master's Degree	27	27%
Occupation	Student	46	46%
	Salaried	19	19%
	Business	21	21%
	Unemployed	14	14%

Interpretation

The demographic analysis indicates that the majority of respondents (55%) belong to the **18–25 years** age group, suggesting that young investors constitute the largest segment of the study. Female respondents (64%) outnumbered male respondents, indicating strong participation by women in insurance-related financial decisions. Most respondents possessed at least a bachelor's degree, reflecting a relatively educated sample. Students represented the largest occupational category (46%), followed by business owners and salaried employees.

These findings indicate that insurance awareness is gradually increasing among educated young adults who are beginning their financial planning journey.

10.2 Awareness and Knowledge about Insurance

Table 2: Awareness of Insurance Products

Response	Percentage
Strongly Agree	22%
Agree	53%
Neutral	16%
Strongly Disagree	9%

Discussion

Nearly **75% of respondents** agreed that they are familiar with different insurance products. This demonstrates a satisfactory level of financial awareness among investors in Sangli. However, 25% of respondents either remained neutral or lacked adequate knowledge, indicating that financial education initiatives are still required.

Table 3: Understanding of Insurance Benefits

Response	Percentage
Strongly Agree	27%
Agree	50%
Neutral	14%
Strongly Disagree	9%

Discussion

A significant majority (77%) clearly understood the benefits of insurance products. This reflects increasing awareness regarding financial protection, tax savings, retirement planning, and wealth preservation. The findings suggest that educational campaigns by insurance companies have positively influenced investor knowledge.

Table 4: Transparency of Insurance Information

Response	Percentage
Strongly Agree	21%
Agree	39%
Neutral	25%
Strongly Disagree	15%

Discussion

Although 60% of respondents believed that insurance companies provide transparent information, a considerable proportion remained uncertain or dissatisfied. This indicates that insurance providers should simplify policy documents, improve communication, and ensure complete disclosure of policy terms and conditions.

10.3 Motivation towards Insurance Investment

Table 5: Insurance as Part of Financial Planning

Response	Percentage
Strongly Agree	32%
Agree	36%
Neutral	18%
Strongly Disagree	14%

Discussion

Nearly **68% of respondents** considered insurance an important component of financial planning. Investors increasingly perceive insurance not merely as a risk protection mechanism but also as an essential element of long-term wealth management.

Table 6: Insurance Provides Financial Security

Response	Percentage
Strongly Agree	35%
Agree	43%
Neutral	16%
Strongly Disagree	6%

Discussion

The study revealed that **78% of respondents** believed insurance provides financial security to their families. This was one of the strongest positive findings, indicating that family protection remains the primary motivation behind insurance purchases.

Table 7: Tax Benefits as Purchase Motivation

Response	Percentage
Strongly Agree	29%
Agree	44%
Neutral	18%
Strongly Disagree	9%

Discussion

Tax-saving incentives significantly influence insurance investment decisions. Approximately **73% of respondents** acknowledged that tax benefits motivate them to purchase insurance policies, confirming the importance of fiscal incentives in consumer behaviour.

10.4 Investment Behaviour and Risk Attitude

Table 8: Insurance as an Investment Option

Response	Percentage
Strongly Agree	21%
Agree	43%
Neutral	23%
Strongly Disagree	13%

Discussion

About **64% of respondents** regarded insurance as an investment instrument rather than merely a protection product. This reflects increasing preference for investment-linked insurance products such as ULIPs and endowment policies.

Table 9: Preference for Guaranteed Returns

Response	Percentage
Strongly Agree	20%
Agree	39%
Neutral	25%
Strongly Disagree	16%

Discussion

The findings demonstrate that investors generally exhibit a **risk-averse attitude**, preferring guaranteed returns over market-linked returns. This suggests that safety and stability continue to dominate investment preferences.

10.5 Factors Influencing Purchase Decisions

Table 10: Importance of Claim Settlement Ratio

Response	Percentage
Strongly Agree	31%
Agree	35%
Neutral	28%
Strongly Disagree	6%

Discussion

A majority (66%) considered the claim settlement ratio an important criterion while selecting an insurance company. Investors value companies with strong claim settlement records because these enhance trust and perceived reliability.

Table 11: Influence of Company Reputation

Response	Percentage
Strongly Agree	27%
Agree	39%
Neutral	22%
Strongly Disagree	12%

Discussion

Company reputation significantly affects purchasing behaviour. Reputable insurers are generally perceived as more trustworthy, financially stable, and capable of delivering quality customer service.

Table 12: Advice from Financial Advisors

Response	Percentage
Strongly Agree	21%
Agree	47%
Neutral	18%
Strongly Disagree	14%

Discussion

Approximately **68% of respondents** indicated that financial advisors influence their insurance decisions. This highlights the continuing importance of professional financial advice in insurance selection.

10.6 Customer Satisfaction and Future Perception

Table 13: Satisfaction with Insurance Policy

Response	Percentage
Strongly Agree	29%
Agree	36%
Neutral	25%
Strongly Disagree	10%

Discussion

Most respondents expressed satisfaction with their current insurance policies. Nevertheless, one-quarter remained neutral, suggesting opportunities for insurers to improve policy servicing and customer engagement.

Table 14: Satisfaction with Customer Service

Response	Percentage
Strongly Agree	25%
Agree	11%
Neutral	27%
Strongly Disagree	37%

Discussion

Customer service emerged as the weakest aspect of the insurance sector. A substantial proportion of respondents expressed dissatisfaction, indicating the need for faster grievance redressal, efficient claim processing, and improved customer support.

Table 15: Insurance as a Necessity

Response	Percentage
Strongly Agree	26%
Agree	42%
Neutral	24%
Strongly Disagree	8%

Discussion

The majority of respondents viewed insurance as a necessity rather than a discretionary financial product. This finding reflects growing awareness of financial risk management and long-term security among investors.

Overall Discussion

The empirical findings indicate that investors in Sangli demonstrate a **generally positive attitude toward insurance products**. Awareness levels are relatively high, and respondents recognize insurance as an important tool for financial security, family protection, tax planning, and long-term financial stability. However, concerns remain regarding customer service quality, transparency of policy information, and the complexity of insurance products.

The results further suggest that demographic characteristics, financial literacy, perceived risk, company reputation, claim settlement ratio, and advisor recommendations significantly influence insurance purchase decisions. These findings are consistent with existing literature on consumer behaviour in the insurance sector and reinforce the importance of trust, communication, and service quality in shaping investor attitudes.

SECTION 4: MAJOR FINDINGS, SUGGESTIONS, CONCLUSION, LIMITATIONS, FUTURE SCOPE, MANAGERIAL IMPLICATIONS & REFERENCES

11. MAJOR FINDINGS OF THE STUDY

Based on the analysis of data collected from 100 respondents in Sangli city, the following major findings have emerged:

11.1 Demographic Findings

- The majority of respondents (55%) belong to the **18–25 years** age group, indicating that younger individuals are becoming increasingly aware of insurance products.
- Female respondents (64%) participated more actively than male respondents, suggesting increasing financial awareness among women.
- Most respondents possess undergraduate or postgraduate qualifications, indicating that education positively influences insurance awareness.
- Nearly half of the respondents were students, demonstrating growing financial planning awareness among young adults.

11.2 Awareness and Knowledge

- Approximately **75%** of respondents are familiar with different insurance products.
- Around **77%** understand the benefits of insurance policies.
- Most respondents recognize insurance as an essential component of financial planning.
- A considerable proportion still experiences difficulty understanding complex policy documents.

11.3 Investment Behaviour

- Most investors consider insurance an effective tool for **financial security** rather than merely an investment product.

- Family protection remains the strongest motivation behind insurance purchases.
- Tax benefits significantly influence purchasing decisions.
- Investors generally exhibit a **moderately risk-averse** attitude and prefer guaranteed-return insurance products.

11.4 Purchase Decision Factors
The study identified the following major factors influencing insurance purchase decisions:
- Claim settlement ratio
- Company reputation
- Financial advisor recommendations
- Premium affordability
- Tax-saving benefits
- Financial security
- Customer service quality

Among these, **claim settlement ratio and company reputation** emerged as the most influential factors.

11.5 Customer Satisfaction
The majority expressed satisfaction with their existing insurance policies. However, respondents reported comparatively lower satisfaction regarding:
- Customer service
- Complaint handling
- Transparency of policy information
- Speed of claim settlement

These aspects require significant improvement.

11.6 Overall Attitude
Overall, investors demonstrate a **positive attitude toward insurance products**. Insurance is increasingly viewed as an important financial planning instrument that provides long-term financial security, wealth protection, and peace of mind.

12. SUGGESTIONS
Based on the findings, the following suggestions are proposed:

1. Improve Financial Literacy
Insurance companies should organize awareness campaigns, workshops, and financial literacy programmes to educate individuals about insurance products and their benefits.

2. Simplify Insurance Policies
Policy documents should be written in simple and understandable language. Technical terminology should be minimized to improve customer understanding.

3. Enhance Customer Service
Insurance companies should strengthen customer support through:
- Faster claim settlement
- Better grievance redressal mechanisms
- Dedicated customer relationship managers
- Digital support services

4. Increase Transparency
Clear disclosure of:
- Premium calculations
- Policy exclusions
- Claim procedures
- Charges and fees

will improve customer trust.

5. Promote Digital Insurance Services

Companies should encourage online policy purchase, premium payment, claim tracking, and customer support through user-friendly mobile applications.

6. Develop Customer-Centric Products
Insurance providers should introduce flexible policies suitable for:
- Students
- Young professionals
- Women investors
- Senior citizens
- Small business owners

7. Strengthen Financial Advisory Services

Qualified financial advisors should educate customers regarding suitable insurance products based on their financial goals and risk profile.

13. MANAGERIAL IMPLICATIONS

The study provides valuable insights for insurance companies, policymakers, and financial advisors. Insurance companies can utilize the findings to:
- Design customer-oriented insurance products.
- Improve claim settlement efficiency.
- Enhance service quality.
- Increase customer retention.
- Develop effective marketing strategies targeting young investors.
- Improve digital insurance platforms.
- Build stronger customer trust through transparent communication.

Financial advisors can use these findings to better understand investor expectations and recommend appropriate insurance solutions.

14. CONCLUSION

Insurance has evolved from being merely a risk management tool to becoming an integral component of personal financial planning. The present study examined investors' attitudes toward insurance products in Sangli city by analysing demographic characteristics, awareness, motivation, investment behaviour, purchase decisions, and customer satisfaction.

The findings indicate that investors possess a generally positive perception of insurance products. Most respondents recognize insurance as an important means of financial security, family protection, tax planning, and long-term wealth management. Awareness regarding insurance products is relatively high, particularly among educated young adults.

However, several challenges continue to affect investor confidence. Customer dissatisfaction regarding claim settlement, service quality, and policy transparency suggests that insurance companies must focus on improving customer experience and communication.

The study concludes that increasing financial literacy, simplifying insurance products, improving digital services, strengthening customer support, and maintaining transparency will significantly enhance customer satisfaction and insurance penetration in India.
Overall, the research demonstrates that investor attitudes toward insurance are becoming increasingly positive, reflecting the growing importance of financial planning in contemporary society.

15. LIMITATIONS OF THE STUDY

The present study is subject to the following limitations:

- The study is confined to Sangli city only.
- The sample size is limited to 100 respondents.
- Convenience sampling was adopted.
- Responses are based on individual perceptions and may change over time.
- Only selected demographic and behavioural variables were considered.

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