

CONSUMER PERCEPTION REGARDING LIFE INSURANCE POLICIES: A FACTOR ANALYTICAL APPROACH

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Abstract

Insurance companies play an important role in the welfare of human well-being by providing protection to millions of people against life risks such as uncertain death or accident. Even the life insurance is fastest growing service sector in India after privatisation and increase in FDI. Thus it has become essential to study the buying pattern of the life insurance policies. The current study examines the various factors that affect the consumer perception towards life insurance policy. Data was collected with the help of structured questionnaire. The sample constituted of 100 respondents from Amritsar, Ludhiana and Chandigarh. The statistical technique used for the analysis are descriptive and factor analysis. The main finding of the study reflected that there are six factors i.e. customised and timely services, better company reputation, effective service quality, customer convenience, tangible benefits and healthy customer client relationship that influence the consumer perception towards life insurance policy.

Keywords: Consumer Perception, Insurance, Financial Protection

1.0 Introduction

Human life is a most precious asset and life insurance is one of the ways which provides financial protection to a person and his family at the time of any disaster. Life insurance provides both safety as well as protection to individuals and also boosts savings among people. Insurance companies play an important role in the welfare of human well-being by providing protection to millions of people against life risks such as uncertain death or accident.

LIC is the most trusted and popular brand in life insurance, the market share of private insurers are gradually increasing with people trust. The new private players offer many new innovative products and services. They are increasing the awareness level among consumers by using innovative and new techniques of advertisement, introducing new products, increasing penetration of life insurance of consumers in uninsured markets. The competition among public and private players has helped to increase in variety of products being offered from pure risk based to ULIP plans.

Customers are the back bone of life insurance business. Every company tries to attract new customers and retain existing customers in order to keep their profits high. This helps insurance companies to maintain a good competitive edge on its competitors. The proper understanding of consumers, their needs and expectations help insurance providers to bring betterment in product as well as services offered. In comparison with the developed foreign countries, the Indian life insurance industry has achieved only a little due of low customer awareness, high premiums, delayed and poor customer services, lack of suitable products.

In today's competitive world, it becomes necessary for life insurers to provide customer satisfaction, spread more awareness, stress on need based innovative products and affordable price. This would help every individual to avail the benefits of insurance and protect their lives against future risks and uncertainties. Earlier life insurance was used as a tool to protect the income of families, particularly young families in income saving phase, in the event of the

head of household's death. But now, life insurance is used for many other reasons, including wealth preservation and tax saving. Whether an individual needs to have life insurance or not, merely depends on his need.

According to **Financial analysts**

Francisco J. Colayco is the author of the book “wealth within your reach” and “making your money work”

“Your family depends on your ability to generate income. They will suffer a serious financial loss if you are no longer able to generate income for them. Therefore, it is important to cover yourself with insurance. Insurance is needed only when there is a possibility of unbearable financial loss.”

David King is the author of “you can be rich”.

“A fund generally ranges from lifetime security for you and your beneficiaries to immediate needs such as the education expenses of your children. A life insurance plan gives benefits to your family or another beneficiary in case of untimely death.”

1.1 History of life insurance

In India, insurance has a deep-rooted history. It is mentioned in the writings of Manu (Manusmriti), Yagnavalkya (Dharmasastra) and Kautilya (Arthasastra). The writings talk about the pooling of resources that could be re-distributed in times of calamities such as fire, floods, epidemics and famine. This was probably a starting point to modern day insurance. The earlier times have preserved the traces of insurance in the form of marine trade loans and carriers' contracts. The concept of Insurance in India has evolved from other countries, England in particular.

The life insurance business started in India in 1818 with the establishment of the Oriental Life Insurance Company in Calcutta. This Company however failed in 1834 with passage of time. In 1829, the Madras Equitable began transacting life insurance business in the Madras Presidency. There was enactment of the British Insurance Act in 1870 and last three decades of the nineteenth century saw the starting of the Bombay Mutual (1871), Oriental (1874) and Empire of India (1897) in the Bombay Residency. This era, however, was ruled by foreign insurance offices that did good business in India, namely Albert Life Assurance, Royal Insurance, Liverpool and London Globe Insurance and the Indian offices had to face hard competition from the foreign companies.

In 1912 the first Indian insurance act was passed which was re-enacted in 1938. In 1914, the major step taken was that the Government of India started publishing returns of Insurance Companies in India. The Indian Life Assurance Companies Act, 1912 was the pioneer statutory measure to regulate life business. In 1928, the Indian Insurance Companies Act was enacted to initiate the Government to collect statistical information about both life and non-life insurance business transacted in India by Indian and foreign insurers including provident insurance societies. In 1938, in order to protect the interest of the Insuring public, the earlier legislation was consolidated and amended by the Insurance Act, 1938 with comprehensive provisions for effective control over the activities of insurance companies. The insurance amendment act of 1950 abolished the concept of Principal Agencies. However, there was increase in number of insurance companies and the level of competition was quite high. There were also allegations of unfair trade practices undertaken during that time period. As a result the Government of India decided to nationalize insurance business.

In 1956; 245 Indian and foreign insurers and provident fund societies were taken over by the central government and were nationalised. Life Insurance Company was formed by the Act of Parliament called Life Corporation of India act 1956, with a capital contribution of Rs 5 crores from government of India.

Need for life insurance

- **In order to meet Family's Financial Requirements-** In case you are the only person in your family who is an earning member, then the family's income will cease when you are no more. If any mishap occurs, then with no stable source of income, the standard of living of family members will fall and they may not be able to meet even basic needs like education. Therefore, your life insurance policy will help your family during such times.
- **For Loans and Expenses Repayment-** You may have taken a loan or you may have borrowed money from a friend for starting a business. Also, you might have several other family responsibilities. In all these cases it is your spouse or children who will have to bear the heavy burden of paying off the loan in your absence.

- **Diverse Investment Options**-You can also use your life insurance Policy as a good investment tool. There are various kinds of insurance policies in which you can park your surplus funds and can earn return either in lump sum or at regular intervals of time. For example, retirement plans, child insurance plans, whole life insurance plans, Term life insurance plans etc. are all good life insurance policies.
- **Illnesses and Accidents**-Life insurance policies are always a very good protection option as well against the financial pressure that you might face during a serious illness or accident. It helps you to get treatment from the best hospitals without worrying about the financial burden. Usually all insurance policies should be purchased when you are young and free of illnesses.
- **For Tax Benefits**-Life insurance policies are an excellent instrument of saving tax too. Under Section 80C of the IT Act, many of the insurance schemes in India including the life insurance schemes offer tax deductions on Premium payments.
- **Draw Loans Against Insurance** - Besides using your life insurance Policy amount to repay your loans and expenses you can also use your Policy to draw a loan against it. It could be used as a security in the banks or financial institution while taking loans.
 - Retirement plan
 - Term insurance plan
 - Group plans

2.0 Need of the study

Insurance companies play an important role in the welfare of human well-being by providing protection to millions of people against life risks such as uncertain death or accident. Even the life insurance is fastest growing service sector in India after privatisation and increase in FDI. Thus it has become essential to study the buying pattern of the life insurance policies.

3.0 Objectives

Objectives provide the guide lines for which the research work is done. A study without an objective is of no use. Research work is done in order to get answers to certain questions named as objectives of the study. The objectives for which this particular study is carried out are as following:

- To determine the awareness level of consumers regarding life insurance policies and the number of consumers who have actually invested in life insurance policies.
- To know the satisfaction level of consumers with respect to private and public insurers.
- To examine the attributes that consumers prefer while purchasing a life insurance policy.

4.0 Review of literature

Sahu et al.(2009);conducted a survey on 150 respondents to determine the attributes affecting buying behaviour of consumers , investment pattern in life insurance services and compare the differences in consumer perception of male and female consumers. In their study they found that there 6 factors which affect the buying behaviour while purchasing life insurance policies namely consumer loyalty, service quality, ease of procedures, satisfaction level, company image and company client relationship. There is no difference between the perception of male and female preferences.

Manuel (2013); he conducted the study to understand the Consumer Perception about life insurance policies in Kottayam City .For this study the researcher used exploratory research design. This research was restricted to the consumers of Kottayam city. The sample which was taken was of 50 respondents belonging to various age groups. The survey was conducted to find out the attributes which affect decision making of consumers of life insurance policies which are return on investment, company reputation, premium outflow, service quality and product quality. The majority of respondents belong to age group of 19-28 years, male consumers captures 74% of the market, dominant income group was 5001- 10000 and LIC had the major stake.

Yadav and Tiwari(2012);The study area is limited to Jabalpur district, of Madhya Pradesh and sample size of 150 policyholders is taken and the sample have been selected through a stratified and purposive sampling method. The study has been conducted to find out factors influencing customer investment decision, impact of various demographic factors, preferences of customers while taking the decision, and ranking of factors responsible for the

selection life insurance as an investment option. The study was conducted on 150 respondents. in their study on factors affecting customer investment in life insurance policies and found that age, gender, income level. Out of 150 samples 54.6% of policy holders have invested in LIC followed by SBI life insurance amongst private players. The features that policyholders consider while making a purchase can be ranked as follows: company reputation, money back guarantee, risk coverage, low premium and easy access to agents as 1st, 2nd, 3rd, 4th and 5th respectively. Thus it could be concluded that goodwill of the company is the most influencing factor while policy buying decision. It was found that majority of respondents preferred money back policy. While studying the reason for purchase of insurance policy was most (54.6%) of the respondent's have opted for LIC policies because of safety and rest of the respondent's opted for private players for higher returns .The study area is limited to Jabalpur district, of Madhya Pradesh and sample size is 150 policyholders of LIC and different private life insurers have been selected through a stratified and purposive sampling method.

Kaur and Negi (2010); conducted their study in Chandigarh and by using factor analysis they found customised and timely service, brand USP, considerate employee, price immunity as major factors affecting the satisfaction of customers. They even found that maximum life covered under insurance are of male than female and satisfaction level among public and private sector insurance companies is same.

M.Epctimchin (2011); conducted a survey in Nigeria to find out factors enhancing the purchasing of life insurance and found that company loyalty is the major factor influencing purchasing decision and company client relationship as the last. These factors are beneficial to company as well as consumer.

Mahajan (2013); conducted a study on consumer decision making process in life insurance services and found that there are 5 stages i.e. need recognition, search of alternative, evaluation of alternative, purchase decision and post purchase evaluation. Special considerations pertaining to insurance industry are perceived risk, risk and standardisation and risk and information. She even formulated certain stages to improve customer awareness about benefits of life insurance products like focusing on marketing techniques. Thus she concluded that the consumer's perception towards Life Insurance Policies is positive. There is a positivemind sets developed for their investment pattern, in insurance policies. Still some actions need to be fordeveloping insurance market.

Sandhu and Bala(2011);the sample was taken of 450 respondents from different work places of 3 cities Jalandhar, Ludhiana and Amritsar but out of 450 samples 337 respondents filled the questionnaire in all aspects. They conducted a study in three cities of Punjab to find out factors affecting service quality of LIC. They used the factor analysis technique and consequently found 7 factors composed of proficiency, media and presentations, physical and ethical excellence, service delivery process and purpose, security and dynamic operation, credibility and functionality. Along with these factors managerial implication like performance of agents also affect customer satisfaction.

Singh et al. (2014); conducted a survey in Delhi NCR region to find out service quality of life insurance companies and effect of demographic factors on consumer perception .they conducted the survey on 139 respondents and they found factors namely as responsiveness and assurance factor, convenience factor, tangible factor and empathy factors. They even found that only age of respondent has significant impact on choice of insurance product. Whereas various demographic factors such as gender, education, and annual income did not have significant impact on choice of insurance product.

Alinvi and Babri(2007); the study was specifically conducted on young consumers from 18-27 years .in their article tried to find answer to question how could insurance company enhance their ability of constant changes in customer preference in an increasingly competitive environment. In this theory they found income flow, age, family size as significant determinant, information about product and services also affect consumer preference, options of products and services i.e. customer choice along with time play important role. Through this study it was concluded that price is a decisive factor for young customers of insurance services. We also concluded that there exists unawareness among young people about the services provided by insurance companies, as well as afraid of being fooled or tricked by telemarketers representing insurance companies. Thus they demand more of information. While internet is their primary source of awareness but they prefer personal contacts too while taking the decision. However, it was concluded that most respondents showed a tendency to change their preferences over their life-time, as their life circumstances would change.

Ahmed,et al (2007);the secondary study was conducted based on SERVQUAL MODEL in Bangladesh and found that people tend to invest more in private insurance companies due to better quality of services. Among private local and foreign insurance clients prefer foreign private insurance companies due to experiences in operation and wide area coverage. Companies must invest on building their reputation in order to reduce outflow of clients. They even found that 25% of respondents have chosen their insurance company with influence of sales personnel.

Rajavardhan and Jahangir (2015); the sample has been taken from Nalgonda district with 120 respondents. In their article conducted a survey on rural market of Telangana to find out socio demographic and economic variables that have impact on decision of consumer perception. They found that gender and marital status have very low impact on perception. While education and income level have significant impact. Middle income group are more engaged in insurance sector. Similarly an occupation also has significant impact on insurance. Moreover still insurance is seen as tax saving and not an investment opportunity.

Jain and Saini (2012); in their article has highlighted the role of IRDA for life in insurance industry in India and has concluded that social, cultural, political, personal, psychological and demographic factors influence the consumer behaviour. This study reveals that the demographical factor has the major impact on the purchasing decision of consumer. The leadership does not lie in getting the maximum number of policies sold but in understanding the demography of the customer and targeting them in their way. Finally, being they considered the success of insurance marketing dependant on understanding the social and cultural needs of the target population.

Singh (2014); conducted a sample survey on 255 respondents of Uttar Pradesh to analyse life insurance consumer behaviour. Main purpose for which the study was conducted was to assess the socio-economic status of respondents and to examine the impact of status on insurance purchasing capacity. The study shows that maximum people invest for the purpose of tax rebates and family safety. He found that major insurance products be child plan and pension plan. He even found that maximum people like to get insurance product directly from insurance agents followed by banks, financial institutions, and brokers. It was found that government servicemen of 26-45 years of age buy more insurance products and middle income group 100000-300000 people buy more insurance policies.

Shamrao and Vibhute (2013); conducted a survey in Kohlapur on 127 respondents to find out the preference of customers towards insurance policy, the satisfaction level towards ULIP plan and traditional plans and the factors influencing the investment decision. It was found that LIC to be major insurance player and traditional plans being more preferred than ULIP plans. Majority of holders think insurance to be purely protection option followed by tax savings and pension scheme. Majority of holders take policies from financial advisors and banks. Investor opinion of investment also depend upon service quality, reputation, trust worthiness and future plans of company.

Kumar; the survey has been conducted by him on 200 respondents in Dehradun only. In his survey he found that maximum investors are youth and there is gender biasness in investment pattern. Married people and people residing in urban areas invest more in LIC. He even found that maximum people opted for yearly payment plans. Major portion of holders belongs to service sector and average middle class people. Maximum people invested in LIC on basis of brand name and invest more in money back policies.

Venkaiah and Sudhir (2013); conducted a survey to find out the performance of private insurance players and took sample of 200 respondents. They found that very few respondents feel private companies to be better than public. The services offered by private companies are as per expectation of customer and they feel no risk in investing in private companies. Respondents want more policies with tax benefits among private companies.

5.0 Data base and Research methodology

Research methodology help us to know the research methods along the logic behind the methods we use in the context of our research study and explain why we are using a particular method or technique.

6.0 Research design

It is the comprehensive plan of the sequence of operations that a researcher intends to carry out to achieve the desired research objective. It is a plan of action to be carried out in connection with a proposed research work. The present study needs to chalk out the consumer perception regarding life insurance policies.

7.0 Sampling method

Convenience sampling is used while selecting the sample for the study. As the name suggests itself when population elements are selected for inclusion in the sample based on the ease of access, it can be called convenience sampling.

8.0 Data design

Data design involves different aspects like the nature of data used, data collection methods used, data sources and tools used for analysis of data.

9.0 Nature of data

Primary data is used to find the answers to the objectives.

10.0 Data collection

The task of data collection begins after a research problem has been defined and research design/plan chalked out. In this particular study primary data has been collected from 100 respondents while keeping in mind the objectives of the study. The primary data was collected through a self administered questionnaire that contained questions relating to the objectives of the study. The questionnaire contains certain question regarding awareness level and the attributes that consumers consider while buying a life insurance policy.

11.0 Sample size

In this particular study a sample of 100 respondents is taken to apply the various statistical tools.

12.0 Statistical tools used

The role of statistics in research is to function as a tool in designing research, analysing its data and drawing conclusions there from and most research studies result in a large volume of raw data which must be suitably reduced so that the same can be understood. Thus it is clear that the science of statistics cannot be ignored by any research worker. The statistical tools used in this study are Percentage Method and Factor Analysis are used.

13.0 Factor analysis

Factor analysis is a general name denoting a class of procedures primarily used for data reduction. It is by far the most often used multivariate technique of research studies, specially pertaining to social and behavioural sciences. It is a technique applicable when there is a systematic interdependence among a set of variables and the researcher is interested in finding out some common factors out of those variables.

But three variables has been dropped due to low factor loadings namely amount of premium being charged,it provides effective and satisfactory services to its customers and the personal information of customer must not be leaked.

14.0 Empirical results

14.1 Exploratory Factor analysis

The factor analysis technique has been used in order to find out those attributes that affect **the consumer perception regarding life insurance policies**. A questionnaire has been prepared for this purpose containing 20 variables that could affect the decision of a policy holder. **Likert scale** has been used that shows a series of attitudes toward each variable, which are given numerical values ranging from Strongly Agree to Strongly Disagree. Ratings are on 5-point scale (5 = strongly agree , 4 = agree , 3 = neutral , 2 = disagree , 1 = strongly disagree).

Factor analysis is a general name denoting a class of procedures primarily used for data reduction and summarization. The basic objective of Factor Analysis is data reduction or simplification. It summarizes the information contained in a large number of variables into a smaller number of summary measures. A technique that analyses data on a relatively large set of variables and produces a smaller set of factors which are used to represent the original variables as a smaller set of factors; so that the set of factor captures as much information as possible from the original set of data.

Reliability Test

Reliability comes to the forefront when variables developed from summated scales are used as predictor components in objective models. Since summated scales are an assembly of interrelated items designed to measure underlying

constructs, it is very important to know whether the same set of items would depict the same responses if the same questions are recast and re-administered to the same respondent. Variables derived from test instruments are declared to be reliable only when they provide stable and reliable responses over a repeated administration of the test.

Cronbach's alpha is the most common measure of internal consistency ("reliability"). It is most commonly used when you have multiple Likert questions in a survey/questionnaire that form a scale and you wish to determine if the scale is reliable.

Cronbach's alpha internal consistency:

- $\alpha \geq 0.9$ Excellent
- $0.9 > \alpha \geq 0.8$ Good
- $0.8 > \alpha \geq 0.7$ Acceptable
- $0.7 > \alpha \geq 0.6$ Questionable
- $0.6 > \alpha \geq 0.5$ Poor
- $0.5 > \alpha$ Unacceptable

Table No.1

Reliability Statistics	
Cronbach's Alpha	N of Items
.816	17

Since the value of cronbach alpha is .816 which is greater than .5 hence the data is reliable for research purpose.

KMO and Bartlett's Test

Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy: The Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy is an index used to examine the appropriateness of factor analysis. High values (between 0.6 and 1.0) indicate factor analysis is appropriate. Values below 0.6 imply that factor analysis may not be appropriate. Small values of the KMO statistic indicate that the correlations between pairs of variables cannot be explained by other variables and that factor analysis may not be appropriate.

Bartlett's test of sphericity. Bartlett's test of sphericity is a test statistic used to examine the hypothesis that the variables are uncorrelated in the population. In other words, the population correlation matrix is an identity matrix; each variable correlates perfectly with itself ($r = 1$) but has no correlation with the other variables ($r = 0$). If this hypothesis cannot be rejected, then the appropriateness of factor analysis should be questioned.

Table no. 2

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.723
Bartlett's Test of Sphericity	Approx. Chi-Square	532.015
	Df	136
	Sig.	.000

From the above given table we can conclude that the sample is adequate as the KMO value of the sample is .723 which is between the prescribed limit i.e. .6 to 1.0 and Bartlett's Test of Sphericity value is .000 it means null hypothesis is rejected as a result the data is significant. It implies that there is relation between the populations.

14.2 Rotated factors

In rotating the factors, we would like each factor to have nonzero, or significant, loadings or coefficients for only some of the variables. Likewise, we would like each variable to have nonzero or significant loadings with only a few factors, if possible with only one. The rotation is called **orthogonal rotation** if the axes are maintained at right angles. The most commonly used method for rotation is the **varimax procedure**. This is an orthogonal method of rotation that minimizes the number of variables with high loadings on a factor, thereby enhancing the interpretability of the factors. Orthogonal rotation results in factors that are uncorrelated.

Table no. 3 Rotated component matrix

Components	1	2	3	4	5	6
The company must provide appropriate feedback to its customers	0.703					
It must keep its customers updated with the latest information	0.697					
Agents/company must show honesty in its services	0.619					
Documentation work must be easy	0.6					
Timely alerts must be given in case of policy being lapsed	0.566					
The goodwill of company is important		0.831				
Products being offered must be cost effective		0.621				
Procedure of settlement of claim must be speedy		0.521				
Grievance handling process must be effective			0.859			
The behaviour of agents must be generous			0.579			
The company must use updated technology			0.545			
The service charges must be low				0.794		
It must provide convenient working hours for customers				0.729		
It provides tax benefit to its customers					0.838	
Customer must find payment of premiums very easy					0.606	
It provides risk coverage to customers						0.808
It must focus in building healthy customer relationship						0.599

The above table shows the factor loadings of all the attributes which indicate the consumers' perception about life insurance policies. Factor loadings are simple correlations between the variables and the factors. It ranges from -1 to 1. A factor can then be interpreted in terms of the variables that load high on it. High loadings provide better interpretation of factor in which it lies.

Table no. 4

Rank	Factor Name (Variance Explained %)	Eigen Value	Loading	Statements Included in the Factor
1	CUSTOMISED AND TIMELY SERVICES	4 . 7 7 2	0.703	The company must provide appropriate feedback to its customers
			0.619	Agents/company must show honesty in its services
			0.697	It must keep its customers updated with the latest information
			0.566	Timely alerts must be given in case of policy being lapsed
			0.6	Documentation work must be easy
2	BETTER COMPANY REPUTATION	1 . 7 2 7	0.831	The goodwill of company is important
			0.621	Products being offered must be cost effective
			0.521	Procedure of settlement of claim must be speedy
3	EFFECTIVE SERVICE QUALITY	1.49	0.859	Grievance handling process must be effective
			0.545	The company must use updated technology
			0.579	The behaviour of agents must be generous
4	CUSTOMER CONVENIENCE	1.32	0.729	It must provide convenient working hours for customers
			0.794	The service charges must be low
5	TANGIBLE BENEFITS	1.074	0.838	It provides tax benefit to its customers
				Customer must find payment of premiums very easy
6	HEALTHY CUSTOMER -CLIENT RELATION	1.054	0.606	It provides risk coverage to customers
			0.808	It must focus in building healthy customer relationship

Factor 1-Customised and Timely services

In the above table all loadings of items in factor 1 are significantly high. Five variables with positive loadings are extracted on factor 1. The positive loadings indicate that these five variables co-vary with each other. The eigen value of this factor is 4.772. This factor exhibits that the customers consider providing appropriate feedback to its customers(.703), Agents/company must show honesty in its services(.619), Customers updated with the latest information(.697), Timely alerts must be given in case of policy being lapsed(.566), and Documentation work must be easy(.600)as important attributes which are important while choosing life insurance policy. Keeping in view the nature of the variables on this factor, it can be named as Customised and Timely Services.

Factor 2- Better Company Reputation

In the above table all loadings of items in factor 2 are significantly high. Three variables with positive loadings are extracted on factor 2. The positive loadings indicate that these three variables co-vary with each other. The eigen value of this factor is 1.727. This factor exhibits that the customers consider the goodwill of company is important (.831), Products being offered must be cost effective (.621) and Procedure of settlement of claim must be speedy (.521) as important attributes which are important while choosing life insurance policy. Keeping in view the nature of the variables on this factor, it can be named as Better Company Reputation.

Factor 3- Effective Service Quality

In the above table all loadings of items in factor 3 are significantly high. Three variables with positive loadings are extracted on factor 3. The positive loadings indicate that these three variables co-vary with each other. The eigen value of this factor is 1.490. This factor exhibits that the customers consider Grievance handling process must be effective(.859),The company must use updated technology (.545)and The behaviour of agents must be

generous(.579)as important attributes which are important while choosing life insurance policy. Keeping in view the nature of the variables on this factor, it can be named as Effective Service Quality.

Factor 4- Customer Convenience

In the above table all loadings of items in factor 4 are significantly high. Two variables with positive loadings are extracted on factor 4. The positive loadings indicate that these two variables co-vary with each other. The eigen value of this factor is 1.320. This factor exhibits that the customers considerIt must provide convenient working hours for customers(.729) andThe service charges must be low(.794) as important attributes which are important while choosing life insurance policy. Keeping in view the nature of the variables on this factor, it can be named ascustomer convenience.

Factor 5- Tangible Benefits

In the above table all loadings of items in factor 5 are significantly high. Two variables with positive loadings are extracted on factor 5. The positive loadings indicate that these two variables co-vary with each other. The eigen value of this factor is 1.074. This factor exhibits that the customers consider customer must find payment of premiums very easy (.606) and it provides tax benefit to its customers (.838) as important attributes which are important while choosing life insurance policy. Keeping in view the nature of the variables on this factor, it can be named asTangible Benefits.

Factor 6- Healthy Customer Client Relationship

In the above table all loadings of items in factor 6 are significantly high. Two variables with positive loadings are extracted on factor 6. The positive loadings indicate that these two variables co-vary with each other. The eigen value of this factor is1.054. This factor exhibits that the customers consider it provides risk coverage to customers (.808) andIt must focus in building healthy customer relationship (.599)as important attributes which are important while choosing life insurance policy. Keeping in view the nature of the variables on this factor, it can be named ashealthy customer client relationship.

15.0 Conclusion

From past two decades it has been seen that service sector is the fastest growing sector in Indiaand is projected to have high growth in future. A major contributor in this emerging service sector is the insurance sector which plays an important role in improving financial intermediation, creating liquidity andmobilizing savings in the country. LIC has maintained its monopoly in insurance sector from past many years but after the liberalisation many new insurance companies have entered this business. Majority of policy holders purchase the insurance policy for savings purpose. After conducting the whole study it has been concluded that 100%respondents are aware about life insurance policies and majority of respondents are satisfied with the services of their respective life insurers. Of those who are not satisfied with the services the major reason being the large amount of premiums paid.

The study has extracted six factors that affect the buying decision of a consumer are Customised and Timely Services, Better Company Reputation, Effective Service Quality, Customer convenience, Tangible Benefits andHealthy Customer Client Relationship. In nutshell we could say that human life is a most precious asset and life insurance is one of the ways which provides financial protection to a person and his family at the time of any uncertainty. After conducting the whole study certain loop holes have been found that need to be corrected to increase the life insurance business. ULIP plans are not very popular among the respondents. People must invest more in these plans to get the benefit of investment along with insurance. Even after the privatisation the share of private sector is very low thus private sector should try to win the trust of investors. They must offer new and innovative products to build better customer relationships. The amount of premium being charged for insured must be kept low in order to reduce the dissatisfaction of policy holders. More female members must have life insurance policies. There must be certain policies exclusively for business man to tend to take more risk.

16.0 Limitations of the study

The above study has been conducted on the basis of primary data which has been collected through questionnaire. It is subject to certain limitations that are as follows:

- The ability and unwillingness of respondent to answer the questions.
- The sample size has been restricted to 100.
- The time of research was limited due to which certain facts has not been touched.
- The respondent might have given biased opinion.
- The area and respondents undertaken for research are very small thus results may differ with change in sample size.

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