

A Study on Factors Affecting Customers Investment Towards Life Insurance Policies with Special Reference with Ernakulam District

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Abstract- "Nothing is more important than your life and your ability to make a living So it makes good sense to insure your greatest asset - you!" Life Insurance is the most important investment which we can do for our future benefits. As we know life is the most precious asset in the world so it is our duty to secure it. Life insurance provides both safety and protection to all and also helps to encourages saving among people. So Life insurance can be chosen as a better option in order to meet future uncertainty and to reduce risk. The study was conducted to know the factors which affect investment and to know the awareness of people about Life Insurance Policy and to analyse the preference of customer in making investment decisions. The data for the study has been collected from both primary and secondary sources. The area of study limited to Ernakulam district in Kerala and the size of the sample is 50. The data collected are analysed with the help of statistical tools and presented in the form of bar graph. The paper concludes that most of the people consider Security and Assurance as the factor affecting investment on Life Insurance Policy as compared with the family welfare, Retirement Plan, Saving and Tax benefits. Majority of the respondents were aware about Life Insurance policy and they were not interested to get more information related to Life Insurance. According to the order of preference related to factors affecting life insurance, family wealth is most preferred option.

I. INTRODUCTION

A Life insurance is considered as a contract between an insurer and policy owner.

There are different types of life insurance policies. the policy guarantees the policy owner to pay a lumpsum

amount of money either after a specified period or after the death of the policy owner in exchange for the premiums he paid. There are several conditions that need to be satisfied before taking a life insurance policy, the one who wants to take the policy should disclose all material facts regarding his health condition, high risk activities etc. There are policies which requires a single premium or there are policies which requires monthly payment of premium.

There are several factors that affect a person's investment decision towards life insurance policies like security, retirement benefits, savings, risk coverage, family welfare etc. it changes from person to person, from time to time, also based on situation availability of income etc.

In this study we conducted a survey to identify the factors affecting customers investment towards life insurance policies with special reference with Ernakulam district.

II. OBJECTIVES

- To study the factors affecting investment on life insurance decision.
- To know the awareness of people about life insurance policies.
- To rank the several factors according to the respondents, order of preference

III. METHODOLOGY OF STUDIES

Primary and secondary data were used to collect the information's. Primary data was collected using questionnaire prepared using google forms which contain 12 questions that specifically gives answer to our objectives framed. Questionnaire was sent to the respondents through WhatsApp. As the study is

conducted among people residing at Ernakulam district questions were sent to people at Ernakulam.

Information's were collected from 50 respondents, most of the respondents were between the age group of 18-30.

Secondary data sources were googled sites, previous research papers.

IV. THEORITICAL FRAMEWORK

INSURANCE-It is a method to manage our risk. it is a protection against losses.

LIFE INSURANCE POLICIES- It is a kind of policy in which the insurance company promises to pay a fixed amount of money in exchange for a premium either after a stipulated period or upon the death of the policy holder.

INVESTMENT-Investment is a method in which the investor gets both financial security and financial growth. In our study investment in life insurance means the investor invest in life insurance policies for some financial benefit and protection against financial losses.

RETIREMENT BENEFITS- It is a factor that people consider while investing in life insurance policies. That is, they avail or invest in insurance policies in order to get some financial benefits during their retirement period.

SECURITY AND ASSURANCE- Investing in life insurance policies is considered as a security by majority of people. They provide security for the whole life, term life etc. assurance in the context of life insurance means it is a plan in which an insurance company gives or pays the policyholder a fixed amount on occurrence of death or after a specified period.

V. REVIEW OF LITERATURE

Praveen Kumar Tripathi (2008), in his project report titled "Customer buying behavior with a focus on market segmentation" helps to understand the buying pattern in the insurance industry with a special focus

on hdfc standard life insurance. This study helps to know the customer perception and expectation from private insurers in terms of insurance needs, age group, satisfaction level etc.

Mayakkannan Raman (2018) in his study to focus on satisfaction level of customers. Towards Life Insurance Corporation. The increase in awareness of people about uncertainty of life helps to increase competition in insurance sector.

Narayan. H. Jai (2009) in his article he emphasizes on importance of customers in life insurance. The growing market competition mainly affects the insurance company. Proper dealing with customer complaints, effective customer grievances handling mechanism and fast claim settlement procedure helps to satisfy the customer.

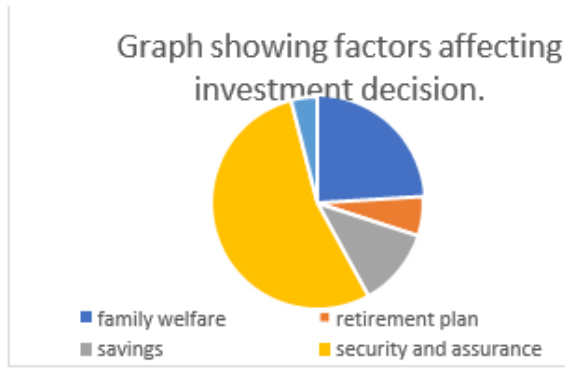
Jayakar (2003) in his study focus on new product innovation, distribution and better use of technology which help the new private life insurers to take market shares away from LIC. With the privatization of insurance sector a cut throat competition was facing in the economy in order to attract public attention.

VI. LIMITATIONS OF THE STUDY

The questionnaire was mainly answered by people of age group 18-30 so we cannot conclude that the information available can be considered as an overall opinion of all age groups of people residing at Ernakulam.

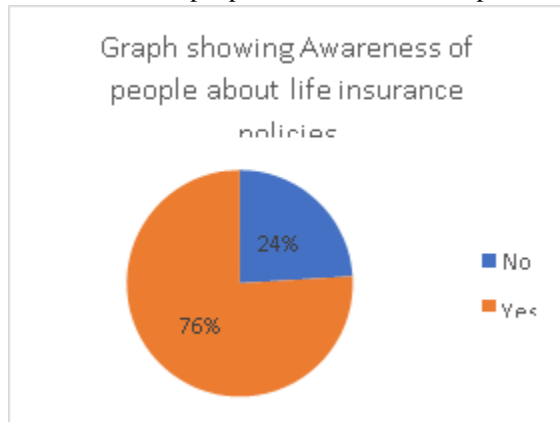
VII. DATA ANALYSIS AND INTERPRETATION

- Factors affecting the life insurance investment decision.



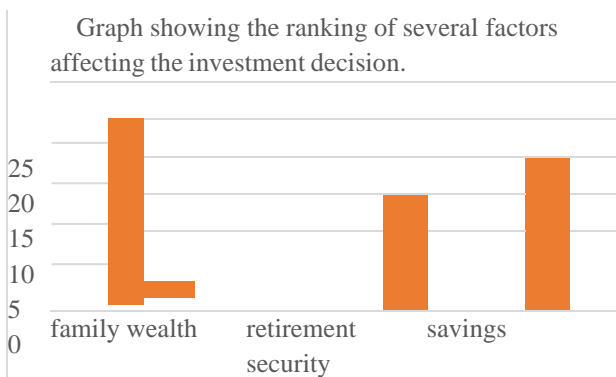
Interpretation- From the graph it can be inferred that the factors affecting investment decisions are security and assurance, family welfare, savings, retirement plan and tax benefits.

- Awareness of people about life insurance policies



Interpretation- the above graph clearly shows that 76% of people are aware about life insurance policies and only 24% of people are unaware.

- Ranking several factors according to the respondents order of preference.



Interpretation- The above graph shows that out of the 50 respondents 23 of them ranked family wealth as the first factor affecting the decision, the order of preference of respondents shows that 15 ranked securities as the second one and 10 of them ranked savings and retirement was ranked by 2 of them.

CONCLUSION

The study was conducted mainly to identify answers to 3 objectives the first was to identify the factors affecting investment decision family welfare, retirement plan, savings, security, tax benefits was found out to be the factors affecting investment decision. Secondly it was to know the awareness of people about life insurance policies the major portion of the respondents was aware about the life insurance policies. And the last was to rank the factors according to the respondents order of preference family welfare was ranked first and then security, savings and retirement benefits subsequently.

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