

UDC 368.91

**BALA Renu,**

Dr., PhD, Department of Business Economics,  
Institute of Insurance and Risk Management, Hyderabad, India

**SRIMANNARAYANA Gajula,**

Department of Actuarial Sciences,  
Institute of Insurance and Risk Management, Hyderabad, India

**MEHTA Timsy,**

Dr., Assistant Professor, Department of Journalism & Mass Communication, Chaudhary  
Devi Lal University, Sirsa India

## THE PERCEPTION OF LIFE INSURANCE BY THE POPULATION OF HYDERABAD

*The study focuses on the people of Hyderabad and intends to map out their inclination towards buying the products and services of public and private insurers. A survey was conducted among 200 respondents and the obtained data were treated to find out the perceptions related to various parameters for buying the life insurance policy. The results of data analysis revealed that the respondents used to perceive such policies as a future protection tool and preferred public life insurers over private ones. Among the eight investment options which were supposed to be available to them, life insurance was ranked fourth while first three being bank deposit, real estate, and equity respectively.*

*Keywords:* India, life insurance; perception of consumers; investment preferences; survey based Study.

*Бала Р., Сриманнараяна Г., Мехта Т. Восприятие населением Хайдебада страхования жизни. Исследования проведены среди жителей г. Хайдебада с целью определения спроса услуг государственного и частного страхования. Опросом было охвачено 200 респондентов. Полученные данные рассматривались на предмет анализа восприятия, связанного с разными требованиями покупателей полисов страхования жизни. Результаты анализа данных показали, что респонденты воспринимали государственную социальную политику как инструмент будущей защиты и предпочли государственное страхование частному. Из восьми вариантов инвестирования, доступных для населения, страхование жизни заняло четвертую позицию, а к первым трем отнесены были соответственно банковский депозит, недвижимость и частный капитал.*

*Ключевые слова:* Индия, страхование жизни, потребительский спрос, инвестиционное предпочтение, социологический опрос.

**Background.** There are evidences indicating that the survival of any organization depends on its acceptance by customers. These days life insurers in India are facing tough competition due to liberalization. Here,

---

© Bala R., Srimannarayana G., Mehta T., 2018

customers are the real pillars of the success of a life insurer [1]. In such competitive situation, the existence and growth of the insurer will depend on its consumer's satisfaction and perception [2]. Then, it is helpful for an insurer to be familiar with the perception of customers in order to out beat the competitors and to gain the customer's goodwill [3]. Insurance is a unique services industry [4]. The role of life insurance in the wellbeing of the policyholders can be easily interpreted as it protects them against the risks of life such as untimely demise [5]. According to the annual report of Insurance Regulatory and Development Authority of India (IRDAI) at the international level, Indian life insurance business has been ranked 10<sup>th</sup> among the 88 countries during the year 2015 [6]. The huge population of India still does not have any life insurance coverage. In this regard; Finance Minister advised the insurers to make simple products for the Indian masses because a simple product will gain more response [7]. On the other side; private insurers along with the world market experience; issue various policies to attract the Indian consumers; yet failed to get the market [8]. The objective of this study is to examine the perception of people towards life insurance market in terms of life insurers, their products, and services.

**The analysis of recent research and publications.** Das [9] examined the behavior of the retail investors based on the comparative choice between life insurance and the mutual fund, with the sample size of 100 respondents (who had invested in both options) from Cuttack and Bhubaneswar; based on simple random sampling technique. The data were collected through structured telephonic interviews and percentage, Chi-square, two-way analysis of variance (ANOVA), rank correlation, Z test and Kendall's concordance test; statistical tools were used for data analysis. The study findings stated that majority of the respondents preferred to invest in life insurance compared to mutual fund. Most of the respondents said that the public life insurer was better than the private.

Sahu and Pandey [8] evaluated the influencing factors of consumer perceptions about investment in life insurance, with the sample size of 150 respondents in Gwalior, based on purposive sampling technique. The data were collected through structured questionnaires and statistical tools namely factor analysis, Z test and correlation were used for data analysis. The study found the six factors as insurer loyalty, service quality, ease of procedures, satisfaction level, insurer image, and insurer-client relationship.

Singh [7] examined the perception of the consumer in the insurance sector, with the sample size of 1947 respondents across 334 cities/towns from all states and union territories of India, based on multistage sampling technique. The data were collected through structured questionnaires, line and bar charts; statistical tools were used for data analysis. The study findings stated that majority of the respondents (66,38 %) preferred LIC for life insurance and the rest of the respondents preferred other insurers. It was also found that majority of the respondents (35,70 %) had invested in life insurance due to risk coverage, 32,43 % respondents pursued life insurance

policies for tax saving, and 19,65 % respondents found it is an easy way to invest. Negi and Singh (in 2012) examined the factors influencing the purchase of life insurance products, with the sample size of 613 from Uttarakhand, based on purposive sampling technique. The data were collected through structured questionnaires, factor analysis, and ANOVA; statistical tools were used for data analysis. The study found the following factors: product quality and brand image, service quality, customer friendliness, brand loyalty and commitment to the consumers, where the product quality and brand image came up as the highest-ranking factors.

Yadav [1] examined the factors influencing the customer investment decision in life insurance policies, with the sample size of 150 policyholders from Jabalpur, based on purposive sampling technique. The data were collected through structured and direct interview. The chi-square, correlation, weighted average score statistical tools were used for data analysis. The study found that the age group between 30–40 years was more interested in buying life insurance policy compared to other age groups. Along with, it was also observable that the most of policyholders (54,6 %) preferred public life insurer; sensing that public insurers were safer than the private ones.

Khurana [10] examined the difference between customer expectations and perceptions towards service quality of life insurers, using the sample size of 200 from Hissar, based on quota sampling technique. The data were collected through structured questionnaires & percentage factor analysis; paired sample test statistical tools were used for data analysis. The study used seven factors which were extracted from the respondent's responses (i.e., tangibility, credibility, competency, empathy, reliability, responsiveness and assurance). The study concluded that there was a significant difference in the customer's expectations and perceptions towards the service quality of life insurers; it was the highest in the case of competency.

Stroe and Iliescu [11] analyzed the perception and attitudes of students (between 20–30 years) regarding the necessity of insurances and insurance market, using the sample size of 100 from Italy based on purposive sampling technique. The data were collected through structured questionnaires; percentage and pie-charts statistical tools were used for data analysis. The study concluded that students found an insurance policy useful, but due to the lack of money they did not purchase insurance policies. It was also seen that majority of students would purchase insurance policies due to the feeling of trust and security that insurance created; they wished to protect their families if they had the money to purchase insurance.

Nisamudheen [3] examined the customer perception about life insurers with the reference of LIC and HDFCSL, with the sample size of 100 respondents (i.e. 50 policyholders from LIC and 50 from HDFC) from Malappuram district, Kerala based on random sampling technique. The data were collected through personal interviews; percentage, weighted average, analysis of variance, and Chi-square test; statistical tools were used for data

analysis. The study found that there was a significant difference between the service level perception of LIC and HDFCSL customers. In LIC 48 % of customers opined that its services were good and in HDFCSL 40 % of customers found the services good. The study also found that the agents were the main sources of information for consumers (50 % respondents in LIC and 30 % in HDFCSL).

Sandeep [5] examined the factors that influenced the consumer perception towards life insurance policies, with the sample size of 100 respondents from Amritsar, Ludhiana, and Chandigarh based on stratified and purposive sampling technique. The data were collected through structured questionnaires; percentage and factor analysis statistical tools were used for data analysis. The study listed the six factors as customized and timely services, better insurer reputation, effective service quality, customer convenience, tangible benefits, and healthy insurer-customer relationship.

Shubhada [2] observed the level of satisfaction of the policyholders based on services provided by LIC to them, using the sample size of 205 from Jalgaon based on convenience sampling technique. The data were collected through structured questionnaires, satisfaction index (conducted based on the response given) and statistical tools were used for data analysis. The study found that high satisfaction was for the issue of the policy document, prompt services and transparency in dealing. The other side, satisfaction was found low for accessing the information through call centers and for educating the customers about the services.

After reviewing the extant literature for life insurance available for the researcher, it was pointed out that no study had been conducted in Hyderabad so far. Therefore, the present study intends to fill that gap. By doing so, the current study is helpful in two disciplines. Firstly, the study aims at understanding the consumer's perceptions towards life insurers and the quality of product and service offered by them. Secondly, this study contributes to the growing review of literature for the insurance sector.

The **aim** of the study is organized into different sections. The literature review section follows the introduction.

**Materials and methods.** This study was conducted with 200 respondents who were selected on the basis of their sufficient knowledge of insurance, in which 67,5 % respondents were males and the rest 32,5 % were females; moreover sample was dominated by the age group of 21–30 years with 77 %, followed by 31–40 years and above 40 years; with 13 % and 10 % respectively. Among those; 57 % were students and the rest 43 % were employees. Terrestrial area of the respondents was Institute of Insurance and Risk Management and Insurance Information Bureau of India, Hyderabad, where the headquarters of the IRDAI is situated.

To understand the perception about life insurance market, the study adopted a survey research design that used exploratory research type. The researcher used online structured questionnaires to collect the data from respondents and the respondents were selected on the basis of the non-probability purposive sampling technique.

The time-period of the data collection was 3 months from November 2016 to January 2017. The researcher explained the purpose of the research to each respondent through personal contact and made a request to seek clarification, in case they could not understand any part of the questionnaire after sending the questionnaires to them. Even though most of the respondents were able to understand the questions, some respondents sought clarifications; the same was clarified by the researcher. Further, to ensure the appropriateness of the responses at the time of answering the questionnaire, the respondents individually were given clear instruction and enough time to answer the same.

The collected data from the respondents were copied into the Statistical Package for the Social Sciences (SPSS) for analysis. After that, the study has applied frequency and percentage as a statistical tool for data analysis. The results of the data analysis have been mentioned in the following section.

**The results of the research.** This study mainly focused on the perception of people about the life insurance market, concluding the seven factors that could influence their buying behavior. These were investment preference related to time, the decision of investment, the source of information, perception towards life insurance as a tool of future security, considering parameters at the time of buying policies, insurer's ownership preference, rationality behind investment and priority among eight investment options.

*Table 1* describes the investment preferences related to time, 41,5 % respondents preferred both short-term as well as long-term investment, followed by 28 % and 23,5 % respondents who had preferred long-term investments and short-term investments respectively. Moreover, it was also cleared from the table that 63,5 % respondents decided to invest after their family's opinion, followed by 33 % respondents who took the decision on their own. The remaining 3,5 % decided after the opinions of their relatives and friends.

*Table 1*

**Preference and Decision for Investment**

Preference for Investment			Decision for investment		
Variables	N*	%	Variables	N	%
Short-Term	47	23,5	Family	127	63,5
Long-Term	56	28,0	Myself	66	33,0
Both	97	48,5	Relative/Friends	7	3,5
Total	200	100,0	Total	200	100,0

\* (N) stands for a number of respondents.

*Source: Primary data collected by author and analyzed with SPSS.*

*Table 2* illustrates that out of the total 200 respondents, 28 % respondents got the information at the time of buying life insurance policy through agents, followed by 23 % who obtained information through their own research, 20 % got it through their families, while 17 % got it through

friends/relatives and 12 % got it through advertisements and websites. Further, *Table 2* puts forward that 45,5 % respondents were satisfied with the online services of life insurers followed by 37 % those who didn't know about those online services. Among those, 10 % were highly satisfied and 6,5 % were unsatisfied. The remaining 1 % respondents were highly unsatisfied.

*Table 2*

**Source of Information and Satisfaction Level**

What is your source of information for buying a life insurance policy?			How much are you satisfied with online services provided by Life Insurers?		
Variables	N*	%	Variables	N	%
Own Research	46	23,0	Highly Satisfied	20	10,0
Agent	56	28,0	Satisfied	91	45,5
Friends/Relatives	34	17,0	I don't know	74	37,0
Family	40	20,0	Unsatisfied	13	6,5
Advertise/Websites	24	12,0	Highly Unsatisfied	2	1,0
Total	200	100,0	Total	200	100,0

\* (N) stands for a number of respondents.

*Source: Primary data collected by author and analyzed with SPSS.*

*Table 3* shows that 86 % respondents accepted that the ownership of the life insurer held importance for them. Further, the table states that 81 % respondents wanted to choose the public life insurer instead of private in the life insurance market.

*Table 3*

**Does Ownership of the Life Insurer Matter to You?  
Which One Would You Choose?**

Does ownership of the insurer matter to you?			Which life insurer would you want to choose?		
Variables	N*	%	Variables	N	%
Yes	172	86,0	Public	162	81,0
No	28	14,0	Private	38	19,0
Total	200	100,0	Total	200	100,0

\* (N) stands for a number of respondents.

*Source: Primary data collected by author and analyzed with SPSS.*

*Table 4* shows that at the time of buying life insurance policy the respondents want to review the various factors including the name and reputation of an insurer, the policy terms and conditions, bonus and interest, accessibility, and pre and post selling services of the insurer. Out of 200 respondents, 52,5 % said the name and reputation of the insurer, 50 % said the policy terms and conditions, 46,5 % said the bonus and interest, 43,5 % said the accessibility and 40 % said the pre and post selling services. In brief, the important factor was the name and reputation of the insurer.

Table 4

**Number of Parameters You Prefer at the Time of Buying Life Insurance Policy**

Variables	Premium		Policy Terms & Conditions		Name & Reputation		Bonus & Interest		Accessibility		Pre & Post Selling Services	
	N*	%	N	%	N	%	N	%	N	%	N	%
1 <sup>st</sup>	78	39.0	100	50.0	105	52.5	93	46.5	87	43.5	80	40.0
2 <sup>nd</sup>	99	49.5	89	44.5	79	39.5	84	42.0	80	40.0	83	41.5
3 <sup>rd</sup>	3	1.5	4	2.0	3	1.5	9	4.5	4	2.0	10	5.0
4 <sup>th</sup>	7	3.5	3	1.5	3	1.5	4	2.0	7	3.5	6	3.0
5 <sup>th</sup>	13	6.5	4	2.0	10	5.0	10	5.0	22	11.0	21	10.5
Total	200	100.0	200	100.0	200	100.0	200	100.0	200	100.0	200	100.0

\* (N) stands for a number of respondents.

Source: Primary data collected by author and analyzed with SPSS.

Table 5

**Rationality behind the Investment in Life Insurance**

Variables	Individual Risk Coverage		Tax Benefit		Family Risk Coverage		Growth & Returns	
	N*	%	N	%	N	%	N	%
1 <sup>st</sup>	47	23.5	23	11.5	103	51.5	34	17.0
2 <sup>nd</sup>	70	35.0	53	26.5	40	20.0	36	18.0
3 <sup>rd</sup>	51	25.5	46	23.0	40	20.0	61	30.5
4 <sup>th</sup>	32	16.0	78	39.0	17	8.5	69	34.5
Total	200	100.0	200	100.0	200	100.0	200	100.0

\* (N) stands for a number of respondents.

Source: Primary data collected by author and analyzed with SPSS.

Table 6

**Yours Investment Priority**

Options	Bond & Debenture		Equity Share		Bank Deposit		Life Insurance		Mutual Funds		Public Provident Fund		Real Estate		Others	
	N*	%	N	%	N	%	N	%	N	%	N	%	N	%	N	%
1st	21	10.5	28	14.0	67	33.5	27	13.5	15	7.5	10	5.0	31	15.5	3	1.5
2nd	34	17.0	18	9.0	45	22.5	42	21.0	25	12.5	19	9.5	16	8.0	6	3.0
3rd	23	11.5	34	17.0	30	15.0	36	18.0	37	18.5	15	7.5	21	10.5	5	2.5
4th	30	15.0	24	12.0	20	10.0	33	16.5	34	17.0	29	14.5	18	9.0	14	7.0
5th	30	15.0	27	13.5	16	8.0	28	14.0	28	14.0	34	17.0	28	14.0	7	3.5
6th	28	14.0	29	14.5	11	5.5	13	6.5	36	18.0	34	17.0	33	16.5	15	7.5
7th	26	13.0	19	9.5	8	4.0	14	7.0	19	9.5	39	19.5	33	16.5	36	18.0
8th	8	4.0	21	10.5	3	1.5	7	3.5	6	3.0	20	10.0	20	10.0	114	57.0
Total	200	100.0	200	100.0	200	100.0	200	100.0	200	100.0	200	100.0	200	100.0	200	100.0

\* (N) stands for a number of respondents.

Source: Primary data collected by author and analyzed with SPSS.

Table 7

**Yours Perception about Life Insurance**

Variables	A Saving Tool		A Tax Saving Tool		A Future Protection Tool	
	N*	%	N	%	N	%
1 <sup>st</sup>	31	15.5	27	13.5	143	71.5
2 <sup>nd</sup>	95	47.5	71	35.5	31	15.5
3 <sup>rd</sup>	74	37.0	102	51.0	26	13.0
Total	200	100.0	200	100.0	200	100.0

\* (N) stands for a number of respondents.

Source: Primary data collected by author and analyzed with SPSS.

*Table 5* shows that 23,5 % respondents said the rationality behind the investment in life insurance was the individual risk coverage, 1,5 % said the family risk coverage, 17 % said the growth and return and 11,5 % said the tax benefit.

*Table 6* displays the eight investment options supposed to be available to the respondents. These were bond and debenture, equity, bank deposits, life insurance policies, mutual funds, public provident funds, real estate and others (i.e., gold and silver etc.). It was found that 33,5 % respondents gave the priority to bank deposits, 15,5 % gave to real estate investments, 14 % gave to equity, and 13,5 % gave to the life insurance policy. Apart from that, 10,5 % gave priority to the bond and debenture, 7,5 % gave to mutual funds, 5 % gave to public provident funds and 1,5 % gave to the other options.

*Table 7* shows that 71,5 % respondents perceived the life insurance as a future protection tool, while 15,5 % perceived as a saving tool and 13,5 % perceived as a tax saving tool.

First, related to the investment preference, most of the respondents gave their preference to the both types of investments, short-term as well as long-term. Next, a greater part of the respondents took their investment decision after their family's opinion. It is telling that such types of decisions primarily were administered by their families.

It was also found that agents were the main source of information for buying life insurance policy and the name and reputation of the insurer was a key factor. At the same time, people preferred the public life insurers over the private ones. That is an evidence of the goodwill for public life insurer and important role of the agent in the life insurance market.

As far as rationality behind the investment was concerned, it was found that most of the respondents perceived life insurance policy as a tool of family risk coverage. It means that the core function of the life insurers was occupying the exact perception of respondents. It is an evidence of the core competence of the life insurers in the financial market.

Among the given eight investment options, the life insurance was ranked fourth, first three being bank deposit, real estate, and equity respectively. Hence it is essential for the life insurers to do extra efforts to reach the level of bank deposits, which take the top spot among all the investment options.

**Conclusion.** Based on the result of data analysis it has been concluded that most of the respondents prefer to invest for both short-term as well as long-term and they invest only after consulting with appropriate being. Next, the role of the agent to get the information is crucial even in the age of the internet. In the life insurance market, the public life insurers are still dominating in terms of goodwill. Added to this, the name and reputation of an insurer is a key parameter for buying the life insurance policy. The main reason for the people to invest in life insurance is to cover

the risk of life. Among the eight investment options, the bank deposits are dominating the market.

As with any study of this nature, this study has its own limitations. First using the sample of students has advantages in terms of life stage of respondents, yet it fails to capture the complete real experience of the existing policyholders with life insurers. Second, this study was conducted with a small sample of Hyderabad; hence the results may not be generalized to other population. Despite the aforesaid limitations, it is the ever first study to be conducted on the perception of people towards life insurance market, especially in Hyderabad. Hence, this study has set the groundwork for the further researches.

## REFERENCES

1. Yadav B. and Tiwari A. A study on factors affecting customers investment towards life insurance policies. *International Journal of Marketing, Financial Services & Management Research*. 2012. Vol. 1. Issue 7. P. 106–122.
2. Shubhada M. K. Service Quality and Customer Satisfaction: An Empirical Study of LIC Policyholders in Jalgaon District. *Research Gate*, February 2013. URL : [https://www.researchgate.net/publication/264501392\\_Service\\_Quality\\_and\\_Customer\\_Satisfaction\\_An\\_Empirical\\_Study\\_of\\_LIC's\\_Policyholders\\_in\\_Jalgaon\\_District](https://www.researchgate.net/publication/264501392_Service_Quality_and_Customer_Satisfaction_An_Empirical_Study_of_LIC's_Policyholders_in_Jalgaon_District).
3. Nisamudheen T. A Comparative Study of Customer Perception about Insurance Company with Special Reference to LIC and HDFC. *Standard Life Policies*. 2013. Vol. 2. № 1. P. 35–39.
4. Pranav S., Syed Roshana Farvin M., Dharmalingam M. Customers' Perception in Insurance Virtual Environment: A Study on Online Services. *Pacific Business Review International*. 2014. Vol. 7. Issue 1. P. 73–79.
5. Sandeep C. Consumer Perception Regarding Life Insurance Policies: A Factor Analytical Approach. *Pacific Business Review International*. Vol. 9. Issue 6. P. 52–61.
6. IRDAI Annual Report for 2015.
7. Singh B. K. An Empirical Study on Perception of Consumer in Insurance Sector. *Indian Journal of Economy and Business*. 2010. Vol. 9. Issue 1. P. 39–55.
8. Sahu P., Jauswal G., Pandey V. K. A Study of Buying Behavior of Consumers towards Life Insurance Policies. *Aima Journal of Management & Research*. 2009. Vol. 3. Issue 3. P. 1–10.
9. Das B., Mohanty S., Shil N.C. Mutual Fund vs . Life Insurance: Behavioral Analysis of Retail Investors. *International Journal of Business and Management*. 2008. Vol. 3. №10 P. 89–103.
10. Khurana S. Analysis of Service Quality Gap in Indian Banking Industry. *European Journal of Commerce and Management*. 2013. Vol. 12. Issue 3. P. 58–73.
11. Stroe M. A. and Iliescu M. Attitudes and Perception in Consumer's Insurance Decision. *Global Economic Observer*. Vol. 1. № 2. P. 922–930.

*Articles submitted to editor office of 10.01.2018.*

**Бала Р., Сріманнараяна Г., Мехта Т. Сприйняття населенням Хайдарабада страхування життя.**

**Постановка проблеми.** *Практика показує, що соціальна підтримка населення державою – важливий фактор його розвитку. За даними річного звіту Індивідуального органу страхового регулювання та розвитку Індії (IRDAI), що*

страхування життя в країні серед 88 країн світу у 2015 р. посідало 10 місце. Величезна кількість населення Індії все ще не має жодного полісу страхування життя. Міністр фінансів країни порадив страховикам створювати прості програми страхування народних мас. Сьогодні перед страховиками життя в Індії постають актуальні питання задоволення та сприйняття споживачем їх послуг.

**Аналіз останніх досліджень і публікацій.** Проблемам вивчення попиту населення послуг страхових компаній індійські науковці присвячують велику кількість праць. Серед питань, які вони порушують – це: методика проведення соціологічних опитувань, впливові фактори сприйняття споживачами інвестицій у страхування життя, наповненість послугами страхового ринку. Поза увагою в цей час залишилася проблематика розвитку страхового ринку у м. Хайдарабаді.

**Метою** даного дослідження є вивчення сприйняття мешканцями м. Хайдарабада страхування життя як впливової умови формування попиту послуг страхових компаній.

**Матеріали та методи.** Дослідження проведено з 200 респондентів, яких відібрали на основі їх знань про страхування, серед яких 67,5 % респондентів були чоловіками, решта 32,5 % – жінки; у вибірці переважала вікова група 21–30 років (77 %), потім 31–40 років (13 %) та старше 40 років (10 %). Центром дослідження став Інститут страхування та управління ризиками у м. Хайдарабад, оскільки там розташована штаб-квартира Адміністрації з регулювання та розвитку страхування в Індії (IRDAI). Дослідники використовували онлайн-опитування для збору даних респондентів. Часовий період збирання даних становив 3 місяці, з листопада 2016 р. по січень 2017 р.

**Результати досліджень.** Дослідники вивчили дані щодо аналізу різних вимог та переваг покупців полісів страхування життя. У межі дослідження було вміщено такі аспекти: короткострокові та довгострокові терміни страхування, джерела інформації про умови страхування, рівень задоволення вимог споживачів страхових послуг, кількість параметрів, яким споживачі надають переваги, коли приймають рішення про страхування.

**Висновки.** Результати дослідження показали, що респонденти сприймають державну соціальну політику як інструмент захисту свого життя і надають перевагу саме державному страхуванню. Из восьми варіантів інвестицій, доступних для населення, страхування життя займає четверту позицію, поступаючись банківським депозитам, придбанню нерухомості та розвитку приватного бізнесу.

**Ключові слова:** Індія, страхування життя, споживчий попит, інвестиційні переваги, соціологічне опитування.