

A STUDY ON FACTORS INFLUENCING OF WOMEN POLICYHOLDER'S INVESTMENT DECISION TOWARDS LIFE INSURANCE CORPORATION OF INDIA POLICIES IN CHENNAI

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Abstract

Insurance has become a primary aspect in everyone's life today. It is a written contract of insurance that offers protection against future loss of human. The life insurance generally helps to insure the life of people. A definite compensation is provided by the insurer to the insured person. Women are traditionally less likely to have life insurance than men in a country like India. Working women in families have less live cover than their working male counterparts. Seldom do they realize that it is important that working women, need to have some form of life insurance. Two income households typically depend on both incomes to meet their expenses, and the loss of either income could be financially devastating for the family. Women live longer than men, hence becomes important for women to save for retirement, and life insurance is an excellent way of providing retirement savings and also protecting families from financial hardship. For women, life insurance is often a more effective way of saving for retirement. The average women spends twelve of her working years caring for children and other family members, meaning that she is less likely to accumulate enough funds for retirement via employer-sponsored benefits. A life insurance policy is an excellent means of overcoming this problem. This paper is help to identify the major factor that influence them to invest in LIC.

Keywords: *Life insurance, policy, working women, decision on investment.*

INTRODUCTION

The Life Insurance Corporation (LIC) of India founded in 1956 is the largest life insurance company in India owned solely by the Government of India. Headquartered in Mumbai, which is considered the financial capital of India, LIC presently has 8 Zonal Offices and 113 Divisional Offices situated all around the country. In addition to an even distribution of 2048 branches located in different towns and cities of India. Life insurance policies make a very flexible financial instrument. There are only a few basic types of such policies such as term insurance, whole life insurance, endowment policies, money back plan, individual insurance, group insurance, pension plans, children's plan and unit-linked plan. These policies are mostly specific to different income and age groups. its big and monopoly public corporation for life insurance. Many of the people they have trust worthy because this corporation belongs to government and expected assured return.

LITERATURE REVIEW

Dr. B. M. Ghodeswar (2006) in his article, explained the customer sensitivity as the customers were sensitive to many factors which affect their choice of buying an insurance product from a company. Those aspects were studied by the author in terms of demographic background, innovativeness, product service offering, price perception, and the level of customer satisfaction in their past experience. According to the author, customer sensitivity

can be analysed over a period of time and as family grows, the assets, liabilities, and demographics of the customers change. The various criteria to analyse customers and segment them in meaningful, profitable target segments for life insurance products are their lifestyles, demographic profile, credit information, purchasing behaviour, product preference, spending habits, response to promotional campaign, etc. Innovativeness is the degree to which an individual adopts an innovation and the tendency on the part of such customers to learn and adopt innovations. Innovators challenge rules and procedures and less inhibited about breaking the established rules and methods and advocate novel perspectives and solutions. Higher income people have the ability to take risk of trying new products. Customer sensitivity is also influenced by the services made available online and offline by the agents. He also states that customers look for a trade –off

Prof. Prashanta Athama and Prof. Ravikumar (2007) in their study identified the factors which the consumers take into consideration before selecting the life insurance products. They classified those factors into product attributes and non-product attributes. They found that urban policy holders and product attributes like product features, risk coverage, product flexibility, surrender of policy, loan against policy, revival of lapsed policy, grace period, and maturity period, are positively associated. So they suggested that insurer should concentrate on improving the product attributes to have more penetration in urban areas. On the other hand, they found that rural policy holders and non-product attributes like agents and company are positively associated. So they suggested that insurer should concentrate on improving the non-product attributes to have more penetration in rural areas.

NEED OF THE STUDY

A woman has unique needs and concerns when it comes to preparing for the future. While the basic life insurance policy protects the bread-earner and his loved ones, he also needs some protection against health risks specific to women. In today's society, there is no difference in professional men and women and they both have the same earning power and both contribute to the family earning. Both incomes are important for family lifestyle and standard. The whole world seems to be riding on woman power insurance companies cannot remain far behind. Insurance traditionally has been targeted at the earning member of the family as insurance means helping the family to maintain the standard of living for a few years in case something unfortunate happens to the main breadwinner. Moreover, insurance products not only provide security for family, but also help in savings, investment towards creating a fortune for needs in future or pension for the golden years. There is a strong-felt need for women to also insure and invest and, therefore, insurance companies are targeting women with specially-designed products. What is more, some insurance companies also offer some discounts to women, although they don't have any specific product for them. Women investors have shown longer investment tenure and regular saving habits. So, the future products are aimed to target these two specific characteristics and would span over both health and investment domain. Insurers also feel that the women-specific insurance market is expected to grow much faster than the overall insurance sector. No wonder, this is one domain which will become a strong focus point for them in the near future.

Some of the factors influencing women to have insurance:

- Women make up 78 % of the population and represent the majority of college graduates.
- More than half of the entire labour force is comprised of women.
- Nearly 4 in 10 mothers (39.3%) are primary breadwinners for their family.
- Nearly two-thirds (62.8%) of women are employees, bringing home at least a quarter of the family's earnings.

With all this economic power, however, comes greater responsibility for your finances, and for the next generation.

STATEMENT OF THE PROBLEM

After reviewing the above literature, it is examined that there is a major study conducted on various determinants of policy holder in life Insurance but this study signifies that briefly to analyze the investment decision of women policy holder in Life Insurance Corporation in Chennai, tamilnadu, India with the selected number of sample size.

OBJECTIVES OF THE STUDY

1. To examine the demographic factor of women Policy holder in association with Life Insurance Corporation in Chennai.
2. To evaluate the factors underlying women policyholder decisions towards investment in life insurance corporation

RESEARCH METHODOLOGY

The descriptive research design was used in this study. This study uses primary data. The primary data was collected from Chennai city. . Sample size taken for this study is 520 by properly applying the sample size determination formula from the population and Samples were chosen by adopting simple random sampling method. A well structured questionnaire was framed by the researcher and experts and the LIC agents in the study area. The sampling target groups include various types of life insurance women Policy holder's in which important variables like age, income, education, occupation, no of policies and investment decisions. The present study is aimed at analyzing the profile of women investors consists of their socio economic background which would enable the researcher to fulfill the objectives of the study. It is better to understand the profile of women investors before assessing their level of decision making style towards select investment avenues and the data have been analyzed using the following statistical techniques that descriptive statistics and multiple regression.

LEVEL OF SIGNIFICANCE

All hypothesis formulated in this study were tested on the result obtained through analysis of data using the statistical procedures. The level of significance for rejection or acceptance of the hypothesis has to be decided in advance. In the present study (0.01) level of significance has been used.

ANALYSIS AND INTERPRETATION

The detail analysis is done for knowing the status of socio – economic profile of women life insurance policy holder in Chennai by using with descriptive statistics.

Table1: Showing Personal Profile of the Respondents

S. No.	Variable	Category	Frequency	Percentage
1.	Age	Up to 35 Years	158	30.4
		36 to 50 Years	228	43.8
		Above 50 Years	134	25.8
		Total	520	100.0
2.	Marital	Single	60	11.5
		Married	460	88.5
		Total	520	100.0
3.	Education	Up to Graduate	121	23.3
		PG	166	31.9
		Professional	233	44.8
		Total	520	100.0
4.	Employment	Private organization	272	52.3
		Government organization	194	37.3
		Self Employed	54	10.4
		Total	520	100.0

5.	Income	Up to 3 lakh	146	28.1
		3.1 lakh - 6 lakh	221	42.5
		Above 6 lakh	153	29.4
		Total	520	100.0

The above table shows that personal profile of the respondents that are women policyholder in Chennai city towards their investing pattern with LIC. 43.8 percent of the respondents belonging to the age group of 36 to 50 years (N=228), followed by 25.8 % of them are in the above 50 years (N=134) Remaining 158 respondents are in the age group of upto 35 years category (30.4%). It is found that among 520 women, 88.5% of the respondents are married (N=460) and 11.5% are unmarried (N=60). In case of educational qualification of the respondents 44.8% of them have acquired professional degree (N=233), 31.9% of women are completed their post-graduation degree (N=166) and finally 23.3% of women are found up to graduate level (N=121).

From this study, it is analyzed that among 520 women respondents, 52.3% of the them are working in private sector (N=272) but followed by 37.3% women working in Government sector (N=194), rest of 10.4 percent of respondents are self employed (N=54). Out of total sample (N=520) there are 146 (28.1%) women respondents having monthly income comes under up to 3 lakh, followed by 42.5% of women have their income between 3.1 lakh - 6 lakh (N=221). Finally 29.4% of women having income level is above 6 lakh (N=153).

Table 2: Influence of investment decision in LIC

R	R Square	Adjusted R Square	F	p
0.848	0.720	0.713	108.518	0.000

Coefficients

Model	Decision to Invest in LIC	Un standardized Coefficients		Standardized Coefficients	t	p
		B	Std. Error	Beta		
	Constant	10.428	1.452		7.184	.000
1	To maintain same life style for future	1.169	.146	.207	8.028	.000
2	For My uncertainties	1.081	.171	.169	6.308	.000
3	To provide financial support to family members	.997	.184	.142	5.413	.000
4	To get an extra amount at the time of my retirement	1.434	.125	.281	11.436	.000
5	Necessary of collateral security	1.271	.127	.248	9.981	.000
6	Housing loan and medical benefit	1.015	.144	.189	7.054	.000
7	Risk of capital loss can be minimized	1.556	.134	.319	11.606	.000
8	To save tax amount	.286	.147	.049	1.948	.052
9	Dual benefit of insurance and investment	1.175	.152	.205	7.755	.000
10	Life insurance is like one of the investment avenue	.049	.165	.008	.296	.767

11	Premium amount gives adequate coverage	.329	.139	.059	2.368	.018
12	To save money from unnecessary Expenses	-.259	.162	-.039	-1.599	.110

The Multiple regression analysis has been carried a sample of 520 and data considering Enhance the women policyholder behaviour towards LIC in Chennai city as a dependent variable and the remaining 12 independent variables regarding purposive of investing in LIC viz., To maintain same life style for future, For uncertainties, To provide financial support to family members, To save tax amount, To get an extra amount at the time of retirement, necessary of collateral security, housing loan and medical benefit, Risk of capital loss can be minimized, dual benefit of insurance and investment, Life insurance is like one of the investment avenue, Premium Amount gives a adequate coverage and save money from unnecessary expenses . The reaction of the consumers and effect of the independent variables over enhance the women policyholders attitude to investing in LIC have been studied by the regression analysis.

The F value obtained for the analysis is 108.518 which is significant at one percent level. Hence the assumed regression model may be considered as a good fit. The value of R² is 0.720 and it implies that 72% of enhancing women policyholders' mind influenced by the above 12 variables.

H₀: There is no influence of different decisions to invest in LIC which will enhance the women policyholders' investing behaviour towards LIC

H_A: There is an influence of different decisions to invest in LIC which will enhance the women policyholders' investing behaviour towards LIC

Considering the significant individual regression coefficients, it is seen that the variables to maintain same life style for future shows that (Beta – 0.207, t – 8.028, P – 0.000), for uncertainties shows that (Beta – 0.169, t – 6.308, P – 0.000), to provide financial support to family members shows that (Beta – 0.142, t – 5.413, P – 0.000), to save tax amount shows that (Beta – 0.281, t – 11.436, P – 0.000), to get an extra amount at the time of retirement shows that (Beta – 0.248, t – 9.981, P – 0.000), necessary of collateral security shows that (Beta – 0.189, t – 7.054, P – 0.000), housing loan and medical benefit shows that (Beta – 0.319, t – 11.606, P – 0.000), dual benefit of insurance and investment shows that (Beta – 0.205, t – 7.755, P – 0.000) and premium amount gives adequate coverage shows that (Beta – 0.059, t – 2.368, P – 0.018) are having effect over the enhance the women policyholders' investing behaviour towards LIC. It is seen that the nine variables influenced at 5% level and impact in enhancement towards the LIC behaviour. Remaining three factors such as risk of capital loss can be minimized, life insurance is like one of the investment avenue and To save money from unnecessary Expenses doesn't and it has no impact on the enhancing the women policyholders' investing behaviour.

Normally men's' contribution are more than the women in India for the below given purpose. But recent days Women are par with the men in all the domain. And in this inflation scenario, women income and investment contributions are also very important to run the family and it's giving special support to her and her dependencies. Here women policyholder decision making attitude towards the reason for getting into life Insurance Corporation are similar to men in certain areas like income tax and housing loan & health benefit.

Table 4.4: Influencing factors of mode of selection in LIC policies which enhance to investing the LIC
Model Summary

R	R Square	Adjusted R Square	F	p
.862	.743	.740	211.479	.000

Coefficients

Model	Mode of selection of LIC policies	Un standardized Coefficients		Standardized Coefficients	t	p
		B	Std. Error	Beta		
	Constant	14.749	.971		15.195	.000
1	Nobody influenced, it was own decision.	1.142	.167	.327	6.843	.000
2	Employer's suggestion.	1.045	.174	.292	6.002	.000
3	Recommended by family member	1.313	.117	.259	11.241	.000
4	Friend's suggestion	.944	.108	.201	8.697	.000
5	Insurance agent's suggestion.	1.328	.166	.194	8.001	.000
6	Spouse's suggestion.	1.392	.155	.216	9.003	.000
7	Recommended during advertisement	1.219	.101	.281	12.008	.000

The Multiple regression analysis has been carried a sample of 520 and data considering Enhance the women policyholders behaviour towards LIC as a dependent variable and the remaining seven independent variables regarding mode of selection of LIC policies viz., own decision, employer's suggestion, recommended by family member, friend's suggestion, insurance agent's suggestion, spouse's suggestion and recommended during advertisement. The reaction of the customers and effect of the independent variables over enhance the women policyholders attitude to investing in LIC have been studied by the regression analysis.

The F value obtained for the analysis is 211.479 which is significant at one percent level. Hence the assumed regression model may be considered as a good fit. The value of R^2 is 0.743 and implies that 74.3% of enhancing women policyholders' mind influenced by the above seven variables.

H₀: influence of mode of selection of LIC policies which will enhance the women policyholders' investing behaviour towards LIC

H_A: influence of mode of selection of LIC policies which will not enhance the women policyholders' investing behaviour towards LIC

Considering the significant individual regression coefficients, it is seen that the variables to own decision shows that (Beta – 0.327, t – 6.843, P – 0.000), employer's suggestion shows that (Beta – 0.292, t – 6.002, P – 0.000), recommended by family member shows that (Beta – 0.259, t – 11.241, P – 0.000), friend's suggestion shows that (Beta – 0.201, t – 8.697, P – 0.000), insurance agent's suggestion shows that (Beta – 0.194, t – 8.001, P – 0.000), spouse's suggestion shows that (Beta – 0.216, t – 9.003, P – 0.000) and recommended during advertisement shows that (Beta – 0.281, t – 12.008, P – 0.000) are having effect over the enhance the women policyholders' investing behaviour towards LIC. It is seen that the seven variables influenced at 1% level and impact the Enhance the LIC behaviour.

FINDINGS

- Hence, there is a detail descriptive statistics report about women policyholder concluded that among the different age group of women respondents, 36-50 year age group of women policyholders contributing more on LIC, more number of married women are investing in LIC rather than unmarried women. Respondents are professional degree holders and respondents say that private organization as the nature of employment is in high numbers.
- The analysis found that to maintain same life style for future, for uncertainties, to provide financial support to family members, to save tax amount, to get an extra amount at the time of retirement, necessary of collateral security, housing loan and medical benefit, dual benefit of insurance and investment and premium amount gives a adequate

coverage are having impact on enhance the women policyholders' investing behaviour towards LIC; and doesn't impact the factors such as risk of capital loss can be minimized, life insurance is like one of the investment avenue and to save money from unnecessary Expenses.

- The analysis found that first priority is recommended during advertisement and followed by recommended by family member own decision, spouse's suggestion, friend's suggestion, insurance agent's suggestion, nobody influenced me and employer's suggestion are having impact on enhance the women policyholders' investing behaviour towards LIC.

SUGGESTION

The study was a concise study of the variables related to policyholder investing decisions and the factors influencing investing decisions for Life insurance policy. The findings help in the development of a valid conclusion for assessing determinants of women policyholder behavior for life insurance policy in Chennai. The study was primarily based on a self designed structured questionnaires therefore the research instrument was statistically tested and statistical methods were applied to conclude the research findings. Based on the finding investment decision of women policyholder can be assessed with the reasonable number of respondents from the population of Division I & II in Chennai that recommended that Normally men's contribution are more than the women in India for the below given purpose. But recent days Women are par with the men in the entire domain. And in this inflation scenario, women income and investment contributions are also very important to run the family and it's giving special support to her and her dependencies. Here women policyholder decision making attitude towards the reason for getting into life Insurance Corporation are similar to men in certain areas like income tax and housing loan & health benefit And also the policyholders found that tax benefits, risk coverage and payment options were important consideration while selecting an insurance policy the insurance corporation so LIC must focus their marketing strategies on these key determinants

Conclusion

The research findings exposed that the respondents are chosen from the different branch and different location of Chennai and decided at the time of finalizing sample frame. The research is conducted for understanding influence of external and internal factors on policyholder's investment decision making. The research findings suggested that women individual decisions are most influential factors for selecting life insurance policy among the Chennai metro city in India.

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