

Examination of Investor Perceptions and Preferences for Insurance Products in the Post-Covid-19 Era

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Abstract:

Pandemic has changed individual's consumption, savings and Investment perceptions and preferences across the globe. In India, Insurance is considered as one of the major investment avenue rather than a risk mitigation tool. According to the Insurance Regulatory Authority of India, supervisory body for insurance business in India, financial savings of the Indian household sector in insurance funds has increased from 1.8 percent to 2.8% during 2020 to 2021. This has motivated the researchers to examine the Indian investors' perceptions and preferences for insurance products during post pandemic era. Descriptive research design has adopted to carry out the research. A self-administered questionnaire used to collect data from the respondents of general public in Chennai city. The researchers have collected 378 samples for analysis. Percentile analysis and Chi – Square tests were carried out in the research to analyse the collected data. Major findings of the study is that there existed an association between Family Size and Insurance investment post pandemic

Key Words: Investment, Life Insurance, Medical Insurance, Covid-19

I.INTRODUCTION

Globally, India ranks 9th in the life insurance market and 14th in the non-life insurance market. According to projections by the IRDA, the Indian insurance market is expected to surpass Germany, Italy, and South Korea, becoming the 6th largest insurance market within the next decade. The Indian insurance industry encompasses a total of 57 firms, of which 24 are engaged in life insurance and 34 in non-life insurance. The Life Insurance Corporation (LIC) of India, the only public sector company in the Indian insurance industry and the sixth largest globally, is the leading entity in the life insurance sector, holding a market share of 69%. On the other side of the coin, insurance industry is witnessed a phenomenal growth.

Objectives of the Study

- To assess their knowledge and perception in investors about insurance products post pandemic
- To find out Preferred Insurance Products amongst investors.
- To find out the factors which influence the people to invest in insurance
- To Analyze Demographic Variations amongst the investors
- To identify the level and preference in choosing insurance post pandemic.

II.REVIEW OF LITERATURE

COVID-19, a virulent virus belonging to the SARS family, originated in China and has since spread to numerous countries, leading the World Health Organization (WHO) to classify it as a pandemic. Numerous researchers have endeavored to examine the impact and awareness of the virus, including studies by Dolly Mangla et al. (2020) and Balaji et al. (2020).

Rajinikanth and Steward Doss (2021) conducted a comprehensive study investigating the impact of the COVID-19 pandemic on the life insurance industry. This research specifically focused on the perceptions of employees within life insurance companies, utilizing data collected from 381 participants. The findings demonstrate a significant increase in consumer awareness regarding insurance during the pandemic. Additionally, the study revealed a marked consumer preference for traditional health and life insurance policies over more contemporary options, such as Unit Linked Insurance Plans (ULIPs) and pension schemes.

Ashok Kumar Gupta et al (2021) identified that a notable shift in investment preferences post-COVID-19, with 25% of sampled investors expressing an inclination towards insurance policies as a preferred investment option. Additionally, 22.1% of the respondents believe that there will be a trend towards more secure investment options such as savings accounts, fixed deposits, and government securities. This reflects a broader tendency among investors to prioritize security and low-risk investments in light of the uncertainties created by the pandemic.

Khan S et al (2020) studied about investors preferences during pre and post covid-19. Their study revealed that investors have the same level of investment preference towards Gold, Real estate and equity shares. They further argued that there existed the relationship between gold and real estate preferences.

Thomas et al. (2020) revealed the significant impact of COVID-19 on the Indian stock market, particularly on NIFTY securities. The study found that companies listed on NIFTY experienced greater instability during the pandemic compared to previous years. The research also established a correlation between the effects of COVID-19 on NIFTY and other global stock markets. Foreign Portfolio Investors (FPIs) were identified as a group that managed to mitigate losses by selling off their holdings during the market downturn.

The pandemic has also accelerated the adoption of digital financial tools. Sankararaman et al. (2021) studied the use of mobile-based applications like Unified Payments Interface (UPI) in Indian banks. The research showed a significant increase in the use of these apps, not only in India but also in other countries. The shift towards digital banking has been driven by the need for contactless transactions during the pandemic, and the study indicated that this trend is likely to continue in the post-pandemic period.

III. Research Methodology

Descriptive research design is adopted in this study. The researchers have considered primary data which was collected through structured questionnaire. Convenience sampling technique , one of the sampling technique under Non-probability sampling method, is adopted to collect the responses. The researchers have gathered 384 samples in the Chennai city, but found that 6 questionnaires were incomplete in certain questions so finally 378 samples were taken for analysis. Percentile analysis and Chi – Square tests were carried out in the research to analyse the collected data.

IV. RESULTS AND DISCUSSION

Table 1: Demographic Profile of the Respondents

Variables	Options	Percentage of the Frequency%
Gender of the Respondents	1.Male	70.1
	2. Female	29.9
Education of the Respondents	1. UG	3.7
	2. PG	62.4
	3. Professional	20.1
	4. PhD	12.7
	5. Diploma	1.1
Age of the Respondents	1.Below 25	21.2
	2.25-40	39.2
	3.40-60	37.6
	4.Above 60	2.1
Annual income of the respondents	1.Below 3 Lac	29.1
	2.3 lac – 6 lac	31.7
	3.6 lac – 10 lac	20.1
	4.Above 10 lacs	19.0
Family Size of the respondents	1. Two	9.5
	2. Three	26.7
	3. Four	36.2
	4. Five & Above	27.5

Source: Data collected through questionnaire

It is identified from Table 1 that out of 378 respondents, the majority of them (70.1%) were male. 39.2 % of respondents belongs to the age group of 20 to 40 years. It could be further observed that the majority of the respondents' (62.4%)

educational qualification was PG. 31.7 % of the respondents' annual income was between Rs. 3 lacs to Rs.6 Lacs. In terms of family size of the respondents, the majority of the size is four (36.2%).

Table 2: Insurance Insights

VARIABLE	OPTION	PERCENTAGE OF FREQUENCY
Significance of insurance	1.Very High	51.1
	2.High	31.7
	3.Moderate	14.0
	4. Low	2.1
	5. Very Low	1.1
Knowledge of Insurance	1.Very High	17.2
	2.High	28.8
	3.Moderate	46.6
	4. Low	6.3
	5. Very Low	1.1
Insurance Investment Post pandemic	1. Below 50000	20.9
	2. 50000-1lac	44.2
	3. 1lac-1.5 lacs	16.4
	4. 1.5 lacs-2 lacs	14
	5. Above 2 lacs	4.5
Future investment in Insurance	1. Below 1 lac	59.8
	2. 1-3 lac	31.7
	3. 3-5 lacs	3.2
	4. Above 5 lacs	5.3
Reasons for Not taking insurance	NA(Taken Insurance)	96.8
	Good Family background	1.1
	Not affordable	1.1
	Not Interested	1.1
Investment Preferences	Bank	25.4%
	Gold	21.7%
	MF	11.6%
	Insurance	26.4%
	Land	5.3%
	Share	7.7%
	Chits	1.0%
	Government Securities	1.0%
Preference of Type of Insurance	Term Insurance	20.2%
	Medical Insurance	32.7%
	Money back	10.5%
	Endowment	11.5%
	Vehicle	19.0%
	ULIP	3.0%
	Fire Insurance	1.5%
	Others	1.5%
Factors influencing investment in Insurance	Medical experiments	18.4%
	Claims	31.2%
	Loans	0.8%
	Money back	11.7%
	Tax	35.4%
	Others	2.5%
Savings towards retirement	< 10 %	15
	10 - 25 %	57
	> 25%	29

Source: Data collected through questionnaire

It is indicated from Table -3 that many respondents (51.1%) perceive the significance of insurance as "Very High". In terms of knowledge about insurance, majority of respondents (46.6%) rate their knowledge as "Moderate." Post-pandemic investment in insurance reveals that most respondents (44.2%) have invested between ₹50,000 and ₹1 lakh. Looking at future investment intentions, most respondents (59.8%) plan to invest less than ₹1 lakh in insurance. Majority of respondents (96.8%) have already taken insurance. When it comes to investment preferences, insurance emerges as the most preferred option (26.4%). Medical insurance is the most preferred type of insurance (32.7%), followed by term insurance (20.2%). Tax benefits are the leading factor influencing insurance investments (35.4%), followed by claims (31.2%). The majority of respondents (57%) allocate 10-25% of their savings towards retirement, indicating a moderate level of retirement planning.

Table 3 Rank of Various Insurance Schemes

Rank/ Type of Insurance	Rank1 Frequency	Rank2/ Frequency	Rank3/ Frequency	Rank4/ Frequency	Rank5/ Frequency	Rank6/ Frequency	Rank7/ Frequency
Term Insurance	156	96	69	72	53	44	77
Mediclaim	116	92	40	32	16	32	20
Money Back	50	57	81	90	89	77	37
Endowment	28	89	68	88	104	69	56
Vehicle	20	12	76	36	36	20	36
ULIP	0	20	28	24	52	76	40
Fire Insurance	8	12	16	36	28	60	112
Total	378	378	378	378	378	378	378

From the above table it is inferred that Majority of them rank Term Insurance as rank 1 followed by Mediclaim Insurance. It clearly indicates the preference of the people in giving importance to the family and health.

Table 4 Chi-square test on Education and Knowledge of Insurance Cross tabulation

Ho: There is no significant association between Education and knowledge on Insurance

H1: There is a significant association between Education and knowledge on Insurance

Education * Knowledge of Insurance Cross tabulation							
Count							
		Knowledge of Insurance					Total
		Very High	High	Moderate	Low	Very Low	
Education	UG	5	5	4	0	0	14
	PG	48	56	108	20	4	236
	Professional	12	24	40	0	0	76
	PhD	0	24	20	4	0	48
	Diploma	0	0	4	0	0	4
Total		65	109	176	24	4	378

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	39.008 ^a	16	.001
Likelihood Ratio	53.794	16	.000
Linear-by-Linear Association	2.132	1	.144
N of Valid Cases	378		
a. 14 cells (56.0%) have expected count less than 5. The minimum expected count is .04.			

Result: Since the p value is 0.001 which is less than 0.05, hence null hypothesis rejected and alternate hypothesis accepted and there is an association between education and knowledge on insurance.

Table 5- Chi-Square Test on Income And Future Investment In Insurance

Ho: There is no significant association between income and future investment in insurance

H1: There is a significant association between income and future investment in insurance

Income * Insurance future investment Cross tabulation						
Count		Insurance future investment				Total
		Below 1 lac	1-3 lac	3-5 lacs	Above 5 lacs	
Income	Below 3 lac	66	28	0	16	110
	3 to 6 lac	60	52	4	4	120
	6 to 10 lacs	56	16	4	0	76
	Above 10 lacs	44	24	4	0	72
Total		226	120	12	20	378

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	45.978 ^a	9	.000
Likelihood Ratio	51.108	9	.000
Linear-by-Linear Association	8.043	1	.005
N of Valid Cases	378		
a. 6 cells (37.5%) have expected count less than 5. The minimum expected count is 2.29.			

Result: Since the p value is 0.000 which is less than 0.05, hence null hypothesis rejected and alternate hypothesis accepted and there is an association between association between income and future investment in insurance.

Table 6 - Chi-Square Test on Family Size and Insurance investment during Post Pandemic

Ho: There is no significant association between Family Size and Insurance investment post pandemic

H1: There is a significant association between Family Size and Insurance investment post pandemic

Family size * Insurance post pandemic Cross tabulation							
		Insurance post pandemic					Total
		Below 50000	50000-1lac	1lac-1.5 lacs	1.5 lacs-2 lacs	Above 2 lacs	
Family size	2	10	16	5	0	5	36
	3	23	41	16	17	4	101
	4	34	58	25	12	8	137
	5 and Above	12	52	16	24	0	104
Total		79	167	62	53	17	378

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	34.813 ^a	12	.001
Likelihood Ratio	42.021	12	.000
Linear-by-Linear Association	.850	1	.357
N of Valid Cases	378		
a. 3 cells (15.0%) have expected count less than 5. The minimum expected count is 1.62.			

Result: Since the p value is 0.001 which is less than 0.05, hence null hypothesis rejected and alternate hypothesis accepted and there is an association between association between Family Size and Insurance investment post pandemic.

V. CONCLUSION

The research collectively underscores the profound impact of COVID-19 on the insurance and financial sectors across the globe. The pandemic has accelerated the adoption of digital tools, increased the awareness of the importance of insurance, and influenced investment behavior. Future research may focus on the long-term effects of these changes and the role of emerging technologies in reshaping the financial landscape. The study revealed that respondents generally recognize the significance of insurance and have moderate knowledge about it. While post-pandemic investments in insurance tend to be modest, future investment plans are similarly cautious. Insurance is the most popular investment avenue, with a focus on medical and term insurance. Tax benefits and claims settlement are key factors influencing insurance investments, while most individuals are saving a moderate portion of their income towards retirement. Overall, the findings suggest a conservative and risk-averse approach to both insurance and Investment decisions.

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