Consumer Preference towards Life Insurance Policies in Odisha

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Abstract

Future losses are uncertain. To deal with the future losses the level of risk also increases, hence insurance is also needed. In order to having a protection against financial issues, insurance policies acts as a protection shield against future risk and uncertainties. This research paper is based on the preference and intention in the mind of consumers towards life insurance policies. This paper involves the study among 200 respondents to figure out the opinions of the policyholders as well as customers. The perceptions of the different respondents have been gathered with a scale of 5 point known as likerts scale. Again the factor analysis, reliability analysis and other techniques have been followed to get the desired results. This paper point out that the expectations of each and every consumers as regards the life insurance products are different based on different factors.

Keywords: Life insurance, future risk, policy holders perception, financial issues.

1. Introduction

In every one minds the primary thing which arise now a days is protection from risk and safety. As a part of this thinking, life insurance acts as a tool to users for fulfilling this purpose. Insurance can act as a anti risk exposure to those who are being exposed to future uncertainties and risks. Life insurance policies gives full protection to the policyholders and their family members against various risks and secured them financially. Life insurance supplies maximum benefit to policy holders, the family members of policy holders , the institutions as well as to the country it self as a part of economic development. The insurance industry in India is one of the market having competition and the market is full of life insurance products and services. In this case the importance is based on the customer expectations and preference towards the life insurance products which can fulfill the needs of policy holders. Hence the choice of life insurance policy is totally based on customers requirements and if a insurance company plans to develop a life insurance policy than it must fulfill the customer expectations to avoid risk in future.

2. Review of literature

Ajit, Machani (2022) Examined that to fight with future uncertainties and to avoid future risk, most of the people prefers to purchase insurance policies as a tool for the purpose to change customer perception, the loyalty, reliability, trust etc are playing an important role in consumer behaviour. Again there is no significance based on occupation, sector and gender whether male or female for consumer perception.

Shameerdas (2021) Shown that most of the people are interested in insurance because of the nature to avoid risk and to spend a risk free life. With the level of increase in risk, the demand for insurance can also rises. Now with the increase on the level of awareness among consumers, the intention of purchasing life insurance is extended towards the purpose of investment. Again the presentation by the insurance agent towards consumer regarding insurance product is mandatory and the insurance agent must knowledgeable and equally trust able.

Mathew, James (2021) Measured that the life insurance products are having a major concern of having affordable to customers. It also helps to develop the saving mentality among customers for the purpose of investment.

Raju, Periyasamy, Tom, Sivasubramanian (2020) Found that the insurance is popular among the age group of from 25 years to 30 years. Again there are multiple insurance companies both public and private where the quality of service of public company can differ from the quality of service of private company. Again the intention of the customer to purchase insurance plan is for the purpose of protection primarily than investment.

Adhikari (2020) Indicated that the perception of consumers can be affected by multiple factors like the quality of service, image of company, degree of satisfaction, on a insurance company. It helps in building customer loyalty. The behaviour of insurance agent and other insurance staff along with services, helps in getting positive feedback as well as reply from customers. Sometimes the insurance companies lose certain customers as they fails to follow the right price and also unable to maintain customer relationship.

Chandhok, Shikha (2018) Conducted that a highly satisfied customer is a medium of direct advertising. As a instrument of saving, the insurance company can aware customers to get the maximums amount of saving by way of maximum investment in life insurance. To cover a large group of people, the insurance companies can provide premium payment option both online and offline. Also the customers can consider the insurance policy as a tax saving option.

Tariq (2018) Concluded that if there is one player in a insurance market than it can create monopoly situation but in case of introduction of new players, the new players can revise their rates. There are factors like better service, maximum choice in policy and easy settlement can influence the consumer behaviour. It helps in grabbing maximum market share along with enhanced customer awareness.

Ahmed (2013) Pointed out that the awareness level of life insurance is very less and this is seek more often in village areas. Again the customers are not actually aware about which type of policy they can opt for. In life insurance there are many private and public player available who made market complex. The insurance companies are consecutively work towards enhancing consumer satisfaction and increasing quality of service. The insurance customers becomes highly ambitious regarding quality of services due to increase in level of technology.

Chowdhury, Rahman, Afza (2007) Reported that for both the private and public insurance companies the market is similar but at the same time the customer choose private insurance companies over the public insurance companies because of the difference in quality of service which can change consumer perception. It simply indicates that the customer are choosing those companies to whom they have trust and they rely upon. At the same time if we compare a public company to private insurance company, the private insurance companies have multiple branches which again enhance the coverage of service.

3. Scope of the study

There is a repeated growth in Indian life insurance industry. At the same time there will be a change in customers perspectives regarding life insurance industry. This change in customers perspectives can leads a change in the buying behaviour of life insurance products. This change in customers perspectives are seen in different age groups peoples. This paper figure out the life insurance tools for multiple categories of marketers in life insurance.

4. Objectives of the study

- To find out how the demographic factors affects consumer policy purchase decisions.
- To find out the policy holders behaviour and it's factors towards purchasing life insurance policies.

5. Research Methodology

This paper is based on analyzing the customers buying behaviour as regards life insurance policies. In this the responses are collected from various policy holders who are different in terms of age, gender, profession and expectations. For this a questionnaire has been developed which tries to figure out the factors responsible for change in perceptions. This questionnaire has been prepared by using 5 point Likert scale. The data used is of primary in nature.

5.1. Sampling method

The data is being collected from 202 respondents through questionnaire. The data collected is of primary nature.

5.2. Tools used

- The tools used for data analysis is reliability analysis croanbach alpha, Bartlett'sTest of Sphericity, KMO Test.
- To identify the factor, factors analysis, Regression Analysis, Collinearity Statistics, Normality Test, One Way ANOVA are applied.

6. Analysis and interpretation

6.1. Scale Reliability Statistics

Table 1:- Scale reliability statistics

Scale Reliability Statistics

	Mean	SD	Cronbach's α
scale	3.53	0.635	0.947

Source- Authors own compilation

In table-1 the mean is 3.53 which means the respondents are agreed with the conditions. The SD is 0.635, which means the responses behaviour is moderate. The Cronbach's Alpha is 0.947 which indicates that the the data are highly reliable and and have a strong correlation with each other.

6.2. Bartlett's Test of Sphericity

Table 2:- Bartlett's Test of Sphericity

Bartlett's Test of Sphericity

χ^2	df	p
11350	465	<.001

Source- Authors own compilation

In table-2 the chi-square value provides high correlation with in items which is 11350. The degree of freedom is 465 which indicates the correlation tested with in variables. The p value is 0.001 which indicates the high level of significance.

6.3. KMO Measure of Sampling Adequacy
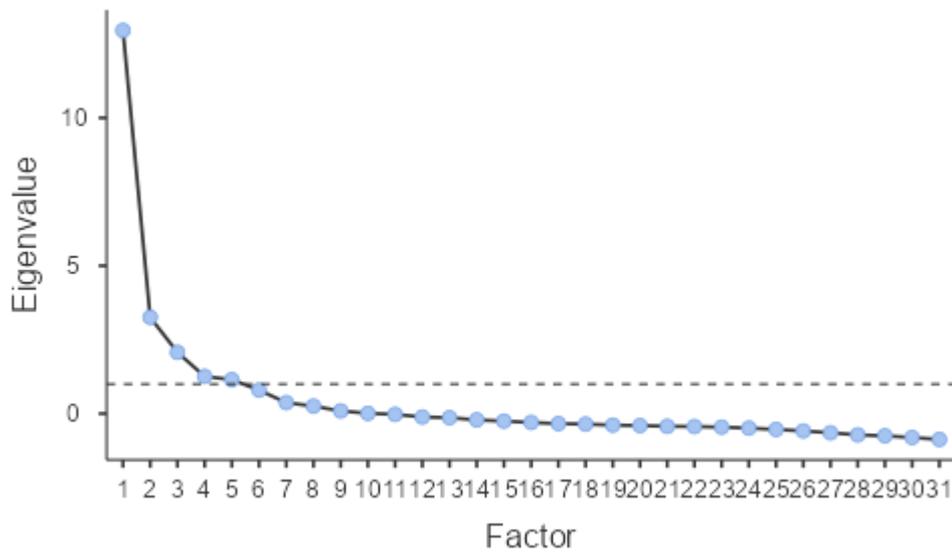
Table 3:- KMO measures of Sampling Adequacy

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KMO Measure of Sampling Adequacy	
	MSA
Overall	0.680

Source- Authors own compilation

In table no- 3 The KMO value is 0.680 which means the data lies in the acceptable area for testing factor analysis. This indicates the data is sufficient for factor analysis.

6.4. Scree Plot

Table 4:- Scree Plot

Source- Authors own compilation

In table-4 it indicated that income and purchase intention create major impacts, policy features can affect moderately. Consumer trust and perception in insurance companies can slightly create impact. The factor like knowledge barriers and social influence can create a less significance.

6.5. Factor Loadings

Table 5:- Factor Analysis

Factor Loadings

	Factor					
	1	2	3	4	5	Uniqueness
Q9	0.819					0.2652
Q16	0.811					0.2429
Q30	0.810					0.2123
Q4	0.799					0.2888
Q24	0.793					0.1161
Q31	0.793					0.2236
Q28	0.781					0.2754
Q20	0.773					0.1850

Factor Loadings

	Factor					Uniqueness
	1	**2**	**3**	**4**	**5**	
Q12	0.760					0.1921
Q10	0.741					0.2525
Q25	0.741					0.0810
Q8	0.740					0.4053
Q11	0.723					0.1385
Q13	0.714					0.4029
Q7	0.618					0.2652
Q2	0.586					0.3527
Q29	0.577					0.4299
Q18		0.763				0.2462
Q21		0.604				0.4206
Q23		0.602				0.1582
Q19		0.541				0.2496
Q14			0.847			0.2722
Q27			0.647			0.2242
Q17			0.592			0.2328
Q15			0.501			0.5288
Q32				0.886		0.1101
Q33				0.681		0.3662
Q26				0.560		0.4222
Q5				0.548		0.3689
Q1					0.900	0.0653

Factor Loadings

| | Factor | | | | | |
	1	2	3	4	5	Uniqueness
Q22					0.596	0.3421

Note. 'Minimum residual' extraction method was used in combination with a 'varimax' rotation

Source- Authors own compilation

As per table 5, factor one indicates value ranging from 0.577 to 0.819, it means the income level of consumers have a high impact on consumer buying behaviour hence the income level and purchase intention of consumers can highly influence consumer behaviour to purchase life insurance policy. Factor 2 is ranging in between 0.541 to 0.763, it means the policy features regarding an insurance policy can also strongly influence the buying behaviour of a consumer. Factor 3 is ranging in between 0.501 to 0.847 which means the level of company trust can moderately affect consumer buying behaviour. Factor 4 is ranging from 0.560 to 0.681 which is in the acceptable area. It means the knowledge of consumer regarding life insurance products can moderately affect consumer buying behaviour. Factor 5 is ranging in between 0.596 and 0.900 which means it is valid to justify consumer buying behaviour. It other words it can be said that the social influence can create a impact on consumer buying behaviour.

6.6. Regression Analysis

Table 6:- Regression Analysis

Model Fit Measures

| | | | Overall Model Test | | | |
Model	R	R²	F	df1	df2	p
1	0.693	0.480	45.5	4	197	<.001

Note. Models estimated using sample size of N=202

Source- Authors own compilation

As per table 6, R= 0.693 which indicates that there is a constructive relationship between the dependent variable and independent variables. R² is 0.480 which indicates that out of the total variables, 48% of the variables are dependent variables it means the model is strong enough to describe the relation between the dependent and independent variables. In table 6, F is 45.5 which indicates that the model of regression is significant and predicts the level of outcome. Hence as per table-6, this regression model is good enough which fits.

6.7. Model Coefficients and Durbin Watson Test

Table 7:- Model Coefficients & Durbin-Watson Test

Model Coefficients - Purchase Intention

Predictor	Estimate	SE	t	p
Intercept	0.780	0.2667	2.92	0.004

Model Coefficients - Purchase Intention

Predictor	Estimate	SE	t	p
Policy Features	0.232	0.0927	2.50	0.013
Company Trust	0.384	0.0698	5.50	<.001
Knowledge Barrier	0.342	0.0894	3.83	<.001
Social Influence	-0.167	0.0649	-2.57	0.011

Regression Assumptions

Durbin–Watson Test for Autocorrelation

utocorrelation	DW Statistic	p
-0.123	2.24	0.096

Source- Authors own compilation

As per table-7, the purchase intention is highly influenced by features of policy. The purchase intention can directly influenced by company trust also. At the same time the barriers in knowledge regarding insurance policies can also directly influence consumer buying behaviour. As per table-7 the social media can impact the purchase intention in a negative way. In table the DW Statistic is 2.24, which is in the acceptable stage, the p value is 0.096 which indicates that it is not significant and the result of auto-correlation is not an issue.

6.8. Collinearity Statistics

Table 8:- Collinearity Statistics

Collinearity Statistics

|	VIF	Tolerance
Policy Features	2.67	0.375
Company Trust	1.46	0.686
Knowledge Barrier	2.67	0.375
Social Influence	1.28	0.784

Source- Authors own compilation

As per table-8, the policy features VIF is 2.67, which means policy features are correlated moderately with other factors. The company trust has a VIF of 1.46, which means the policy features are stable with other factors. The knowledge barrier has a VIF of 2.67, which means the policy with which an insurance company deals are significant to consumer behaviour. Again the social influence VIF is 1.28, which means the impact of social influence in consumer buying behaviour is moderate.

6.9. Normal Q-Q Plot

Table 9:- Normal Q-Q Plot

Normality Test (Shapiro-Wilk)

Statistic	p
0.906	<.001

**Normal Q–Q Plot**
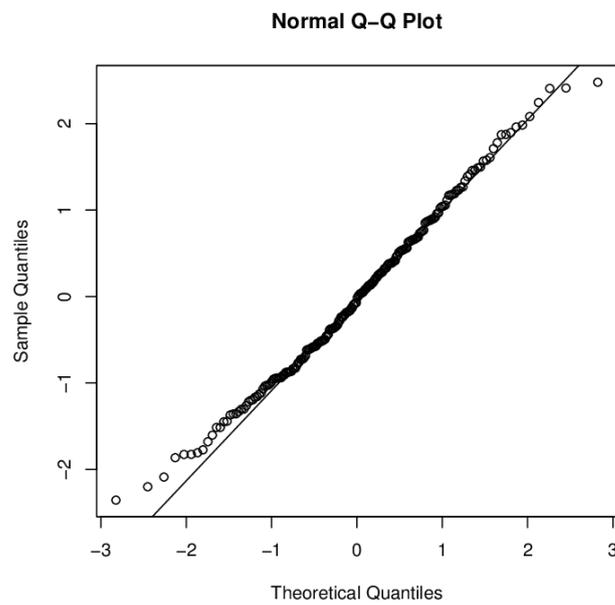
Source- Authors own compilation

As per table 9, the statistics value is 0.906, which indicates a noticeable deviation in factors. The p value is less than 0.001 which indicated that this distribution is not perfectly normal. If a statistics value is near to one than it is normal. If it is less than 0.95 than there are visible deviation and if p is less than 0.001, it means this value fails to be normal.

6.10. One-Way ANOVA (Welch's)

Table 10:- One Way ANOVA (Welch,s)

One-Way ANOVA (Welch's)

	F	df1	df2	p
Income ~ Purchase Intention	2.11	3	26.8	0.012
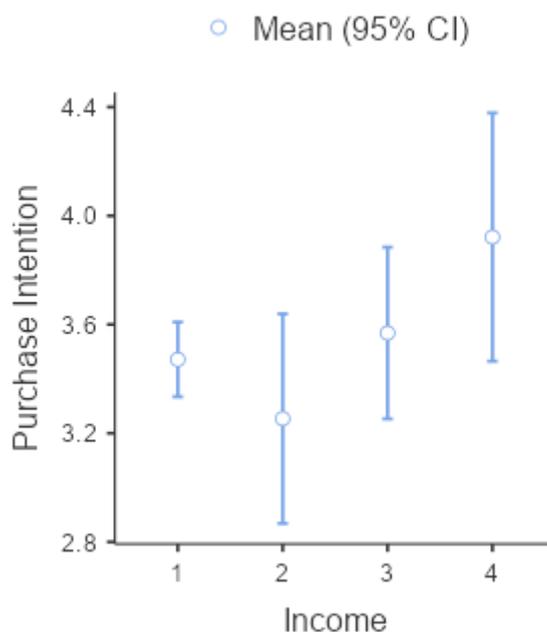
Source- Authors own compilation

In table 10 the p value indicates that the purchase intention has directly influenced by income hence the income has a significant impact. In also includes the purchase intention changes with the changes in level of income. In table 10, the F value indicates that the the different income groups have different purchase intention.

7. Findings

● As per the analysis the level of income can directly influence on the buying behaviour of consumers of life insurance, which can increase or decrease with the change in income level.

● The features of life insurance policy can strongly influence the consumer buying behaviour.

● The level of company trust can moderately affect the consumer buying decision regarding life insurance policy.

● The consumer awareness and knowledge regarding life insurance policies can create a impact up to certain extent.

● There is significant relation between the social influence and the consumer buying behaviour.

8. Suggestions

In the above analysis if the customer are more focus on income, a change in income level can directly change the behaviour for purchasing life insurance policies. The life insurance companies must design their insurance polices as per the requirement of consumers. At the same if the life insurance companies if focus on customer awareness, it can help a lot to the consumers to get a suitable life insurance policy. The life insurance companies can focus on services like quick claim settlement and less paper work, which can help in building trust among policy holders and some sort of steps can be taken by the life insurance companies to create a impact through social influence. This analysis is being targeted to 202 respondents, if the number of respondents can be altered, the expected resulted can be varied. Thus paper can be used by different life insurance companies to frame life insurance policies being targeted to different consumers based on their need and expectations.

9. Conclusion

The Indian life insurance industry has faced many changes. As a reason of increase in risk and uncertainty, life insurance policies act as a financial tool to deal with the future situations subjected to certain factors. After testing it can be concluded that the factors like income, policy features, company trust and goodwill, knowledge and awareness of life insurance policy, social influence can affect consumer purchase decision and perception directly.

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