

# Implication of Customers towards Life Insurance with Reference to Punjab

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**Abstract-** Life insurance services have its individual assessment in terms of understanding the customers for their reasons in investment into insurance plans. Indian economy is developing and having huge middle class societal status and salaried persons. A survey analysis has been undertaken for 100 customers of Punjab in India to understand their implication towards Life Insurance Sector of Punjab. The results highlight that affection of customers in investing in the Insurance is mainly due to its returns otherwise needs to save tax and importantly in terms of minimizing risk and uncertainties cover. After the survey it was found that still major portion of customers in Punjab go with Life Insurance of Corporation (LIC).

**Index Terms—** Customers, Life Insurance, Minimizing Risk, Punjab

## I. INTRODUCTION

Life is full of risk and uncertainties. Since we are social human beings, we have certain responsibilities too. Indian consumers have big influence of emotions and rationality on their buying decisions. They believe in future rather than present and desire to have a better and secured future. In this direction life insurance services have its own value in terms of minimizing risk and uncertainties. Indian economy is developing and having huge middle class societal status and salaried persons. Their money value for current needs and future desires generate the reasons behind holding a policy. Analyzing consumer behaviour is perceived as cornerstone of a successful marketing strategy. Consumer behaviour is a mental and emotional process and the observable behaviour of consumers during searching, purchasing and post consumption of a product and service. Similarly consumer behaviour is action and decision process of people who purchase goods and services for personal consumption. Now if these defining criteria are closely observed, it is evident that analyzing consumers' decision making process is the foundation of entire notion of consumer behaviour. Life Insurance in its modern form came to India from England in the year 1818. Oriental Life Insurance Company started by Europeans in Calcutta was the first life insurance company on Indian Soil. All the insurance companies established during that period were brought up with the purpose of looking after the needs of European community and Indian natives were not being insured by these companies. However, later with the efforts of eminent people like Babu Muttylal Seal, the foreign life insurance companies started insuring Indian lives. But

Indian lives were being treated as sub-standard lives and heavy extra premiums were being charged on them. Bombay Mutual Life Assurance Society heralded the birth of first Indian life insurance company in the year 1870, and covered Indian lives at normal rates. The insurance sector which stood at a strong US\$ 72 billion in 2012 has the potential to grow to US\$ 280 billion by 2020. This growth is driven by India's favourable regulatory environment which guarantees stability and fair play. This environment has rise to an insurance market which encourages foreign investors to given tap into the sector's massive potential. Ever since the Indian government liberalised the insurance sector in 2000 and opened the doors for private participation, the sector has gone from strength to strength.

## II. REVIEW OF LITERATURE

According to Goyal, K. (2004), private insurance companies had reason to celebrate with the lifting of the scrotal cap in the insurance sector to 49 per cent in the Union Budget 2004-05, as against 26 per cent earlier.

Goswami, P. (2007) reviewed that prior to privatization of insurance sector, Life Insurance Corporation (LIC) of India was the sole player in the life insurance industry in India. In six years since the entry of private players in the insurance market, LIC has lost 29% market share to the private players, although both, market size and the insurance premium being collected, are on the rise.

Sinha, Ram Pratap. (2007) says that the public sector insurers dominate the private sector insurers in terms of mean technical efficiency in constant returns to scale, while the private sector insurers have a slightly higher mean technical efficiency than the public sector insurers in variable returns to scale.

Rao, S. (2000) reviewed that India is still an underdeveloped insurance market, it has a huge catch-up potential. According to him even though there is strong potential for expansion of insurance into rural areas, growth has so far remained slow. Considering that the bulk of the Indian population still resides in rural areas, it is imperative that the insurance industry's development should not miss this vast sector of the population.

Jain, A.K. (2004), revealed that Waves of liberalization have done wonders to proper the insurance occupation to the status of a career with a bright future. The average mindset, particularly of younger generation in India was very amenable to the changes in insurance as an avenue where exhilarating opportunities are opened up in changed environment.

### III. RESEARCH METHODOLOGY

#### Objectives of the Study

- To study the reasons for investment into life insurance plans by the customers in Punjab.
- To find the most preferred life insurance company by the customers in Punjab.
- To study the fondness in life insurance policies by the customers in Punjab.

Sample unit: Punjab

Sample Size: A random sample of 100 respondents has been drawn.

Data Collection: The data collection had been done by interviewing respondents through structured questionnaire

### IV. ANALYSIS AND INTERPRETATION

Table 1\_Customers acquainted with Life insurance policies

S.No.	Customers acquainted	No. of Respondents
1.	Friends/family	50
2.	Agents	35
3.	Internet	5
4.	Television	10
Total		100

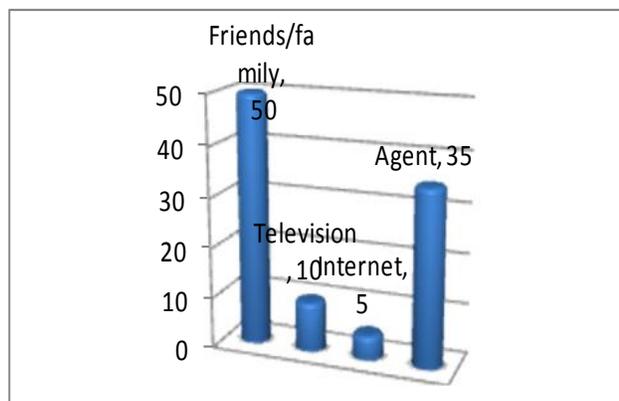


Figure 1

Interpretation:

Out of 100 respondents 50 peoples to know about insurance through friends, 35 agents, 5 internets and 10 televisions.

Table 2 REASONS FOR INVESTING IN LIFE INSURANCE PLANS

S.No.	Reasons	No. of Respondents
1.	Returns	35
2.	Recommended by family & friends	15
3.	Needs to save tax	30
4.	Other multiple benefits like investment + insurance + tax saving	20
Total		100

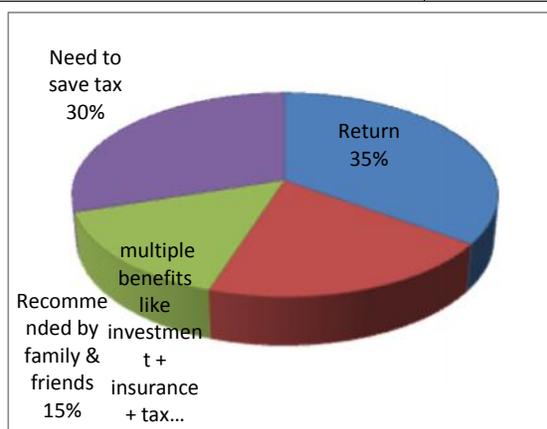


Figure 2

Interpretation:

After the survey it was found that the peoples have different reasons to buy insurance. Out of 100 respondents 35 return, 20 multiple benefits, 15 recommended by family and 30 need to save tax.

Table 3\_MOST PREFERRED LIFE INSURANCE COMPANY

S.No.	Company Name	No. of Respondent
1.	HDFC Life Insurance	20
2.	LIC	40
3.	Max Life Insurance	23
4.	IDBI Federal Life Insurance	7
5.	Others	10
Total		100

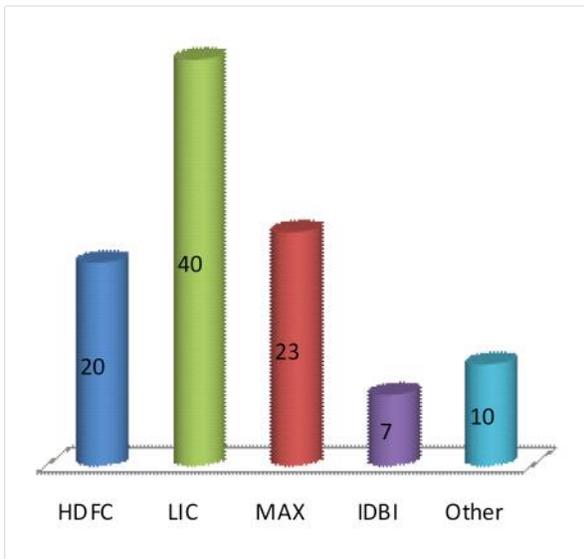


Figure 3

Interpretation:

After the survey it was found that still major portion of customer go with LIC. Out of 100 respondent 40 peoples go with LIC, 20 with HDFC, 23 with MAX, 7 with IDBI and 10 with others

Table 4 FONDNESS IN INSURANCE POLICIES

S.No.	Options	No. of Respondents
1.	Benefit/saving	20
2.	Security	30
3.	Tax saving	50
Total		100

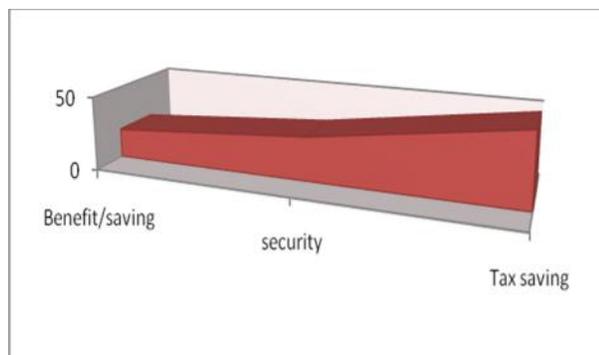


Figure 4

Interpretation:

After the survey it was found that 50 people are buying insurance for the propos of tax saving 30 for the security and 20 for saving/benefits.

V. CONCLUSION

The resultant competition has provided the consumer with a never-before-seen range of products and providers, and also enhanced service levels markedly. The health of the insurance

sector reflects a country's economy. This sector not only generates long-term funds for infrastructure development, but also increases a country's risk-taking capacity. India's economic growth since the turn of the century is viewed as a significant development in the global economy and the contribution of Punjab is immense in it. This view is helped in no small part by a booming insurance industry. People prefer to buy a policy which has less years of premium payment term. More than life insurance, people are interested in a savings scheme. The better savings plan they get, the more is their tendency to buy the policy. Tax benefits are also a major factor why people like to buy a policy. They are interested more in monthly premium payment options rather than annually or half yearly. Friends and family are major influencers on customers when it comes to the decision of buying a life insurance policy. LIC is still the market leader in life insurance sector. As friends and family members are major influencers of customers.

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Have done Masters and Phd in Management Studies. Total work experience of about 15 years at reputed institutions and companies.