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Comparative study of customers' buying behavior towards insurance products

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Abstract
The present study aims to gain knowledge about the various factors which affect the buying behaviour of customers word the insurance product. They are so many factors like internals, externals, domestic and other which have impact in buyer's decision making. To achieve the objectives of this research work primary data were collected with the help of questionnaires method. Further, the collected data work analyzed with the statistical tools like means, standard Deviations and t-test.

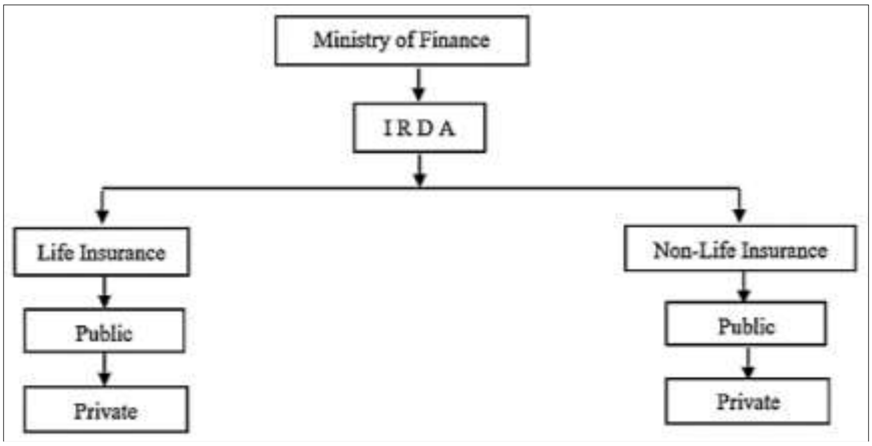
Keywords: Insurance, buying behaviour, customers, products

Introduction
The function of insurance is to extend the loss to a large number of people who have agreed to cooperate with each other during the loss. Insurance is considered as a pillar of growth in any economy and acts as a stimulus for the overall development of the economy. Industry has always been a source of long-term funding, which is important for the development of a country's infrastructure. The insurance industry helps to deepen the department and the capital market and makes the market for government bonds crucial. Well-functioning insurance companies are the best investors in a country's money for the overall development of the country because these companies match their liabilities to local assets. The individuals buy life insurance for a variety of reasons. The most common causes are income conversion, estate tax requirements (i.e. estate liquidity), financing of a buy-and-sell agreement between business partners, and many other business requirements. In addition, many wealthy individuals often acquire life insurance as a form of asset diversification as they engage in generational wealth planning. Regardless of the initial acquisition motivation (s) of a life insurance contract, circumstances inevitably change over time, which often leads to legitimate questioning of the need to maintain the policy. Having been a leading insurance company for over 50 years, LIC India has gained almost a monopoly power over the request and sale of life insurance policies. In addition to the summary of current standards provided at the outset, LIC has expanded its operations to 12 countries except India with the aim of meeting the insurance requirements of non-resident Indians.

Indian economy is one of the fastest growing economic of the world. It is developing at a very fast pace as compared to other global economics. In 2008, India was ranked as the second fastest economy of the world. Insurance sector is a boon for economic development as it provides long- term funds for infrastructure development at the same time strengthening the risk taking ability of the country. Insurance is a big opportunity in a country like India with a large population and untapped potential. In this current scenario of growing customer base, one of the principal concerns underlying the regulation of the insurance companies is the need to protect the interest of and secure fair treatment to policyholders.

The first Indian insurance company was the Bombay Mutual Life Assurance Society which came into existence in 1870. In the early 20th century, many new insurance companies emerged and thus the Life Insurance Companies Act, 1912 made it necessary that the premium-rate tables and periodical valuations of companies should be certified by an actuary.

The insurance market in India has witnessed dynamic changes including entry of a number of global insurers in both life and general segment. Life Insurance industry in India is ranked 9th among the 156 countries, during 2010-11 and the Indian non-life insurance industry improved in its global ranking to 19th in comparison to 26th in last year. The process of re-opening the sector had begun in the early 1990s and following the recommendations of the Malhotra Committee report, in 1999, the Insurance Regulatory and Development Authority (IRDA) was constituted as an autonomous body to regulate and develop the insurance industry. The key objectives of the IRDA include promotion of competition so as to enhance customer satisfaction through increased consumer choice and lower premiums, while ensuring the financial security of the insurance market.



Contribution of insurance for growth and development
Insurance has had a very positive impact on India‘s economic development. The sector is gradually increasing its contribution to the country‘s GDP. In addition, insurance is driving the infrastructure sector by increasing investments each year. Further, insurance has boosted the employment scenario in India by providing direct as well as indirect employment opportunities. Due to the healthy performance of the Indian economy, the share of life insurance premiums in the gross domestic savings (GDS) of the households sector has increased. The increased contribution of the insurance industry from the household GDS has been ploughed back into the economy, generating higher growth.

Types of insurance
The insurance business in India is divided into two broad categories.
They
1. Life Insurance
2. Non-life insurance
a. General insurance
b. Health insurance
c. Reinsurance

Life insurance
Life insurance is a contract that provides financial compensation in the event of a disability. Life insurance is a contract in which the insured pays a certain amount of money to the insured at the end of a certain period of time or upon the death of the insured for a certain period of time, which helps to secure the financial security of your family even in your absence. This is an investment agreement because it guarantees the investor a refund with interest and bonus at the end of the policy.

Non-life insurance
a. General insurance
If an amount called a premium is paid periodically, the insurer assumes compensation to the insured in the event of a specific loss or damage, known as ‘general insurance’. A feature of public insurance is that it acts as a protection agreement, not an investment agreement. This means that the premium paid will be refunded to the insured through claims, and the insured will incur loss or damage only in the event of certain events. General insurance includes property insurance, liability insurance, and other types of insurance. General insurance is divided into different types, which are described below.

i) Marine insurance
Marine insurance is the oldest form of insurance. Marine Insurance is a contract that guarantees the loss of the marine adventure, as well as the extension agreed upon against maritime losses. The risks involved in this type of insurance include cargo and hull cargo, and various types of marine insurance include cargo insurance, hull insurance and cargo insurance.

ii) Fire insurance
Fire insurance is a tool to cover the damage caused by a fire. The insurance company takes over to cover the loss incurred by the insured party due to fire accidents. The Fire Insurance Company undertakes to compensate the insured for any damage caused to the insured property by fire, taking into account the premium in this contract. The cause of the fire is essential to accept a fire claim.

iii) Motor insurance
Motor insurance is a type of insurance that covers damage to the motor vehicle and its accessories, liability for damage to property or injury to the guarantor or partner, and also insures the motor vehicle against the risk of injury or liability. Death of a third party due to driver's negligence. Policies that cover other types of risks or liabilities are similar to any other insurance policy.

iv) Miscellaneous insurance
Property, goods, machinery, furniture, and valuable articles can be insured against damages or damage caused by the accident or disappearance. There are several forms of insurance cover, including fidelity insurance, accident insurance, robbery insurance, workers' compensation insurance, unemployment insurance, employer liability

insurance, crop insurance, livestock insurance, and key insurance.

b. Health insurance

Health insurance is insurance that covers all or part of the risk of a person who bears the medical costs of an individual. By estimating the overall risks to health care and the health system rather than the risk pool, an insurer can develop a regular financial structure. Also known as health insurance, medicine insurance or a medical claim, it covers the cost of an individual's medical and surgical expenses. The individual pays a fixed amount each year for health care.

c. Reinsurance

Reinsurance is a form of insurance purchased by insurance companies to reduce risk. Basically, reinsurance can limit the amount of loss an insurer may incur. In other words, it protects insurance companies from financial ruin, thereby protecting companies' customers from exposure losses. Reinsurance is insurance purchased by an insurance company. In the classic case, reinsurance allows insurance companies to remain lucrative after a major claim event.

Review of literature

M. Rajkumari (2007) [7] examined the customers' preferences, satisfaction and awareness regarding various insurance services. The study has been undertaken by the researcher in order to identify the customer's attitude towards purchase of insurance products and services formats available through banks.

Praveen Sahu *et al*. (2009) [8] investigated the consumer's perception towards Life Insurance Policies was positive. They also found that the factors Consumer Loyalty, Service Quality, Ease of Procedures, Satisfaction Level, Company Image, and Company-Client Relationship were playing the crucial role in consumer's perception towards Life Insurance Policies.

Siddiqui and Sharma (2010) [5] examined the impact of service quality on customer satisfaction with agents, functional services and with company. Mathur and Tripathi (2014) [2] given the ranks to the most important factors which influence customers for selecting an insurance companies were computerization and online transactions, connectivity with bank, speed and efficiency in transactions, clear communication and the least important factors are influential marketing campaign, free gifts for customers, peer group impression etc.

Kuhlemeyer and Allen (2014) [4], showed that trust, competence, and product appropriateness of life insurance play an important role in consumer satisfaction. Sini and Karpagam (2016) [3] concluded that the respondents were neutral about tax benefit, risk coverage & saving, security with high return. The result indicated that the life insurance customers were unaware about the aspects of life insurance products and services.

Kumar (2016) [1] found that the respondents had low preference for money back policies of life insurance. He was also observed that the qualification and income of policyholder with the amount spent on insurance have insignificant influence.

Ghosal (2012) focused the role of insurance in economic development of India and also the changes occurred till day by differentiating the developing and developed economic growth of India.

Charumathi (2012) conducted a study entitled **'**Title on The Determinants of Profitability of Indian Life Insurers. This studies aims to model the factors that determine the profitability of Indian life insurers taking the Return on Assets (ROA) as the dependent variable. The leverage, premium growth and logarithm of equity capital negatively and significantly influence the profitability of Indian life insurers.

Chaudhury and Das (2014) studied the Trends in Marketing of New Insurance Schemes and Distribution: An Empirical Studies on Indian Life Insurance Sector. The studies of the current trends of Life Insurance sector in India; evaluate the market share of Life Insurance sector of India in Life insurance business; and studies of the trends in the life insurer in India in the globalized environment.

Pant and Bahadur (2017) Title on Contribution of Insurance in Economic Growth of Nepal. The main objective of this paper is the contribution of insurance in economic growth of Nepal using determinants of insurance like total insurance premium, Life insurance premium, Non-life insurance premium, employment and investment using data from 2004 to 2015 based on theoretical and empirical evidence.

Rajurkar (2017), Title on Promotion Mix Strategies of Life Insurance Companies. This paper studies to find the various companies manage their marketing effort and tackle or change their promotion strategies in view of ever increasing competition, Expectation of people & the changing perception among people on the very purpose of buying life insurance.

Damodar Basaula (2017**)** examined the awareness and satisfaction of customers towards life insurance claim settlement in Nepal. The entrepreneurial development, launching innovative products, increased institutional delivery along with inbound claim calls attracts the customers for policy repurchase. It has claimed that life insurance has not only for security but has been taken as social prosperity through socio economic development.

Vijayanarayanan and Kumar (2018) conducted a study entitled Marketing Strategies of Private Sector Life Insurance Companies in Chennai City. This paper Studies the demographic profiles of the policy holders of Chennai city, identifies the underlying dimensions of Perception of Marketing Strategies (PMS) followed by Private Life Insurance Companies and finds the impact/influence of Personal Profiles of respondents on their Total Perception of Marketing Strategies (TPMS).

Singh and Lall (2018) studied on An Empirical Study of Life Insurance Product and Services in Rural Areas. The aims of the present studies is the opportunities for insurers in the rural market and what will be new strategies to tap the highly underinsured rural area, and also understands consumer's behavior in the insurance sector and identify challenges faced by insurance companies and how to overcome with those challenges.

Dash (2018) Title on Determinants of Life Insurance Demand: Evidences from India. This study has discussed numerous variables associated with the customers such as: age, gender, marital status, occupation, education, family size and annual income and their impact on their buying behaviors. It also includes residing locality, selling company and annual premium amount (price) along with along with

these variables and also conducted in rural Odisha with a sample of more than 400 life insurance policy's holders.
Kannan (2018) examined the Customer Satisfaction towards Life Insurance Corporation with Special Reference to Chennai City. The main aim of these studies is to know the consumer's satisfaction towards LIC and determines the factors and attributes that influence the policyholders towards different policies and also studies the problems faced by policyholder and strategies to enhance Life insurance service.

Objectives of the study
This research work was conducted to study the factors affecting buying behavior of insurance customers.

Research methodology
Area of the study
The present research project under the title "A study of customers buying behavior towards insurance products" was carried to study the buying behavior of customers Hisar and Sirsa districts in Haryana.

Study design
Under this work to achieve the objectives of the study collected data were analyzed with various statistical tools and techniques. That is way this study is descriptive-cum-analytical nature.

Sample and sampling technique
Two districts *viz*- Hisar and Sirsa State of Haryana selected by using random sampling (lottery method) and then 150 customers (75 customers from each Hisar and Sirsa districts) were selected by applying quota sampling. This, like sample of 150 respondents was drawn by applying Random-cum-Quota sampling.

Data
For the purpose of analyzed primary data collected from 150 respondents with the help of questionnaires.

Hypothesis
The null (H_0) was set up there is no significant difference between means of Hisar and Sirsa regarding life insurance product.

Data analysis and explanation of results
This section presents this year results of analysis and there explanations. The results of various analyses are here:

Table 1: Comparative analysis of means Hisar and Sirsa on factor affecting buying behavior of respondents

Factors	Hisar		Sirsa	
	$\bar{X}$	S.D.	$\bar{X}$	S.D.
Awareness	3.99	1.20	4.05	1.03
Security	4.17	1.43	4.42	0.99
Tax shield	3.89	0.876	3.96	1.07
Life style	3.70	1.16	3.84	0.98
Risk cover	4.57	0.76	4.47	0.92

***Source*:** Primary data

Table-1 depicts the result of comparative analysis of factors affecting the buying behavior of respondents in Hisar and Sirsa districts. The results shown in table -1 explicate that risk cover highly affects the buying behaviors of respondents of both Hisar ($\bar{X}$=4.57) and Sirsa ($\bar{X}$=4.47) districts. The next factor was "security" that affects the buying go insurance products. However it affected the buying behavior of respondents of Sirsa as compared to the respondents of Hisar, further the awareness and tax shield were also found important factors which affect the buying behavior of respondents. Lifestyle where's effecter which had lowest effect on buying behavior.

Table 2: Significance of difference between means of Hisar and Sirsa

Factors	t-values	p-values	Sig.
Awareness	1.5916	0.1121	Non-significant
Security	1.0031	0.2561	Non-significant
Tax shield	0.9977	0.3214	Non-significant
Life style	0.8281	0.4316	Non-significant
Risk cover	0.4452	0.6568	Non-significant

***Source*:** Primary data

The result of significance difference have been obtained and given in table 2, explicate that the difference between mean scores of factor taken into account (between Hisar and Sirsa) have been found non-significant at 5% level of significance, Thus the null hypothesis (H0). There is no significant difference between mans of Hisar and Sirsa districts. It means all five factors (awareness, security, tax shield, life style and risk cover) affect the buying behavior of respondents of Hisar and Sirsa in the similar way.

Main finding of the study
- All five factors (awareness, security, tax shield, lifestyle and risk cover (affect the buying behavior of people because all the mean scores obtained were greater than 3 (given in Table 1).
- Awareness, security, tax shield, and life style affected the buying behavior of respondents of Sirsa to word insurance product highly as compared to the respondent of Hisar district as per (Table-1).
- Risk cover affected the behavior of respondents of Hisar highly as compared to the respondents of Sirsa in (Table-1).
- All the factors affected the buying behaviour of respondents of both Hisar and Sirsa in similar way given in (Table-2).

Conclusion
This study was carried out is gain knowledge about the factors which affect the buying behavior of insurance customers. The selected respondents were studied with measurement scale. The obtained results of this study suggested that factor "risk cover" was found most important factor which affect the behavior of insurance buyers highly compared to the other factors taken into account, Further all the factors affect the buyer's behavior in similar way.

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