WHY SHOULD ONE INVEST IN A LIFE INSURANCE PRODUCT?
AN EMPIRICAL STUDY

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ABSTRACT

Life insurance as a product is always one of the toughest to sell. Though one can argue about its benefits in the long term, in this modern materialistic world, customers are getting very cautious about their investments and the returns out of it. In this study, an attempt was made to make the customers aware of various aspects of a life insurance product and their respective opinions regarding the policy. Various demographic characteristics of the policy holders e.g. age, gender, income, education, occupation etc. and their impact on the customers' perceptions regarding the product were explored. The various aspects involved in a life insurance product as per their importance to the policy holders can be outlined as: A tax saving plan; a saving scheme with good return; financial security for the family; Risk coverage; Save for green patch (Pension), to cover the risk of living too long; and, to make black money in to white. The study focused on two life insurers: LIC and HDFC Life Insurance operating in Rajasthan. A sample size of 215 life insurance customers was planned. The data was collected through primary sources through a structured questionnaire. Data was analyzed using SPSS 17.0 and MS Excel - 2007. ANOVA and t-Test were used to examine the differences among various groups of respondents. Though the study was handicapped by limited sample size (both geographical as well as periodical), it can be amplified as per the national scenario with some specific modifications. This study will help the insurance companies and the regulators in developing a better life insurance product.

Keywords: Investment, LIC, Life Insurance, Rajasthan.

INTRODUCTION:

Financial services are playing a major role in the Indian economy. One of the premium sectors in the financial service sector showing upward growth is insurance[i], which is a US$ 41-billion industry in India. Till date, only 20% of the total insurable population of India is covered under various life insurance schemes, whereas in developed nations like the USA about 75 % of the total population is covered under some insurance scheme[ii]. The penetration rates of health and other non-life insurances in India is also well below the international level. These facts indicate the immense growth potential of the insurance sector.[iii] With more and more private companies in the sector, the situation may change soon. India is the fifth largest life insurance [iv]market in the emerging insurance economies globally and is growing at 32-34 per cent annually. Many a people associate life insurance product with death and not as a tool of investment. A healthy and developing insurance sector is of vital importance to every modern economy. First as it encourages the savings habit, second because it provides a safety net to rural and urban enterprises and productive individuals. Further, it generates long-term funds for infrastructure development. The insurance industry plays a significant role in India's modern economy. Insurance is necessary to protect enterprises against risks such as fire and natural disasters. Individuals require insurance services in such areas as health care, life, property and pension. Development of insurance is therefore necessary to support continued economic transformation. Social security and pension reforms also benefit from a mature insurance industry. Needs identified with life insurance are as follows[v]: 1. Protection: savings through life insurance guarantee full protection against risk of death of the saver. Also, in case of demise, life insurance assures payment of the entire amount assured (with bonuses wherever applicable) whereas in other savings schemes, only the amount saved (with interest) is payable. 2. Aid to thrift: life insurance encourages 'thrift'. It allows long-term savings since payments can be made effortlessly because of the 'easy installment' facility built into the scheme. 3. Liquidity: in case of insurance, it is easy to acquire loans on the sole security of any policy that has acquired loan value. Besides, a life insurance policy is also generally accepted as security, even for a commercial loan. 4. Tax relief: life insurance is the best way to enjoy tax deductions on income tax and wealth tax. This is available for amounts paid by way of premium for life insurance subject to income tax rates in force. Assesses can also avail of provisions in the law for tax relief. In such cases the assured in effect pays a lower premium for insurance than otherwise. 5. Money when you need it: a policy that has a suitable insurance plan or a combination of different plans can be effectively used to meet certain monetary needs that may arise from time-to-time. Children's education, start-in-life or marriage provision or even periodical needs for cash over a stretch of time can be less stressful with the help of these policies. Alternatively, policy money can be made available at the time of one's retirement from service and used for any specific purpose, such as, purchase of a house or for other investments.

There is no available statistics on the total number of individual customers in the insurance industry in India. As per latest statistics released by the Insurance Regulatory and Development Authority (IRDA): [vi] The life insurance industry collected total new business premium income of Rs 900 billion in the 11-month period April 2011 to February 2012.Weighted premium collections (measured as 10% of single premiums plus 100% of regular premium) were Rs 549.6 billion for April 2011 to February 2012. LIC is the largest, with at least Rs.13 trillion in assets, which has at least 300 million policies in force and about 250 million people, is covered by LIC in a nation of 1.2 billion people.[vii] According to HDFC Life, quarter ended report, March 2012, it had 13% increase in total premium to`102 bn.

REVIEW OF SOME EARLIER STUDIES:

Athma and Kumar (2007) in their empirical based study conducted on 200 sample size comprising of both rural and urban market analyzed the various product and non-product related factors and their impact on life insurance purchase decision-making. Based on the survey analysis; urban market is more influenced with product based factors like risk coverage, tax benefits, return etc. Whereas rural population is influenced with non-product related factors such as: credibility of agent, company's reputation, trust, customer services. Company goodwill and money back guarantee attracts many people for life insurance. **Tripathi (2008)** conducted a research based study on buying pattern in the insurance industry with a special focus on HDFC LIFE insurance. The various segments of the markets divided in terms of insurance needs, age groups, satisfaction levels etc were taken into account to know the customer perception and expectation from private insurers. **Mantise and Farmer (1968)** analyzed that marriages, births, personal income, population size,

relative Price index, and employment could affect the insurance purchase. Many studies have been conducted to estimate the Demand for insurance or to test risk-aversion. **Anderson and Nevin (1975)** in the study looked at the life insurance purchasing behaviour of Young newly married couples. The study suggested that the wife and the insurance agent are playing an Influential role in the type of insurance purchased by young married households. **Campbell (1980)** found that not only does a portion of currently accumulated household wealth act as a Substitute for insurance; there is also a portion of future human capital that households should self-insure. **Chen et al. (2001)** revealed that insurance demand of baby boomer generation is quite different from that of previous generations using cohort analysis.

STATEMENT OF THE PROBLEM:

The sole research question (to be answered) in this study was about the numerous perceptions of a life insurance product (by various segments of the customers) and their relative importance in buying the product. In this study, the customers' perceptions/ preferences of the various aspects related with a life insurance product are going to be examined. The various aspects involved in a life insurance product as per their importance to the policy holders can be outlined as: *A tax saving plan, a saving scheme with good return, financial security for the family, Risk coverage, Save for green patch (Pension), to cover the risk of living too long* and *to make black money to white money.*

METHODOLOGY:

These factors already discussed above were developed from the reviews of related literatures (wherever available) / were introduced by the researchers for the first time. These elements were put through the following statements (as the items in the questionnaire):
I bought this life insurance product, because:
- ➢ A1: This is a **tax saving plan**
- ➢ A2: This is a **saving scheme** with good return
- ➢ A3: This is a **financial security** for the family
- ➢ A4: This provides **risk coverage**
- ➢ A5: This can be used as a **saving for green patch (Pension)**, to cover the risk of living too long.
- ➢ A6: This can be used to convert **black money to white money**

*Formulating Null Hypothe*ses
As per the objectives set earlier, the following hypotheses were formulated to be tested in this study:
H01:Age has no significant impact on the policy holders' perceptions of the various aspects of a life insurance policy.
H02: Both male and female customers possess the same opinion about the importance of the various aspects of a life insurance product.
H03: Marital status has no significant impact on the policy holders' perceptions of various aspects of a life insurance product.
H04: Level of education has no significant affect on the customers' perceptions of various aspects of a life insurance product.
H05: Income level does not affect the customers' opinions about various aspects of a life insurance product.
H06: Type of occupation has no significant impact on the customers' opinions about various aspects of a life insurance product.
H07: There is no significant difference between urban and rural customers' perceptions regarding the importance of the life insurance product.

Further, based on these set hypotheses, the respective sub-hypotheses were developed for each demographic variables and their specific relationship with the various aspects involved with a life insurance product from the customers' point of view.

RESEARCH DESIGN:

This study has focussed more on descriptive type of research. Further, we have chosen survey strategy because it seeks the opinion of a population (in our case, the customers or policy holders of LIC and HDFC

Life) about a specific subject matter. In this type of method in which the opinions of the sample or population is sought by the researcher, usually with a more objective research instrument, say a structured questionnaire. The Universe for this study includes the 24 Life Insurance Companies of India. The target population for the study comprises: Two Life Insurance Companies (HDFC Life & LIC) in Jaipur region. Customer database consists of 3 databases: Customer database of the Life Insurance Company who have been customers for at least 3 years or more; Customer database of the Life Insurance Company who had taken the policy but discontinued before 3 years; finally prospective customer database of the life insurance company. A convenient sampling technique, which is a non-probabilistic sampling technique, was used to select the respondents for three reasons. First the customers are scattered all over Rajasthan, which makes it very difficult to contact each of them individually. Again, it is difficult getting the exact number of customers for each of the insurance companies in Rajasthan which is required for the use of any random sampling technique. Third, the researchers are working within the demands of an academic schedule so very limited time and resources to conduct the study. The study focuses on LIC and HDFC Life insurance companies operating in Rajasthan that offer Life Insurance services. As a result of limited data on the total population, cost and time constraints, a convenient sample size of 215 was planned. The data was collected through primary sources: Structured Questionnaire was designed to take inputs from the respondents. Interview method was also used for collecting primary data. The Questionnaire items were adopted from previous studies. The questions were modified to suit the insurance industry context in Rajasthan, and sought the respondents' opinions on the various aspects of life insurance products sold by the LIC and HDFC Life. Data was analyzed using Statistical Package for Social Sciences (SPSS) version 17.0 and MS Excel - 2007. For the respondents, instructions were also included, and each statement was accompanied by a five-point rating ranging from "least important = 5" to "most important = 1."

RELIABILITY AND VALIDITY:

Churchill (1979) has recommended coefficient α to check the internal consistency of items placed under a given factor with Heir et al (2006) suggesting the 'α' value to be 0.6 and above. For all the policy holders, cronbach's α was found to be 0.726 which is more than 0.6. Again, all the items under the scale were found to be having a loading of more than 0.6.

The details of the sample and their demographic characteristics are explained in detail in the **table-1**.

Table-1: (Demographic details of the respondents)

		Demographic Details of Customers of LIC and HDFC Life					
		LIC		HDFC		Total	
		Count	Column N %	Count	Column N %	Count	Column N %
Gender	Male	133	75.6%	29	74.4%	162	75.3%
	Female	43	24.4%	10	25.6%	53	24.7%
	Total	**176**	**100.0%**	**39**	**100.0%**	**215**	**100.0%**
Educational Qualification	Secondary	31	17.6%	1	2.6%	32	14.9%
	senior secondary	37	21.0%	9	23.1%	46	21.4%
	Graduate	97	55.1%	22	56.4%	119	55.3%
	Post graduate	11	6.3%	7	17.9%	18	8.4%
	Professional	0	.0%	0	.0%	0	.0%
	Total	**176**	**100.0%**	**39**	**100.0%**	**215**	**100.0%**
Age	Up to 20yrs	9	5.1%	7	17.9%	16	7.4%
	21-40 yrs	114	64.8%	30	76.9%	144	67.0%
	41-60 yrs	44	25.0%	2	5.1%	46	21.4%
	above 60yrs	9	5.1%	0	.0%	9	4.2%

Occupation	**Total**	**176**	**100.0%**	**39**	**100.0%**	**215**	**100.0%**
	Govt. employee	134	76.1%	13	33.3%	147	68.4%
	Pvt. Job employee	33	18.8%	24	61.5%	57	26.5%
	Businessman/self-	4	2.3%	0	.0%	4	1.9%
	Student	1	.6%	0	.0%	1	.5%
	Any other	4	2.3%	2	5.1%	6	2.8%
	Total	**176**	**100.0%**	**39**	**100.0%**	**215**	**100.0%**
Marital status	Married	146	83.0%	24	61.5%	170	79.1%
	Unmarried	24	13.6%	11	28.2%	35	16.3%
	Divorced	6	3.4%	0	.0%	6	2.8%
	Widow/Widower	0	.0%	4	10.3%	4	1.9%
	Total	**176**	**100.0%**	**39**	**100.0%**	**215**	**100.0%**
Income	Up to 15000	11	6.3%	8	20.5%	19	8.8%
	15001-30000	115	65.3%	17	43.6%	132	61.4%
	30001-45000	44	25.0%	3	7.7%	47	21.9%
	45001-60000	0	.0%	4	10.3%	4	1.9%
	Above 60001	5	2.8%	7	17.9%	12	5.6%
	Total	**176**	**100.0%**	**39**	**100.0%**	**215**	**100.0%**
Place	Rural	48	27.3%	10	25.6%	58	27.0%
	Urban	128	72.7%	29	74.4%	157	73.0%
	Total	**176**	**100.0%**	**39**	**100.0%**	**215**	**100.0%**

Source: Primary Data/ SPSS output/ developed by the researchers

EMPIRICAL FINDINGS:

When the opinions of all the 215 life insurance policy holders were taken in to consideration, a huge chunk of them bought the life insurance product as a tool for providing financial security to the family. The policy holders ranked the 'financial security' aspect of the life insurance product as *numero uno* (1.86) followed by the 'saving scheme' aspect (2.52). But, the features such as 'Save for green patch (Pension), to cover the risk of living too long' and 'to convert black money into white money' were out rightly rejected by the customers as a reason to buy a life insurance policy. (See **table-2**).

Table-2: Various aspects of a life insurance product as seen by the policy holders

	N	**Min.**	**Max.**	**Mean**	**Rank**
A tax saving plan	215	1	5	2.76	**3**
A saving scheme with good return	215	1	5	2.52	**2**
A financial security for the family	215	1	5	1.86	**1**
Risk coverage	215	1	5	2.92	**4**
Save for green patch (Pension), to cover the risk of living too long.	215	1	5	4.40	**5**
To convert black money into white money	215	1	5	4.68	**6**
Valid N (list wise)	215				

Source: Primary Data/ SPSS output/ developed by the researchers

After understanding the overall perceptions of the policy holders regarding the importance of various aspects of life insurance product, let us analyse further regarding the impact of the various demographic and socio-

economic characteristics of the customers on their respective perceptions of the outlined features of the life insurance policy.

The **age-wise analysis** for the different aspects of the life insurance product was carried out with comparing their means and standard deviations. To examine any significant difference among the various groups, One-way ANOVA test was carried out. From the **table 3**, it can be seen that the mean values with their standard deviations differ heavily from each other with respect to the four age categories. To verify the significance of the differences, F-value was calculated for each variable with the significance level being kept at 0.05. For all the variables, the values of significance level for the F-test were found to be less than 0.05. Therefore, we can say that there is a significant difference between the perceptions of policy holders of various age categories regarding the policy features. Hence, null hypothesis **H01** for all the aspects/ features, i.e. A1-A6 is **rejected** which implies that age has a huge effect on the opinions of the policy holders regarding all the aspects of the policy.

Table-3: One-Way ANOVA for Age-Wise Analysis of the Customers of Life Insurance Products

Variables	Age								F-Value	Sign. level
	Up to 20yrs		21 - 40 Years		41-60 Years		Above 60 years			
	N=16		N=144		N=46		N=9			
	Mean	S.D.	Mean	S.D.	Mean	S.D.	Mean	S.D.		
A tax saving plan	3.13	1.204	2.78	1.197	2.83	1.081	1.44	.527	**4.486****	.004
A saving scheme with good return	2.25	.931	2.63	1.069	2.46	1.187	1.56	.527	**3.349***	.020
A financial security for the family	2.38	.957	1.65	.897	2.13	1.067	3.00	.000	**10.129****	.000
Risk coverage	3.63	1.455	2.61	1.307	3.41	1.166	4.00	.000	**9.048****	.000
Save for green patch (Pension), to cover the risk of living too long.	4.96	.254	4.38	1.354	4.41	1.543	3.33	1.581	**3.044***	.030
To convert black money to white money	4.25	1.880	4.80	1.355	4.22	1.812	3.22	2.635	**7.470****	.000
*significant at 5% level **significant at 1% level										

Source: Primary Data/ SPSS output/ developed by the researchers

The **gender-wise analysis** for the different aspects of the life insurance product was carried out with comparing their means and standard deviations. To examine any significant difference among the various groups, t - Test was carried out. From the **table 4**, it can be seen that the mean values with their standard deviations differ from each other with respect to the gender. To verify the significance of the differences, t-value was calculated for each variable with the significance level being kept at 0.05. For the aspects A1 and A3, the values of significance level for the t-test were found to be less than 0.05 whereas for A2, A4, A5 and A6, the values of significance level for the t-test were found to be more than 0.05. Hence, null hypothesis **H02** for the aspects/ features A1 and A3 is **rejected** whereas null hypothesis **H02** for the aspects/ features A2, A4, A5 and A6 is accepted.

Table 4: t-Test for Gender-Wise Analysis of the Customers of Life Insurance Products

Variables	Gender				t-Value	Sign. Level
	Male		Female			
	N=162		N=53			
	Mean	S.D.	Mean	S.D.		
A tax saving plan	2.62	1.231	3.17	.914	**-2.972****	.003

A saving scheme with good	2.44	1.086	2.75	1.072	**-1.811**	.072
A financial security for the	1.98	.990	1.51	.869	**3.060****	.002
Risk coverage	2.90	1.363	2.98	1.248	**-.407**	.684
Save for green patch (Pension), to cover the risk of living too	4.48	1.375	4.15	1.446	**1.472**	.143
To convert black money to	4.87	1.655	4.91	.598	**-.134**	.894
*significant at 5% level						

Source: Primary Data/ SPSS output/ developed by the researchers

Table-5: t-Test for Marital Status-Wise Analysis of the Policy Holders

Variables	Marital Status								F-Value	Sign. Level
	Married		Unmarried		Divorced		Widow/Widower			
	N=170		N=35		N=6		N=4			
	Mean	S.D.	Mean	S.D.	Mean	S.D.	Mean	S.D.		
A tax saving	2.75	1.197	2.57	1.170	4.00	.000	3.00	.000	**2.614***	.050
A saving scheme with	2.54	1.121	2.49	1.040	1.83	.408	3.00	.000	**1.089**	.355
A financial security for the	1.78	.921	2.06	1.235	3.00	.000	2.00	.000	**3.752***	.012
Risk coverage	2.96	1.369	2.54	.980	4.50	1.225	2.00	.000	**4.650****	.004
Save for green patch (Pension)	4.35	1.424	4.60	1.006	5.00	.000	2.00	.000	**7.490****	.000
To convert black money to	4.95	.113	4.80	.997	2.67	.816	5.00	.000	**6.444****	.000
*significant at 5% level **significant at 1% level										

Source: Primary Data/ SPSS output/ developed by the researchers

To examine any significant difference among the various groups as per their **marital status**, One-way ANOVA test was carried out. (See **Table-5**) For all the aspects except A2, the values of significance level for the F-test were found to be less than 0.05 whereas for A2, the value of significance level for the F-test was found to be more than 0.05. Hence, null hypothesis **H03** for the aspects/ features A1, A3 A4, A5 and A6 is **rejected** whereas null hypothesis **H03** for A2 is accepted.

Table-6: One-Way ANOVA for Education-Wise Analysis of the Customers of Life Insurance Products

Variables	Education								F-Value	Sign. level
	Secondary		Senior Secondary		Graduate		P.G. and Above			
	N=32		N=46		N=119		N=18			
	Mean	S.D.	Mean	S.D.	Mean	S.D.	Mean	S.D.		
A tax saving plan	2.41	.946	2.78	1.172	2.81	1.216	3.00	1.328	1.273	.285
A saving scheme with good return	2.69	1.148	2.67	1.012	2.41	1.138	1.56	.784	.957	.414
A financial security for the family	2.41	1.073	1.76	.848	1.85	.997	1.22	.428	6.470**	.000
Risk coverage	3.13	1.454	2.96	1.173	3.00	1.359	1.89	.900	4.171**	.007

Save for green patch (Pension), to cover the risk of living too long.	4.28	1.508	4.57	1.088	4.49	1.377	3.56	1.790	2.703*	.047
To convert black money to white money	4.25	2.396	4.92	.107	4.90	.128	5.00	.000	7.276**	.000
*significant at 5% level									

Source: Primary Data/ SPSS output/ developed by the researchers

Let us study the impact of level of education on the perceptions of the policy holders regarding the various aspects of the life insurance product. To examine any significant difference among the various groups as per their **educational qualifications**, One-way ANOVA test was carried out. (See **Table-6**) For all the aspects except A1 and A2, the values of significance level for the F-test were found to be less than 0.05 whereas for A1 and A2, the values of significance level for the F-test were found to be more than 0.05. Hence, null hypothesis **H04** for the aspects/ features, A3, A4, A5 and A6 is **rejected** whereas null hypothesis **H04** for A1 and A2 is accepted.

Similarly, as per the **level of incomes** of the policy holders, One-way ANOVA test was carried out. (See **Table-7**) For all the aspects except A2 and A6, the values of significance level for the F-test were found to be less than 0.05 whereas for A2 and A6, the values of significance level for the F-test were found to be more than 0.05. Hence, null hypothesis **H05** for the aspects/ features, A1, A3, A4 and A5 is **rejected** whereas null hypothesis **H05** for A2 and A6 is accepted.

Table-7: One-Way ANOVA for Income-Wise Analysis of the Customers of Life Insurance products

Variables	Income (in Rupees)										F-Value	Sign. level
	Up to 15000		15001-30000		30001-45000		45001-60000		Above 60000			
	N=19		N=132		N=47		N=4		N=12			
	Mean	S.D.	Mean	S.D.	Mean	S.D.	Mean	S.D.	Mean	S.D.		
A tax saving plan	2.58	.838	2.95	1.268	2.55	.829	1.00	.000	2.50	1.382	**3.568**	.004
A saving scheme with good return	2.53	1.073	2.55	1.036	2.49	1.266	1.00	.000	2.83	.835	**1.873**	.100
A financial security for the family	2.26	.991	1.85	.961	2.00	1..043	1.00	.000	1.00	.000	**3.802**	.003
Risk coverage	2.95	1.615	2.91	1.220	3.47	1.283	1.00	.000	1.33	.492	**7.867**	.000
Save for green patch (Pension) cover the risk of living too long.	4.47	1.349	4.42	1.404	4.85	.355	3.00	.000	2.83	1.801	**5.553**	.000
To convert black money to white money	4.26	1.240	4.11	1.718	4.17	.685	5.00	.000	6.00	.000	**2.232**	.052
*significant at 5% level												

Source: Primary Data/ SPSS output/ developed by the researchers

Table-8: One-Way ANOVA for Occupation-Wise Analysis of the Customers of Life Insurance Products

Variables	Occupation								F-Value	Sign. level
	Govt. Employee		Pvt. Employee		Business/Self-Employed		Others			
	N=147		N=57		N=4		N=6			
	Mean	S.D.	Mean	S.D.	Mean	S.D.	Mean	S.D.		
A tax saving plan	2.95	1.151	2.40	1.208	3.00	.000	1.67	.516	**4.328****	.002
A saving scheme with good return	2.58	1.134	2.47	.947	2.00	.000	2.00	1.549	**.755**	.556
A financial security for the family	1.88	.940	1.72	1.065	1.00	.000	3.00	.000	**3.619****	.007
Risk coverage	3.11	1.366	2.28	1.098	4.00	.000	3.33	1.033	**5.384****	.000
Save for green patch (Pension)	4.61	1.290	3.75	1.573	5.00	.000	5.00	.000	**4.946****	.001
To convert black money to white money	4.24	1.547	4.95	.875	5.00	.000	5.00	.000	**2.683***	.033
*significant at 5% level **significant at 1% level										

Source: Primary Data/ SPSS output/ developed by the researchers

Further, as per the **types of occupation** of the policy holders, One-way ANOVA test was carried out. (See **Table-8**) For all the aspects except A2, the values of significance level for the F-test were found to be less than 0.05 whereas for A2, the value of significance level for the F-test was found to be more than 0.05. Hence, null hypothesis **H06** for the aspects/ features, A1, A3, A4, A5 and A6 is **rejected** whereas null hypothesis **H06** for A2 is accepted.

Table-9: t-Test for Location-Wise Analysis of the Customers of Life Insurance Products

Variables	Location				t-Value	Sign. Level
	Rural		Urban			
	N=58		N=157			
	Mean	S.D.	Mean	S.D.		
A tax saving plan	2.97	.955	2.68	1.251	**1.568**	.118
A saving scheme with good return	2.67	1.161	2.46	1.059	**1.242**	.216
A financial security for the family	2.03	1.025	1.80	.959	**1.587**	.114
Risk coverage	3.29	1.487	2.78	1.249	**2.551***	.011
Save for green patch (Pension)	4.95	1.083	4.15	1.424	**4.361****	.000
To convert black money to white money	4.34	1.917	4.98	.479	**-3.013****	.003
*significant at 5% level **significant at 1% level						

Source: Primary Data/ SPSS output/ developed by the researchers

The **location-wise analysis** for the different aspects of the life insurance product was carried out with comparing their means and standard deviations. To examine any significant difference among the various groups, t - Test was carried out. From the **table 9**, it can be seen that the mean values with their standard deviations differ from each other with respect to the location of the customers. To verify the significance of the differences, t-value was calculated for each variable with the significance level being kept at 0.05. For the aspects A4, A5 and A6, the values of significance level for the t-test were found to be less than 0.05 whereas for A1, A2 and A3, the values of significance level for the t-test were found to be more than 0.05. Hence, null hypothesis **H07** for the aspects/ features A4, A5 and A6 is **rejected** whereas null hypothesis **H07** for the aspects/ features A1, A2 and A3 is accepted.

DISCUSSING THE RESULTS AND CONCLUDING REMARKS:

Due to heavily skewed sample in favour of LIC, we did not focus on the comparative analysis of the results as per the life insurer type. We were heartened to find out the results as per our expectations. All the positive aspects of the product such as: *a tax saving plan, a saving scheme with good return, financial security for the family and risk coverage* were marked 'important to very important' by the customers except the *pension* aspect. It was found from the study that majority of the respondents did not consider the pension aspect of the product. Hence, the life insurers have to work harder to convince the customers to buy the product as a pension package. Similarly, it was very good to find out that most of the customers did not think about investing their black money in buying the products which augurs well for the economy. In this study, we have tried to know the various aspects of a life insurance product which influence the customers in purchasing the life insurance policy. Though the study was handicapped by limited sample size (both geographical as well as periodical), it can be amplified as per the national scenario with some specific modifications. This study will help the insurance companies and the regulators in developing a better life insurance product.

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[i] Insurance is a contract between two parties, the insurer or the insurance company, and the insured, the person seeking the cover. Within this contract, the insurer agrees to pay the insured for financial losses arising out of any unforeseen events or risk in return for a regular payment of premium

[ii] http://en.wikipedia.org/wiki/Insurance_in_India

[iii] http://www.researchandmarkets.com/reports/306103/indian_insurance_industry_new_avenues_for_growth

[iv] Life insurance is different from other insurance in the sense that the subject matter of insurance is life of human being. The insurer will pay the fixed amount of insurance at the death or at the expiry of certain period.

[v] http://www.hdfclife.com

[vi] file:///H:/phd/life%20insurance/Industry%20Statistics%20-%20March%202012%20-%20Towers%20Watson.htm, India Market Life Insurance Update**,** April 2012

[vii] LIC embarks on ambitious plan to cover all Indians, Sep 4 2012 http://www.livemint.com/2012/09/04004135/LIC-embarks-on-ambitious-plan.html, Anirudh Laskar