

Preference by Customers towards Life Insurance in Jammu

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Abstract

Life insurance services have its character estimation in terms of understanding the customers for their cause in investment into insurance plans. Indian economy is developing and having huge middle class societal position and salaried persons. A survey analysis has been undertaken for 150 customers of Jammu in India to understand their preference towards Life Insurance. The results highlight that fondness of customers in investing in the Insurance is mostly due to its returns or else needs to save tax and prominently in terms of minimizing risk and uncertain situate. After the survey it is found that still major portion of customers in Jammu go with Life Insurance of Corporation (LIC).

Keywords: Life Insurance, Jammu, Customers

INTRODUCTION

Life is occupied of risk and uncertainties. Since we are social human being, we have definite responsibilities too. Indian consumers have big weight of sentiment and logic on their buying decisions. They believe in prospect rather than present and desire to have an improved and protected future. In this direction life insurance services have its own importance in terms of minimizing risk and uncertainties. Indian economy is developing and having enormous middle class societal position and salaried persons. Their money value for existing needs and future desires generate the reasons at the back for holding a policy. Consumer behaviour is a psychological and touching 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 buy goods and services for personal use. Now if these defining criteria are closely observed, it is evident that analyzing consumers' decision making process is the foundation of entire concept 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 is growing vastly in India. This growth is driven by India's favourable regulatory environment which guarantees constancy and fair play. This environment has rise to an insurance market which encourages foreign investors to given tap into the sector's huge potential. Ever since the Indian government liberalised the insurance sector in 2000 and opened the doors for private contribution, the sector has gone from strength to strength.

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.

RESEARCH METHODOLOGY

Objectives of the Study

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

Sample unit: Jammu (Jammu and Kashmir)

Sample Size: A random sample of 150 respondents has been drawn.

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

ANALYSIS AND INTERPRETATION

➤ *Customers acquainted with Life insurance policies*

S.No.	Customers acquainted	No. of Respondents
1.	Friends/family	67
2.	Agents	46
3.	Internet	21
4.	Television	16
Total		150

Table 1

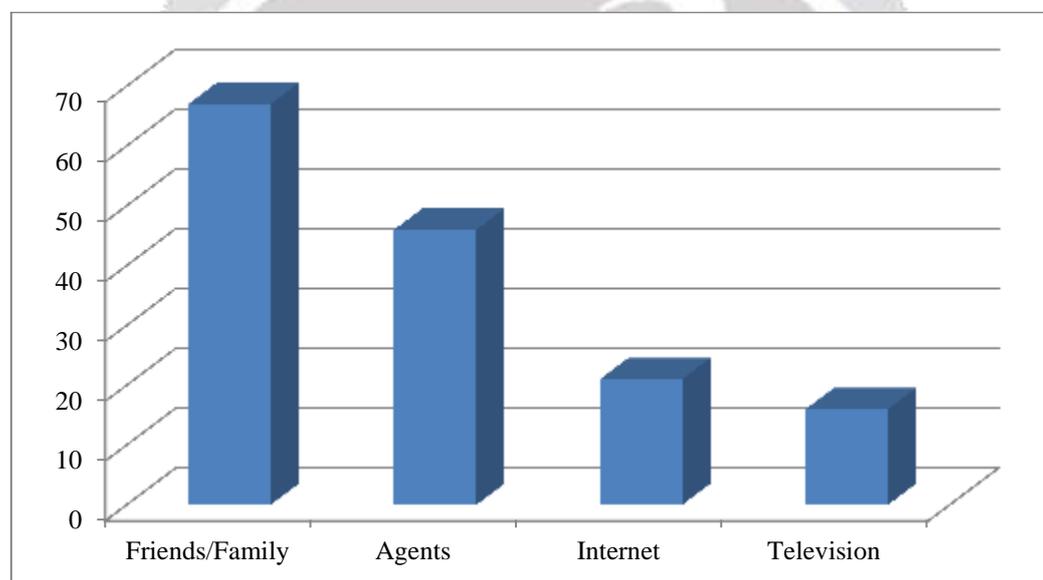


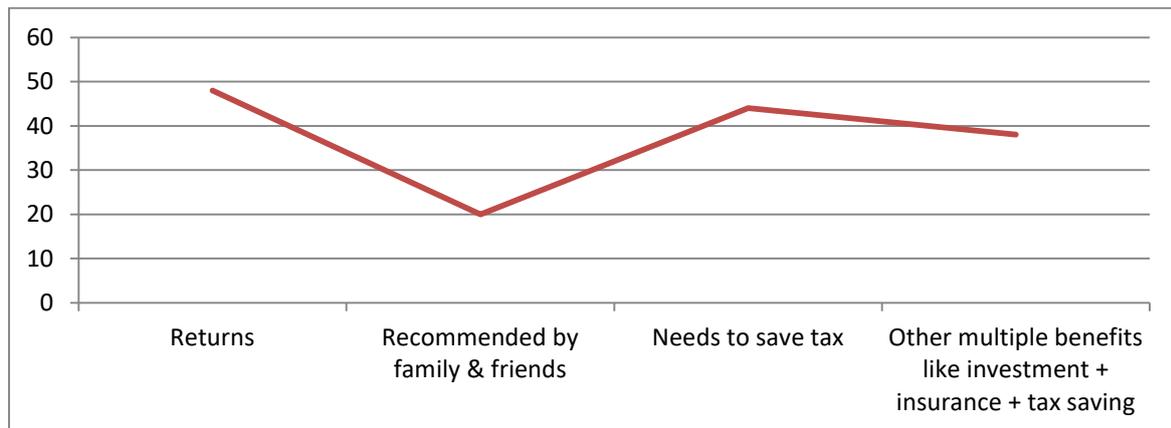
Figure 1

Interpretation:

Out of 150 respondents 45 percent know about insurance through friends/family, 31 percent through agents, 14 percent through internets and 11 percent through televisions.

➤ *Reasons for investing in Life Insurance Plans*

S.No.	Reasons	No. of Respondents
1.	Returns	48
2.	Recommended by family & friends	20
3.	Needs to save tax	44
4.	Other multiple benefits like investment + insurance + tax saving	38
Total		150

Table 2Figure 2*Interpretation:*

After the survey it was found that the peoples have various reasons for investing in Insurance. Out of 150 respondents 32 percent for returns, 25 percent for multiple benefits, 13percent recommended by family and 29 percent need to save tax.

➤ *Most preferred Life Insurance Company*

S.No.	Company Name	No. of Respondent
1.	HDFC Life Insurance	31
2.	LIC	62
3.	Max Life Insurance	33
4.	IDBI Federal Life Insurance	15
5.	Others	9
Total		150

Table 3

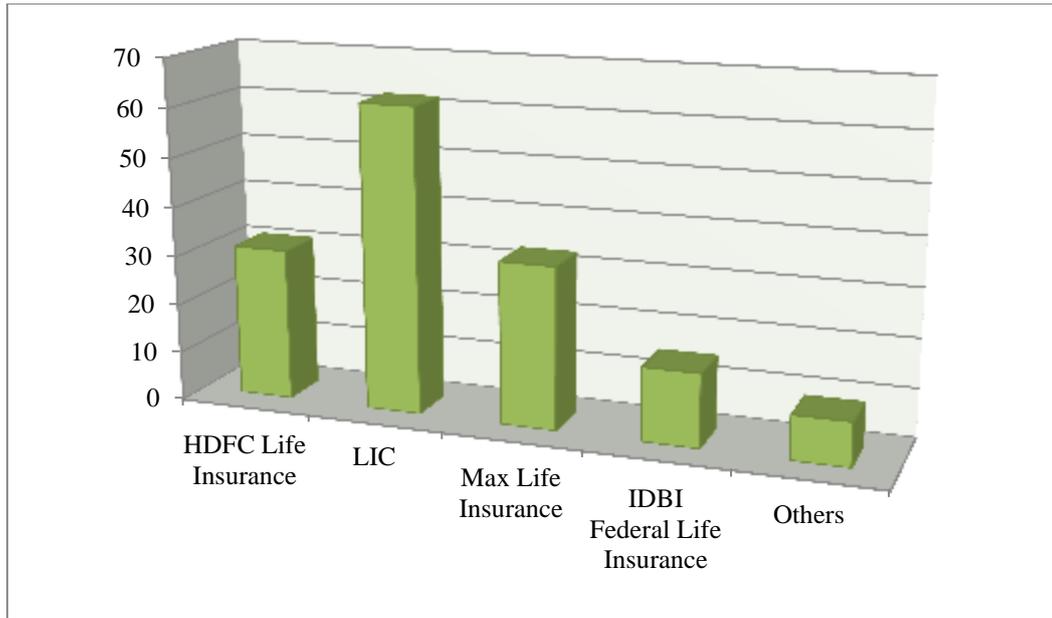


Figure 3

Interpretation:

After the survey it was found that still major portion of customer go with LIC. Out of 150 respondent 41 percent go with LIC, 21 percent with HDFC, 22 percent with MAX, 10 percent with IDBI and 6 percent others.

➤ *Fondness in Insurance Policies*

S.No.	Options	No. of Respondents
1.	Benefits	33
2.	Security	56
3.	Tax saving	61
Total		150

Table 4

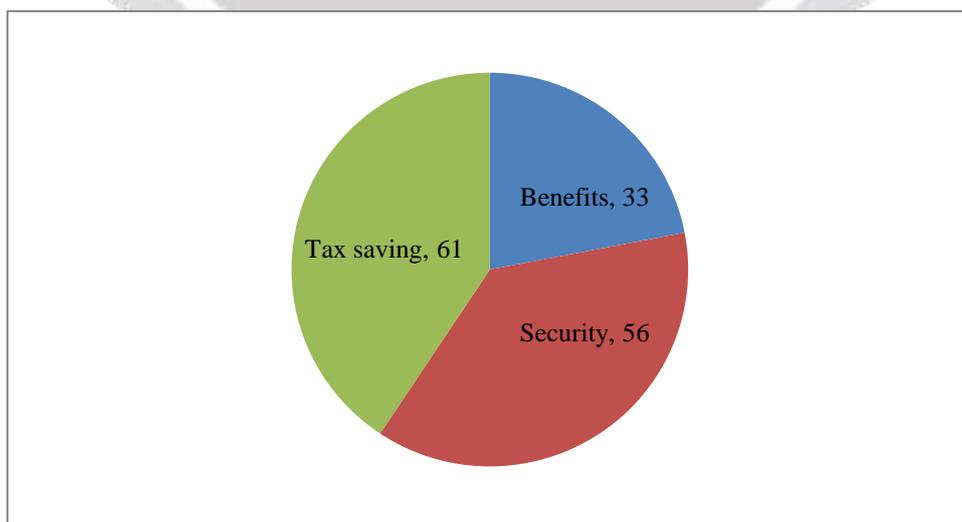


Figure 4

Interpretation:

After the survey it was found that 41 percent are buying insurance for the purpose of tax saving 37 percent for the security and 22 percent for benefits.

CONCLUSION

The strength of the insurance sector reflects a country's economy. This sector not only produces long-term funds for infrastructure development, but also increases a country's risk-taking capability. North India's economic growth is viewed as a significant development in the Indian economy and the contribution of Jammu is immense in it. This view is helped in no small part by a rolling insurance industry. People prefer to purchase a policy which has less years of premium payment term. More than life insurance, people are interested in a savings method. The better savings plan they get, the more is their inclination to buy the policy. Tax benefits are also a main factor why people like to buy a policy. Friends and family are major influencers on customers when it comes to the conclusion of buying a life insurance policy. LIC without any doubt is the market leader in life insurance sector.

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