

Factors Related To Life Insurance Policy S Customers In District Karnal, Haryana (India)

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Abstract: In the present study, the information of LIC in district Karnal. In the modern era business product should be advertised through many tools of modern marketing. Each and every institution advertise its product/service to the customers so that information can be obtained by the specified customer. As per table above that 24% customers got information from media about LIC in Karnal where as 17% of the customers got information of LIC in Karnal district by self effort. As per table 40% of the total survey customers got information in relation to types of insurance policy covered risk, benefits of insurance by agent, which are golden person in the insurance sector. Therefore, as we know insurance is backbone of each/every insurer as well as persons.

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Introduction:

Insurance institutions need to create a lucrative customer base in order to increase their market share and need to identify factors that influence the choice of insurance companies' selection and work on improving them. The insurance companies have realized the need to adopt a people-oriented approach, rather than only concentrating on the profit-oriented approach, towards improving customer service. Since customers are becoming more demanding and sophisticated, therefore, it has become important for the insurance sector to determine the factors which are pertinent to the customers for choosing a company. To prevent the migration of clients and attracting the new ones, it is very important for the insurance companies to understand the preferences of the customers to offer the services required by them. With intensified competition in the industry, it is vital for the insurance companies to understand "How customers choose their insurance company? Exploring and evaluating such information will help companies to identify the appropriate marketing strategies that are needed to sustain and survive in the market. Consumer markets can be segmented on several bases. Segmentation of customer markets helps insurance company to discriminate insurance company customers in desired categories, so that their needs and wants may be effectively addressed for the purpose of preparing sound and effective marketing strategies.

The consumer market can be segmented on the basis of demographic disparities and thus, the impact of these variables on influence of customer's choice should be evaluated. Thus, improper identification of true determinants of consumers' company selection decision may result in losing potential customers. This

study is attempt towards finding out what factors mostly influence customers while making company selection. List of factors are taken into account for the purpose like location, infrastructure, global reach, speed and quality of services provided, internet banking facilities, staff professionalism and guidance, reputation of the firm etc. The variations on the perception of choices with regard to factors will provide a useful insight to insurance companies when selecting their marketing strategies. Security has been a universal desire right from the earliest civilizations. This quest for security has led to the concept of insurance. Insurance is a contract in which one party (the insurer) agrees to pay to the other party (the insured) or his beneficiary, a certain sum upon a particular unforeseen event (the risk) against which insurance is wanted. Life insurance protects against the economic loss in the event of death. A family is generally dependent for its food, clothing and shelter on the income brought by the bread earner of the family. So long as he lives, that family is secure but the death of the person may put the family in a very difficult situation. Uncertainty of death is inherent in human life. It is this uncertainty that gives rise to the necessity for some form of protection against the financial loss arising from death. Life insurance substitutes this uncertainty by certainty.

The role of life insurance in the personal financial planning of an individual is enormous. Personal financial planning can be considered as a process where an individual or a family decides to develop and implement an integrated plan to accomplish their financial goals. Life insurance has evolved from being a loss protection tool to a wealth creation tool. The entry of private companies in the

life insurance sector saw significant innovations that redefined the way life insurance was perceived by the common man. The core benefit of life insurance is that the financial interests of one's family remain protected from circumstances such as loss of income due to critical illness or death of the policyholder. Due to some of the shortcomings of the Indian insurance industry, the government of India decided to liberalize the insurance industry. The basic factor behind most of the shortcomings pointed out in Indian insurance sector pre-liberalization had been supposed to be lack of competition in Indian insurance market. The nationalized insurance companies perceived themselves to be extension of government and accordingly function in bureaucratic manner without giving regard to emerging requirement of the economy. This reflected in their lack of innovation with regard to designing of products. Appreciating these concerns and realizing the utmost need of vibrant insurance industry Government of India liberalized the industry to private players. Bhasin (2004) highlighted the prepost-liberalization performance of life insurance sector, though the private insurers were grabbing the market share, but in fact the market was growing and LIC coverage was also increasing. In 1999, India's premium as a per cent of GDP was a mere 1.39% as against 7% of US, 8.87% of Japan and 10.30% of UK, but in 2002 the premium had increased to 2.7%. The surveys of 300 million urban population showed that 50 million had the capacity to pay premium of US \$ 300, 100 million had the capacity to pay US \$ 200, and 150 million had the capacity to pay US \$ 100. Hence insurance awareness and insurance coverage could be increased through liberalization.

Materials and Methods: Research design is the specification of method and procedure for according the information needed. It is the frame work or the plant of study that is used as a guide in collecting and analysis the data. The design helps the researcher to organize his ideas in a form thereby facilitating him to look for flow and inadequacies. The nature of the data to be collected very much depending upon the research design. Therefore, preparation of research design should be done with great care as any error in it may upset the entire project and very purpose of the researcher will be defeated. The present study, primarily is descriptive in nature as it involves finding behavior of consumer towards life insurance policy of which the policy and the extent to which these activities varies with income, age, sex occupation and other characterization.

Sample Design: In most at research studies it becomes almost impossible to examine the entire universe. The only alternative thus is resort to sampling. Sampling is simply a process of learning

and to know about the population on the basis of sample drawn from it. Sampling is based on the law of statistical regularity and the law of inertia of large numbers. While the first law tells about the similarity of characteristics between the sample and the large group, second law gives emphasis on large sample because of compensating effect of deviations in opposite directions keeping in view both the laws and the time and money constraints, a sample should be selected. The study is based on district Karnal. The attention is always sought to be given while selecting such a sample so that it may be convenient in terms of size and also on the other hand representative of universe under study.

Sample Unit: Before selecting a sample a decision has to be taken concerning a sample unit. The sample unit may be geographical, social, residential, age, sex, income, spouse or it may be an individual. Since the objectives of the study was to get factor affecting of life insurance customer it was decided that the unit of sample to be considered that the unit of sample to be considered was to be individual person, spouse, children and dependent. Life insurance policy takes mostly every person. Therefore all respondents taken are service person, business person and professional. Any person who is able to reply the question asked by researcher, is the unit.

Sampling Technique: The procedure that a researcher adopts in selecting the items for the sample via convenient sampling technique. One is probability sampling and other is non probability sampling technique. While probability sampling is concerned with selection of unit purely on chance using random choice on the other hand non probability sampling is concerned with conscious selection of units considering personal convenience, expert judgement or any other type of conscious research selection. To obtain information for this study non-probability sampling method was resorted to. The commence and quota sampling technique are used to collecting data in term of responses of respondent. This is because the researcher has to collect data from different groups of respondents with regard to their income, age, sex, residential status and occupation. There is only non-probability sampling is used.

Sample Size: Bigger the size of the sample it renders greater representatives of the whole universe. But the above advantage become at little avail when we consider the time and cost evolved in handling a large sample. Sample size should be optimum. An optimum sample is one that fulfills the requirement at efficiency, representativeness, reliability and flexibility. Before deciding the sample size the size of universe, the resources available and the degree at precision desired keeping in view the extreme paucity

of time and money the sample size was restricted to 200 respondents in Karnal District.

Data Collection Method: “GIGO” garbage in and garbage out is a common phrase. It means the results will be good if the data put is good. There are mainly two types of data: Primary Data and Secondary Data. For the present study secondary data are not available. So we collected primary data through a closed-ended questionnaire design in such a way to provide the relevant information on the overall behavior of customer to LIC. 25 questions pertaining to the problem were formed to collect the relevant information so the study reach its logical results. Most of the questions were of multiple choices. Some questions were left open ended and the respondent were given full chance to give their discretion and frank views. As such, the schedule was struggle and its objectives to the respondents were also made clear. Also we helped the respondent to understand the meaning of question whenever needed while answering the question. The schedule was administrated personally by the researcher and also restored to observational method. Primary data indicated about life insurance policy. Preference effect of income, age, occupation, family support, risk, tax, purpose etc. The data for the study has been collected from both primary and secondary sources. The primary data has been collected through a well-drafted interview schedule. The secondary data has been collected from irda annual reports, insurance journals, magazines and insurance website.

Statistical Tools: Analysis is essential for a scientific study and for ensuring that we have all relevant data for making completed comparison and analysis. The terms analysis refers to computation of certain measure along with searching for patterns of relationship that exist among groups. To have a suitable interpretation statistical tool and technique like percentage of counted facts has taken and to establish the relationship. For measuring various phenomena and analyzing the collected data effectively and efficiently to draw sound conclusions, a number of statistical techniques including chi-square, correlation, weighted average score have been used for the testing of hypotheses.

Data Analysis: Analysis of data involves a number of closely related operation, which are performed with the purpose of summarizing. The collection and organizing these in such a manner that they answer the research question the data were interpreted and analysed to get the results for conclusion and recommendations. For better presentation of the study and to make it more interesting, following steps were taken in the present study.

Results:

In the present study, the information of LIC in district Karnal. In the modern era business product should be advertised through many tools of modern marketing. Each and every institution advertise its product/service to the customers so that information can be obtained by the specified customer. As per table above that 24% customers got information from media about LIC in Karnal where as 17% of the customers got information of LIC in Karnal district by self effort. As per table 40% of the total survey customers got information in relation to types of insurance policy covered risk, benefits of insurance by agent, which are golden person in the insurance sector. Therefore, as we know insurance is backbone of each/every insurer as well as persons. Approximate 42% customers are motivated by their agent for the insurance of their spouse. Agents gives more information about policy. 30% customers said they are motivated for insurance for their children. Children policy give more beneficial plan for children. Then agent can more attract their customer. As per survey 28% customer are motivated for insurance of their Dependent.

Role of specification in buying of life insurance policy. Every person take his decision with the help of other persons, every person consult own group when he takes any policy decision. That is because of benefit of any policy. When any person takes a policy then he should be secure of it behavior. As per survey 22% customer buying insurance policy through Reference group, when a customer takes policy then the customer thought what response to be given by the policyholder by the company of life insurance whereas 40% customer are prepared to buying insurance policy by their families attract him for insurance. 28% customer are motivated by their friend circle attract him for life insurance. Only 10% customer are related to relative group. Table showing that factor affecting buying the Life Insurance Policy decision. 17% Respondent related to age factor in buying process. 37% customers decided their policy through family support. Whereas 16% customers showed that decision will be taken by family income. The occupation factor respondent by 30% in deciding the policy.

From the table it is clear that 70% customer are fully confident upon loyalty of LIP. In Modern era every person thinks life insurance save their life. Because they thought future is uncertain at every step of life. As per survey we find 12% customer say that they are low in confidence upon loyalty of LIP. 18% customer say that they are neither fully confident nor low-confident. They say that they are doubtful in confidence upon loyalty of LIP. It is clear Life Insurance Policy holders are not fully aware life insurance.

Table-1: First informational factor in decision process in LIC

Sr. No.	Source	Response	% Response
1.	Media	48	24
2.	Agent	80	40
3.	Family/Relative	38	19
4.	Self Effort	34	17
	Total	200	100

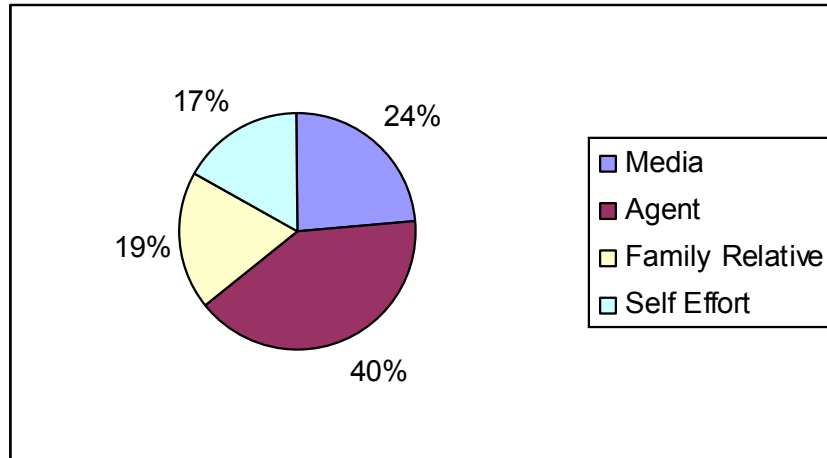


Fig. 1. First informational factor in decision process in LIC.

Table-2: Motivational factor from Family Member for LIP.

Sr. No.	Family	Response	% Response
1.	Spouse	104	42
2.	Children	74	30
3.	Dependent	68	28

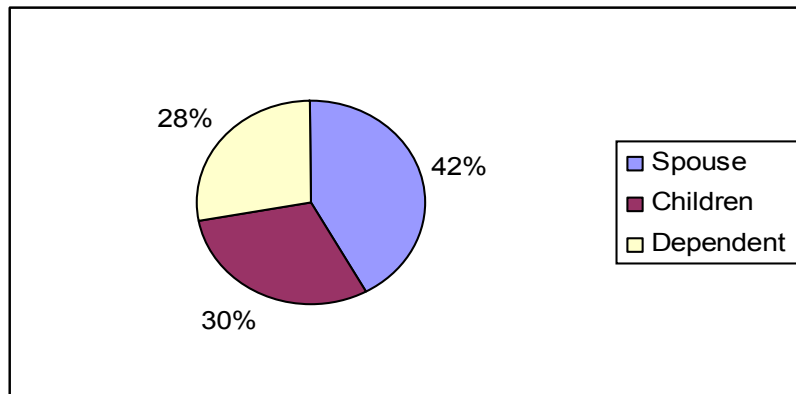


Fig. 2: Motivational factor from Family Member for LIP.

Table-3: Role of Specification in buying process of LIP

Sr. No.	Role	Response	% Response
1.	Reference Group	44	22
2.	Family Group	80	40
3.	Pear Group	40	20
4.	Relative Group	36	18
	Total	200	100

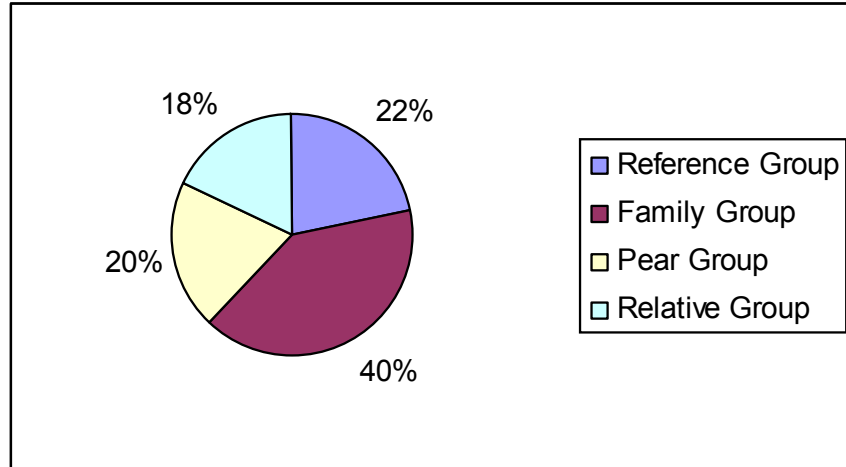


Fig. 3: Role of Specification in buying process of LIP

Table-4: Various Factor affecting the decision taken by the customer of LIP

Sr. No.	Factors	Response	% Response
1.	Age	34	17
2.	Family Support	74	37
3.	Family Income	32	16
4.	Occupation	60	30
	Total	200	100

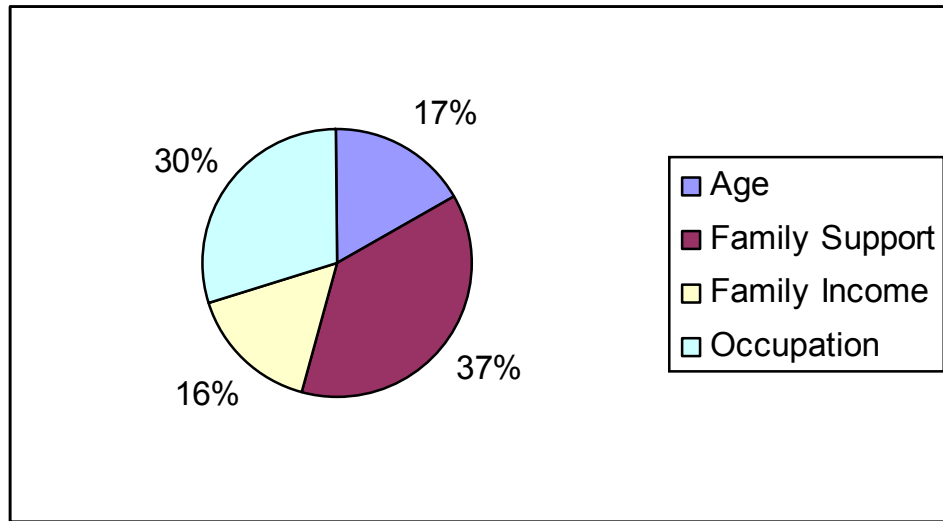


Fig. 4: Various Factor affecting the decision taken by the customer of LIP

Table-5: Confidence upon Loyalty of Life Insurance Policy.

Sr. No.	Source	Response	% Response
1.	Fully-confidence	140	70
2.	Low-confidence	24	12
3.	Doubt full confidence	36	18
	Total	200	100

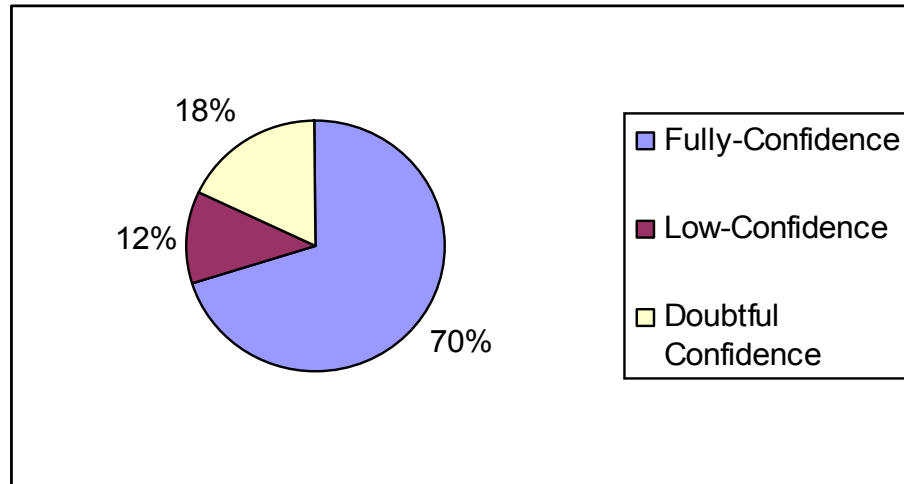


Fig.-5: Confidence upon Loyalty of Life Insurance Policy.

Conclusion:

An established insurance company is concerned about the relatively high number of customers they have lost over the past three years (policy-holder attrition). The company is currently facing with increased competition in the marketplace due to foreign insurance companies entering as a result of deregulation. The company needs to know in advance the likelihood of a policy lapsing at the end of the policy term. The technique of capturing the market, Data mining can help reduce policy-holder attrition. Measures to increase the awareness of life insurance policy should be taken. T.V. is powerful media for awareness of any thing and punch line of life insurance co. attract any customer for taking life insurance plan. Some time life insurance agent play kich with customer and wide impressed fast which are relevant to the customer. Agents usually tried to impress the customers that these policies are very important and beneficial for long period. These policies should aimed for more benefit with less premium for customer. Then agents should provide pure knowledge about life insurance. Life insurance policies are closely related with finance. Many persons lie in low income group, if premium rate is minimum than it is possible that more customers will attract towards life insurance plan. If term of life insurance will be increased and premium rate will be decrease than more customers will be attached with life insurance plans. Agent's commission should be rationalized. So that policy holder may not feel burden upon him/her. Insurance Company charge large amount for commission and exchanges it should be made reasonable. Term and Conditions of each plan must be explain in retail at the time of policy. Past performance may be explained but it should not be guaranteed as during this year when index was at

20000 and it come down to 14000 money investor lost the hard earning money. Company imposes hidden charges these must be explained clearly at the time of policy.

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