



CUSTOMER AWARENESS TOWARDS LIFE INSURANCE INVESTMENT WITH SPECIAL REFERENCE TO COIMBATORE CITY

J. Gnanadevan* & B. H. Singu**

Assistant Professor, Rathinam College of Arts and Science, Coimbatore, Tamilnadu

Cite This Article: J. Gnanadevan & B. H. Singu, "Customer Awareness towards Life Insurance Investment with Special Reference to Coimbatore City", International Journal of Applied and Advanced Scientific Research, Volume 2, Issue 2, Page Number 57-61, 2017.

Abstract:

Today Life insurance investment is becoming booming sector among all segments of the people. The Coimbatore city had a population of 930,882 within the municipal corporation limits. So, there was a huge business opportunities for the life insurance companies to get investment from this people. With the said of above reasons the researchers have made a attempt to understand the customer awareness towards life insurance investment in Coimbatore city. And also the researchers explore the market size and socio economic factors which influence the investment in life insurance.

Key Words: Life Insurance, Awareness & Socio-Economic Factors towards Coimbatore City

Introduction:

The insurance industry of India consists of 53 insurance companies of which 24 are in life insurance business and 29 are non-life insurers. Among the life insurers, Life Insurance Corporation (LIC)¹ is the sole public sector company. Apart from that, among the non-life insurers there are six public sector insurers. In addition to these, there is sole national re-insurer, namely, General Insurance Corporation of India (GIC Re). Other stakeholders in Indian Insurance market include agents (individual and corporate), brokers, surveyors and third party administrators servicing health insurance claims. Out of 29 non-life insurance companies, five private sector insurers are registered to underwrite policies exclusively in health, personal accident and travel insurance segments. They are Star Health and Allied Insurance Company Ltd, Apollo Munich Health Insurance Company Ltd, Max Bupa Health Insurance Company Ltd, Religare Health Insurance Company Ltd and Cigna TTK Health Insurance Company Ltd. There are two more specialised insurers belonging to public sector, namely, Export Credit Guarantee Corporation of India for Credit Insurance and Agriculture Insurance Company Ltd for crop insurance.

Market Size:

Government's policy of insuring the uninsured has gradually pushed insurance penetration in the country and proliferation of insurance schemes are expected to catapult this key ratio beyond 4 per cent mark by the end of this year, reveals the ASSOCHAM latest paper. The number of lives covered under Health Insurance policies during 2015-16 was 36 crore which is approximately 30 per cent of India's total population. The number has seen an increase every subsequent year as 28.80 crore people had the policy in the previous fiscal. During April 2015 to March 2016 period, the life insurance industry recorded a new premium income of Rs 1.38 trillion (US\$ 20.54 billion), indicating a growth rate of 22.5 per cent. The general insurance industry recorded a 12 per cent growth in Gross Direct Premium underwritten in April 2016 at Rs 105.25 billion (US\$ 1.55 billion). The life insurance industry reported 9 per cent increase in overall annual premium equivalent in April-November 2016. In the period, overall annual premium equivalent (APE) - a measure to normalize policy premium into the equivalent of regular annual premium - including individual and group business for private players was up 16 per cent to Rs. 1,25,563 crore (US\$ 18.76 billion) and Life Insurance Corporation up 4 per cent to Rs. 1,50,456 crore (US\$ 22.48).

Review of Literature:

Mishra and Simita Mishra (2000)² states that the position of insurance compared with European countries, where life insurance accounts for 58% of global direct premium and non-life 42% during the year 1997. The study states that the need for insurance arises when economic activity increases, family becomes nuclear and individual become more dependent on employment.

Anabil Battacharya (2000)³ infers that the "Indian Banks - Entry into Insurance Sector" has stated that the banking industry is perpetrating into the insurance industry. The researcher suggested that the eligibility criteria (Framed by the IRDA - Minimum net worth to the extent of Rs.500 Crores, reasonable level of nonperforming assets of the bank, continuous profit for the first three years) might be relaxed (10% of the net worth Rs.50 Crores as Minimum net worth). Liyamoorthy and Suresh (2003)⁴ study the changes in the key factors like demographic, social, economic, political factors and strategic choices that are responsible for the

¹. Indian Insurance Industry Overview and Market Development Analysis Report by IBEF (2016)

² Mishra and Simita Mishra (2000), "Global Insurance Market Structure", The Management Accountant, Vol. 35, No.1, pp. 51 - 54.

³ Anabil Battacharya (2000), "Indian Banks- Entry into Insurance Sector", The Indian Journal, pp. 41 - 50.

⁴. Kaliyamoorthy and Suresh (2003), "Emerging Paradigms in the Insurance Sector", JIMS, Vol. 8, pp. 29 - 34.

growth of the service sector comparison of insurance contribution in the developed and developing countries. It clearly state the terms of saving mobilization. The study states that with the entry of private companies, competition has brought in changes but Company started offering some of the service which even the private insurance companies have not yet begun. It is necessary to keep a close watch on the trends of the industry to analyze its future development.

Punithavathi Pandian and Malliga R (2003)⁵ states that the impact of liberalization on the marketing performance by Life Insurance Company stressed that the marketing performance of the Life Insurance Company has increased over the last few years. The products are sold in abundance and still insurance penetration towards the mass has to be increased enormously over the forthcoming years.

Agarwal (2004)⁶ concluded that the various channels of distribution and new avenue being explored by the new players in the insurance sector. He states that a customer may have expectations like value added services, development of new products, technology insurance, solvency, financial security, quality trained staff etc. Though customer satisfaction may be provided by maintaining high professional standards and rationalized procedures etc., yet it requires new paradigms. In short, customer care is an approach of non-stop caring where only those companies will survive, which can respond to the customers' needs faster and better than others.

Anand H. Lengti (2009)⁷ state that "Insurance Disputes in India" revealed that the insurance consumers have the option to select the appropriate authority and forum. It may be the insurance ombudsman or the consumer councils, to settle their disputes.

Praveen Sanu, Gaurav Jaiswal and Vijay Kumar Panday (2009)⁸ state that, "A Study of Buying Behaviour of Consumers towards Life Insurance Company", Prestige institute of Management and Research, Gwalior, revealed that in present Indian market, the investment habits of Indian consumers are changing very frequently. The individuals have their own perception towards various types of investment plans.

Selvavinayagam, K. and Mathivanan, R. (2010)⁹ revealed that the competitive climate in the Indian insurance market has changed dramatically over the last few years. At the same time, changes have been taking place in the government regulations and technology. The expectations of policyholders are also changing. The existing insurance companies have to introduce many new products in the market, which have competitive advantage over the products of life insurance.

Dhanasekaran (2013)¹⁰ concluded that he decision process is found to be the most important factor which helps in the growth of an future benefit , the decision making process are satisfied with the service provided by HDFC standard life insurance company limited Coimbatore, So the company is able withstand in its position as a market leader and serving as India's No 2 Private insurance company field in recent days and also it holds new strategy to Implement the new schemes and services to arrive as a successful company in long time.

Kulvinder Kaur Bath (2016)¹¹ reveled that in India a large part of insurance related opportunities are untapped. Therefore, rendering an ocean of opportunities existing in this area. Only 28% of the total respondent opting for insurance provide a wonderful avenue for the insurance companies in India and abroad to tap this untapped market. The market seems very opportunities for the insurance companies to cover the rest 72% of the market. Also in future the government's easy access of international insurance companies through the FDIs will create more options to explore.

Statement of the Problem:

India's life insurance sector is the biggest in the world with about 360 million policies which are expected to increase at a Compound Annual Growth Rate (CAGR) of 12 - 15 per cent over the next five years. The insurance industry plans to hike penetration levels to five per cent by 2020.

The country's insurance market is expected to quadruple in size over the next 10 years from its current size of US\$ 60 billion. During this period, the life insurance market is slated to cross US\$ 160 billion.

The general insurance business in India is currently at Rs 78,000 crore (US\$ 11.44 billion) premium per annum industry and is growing at a healthy rate of 17 per cent. The Indian insurance market is a huge business opportunity waiting to be harnessed. India currently accounts for less than 1.5 per cent of the world's total insurance premiums and about 2 per cent of the world's life insurance premiums despite being the second most populous nation. The country is the fifteenth largest insurance market in the world in terms of premium

⁵. Punithavathi Pandian and Malliga, R., (2003)., "Impact of Liberalization on the Marketing Performance by LIC", Indian Journal of Marketing, Vol. 6, pp. 39 - 48.

⁶. Agarwal, V. K (2004)., "Insured Expectations in Liberalized Insurance Market", Chartered Secretary, pp. 238 - 240.

⁷. Shivanand H. Lengti (2009), "Insurance Disputes in India", ICFAI University, Vol. 7, pp. 83.

⁸. Praveen Sanu, Gaurav Jaiswal, Vijay Kumar Panday (2009)., "A Study of Buying Behaviour of Consumers towards LIC", Prestige Institute of Management, Gwalior, Vol. 3, Issue ¾, pp. 1.

⁹. Selvavinayagam, K. and Mathivanan, R., "A Study on Policyholders Preference and Satisfaction of Services Rendered by Selected Life Insurance Companies in Tamil Nadu, Namakal District", International Journal of Marketing and Trade Policy, Vol. 2, No. 1 - 2, pp. 47 - 56.

¹⁰. Dhanasekaran (2013)., A Study on Factors Influencing for Private Insurance Companies with Special Reference to HDFC Standard Life Insurance Company Ltd., Asia Pacific Journal of Research., Vol. 2, Issue. 8., pp. 196 - 205.

¹¹. Kulvinder kaur bath (2016)., A Study of Buying Behavior of Consumers towards Life Insurance Policies with Special Reference to Moga District in the State of Punjab., EPISTEME., Vol. 4, Issue 4., pp. 85 - 94.

volume, and has the potential to grow exponentially in the coming years. So it is necessary to study the customer awareness, mode of awareness and relationship between income level and awareness level by the respondents.

Scope of the Study:

Coimbatore district have a high potential savers who depend on both government and private avenues to save their hard earned money. Hence this research was carried out with the customers of Coimbatore district.

Objectives of the Study:

- ✓ To study the Socio-economic Profile of the respondents
- ✓ To study the level of Awareness of the respondents
- ✓ To determine the factors that influencing the respondents while investing in Life Insurance

Research Methodology:

Research design is a framework or blue print for conducting the research work. It details the procedures necessary for obtaining the information needed to structure and / or solve research problems. The descriptive research design has been used for the present study. The data are collected from the primary source of customer of Bajaj Allianz Company through pre-tested structured questionnaire which was developed after an extensive review of literature. The researcher used simple random sampling method for selecting a sample size. The sample size for the present study is 500. The study pertains to the period of six months.

Limitations of the Study:

- ✓ The present study is with the following limitations.
- ✓ The present study is carried out in Coimbatore city only.
- ✓ The present study is restricted to customers of customer of Bajaj Allianz Company.
- ✓ The present study is based on the primary data collected from the customer of Bajaj Allianz Company.
- ✓ The drawbacks and limitations of the field level survey are very much applicable to the present research.
- ✓ The data and information collected from the customer of Bajaj Allianz Company are subjected to recall bias.

Results and Discussion:

Socio-Economic Profile of Respondents: The socio-economic profile of respondents was analyzed and the results are presented in Table-1.

Table 1: Socio-economic Profile of Respondents

S.No	Particulars	Number of Respondents	Percentage (%)
Gender			
1.	Male	290	58
	Female	210	42
	Total	500	100
Age Group			
2.	Below 25	205	41
	26 – 35	165	33
	36 – 45	88	17.6
	46 Above	42	8.4
	Total	500	100
Occupation			
3.	Businessmen	228	46.6
	Private Employee	62	10.0
	Government Employee	45	8.3
	Professionals	68	11.6
	Students	73	18.3
	Others	24	5.2
	Total	500	100
Family Size			
4.	Below 3 Members	60	16.7
	3 – 5 Members	210	36.6
	5 – 7 Members	140	25
	7 Above	90	21.7
	Total	500	100
Monthly Income			
5.	Below 20,000	60	12
	Rs.20,000 to 30,000	190	38

Rs.30,000 to 40,000	150	30
Rs.40,000 & above	100	20
Total	500	100

Source: Primary Data

Findings and Discussions:

The results show that 58 per cent of respondents are males and the rest of 42 per cent of respondents are females. It is clear that 41 per cent of respondents are belong to the age group of below 25 years, 33 per cent of respondents belong to the age group of 26 – 35 years, 17.6 per cent of respondents belong to the age group of 36 – 45 years and 8.4 per cent of respondents belong to the age group of above 46 years. The results indicate that 46.60 per cent of respondents are Businessmen, 18.30 per cent of respondents are students, 11.60 per cent of respondents are professionals, 10 per cent of respondents are private employee, 8.3 per cent of respondents are government employees and 5.20 per cent of respondents are doing other type of occupation. The results reveal that 36.60 per cent of respondents are having 3-5 members as their family size, 25 per cent of respondents are having 5-7 members as their family size, 21.70 per cent of respondents are having above 7 members as their family size and 16.30 per cent of respondents are having below 3 members as their family size. The results shows that 38 percent of respondents are belongs to a monthly income group of Rs. 20,000 to Rs. 30,000, 30 percent of respondents belongs to a monthly income group of Rs. 30,000 to Rs. 40,000, 20 percent of respondents belongs to a monthly income group of Rs. 40,000 and above and 12 percent of respondents belongs to a monthly income group of below Rs. 20,000.

Awareness towards the Life Insurance: Table 2 shows the awareness towards the life insurance investment of respondents in Coimbatore city.

Table 2: Awareness towards the Life Insurance

S.No	Factor	Number of Respondents	Percentage (%)
1.	Yes	480	93.3
2.	No	20	6.7
	Total	500	100

Source: Primary Data

The Result indicates that 480 respondents are having awareness on investment in life insurance and remaining 20 respondents are not having the awareness towards the life insurance investment.

Sources of Awareness: Table 3 shows the various sources for awareness towards investment in life insurance with special reference to Coimbatore city.

Table 3: Sources of Awareness

S.No	Sources	Number of Respondents	Percentage (%)
1	Media	110	22
2	Agent	195	39
3	Friends	145	29
4	Newspaper	30	10
	Total	500	100

Source: Primary Data

The result indicates that 39 percent of respondents are getting their awareness through the sources of agent, 29 percent of respondents are getting their awareness through the sources of friends, 22 percent of respondents are getting their awareness through the sources of media and 10 percent of respondents are getting their awareness through the sources of newspaper.

Factors that Influencing the Respondents while Investing in Life Insurance: Table 4 shows the Factors that Influencing the Respondents while Investing in Life Insurance with special reference to Coimbatore city.

Table 4: Influence Factors

S.No	Factors	Number of Respondents	Percentage (%)
1	Security	235	47
2	High Returns	114	22.8
3	Risk Coverage	75	15
4	Service	61	12.2
5	Others	15	3
	Total	500	100

Source: Primary Data

From the above table 4, 47 percent of the respondents are look for security while investing in life Insurance, 22.8 percent of the respondents look for high returns, 15 percent of the respondents look for risk coverage, 12.2 percent of the respondents look for service and 3 of the respondents look for others. So that most of the respondents look for security while investing in Life Insurance.

Conclusion:

From the above study it is concluded that almost, all the population of Coimbatore is Aware of Life Insurance. Most of the respondents are Aware of Life Insurance through Agent. It can be concluded that the people Expectations in Life Insurance Company is Security and Service while investing.

References:

1. Indian Insurance Industry Overview and Market Development Analysis Report by IBEF (2016).
2. Mishra and Simita Mishra (2000), "Global Insurance Market Structure", The Management Accountant, Vol. 35, No.1, pp. 51 - 54.
3. Anabil Bhattacharya (2000), "Indian Banks- Entry into Insurance Sector", The Indian Journal, pp. 41 - 50.
4. Kaliyamoorthy and Suresh (2003), "Emerging Paradigms in the Insurance Sector", JIMS Vol. 8, pp. 29 - 34.
5. Punithavathi Pandian and Malliga, R., (2003), "Impact of Liberalization on the Marketing Performance by LIC", Indian Journal of Marketing, Vol. 6, pp. 39 - 48.
6. Agarwal, V. K (2004), "Insured Expectations in Liberalized Insurance Market", Chartered Secretary, pp. 238 - 240.
7. Shivanand H. Lengti (2009), "Insurance Disputes in India", ICFAI University, Vol. 7, pp. 83.
8. Praveen Sanu, Gaurav Jaiswal, Vijay Kumar Panday (2009), "A Study of Buying Behaviour of Consumers towards LIC", Prestige Institute of Management, Gwalior, Vol. 3, Issue ¾, pp. 1.
9. Selvavinayagam, K. and Mathivanan, R., "A Study on Policyholders Preference and Satisfaction of Services Rendered by Selected Life Insurance Companies in Tamil Nadu, Namakal District", International Journal of Marketing and Trade Policy, Vol. 2, No. 1 - 2, pp. 47 - 56.
10. Dhanasekaran (2013)., A Study on Factors Influencing for Private Insurance Companies with Special Reference to HDFC Standard Life Insurance Company Ltd., Asia Pacific Journal of Research., Vol. 2, Issue. 8, pp. 196 – 205.
11. Kulvinder kaur batth (2016)., A Study of Buying Behavior of Consumers towards Life Insurance Policies with Special Reference to Moga District in the State of Punjab, EPISTEME., Vol. 4, Issue 4., pp. 85 – 94.