

**A Study On Customer Awareness Towards Life Insurance Investment With Special  
Reference To Mannargudi Town**

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**Abstract:**

Today Life insurance investment is becoming successful sector among all segments of the people. The Mannargudi town had a population of 66,999 within the municipal corporation limits. So, there was a 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 Mannargudi town. 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

**INTRODUCTION**

The insurance industry of India consists of 51 insurance companies of which 24 are in life insurance business and 27 are non-life insurers. Among the life insurers, Life Insurance Corporation (LIC)<sup>1</sup> 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 27 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**

Chaudhary (2012)<sup>1</sup> explained that today India is one of the fastest growing economies of the world. The Insurance Industry contributes to the financial sector of an economy and also provides social security to the people of a country. The income earning capacity and increasing rate of literacy are the key factors of the growth of the Insurance industry. This sector provides for the long term contractual savings and security. The investors in life insurance are looking for both good return and life risk coverage. This study is conducted in Panipat city to check the awareness and satisfaction level of insurance buyers/ consumers. To achieve these objectives, a questionnaire is designed to collect the data of buyers of insurance.

Jain and Goyal (2012)<sup>2</sup> noted that the insurance industry is in existence since long, the level of awareness towards the rights and duties regarding insurance are negligible. The study tries to understand the awareness of the people towards the rights and duties towards life insurance products after the privatization of the insurance sector. To actually understand this, a primary research was conducted to find out the level of awareness towards the rights and duties of the policy holders across demographic profiles and about the level of awareness towards life insurance policies prevailing in the market. Chi-square test was used to test the significance of the relationship. The analysis is based on a sample of 117 individuals from randomly selected general public. A significant association between the demographic determinants and the awareness towards the rights and duties regarding life insurance was found showing low level of awareness towards rights and duties among the policy holders of life insurance. The study was undertaken in Rajasthan and the methodology can be comfortably to the country as a whole.

Mishra and Simita Mishra (2000)<sup>3</sup> 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)<sup>4</sup> 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)<sup>5</sup> study the changes in the key factors like demographic, social, economic, political factors and strategic choices that are responsible for the growth of the service sector comparison of insurance contribution in the developed and developing countries. It clearly states 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)<sup>6</sup> 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)<sup>7</sup> 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)<sup>8</sup> 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)<sup>9</sup> 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)<sup>10</sup> 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)<sup>11</sup> concluded that the 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.

### **SCOPE OF THE STUDY**

Mannargudi town is a high potential saver who depends on both government and private avenues to save their hard earned money. Hence, this research was carried out with the customers of Mannargudi town.

### **OBJECTIVES OF THE STUDY**

The researcher has framed the following objectives.

1. To study the Socio-economic profile of the respondents.
2. To know the level of awareness of the respondents.
3. To determine the factors that influencing the respondents while investing in Life Insurance.

### **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 Life Insurance Corporation of India through pre-tested structured questionnaire which was developed after an extensive review of literature. The researcher has used simple random sampling method for selecting a sample size. The sample size for the present study is 120. The study pertains to the period of six months.

### **LIMITATIONS OF THE STUDY**

The present study is with the following limitations.

1. The present study is carried out in Mannargudi town only.
2. The present study is restricted to customers of Life Insurance Corporation of India.
3. The present study is based on the primary data collected from the customer of Life Insurance Corporation of India.
4. The drawbacks and limitations of the field level survey are very much applicable to the present research.
5. The data and information collected from the customer of Life Insurance Corporation of India 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	Socio-Economic Variables	No. of Respondents	Percentage
<b>Gender</b>			
1	Male	72	60
2	Female	48	40
Total		120	100
<b>Age</b>			
1	Below 25 years	51	42.50
2	25-35 years	39	32.50
3	35-45 years	21	17.50
4	Above 45 years	9	7.50
Total		120	100
<b>Occupation</b>			
1	Businessmen	57	47.50
2	Private Employee	14	11.67
3	Government Employee	12	10.00
4	Professionals	16	13.33
5	Students	21	17.50
Total		120	100
<b>Size of Family</b>			
1	Below 3 Members	15	12.50
2	3 – 5 Members	48	40
3	5 – 7 Members	36	30
4	Above 7	21	17.50
Total		120	100
<b>Monthly Income</b>			
1	Below Rs.20,000	15	12.50
2	Rs.20,000 to Rs.30,000	45	37.50
3	Rs.30,000 to Rs.40,000	36	30
4	Above Rs.40,000	24	20
Total		120	100

Source: Primary data

Table 1 highlights that 60 per cent of respondents are males and the rest of 40 per cent of respondents are females. It is clear that 42.50 per cent of respondents are belong to the age group of below 25 years, 32.50 per cent of respondents belong to the age group of 25 – 35 years, 17.50 per cent of respondents belong to the age group of 35 – 45 years and 7.50 per cent of respondents belong to the age group of above 45 years. The result indicates that 47.50 per cent of respondents are Businessmen, 17.50 per cent of respondents are students, 13.33 per cent of respondents are professionals, 11.67 per cent of respondents are private employee and 10 per cent of respondents are government employees. The result reveals that 40 per cent of respondents are having 3-5 members as their family size, 30 per cent of respondents are having 5-7 members as their family size, 17.50 per cent of respondents are having above 7 members as their family size and 12.50 per cent of respondents are having below 3 members as their family size. The result shows that 37.50 per cent of respondents are belongs to a monthly income group of Rs. 20,000 to Rs. 30,000, 30 per cent of respondents belongs to a

monthly income group of Rs. 30,000 to Rs. 40,000, 20 per cent of respondents belongs to a monthly income group of above Rs. 40,000 and 12.50 per cent of respondents belongs to a monthly income group of below Rs. 20,000.

### **Awareness towards the Life Insurance**

Table 2 shows that the awareness towards the life insurance investment of the respondents.

Table 2: Awareness towards the Life Insurance

S.No.	Factor	No. of Respondents	Percentage
1	Yes	114	95
2	No	6	5
Total		120	100

Source: Primary data

From the above table 2 indicates that 95 per cent of the respondents are having awareness on investment in life insurance and the remaining 5 per cent of the respondents are not having the awareness towards the life insurance investment.

### **Sources of Awareness**

Table 3 demonstrates that the various sources for awareness towards investment in life insurance.

Table 3: Sources of Awareness

S.No.	Sources	No. of Respondents	Percentage
1	Media	27	22.50
2	Agent	48	40.00
3	Friends	36	30.00
4	Newspaper	9	7.50
Total		120	100

Source: Primary data

Table 3 highlights that 40 per cent of respondents are getting their awareness through the sources of agent, 30 per cent of respondents are getting their awareness through the sources of friends, 22.50 per cent of respondents are getting their awareness through the sources of media and the remaining 7.50 per cent of respondents are getting their awareness through the sources of newspaper.

### **Factors that Influencing the Respondents while Investing in Life Insurance**

Table 4 highlights that the factors that influencing the respondents while investing in Life Insurance.

Table 4: Influence Factors

S.No.	Factors	No. of Respondents	Percentage
1	Security	57	47.50
2	High Returns	27	22.50
3	Risk Coverage	21	17.50
4	Service	15	12.50
Total		120	100

Source: Primary data

From the above table 4 reveals that, 47.50 per cent of the respondents are look for security while investing in life Insurance, 22.50 per cent of the respondents look for high returns, 17.50 per cent of the respondents look for risk coverage and the remaining 12.50 per cent of the respondents look for service. It is clear 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 Mannargudi 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.

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