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# A case analysis of the factors affecting decision criteria towards investing in life insurance policies

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## Article Info

## Abstract
The job undertaken at the SIP is to call on leads provided by the Referral Partners of the Company. The call is intended to make the leads apply for Loans which would further be processed for disbursement. Also, to work on various Business Loan cases, I also handle segregating and forwarding the documents received for Business Loan leads. This gives a brief idea about how the verification of these documents is done and also understanding and studying these documents. This training session included a session regarding details about Financial Planning, its benefits and importance. The session also focused on a brief idea about Mutual Funds and its types along with various strategies for investing in Mutual Funds. One training session was dedicated on Insurance Products. This session proved to be very useful considering my report topic which covers the Factors affecting customer preferences while buying Life Insurance Policies.

Looking at the scope of Business opportunities in Life Insurance Company, the topic, Study on Factors affecting customers preference towards investing in Life Insurance Policies, will help to understand the actual parameters on to what would be the factors for investing in Life Insurance policies. It has achieved milestones in a very less amount of time. With growing number of customers, the interaction with customers and their preferences in buying Life Insurance Policies would help to understand what changes can be made to bring about awareness amongst the people regarding Life Insurance Policies and will help companies build new strategies and products.

**Keywords:** decision criteria, life insurance, growing, Business opportunities

## Introduction
## Purpose, Objective, Scope and Limitation of the Study
## Purpose of the Study
- The study aims at understanding the market of Insurance. Insurance being one of the most important Financial Product in the market, still has not reached a more number of customers.
- The study also aims to understand various Life Insurance Products.
- The main motive of the study is to understand the various factors that affect the customers decision in buying a Life Insurance Policy.
- To understand the level of awareness regarding insurance products within the customers.

## Objective of the Study
The present Descriptive and Exploratory type of Research is chosen with an objective of studying factors which influence customers policy buying decisions and also analyze the customers preferences while Life policy Investment decision making. Factors related to Insurance would be studied in this project. The aim of study is also to understand which the most preferred Company for buying Insurance policies is. Following are the main objectives of the study:

a. To study various factors influencing Customer Investment Decision in Life Insurance.
b. To study and analyze the impact of various demographic factors on customers life insurance investment decision.
c. To evaluate preferences of the customers while taking life insurance investment decision.
d. To study and rank the factors responsible for the selection life insurance as an investment option.
e. To offer suggestions for popularizing life insurance among the public at large.

## Scope of the Study

The insurance industry is one of the fastest growing industries in the country and offers abundance growth opportunity to the life insurers. When compared with the developed foreign countries, the Indian life insurance industry has achieved only a little because of the lack of insurance awareness, ineffective marketing strategies, poor affordability and low investment in life insurance products. The huge and ever rising population levels in our country provide an attractive opportunity but still nearly 70% Indian lives is un-insured. The study is basically intended to discover and examine the factors affecting customers decision towards investment in life insurance policy.

## Limitations of the Study

The study is limited to respondents from Pune area majorly.
Lack of awareness was a major problem in reaching to customers.
Getting Personal information like Income, Insurance policy was a difficult task.
Lesser awareness of various Life Insurance Products was one major problem while conducting the survey. It was difficult to make people understand each and every product of Insurance.
Understanding and filling the Google Form was a difficult task because of not so easy understanding of Google Form and questions.

## Need for the study and literature review

Life Insurance is one of the most important and crucial product within Financial Products. Human life is a most important asset and life insurance is the most important type of insurance which provides financial protection to a person and his family at the time of uncertain risks or damage. The motive of Life Insurance Policies is that it provides Safety and also Protection to its users and also provides them a platform to encourage for Savings. Life is precious and so is Life Insurance. With a huge population in India, Insurance companies find India as one of the most potential market for selling Life Insurance. Customers are the main pillars for Life Insurance Business. Every company tries to attract and retain existing customers to keep their profits high. The proper understanding of customers, their needs and expectations help insurance providers to bring improvement in product as well as services offered. In India, however, there is not much of achievement for Life Insurance companies. The reasons are many, viz., low consumer awareness, poor affordability, delayed customer services, lack of suitable products, etc.

## Literature Review

Athma. P and Kumar. R (2007) in the research paper titled "an explorative study of life insurance purchase decision making: influence of product and non-product factors". The empirical based study conducted on 200 sample size comprising of both rural and urban market. The various product and non-product related factors have been identified and their impact on life insurance purchase decision-making has been analyzed.

Girish Kumar and Eldhose (2008), published in insurance chronicle icfai monthly magazine august 2008 in their paper titled "customer perception on life insurance services: a comparative study of public and private sectors", well explained the importance of quality services and its significance in raising customer satisfaction level. A comparative study of public and private sectors help in understanding the customer perception, satisfaction and awareness on various life insurance services.

## Data Analysis
## Demographic Details of the Respondents.
## Age of the Respondents

**Table 1**

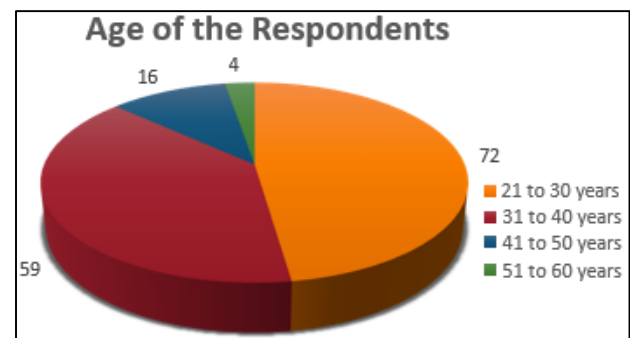| Sr. No. | Age of Respondents | Respondents | Percentage |
|---------|-------------------|-------------|------------|
| 1. | 21 to 30 years | 72 | 47.68% |
| 2. | 31 to 40 years | 59 | 39.07% |
| 3. | 41 to 50 years | 16 | 10.59% |
| 4. | 51 to 60 years | 4 | 2.64% |
| 5. | Above 60 years | 0 | 0% |
| | Total | 151 | 100 |



**Fig 1**

## Interpretation

The graph represents the ages of the respondents. The majority of the respondents, i.e. 72 were of the age 21 to 30 years, followed by 59 respondents of age 31 to 40 years. There are 16 respondents of age 41 to 50 years and 4 respondents from 51 to 60 years age. There were zero respondents of age above 60 years.

## Gender of the Respondents

**Table 2**

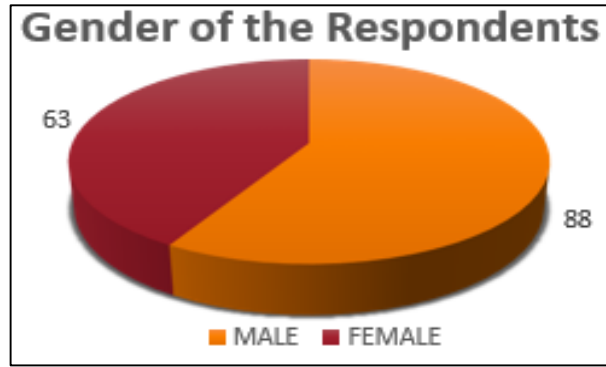| Sr. No. | Gender of Respondents | Respondents | Percentage |
|---------|----------------------|-------------|------------|
| 1. | Male | 88 | 58% |
| 2. | Female | 63 | 42% |
| | Total | 151 | 100 |

**Fig 2**

**Interpretation**

The respondents for the survey included 58% of Male respondents. Total male respondents were 88. On the other hand, there were 42% of female respondents. The total comber of female respondents was 63.

**Income of the Respondents**

**Table 3**

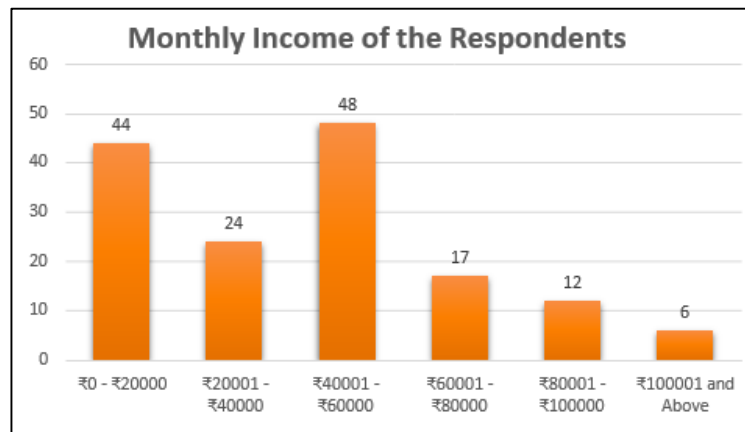| Sr. No. | Income of Respondents | Respondents | Percentage |
|---------|----------------------|-------------|------------|
| 1. | ₹0 - ₹20000 | 44 | 47.68% |
| 2. | ₹20001 - ₹40000 | 24 | 39.07% |
| 3. | ₹40001 - ₹60000 | 48 | 10.59% |
| 4. | ₹60001 - ₹80000 | 17 | 2.64% |
| 5. | ₹80001 - ₹100000 | 12 | 0% |
| 6. | ₹100001 and above. | 6 | 100 |
| | Total | 151 | 100 |



**Fig 3**

**Interpretation**

Majority of the respondents, i.e. 48 respondents were from the salary range between ₹40001 - ₹60000, which is followed by 44 respondents with a salary in between ₹0 - ₹20000. There were only 6 respondents Above ₹100001. 24 respondents of ₹20001 - ₹40000 and 17 and 12 from ₹60001 - ₹80000 & ₹80001 - ₹100000 income bracket respectively.

**Occupation of the Respondents**

**Table 4**

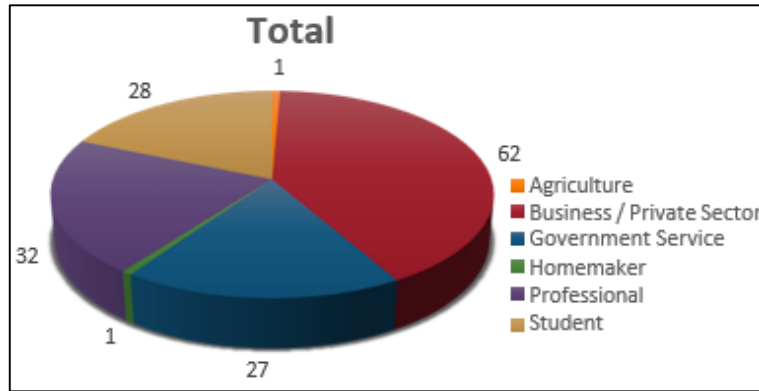| Sr. No. | Income of Respondents | Respondents | Percentage |
|---------|----------------------|-------------|------------|
| 1. | Agriculture | 1 | 0.6% |
| 2. | Business / Private Sector | 62 | 41.05% |
| 3. | Government Service | 27 | 17.88% |
| 4. | Homemaker | 1 | 0.6% |
| 5. | Professional | 32 | 21.19% |
| 6. | Student | 28 | 18.54% |
| | Total | 151 | 100 |

**Fig 4**

**Interpretation**

The majority of respondents are 62 from Business/Private Sector background, followed by Professional Sector of 32 respondents. 28 respondents were students and 27 respondents were Government Service holders. The respondents included one each homemaker and agriculture owner.

**Number of people holding Life Insurance**
**Question: Do you hold an Insurance Policy(s)?**

**Table 5**

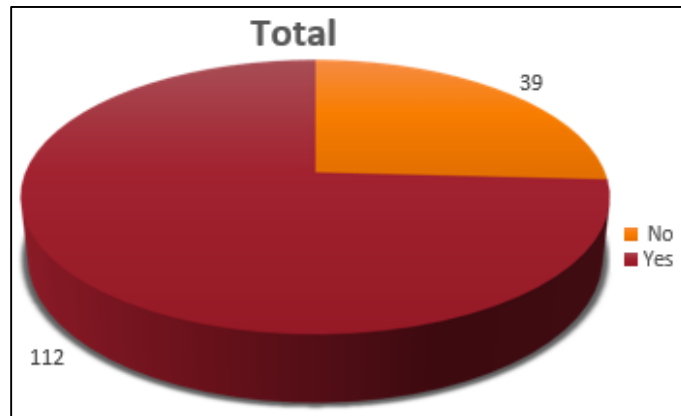| Sr. No. | Responses | Respondents | Percentage |
|---------|-----------|-------------|------------|
| 1. | Yes | 112 | 74.2% |
| 2. | No | 39 | 25.8% |
| | Total | 151 | 100 |



**Fig 5**

**Interpretation**

112 out of 151 respondents were holding an insurance policy. Hence, there were 74.2% of respondents who hold an insurance policy. 39 respondents out of 151 respondents did not hold any insurance policy which contributed to 25.8% of respondents not holding an insurance policy.

**Number of people holding Insurance policies based on their Occupation.**

**Table 6**

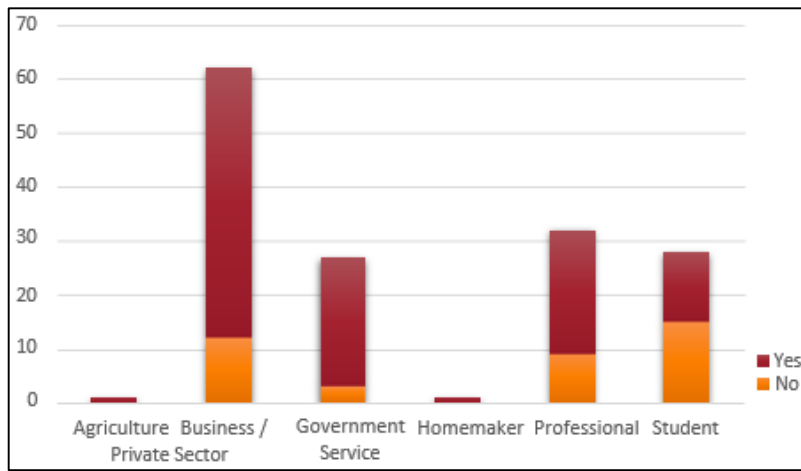| Number of people holding Insurance policies based on their Occupation | | | |
|---|---|---|---|
| Sr. No. | Occupation of Respondents | Yes | No | Total |
| 1. | Agriculture | 1 | 0 | 1 |
| 2. | Business / Private Sector | 50 | 12 | 62 |
| 3. | Government Service | 24 | 3 | 27 |
| 4. | Homemaker | 1 | 0 | 1 |
| 5. | Professional | 23 | 9 | 32 |
| 6. | Student | 13 | 15 | 28 |
| | Total | 112 | 39 | 151 |

**Fig 6**

**Interpretation**
The bar graph above shows a detailed information about people of various occupations owning Life Insurance policies. Majority of respondents are from business sector who hold a policy, whereas students had the least number or policy holders. Majority of Private sectors employees availed a policy by their employer and hence the ratio was high. Same was the case with Government Sector employees.

**Number of people holding Insurance policies based on their Age**

**Table 7**

| Sr. No. | Age of Respondents | Yes | No |
|---|---|---|---|
| 4. | 21 to 30 years | 39 | 33 |
| 5. | 31 to 40 years | 57 | 2 |
| 6. | 41 to 50 years | 12 | 4 |
| 6. | 51 to 60 years | 4 | 0 |
| 7. | Above 60 years | 0 | 0 |
| | Total | 112 | 39 |
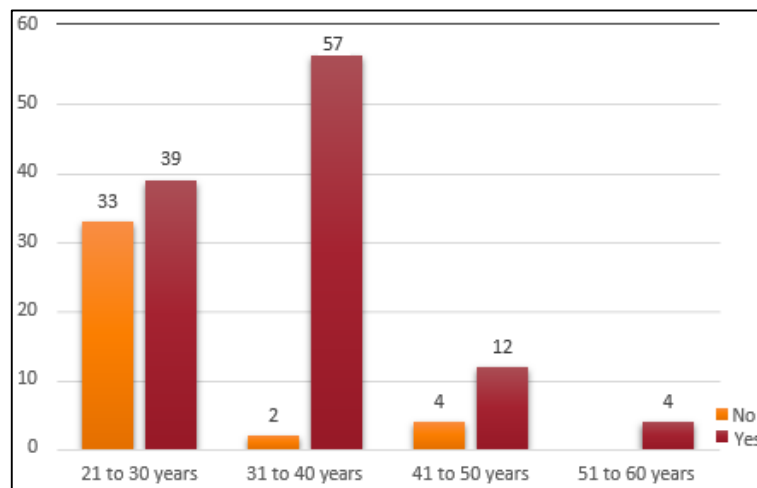


**Fig 7**

Interpretation
From the graph it is clear that the number of people holding an insurance policy is maximum in the age of 31 to 40 years followed by the age group 21 to 30 years.
Majority of the respondents, i.e. 57 out of 59 respondents hold an insurance policy. 12 people out of 16 from the age group 41 to 50 years hold an insurance policy.

Calculation of association between Occupation of respondents and Life Insurance Investment decision

**Hypothesis**
**H0:** Income has no significant impact on the customer life insurance investment decision. **H1:** Income has a significant impact on the customer life insurance investment decision.

**Table 8**

| Income | X | Dx | Dx/10000 | $Dx^2$ | Y | Dy | $Dy^2$ | Dx*Dy |
|---|---|---|---|---|---|---|---|---|
| ₹0 - ₹20000 | 10000 | 50000 | 5 | 25 | 44 | 18.84 | 354.9456 | 94.2 |
| ₹20001 - ₹40000 | 30000 | 30000 | 3 | 9 | 6 | -19.16 | 367.1056 | -57.48 |
| ₹40001 - ₹60000 | 50000 | 10000 | 1 | 1 | 24 | -1.16 | 1.3456 | -1.16 |
| ₹60001 - ₹80000 | 70000 | -10000 | -1 | 1 | 48 | 22.84 | 521.6656 | -22.84 |
| ₹80001 - ₹100000 | 90000 | -30000 | -3 | 9 | 17 | -8.16 | 66.5856 | 24.48 |
| ₹100001 and above | 110000 | -50000 | -5 | 25 | 12 | -13.16 | 173.1856 | 65.8 |
| | 360000 | | | | 151 | | 1484.834 | 103 |

Here, the value of correlation (r) = 0.319.

Since the calculated value of r is positive, it is concluded that there is a significant relationship between monthly income and customer insurance investment decision. Hence income is one of the important determinants in customer life policy buying decision.

Calculation of association between Occupation of respondents and Life Insurance Investment decision
Hypothesis

H0: Age has no significant impact on the customer life insurance investment decision. H2: Age has a significant impact on the customer life insurance investment decision.

Table 9

| Age | X | Dx | $Dx^2$ | Y | Dy | $Dy^2$ | Dx*Dy |
|---|---|---|---|---|---|---|---|
| **21 to 30 years** | 25.5 | 15 | 225 | 39 | -11 | 121 | -165 |
| **31 to 40 years** | 35.5 | 5 | 25 | 57 | -29 | 841 | -145 |
| **41 to 50 years** | 45.5 | -5 | 25 | 12 | 16 | 256 | -80 |
| **51 to 60 years** | 55.5 | -15 | 225 | 4 | 24 | 576 | -360 |
| | 162 | | 500 | 112 | | 1794 | -750 |

Here, the value of correlation (r) is 0.791.

Since the calculated value of 'r' is positive, it is concluded that there is a significant relationship between age and customer insurance investment decision. Hence age affects the customer life policy buying decision.

## Calculation of association between Occupation of respondents and Life Insurance Investment Decision

### Hypothesis
**H0:** Occupation is not dependent on the customer life insurance investment decision. **H1:** Occupation is dependent on the customer life insurance investment decision.

**Table 10**

| Customer Investment Decision based on the Occupation | | | | |
|---|---|---|---|---|
| Sr. No. | Occupation of Respondents | High | Medium | Low | Total |
| 1. | Agriculture | 0 | 1 | 0 | 1 |
| 2. | Business / Private Sector | 30 | 27 | 5 | 62 |
| 3. | Government Service | 8 | 14 | 5 | 27 |
| 4. | Homemaker | 1 | 0 | 0 | 1 |
| 5. | Professional | 15 | 14 | 3 | 32 |
| 6. | Student | 12 | 14 | 2 | 28 |
| | Total | 66 | 70 | 15 | 151 |

### Chi-Square Test
Chi-square test is applied to test the goodness of fit, to verify the distribution of observed data with assumed theoretical distribution. Therefore it is a measure to study the divergence of actual and expected frequencies; Karl Pearson's has developed a method to test the difference between the theoretical (hypothesis) & the observed value.

**Table 11**

| 4.        My Occupation * 9. What preference would you give to Life Insurance? Crosstabulation | | | | | | |
|---|---|---|---|---|---|---|
| | | | 9. What preference would you give to Life Insurance? | | | Total |
| | | | High | Low | Medium | |
| 4. My Occupation | Agriculture | Count | 0 | 0 | 1 | 1 |
| | | Expected Count | .4 | .1 | .5 | 1.0 |
| | | Residual | -.4 | -.1 | .5 | |
| | Business / Private Sector | Count | 30 | 5 | 27 | 62 |
| | | Expected Count | 27.1 | 6.2 | 28.7 | 62.0 |
| | | Residual | 2.9 | -1.2 | -1.7 | |
| | Government Service | Count | 8 | 5 | 14 | 27 |
| | | Expected Count | 11.8 | 2.7 | 12.5 | 27.0 |
| | | Residual | -3.8 | 2.3 | 1.5 | |
| | Homemaker | Count | 1 | 0 | 0 | 1 |
| | | Expected Count | .4 | .1 | .5 | 1.0 |
| | | Residual | .6 | -.1 | -.5 | |
| | Professional | Count | 15 | 3 | 14 | 32 |
| | | Expected Count | 14.0 | 3.2 | 14.8 | 32.0 |
| | | Residual | 1.0 | -.2 | -.8 | |
| | Student | Count | 12 | 2 | 14 | 28 |
| | | Expected Count | 12.2 | 2.8 | 13.0 | 28.0 |
| | | Residual | -.2 | -.8 | 1.0 | |
| Total | | Count | 66 | 15 | 70 | 151 |
| | | Expected Count | 66.0 | 15.0 | 70.0 | 151.0 |

## Chi-Square Tests

**Table 12**

| Value | | df | Asymptotic Significance (2-sided) |
|---|---|---|---|
| Pearson Chi-Square | 6.917a | 10 | .733 |
| Likelihood Ratio | 7.434 | 10 | .684 |
| N of Valid Cases | 151 | | |

a. 9 cells (50.0%) have expected count less than 5. The minimum expected count is .10.

## Interpretation
### Analysis
Here, P value is not less than 0.05. Therefore, Accept H0
Hence, we can conclude that Occupation is not dependent on the customer life insurance investment decision.
Calculation of association between Gender of respondents

**Analysis**

and Life Insurance Investment Decision

## Hypothesis
**H0:** Gender is not dependent of the customer life insurance investment decision. **H1:** Gender is dependent of the customer life insurance investment decision.

**Table 13**

| Customer Investment Decision based on the Gender | | | | | |
|---|---|---|---|---|---|
| Sr. No. | Gender | High | Medium | Low | Total |
| 1. | Male | 45 | 33 | 10 | 88 |
| 2. | Female | 21 | 37 | 5 | 63 |
| | Total | 66 | 70 | 15 | 151 |

**Table 14**

| 1. My Gender * 9. What preference would you give to Life Insurance? Crosstabulation | | | | | | |
|---|---|---|---|---|---|---|
| | | | 9. What preference would you give to Life Insurance? | | | Total |
| | | | High | Low | Medium | |
| 1. My Gender | Female | Count | 21 | 5 | 37 | 63 |
| | | Expected Count | 27.5 | 6.3 | 29.2 | 63.0 |
| | | Residual | -6.5 | -1.3 | 7.8 | |
| | Male | Count | 45 | 10 | 33 | 88 |
| | | Expected Count | 38.5 | 8.7 | 40.8 | 88.0 |
| | | Residual | 6.5 | 1.3 | -7.8 | |
| Total | | Count | 66 | 15 | 70 | 151 |
| | | Expected Count | 66.0 | 15.0 | 70.0 | 151.0 |

## Chi-Square Tests

Table 15

| Value | | df | Asymptotic Significance (2-sided) |
|---|---|---|---|
| Pearson Chi-Square | 6.666a | 2 | .036 |
| Likelihood Ratio | 6.700 | 2 | .035 |
| N of Valid Cases | 151 | | |

0 cells (0.0%) have expected count less than 5. The minimum expected count is 6.26.

## Interpretation
Here, H0 is rejected and H1 is accepted.

Hence, we can conclude that there is dependency between

Gender of the customer and Life Insurance Investment Decision. So, Gender influences customer Life Insurance policy buying decision.

**Preferences of the Policy Holders.**

**Table 16**

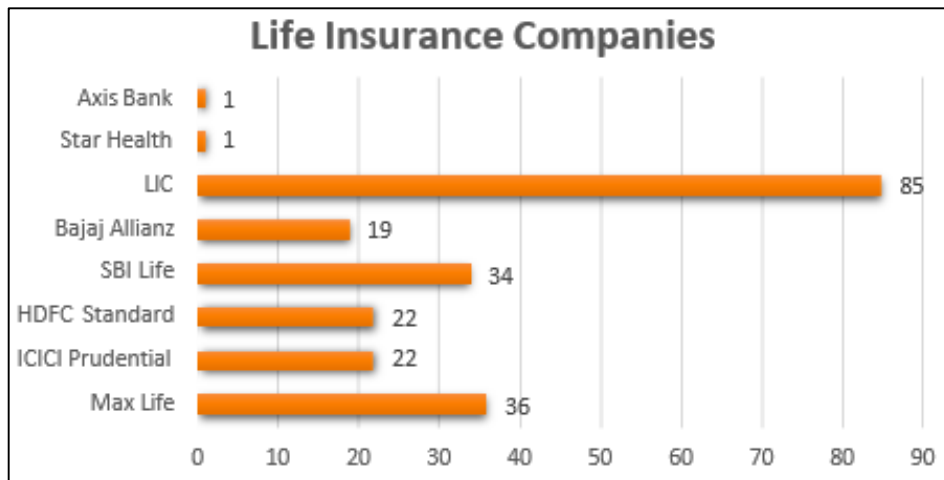| Life Insurance Companies | Count | Percentage |
|---|---|---|
| Max Life | 36 | 16.36% |
| ICICI Prudential | 22 | 10% |
| HDFC Standard | 22 | 10% |
| SBI Life | 34 | 15.45% |
| Bajaj Allianz | 19 | 8.63% |
| LIC | 85 | 38.63% |
| Star Health | 1 | 0.45% |
| Axis Bank | 1 | 0.45% |

**Fig 8**

**Interpretation**

From the above graph and table, we can see that the maximum preference of the people is Life Insurance Company with 38.63% and 85 respondents. The second rank lies with Max Life with 16.36% and 36 respondents. With a close gap, SBI Life holds the Third place with 15.45% and 34 respondents, whereas HDFC and ICICI hold equal number of respondents and hold 10% with 22 respondents. Bajaj Allianz being the last with 8.63% with 19 respondents. Thus it can be inferred that LIC of India is the most preferred life insurance company and majority of them prefer government-owned LIC for getting insured because of security. The other private life insurance companies are having less percentage of share and those who prefer private insurers are because of better customer services and high returns.

**Type of Policy Preferred**

**Table 17**

| Types of Policy | Count | Percentage |
|---|---|---|
| Endowment | 23 | 11.8% |
| Term Plan | 43 | 22.16% |
| Unit Linked Insurance | 48 | 24.74% |
| Money Back | 50 | 25.77% |
| Don't Own Any! | 29 | 14.94% |
| General Insurance | 1 | 0.5% |



**Fig 9**

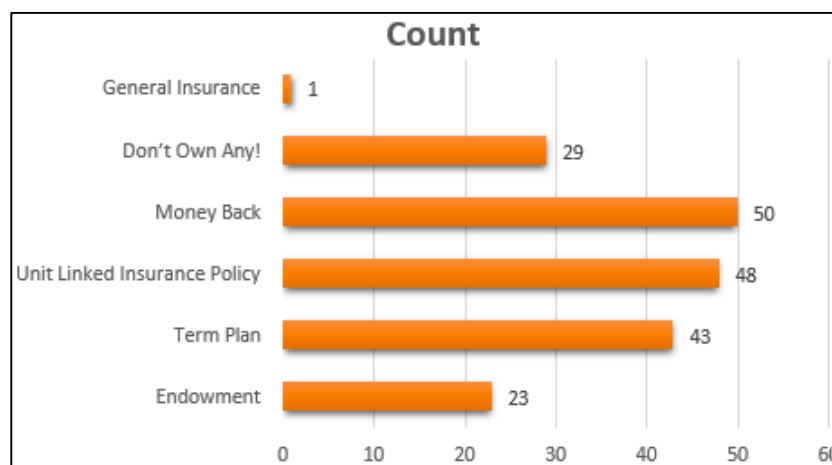**Interpretation**

From the above graph, we can say that the maximum number of policies being purchased or preferred in a market are Money Back Policy with 25.77% and 50 respondents, followed by ULIP with 24.74% and 48 respondents. Term plan takes the third place with 22.16% and 43 respondent. Endowment plans are the least preferred in these set of respondents with only 11.8% and 23 respondents. Thus it can depict that among many plans available, the most preferred one among the mass is money back plan. This plan helps you to withdraw your money at regular intervals and still staying insured. This plan is famous for its high liquidity advantage. The other product gaining popularity is ULIP, as its serve multiple purpose, it give high returns, tax benefit, life insurance, critical illness cover and is admired for its flexibility for paying premium amount.

## The Most Attractive features in a Policy

For analyzing and ranking various features in a policy, weighted average method is being used.

**Table 18**

| Feature | 1st | 2nd | 3rd | 4th |
|---|---|---|---|---|
| Money Back Guarantee | 75 | 51 | 14 | 8 |
| Larger Risk Coverance | 51 | 39 | 46 | 12 |
| Low Premium | 35 | 50 | 37 | 25 |
| Company's Reputation | 45 | 28 | 20 | 55 |

Rank $1^{st}$ = 4 points, $2^{nd}$ = 3 points, $3^{rd}$ = 2 points, $4^{th}$ = 1 point.

**Table 19**

| Feature | 1st | 2nd | 3rd | 4th | Weighted Scores |
|---|---|---|---|---|---|
| Money Back Guarantee | 75 | 51 | 14 | 8 | 489 |
| Larger Risk Coverance | 51 | 39 | 46 | 12 | 425 |
| Low Premium | 35 | 50 | 37 | 25 | 389 |
| Company's Reputation | 45 | 28 | 20 | 55 | 359 |

### Interpretation

From the weighted averages, we can rank the features as $1^{st}$ = Money Back Guarantee

$2^{nd}$ = Larger Risk Coverance $3^{rd}$ = Low Premium

$4^{th}$ = Company's Reputation

Thus, we can say that the Money Back guarantee feature plays a vital role in buying decision of a customer, followed by larger risk Coverance. Low Premium and Company's reputation stand on $3^{rd}$ as well as $4^{th}$ position respectively. Hence, these are the features a company should keep in mind while selling a policy to a customer.

### Preferences in a Company

**Table 20**

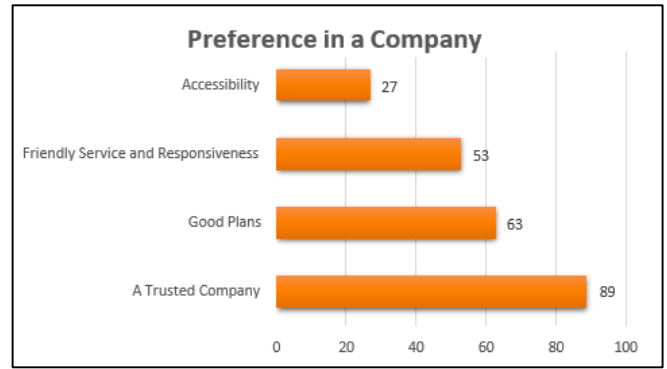| Preference in a company | Response | Percentage |
|---|---|---|
| A Trusted Company | 89 | 59.30% |
| Good Plans | 63 | 42% |
| Friendly Service and Responsiveness | 53 | 35.30% |
| Accessibility | 27 | 18% |



**Fig 10**

### Interpretation

It is evident from the graph that a customer looks for a trusted name or a company while investing in life insurance policies. 59.30% people would prefer choosing a trusted company. The second factor a customer would look for is a good plan with 42% people responding for it. 35.30% people whereas think that Friendly service and responsiveness is what they would choose. Least number of responses were given to Accessibility with only 18%. Hence, we can conclude that having a trusted name with good plans can be two factors to attract people for buying Life Insurance Policies.

### Ranking various Benefits (as per the customer) responsible for investment in life insurance products

For analyzing and ranking various benefits in a policy, weighted average method is being used.

**Table 21**

| Ranking of Factors | 1st | 2nd | 3rd | 4th | 5th |
|---|---|---|---|---|---|
| Tax Benefit | 69 | 46 | 19 | 7 | 2 |
| Risk Coverage and Savings | 34 | 22 | 21 | 39 | 23 |
| Security with High Returns | 46 | 39 | 45 | 8 | 1 |
| Insurance Services | 28 | 19 | 17 | 33 | 40 |
| Premium Charges | 40 | 39 | 28 | 12 | 21 |

Rank $1^{st}$ = 5 points, $2^{nd}$ = 4 points, $3^{rd}$ = 3 points, $4^{th}$ = 2 points, $5^{th}$ = 1 point.

**Table 22**

| Ranking of Factors | 1st | 2nd | 3rd | 4th | 5th | Weighted Averages |
|---|---|---|---|---|---|---|
| Tax Benefit | 69 | 46 | 19 | 7 | 2 | 602 |
| Risk Coverage and Savings | 34 | 22 | 21 | 39 | 23 | 422 |
| Security with High Returns | 46 | 39 | 45 | 8 | 1 | 538 |
| Insurance Services | 28 | 19 | 17 | 33 | 40 | 373 |
| Premium Charges | 40 | 39 | 28 | 12 | 21 | 485 |

Interpretation

From the weighted averages, we can rank the features as 1st = Tax Benefit

2nd = Security with High Returns 3rd = Premium Charges

4th = Risk Coverage and Savings. 5th = Insurance Services.

It can be depicted that Tax Benefit lies the main concern of customers while buying a policy and then other benefits mentioned below

### Research Methodology

The present study is an exploratory and descriptive type of research study. The study aims to find out the factors influencing customers life insurance investment decision and their preferences at the time of policy buying decision. The respondents were majorly from the Pune District. In order to conduct the study, a total of 151 population were taken for survey.

### Sources of Data & Data Collection

The data for the study has been collected from both primary and secondary sources. The primary data has been collected through Google Forms and Surveys. Various interviews were conducted in order to collect the data. Customer Interaction and telephonic conversations helped to understand various factors and problems of the customer which were mentioned in the study. The secondary data has been collected from IRDA annual reports, insurance journals, magazines and insurance website.

## Statistical Tools and Techniques

For measuring various phenomena and analyzing the collected data effectively and efficiently to draw sound conclusions, a number of statistical techniques including chi-square, correlation, weighted average score have been used for the testing of hypotheses. SPSS and Microsoft Excel has been used for the purpose of analysis.

## Findings From the study

1. From the Study, it can be found that the customer decision to buy a Life Insurance Policy majorly depends on demographic factors like the Age, Gender and Income Level.
2. Majority of the respondents from the age group of 31 to 40 years are found to be interested in buying a Life Insurance Policy.
3. From amongst 151 respondents, 85 people have shown preference towards buying a Life Insurance policy from LIC followed by Max Life Insurance amongst the private players. There were being followed by SBI Life, HDFC and ICICI and lastly Bajaj Allianz.
4. The features that a policy holder may consider can be ranked as 1st = Money Back Guarantee, 2nd = Larger Risk Coverage, 3rd = Low Premium and 4th = Company's Reputation. Thus we can infer that the Money Back Guarantee feature lies amongst the first feature a consumer may prefer while investing in a Life Insurance Policy.
5. From the study it was also found out that majority of the policy holders owned the Money Back Policy of LIC followed by ULIP Plans of private insurers. The Term Plan and Endowment plans are still existing but has a lower popularity as compared to Money Back and ULIP plans. Thus we can say that in present days people are more interested in policies which give high returns along with risk coverage benefits.
6. The study also shows highest share in the market is still owned by LIC. And amongst the private sectors, SBI Life, HDFC and ICICI are leading because of high returns assured by them. People chose LIC because of the safety issues inn term of their investments.
7. Majority of the respondents look for a trusted name in the Insurance Company followed by Good Plans, Friendly service and response and accessibility in the last.

## Recommendations

1. In today's competitive world, it is very important to satisfy the customer. It is one of the most important aspect to retain the customers. Having customer retention helps a company to survive in the market. Today, private insurers are hitting the market extensively and thus through their best services and plans possible, they can reposition and differentiate themselves from LIC.
2. As the study said, the customers look up for a trusted name, thus, like LIC, Private insurers should also emphasis more on building brand awareness. From the survey, it was found that 31.13% of the respondents were not even aware of various Life Insurance Policies. Thus, private insurers can use different modes of communication of reaching to people in order to spread insurance awareness amongst the people.

3. If both the Private as well as Government Sector work together in order to spread awareness amongst the people, it would be beneficial for both the sectors. To achieve greater insurance penetration, healthier competition has to be intensified by both the sectors and they should come up with new innovative products to offer greater variety or choice to the customers and also make improvement in the quality of services and sell products through appropriate distribution channel to win-win situation for both the parties.
4. Even today, there are many people who do not consider Life insurance policy as a source of Investment. Thus, insurance companies should come up with plans with high risk coverage and also focus on encouraging the customers in doing a long term investment. This will help in more awareness as well as Investment in Life Insurance.
5. If insurance companies come up with products which can give high risk cover, with lesser premium and more returns and more such innovative ideas, it would be helpful for the insurance companies to attract more customers.

## Conclusion

Life Insurance is an important form of insurance and essential for every individual. Life insurance penetration in India is very low as compared to developed nations where almost all the lives are covered. Customers are the real pillar of the success of life insurance business and thus it's important for insurers to keep their policyholders satisfied and retained as long as possible and also get new business out of it by offering need based innovative products. There are many factors which affect customers investment decision in life insurance and from the study it has been concluded that demographic factors of the people play a major and pivotal role in deciding the purchase of life insurance policies.

Life Insurance Companies thus should keep an eye on all these factors while designing or promoting any life insurance policy as this would help them keep their customers satisfied and would also help them in Customer Retention.

Life Insurance is growing with its various products like the Money Back and ULIP plans which many of the customers are still unaware and thus a proper knowledge regarding the same can be helpful to the customers to choose and invest in Life Insurance Policies.

Human life is not just unique but is also precious and needs to be secured as there are many dependents on one human after the death. Thus, one needs to make sure that he/she secures their lives by taking one or the other Insurance Policies.

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