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Investor's Perception towards Life Insurance Investments

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ABSTRACT

The research work aims to investigate and analyze the perceptions of investors toward life insurance as an investment instrument. Life insurance is a significant component of financial planning, offering both protection and investment opportunities. The research design used for this study is descriptive in nature. The descriptive study helps the researcher to find out various characteristics from the sample size of 100. The statistical tool used includes percentage analysis, Chi square, Anova and weighted average.

Key words: Investor Perception, Attitude, Preferences, life insurance investments.

INTRODUCTION

In today's dynamic and uncertain financial landscape, individuals are constantly seeking avenues to secure their financial future and achieve their long-term goals. One such avenue that has gained significant prominence is life insurance as an investment tool. Life insurance, traditionally seen as a means of providing financial protection to beneficiaries in the event of the policyholder's demise, has evolved into a multifaceted financial instrument that offers a combination of protection and investment opportunities. The perception of investors toward life insurance as an investment option has undergone transformation in recent years.

The objective of this study the Investors Perception towards Life Insurance Investments and to identify the demographic profile of the investors and their perception towards life insurance investment and to find out the opinion regarding benefits provided by life insurance and to examine the attributes that consumers prefer while purchasing a life insurance policy.

REVIEW OF LITERATURE

Mazhar and Khan, (2019) studied the factors affecting customer's preference towards investment in life insurance policies. He has found that the consumer's decision to purchase insurance products from different insurance companies has been affected by age, gender and income.

Velmurugan, Selvan and Nazar (2015) study focused on an empirical on perception of investors towards various investment avenues in Vellore city, Tamil Nadu. The objectives of the study were to understand the effect of demographic factors on investment, to identify investment decisions towards various investment avenues taken by investors across gender and to ascertain the factors influencing the investor towards selection/ order of preference of various investments.

Ganga Bhavani and Khyati Shetty (2017) a research was conducted on study is to investigate how investment choice gets affected by the demographics and perceptions of the investor. Investor's behavior is influenced by many factors at the time of investment decision-making. Demographic profiles and perceptions play an important role to select a particular choice of investment. This paper helps to enhance the knowledge on different investment avenues like bank deposits, life insurance policies, mutual funds and equity which in turn will be highly useful to the financial advisors as it will help them advise their clients regarding these avenues with respect to their demographic profiles. The study also highlights the evidence that the investment choice depends on and is affected by the demographic variables and perceptions. However, the results of this research show that the most investors have little knowledge on the investment avenues for their investments. This study proves that investors' age, gender, education and occupation significantly influences the perception of life insurance.

Yadav and Tiwari (2014); The Study area is limited to Jabalpur district, of Madhya Pradesh and sample size of 150 policyholders is taken and the sample have been selected through a stratified and purposive sampling method. The study has been conducted to find out factors influencing customer investment decision, impact of various demographic factors, preferences of customers while taking the decision, and ranking of factors responsible for the International Journal of Information Movement.

Chaudhary, S. (2016), the study examines the various factors that affect the consumer perception towards life insurance policy. Data was collected with the help of structured questionnaire. The sample constituted of 100 respondents from Amritsar, Ludhiana and Chandigarh. The statistical technique used for the analysis is descriptive and factor analysis. The main finding of the study reflected that there are six factors i.e. customized and timely services, better company reputation, effective service quality, customer convenience, tangible benefits and healthy customer client relationship that influence the consumer perception towards life insurance policy.

Prajapati K and Barad K (2013) the paper is an attempt to know the behavior of individual with related to life insurance and also to know the problems faced by them. The study revealed that Insurance advisor is the main influencer in investment decision of life insurance investors and they depend largely on the insurance advisor.

METHODOLOGY

Descriptive Research design has been used to determine the characteristics of a population or particular phenomenon. Using descriptive research can identify patterns in the characteristics of a group to essentially establish everything needs to understand apart from why something has happened. Data collection through questionnaire instrument using survey method. Secondary data has been collected from insurance journals, magazines, insurance websites, etc.

ANALYSIS

DESCRIPTIVE STATISTICS

In this study, to understand the investor's perception on life insurance investments the descriptive statistics on demographic factors are studied.

Gender: The majority of the respondents are male with 60%, and the female is 40%. Age: The majority of the respondents are below 25 years with the percentage of 79%. Education: The majority of the respondents are having master's degree educational qualification with 64%. Income: The majority of the respondent's annual income is less than 25000. Marital status: The majority of the respondent's marital status is single.

Table 1: Descriptive analysis of the respondents

Factor	Frequency	Percentage
Gender		
Male	60	60%
Female	40	40%
Age		
Below 25	79	79%
25-35	17	17%
36-45	1	1%
46-50	1	1%
Above 50	2	2%
Educational background		
Bachelor's degree	34	34%
Master's degree	64	64%
Doctorate degree	2	2%
Annual income		
Less than 25000	64	64%
25000-50000	13	13%
50000-75000	4	4%
75000-100000	2	2%
Above 100000	17	17%
Marital status		
Single	83	83%
Married	17	17%
Perception of investors		
Positive	94	94%
Negative	6	6%
Investment decision		
Tax benefits	15	15%
Protection for family/dependent	17	17%
Retirement planning	6	6%
Long-term savings	11	11%

Combination of above	51	51%
Features of the policies		
Money back guarantee	40	40%
Company reputation	14	14%
Risk coverage	30	30%
Low premium	10	10%
Other (please specify)	6	6%
Kind of investment		
Short term	20	20%
Long term	35	35%
Both	45	45%

CHI-SQUARE TEST

Chi – square test between gender and factors influencing investment decision in life insurance policies. The factors including tax benefits, protection for family or dependent, retirement planning, long term savings, recommendation from financial advisor, etc.

The result of chi-square test shows a significant value of 0.046. The result shows a significant association between gender and factors influencing investment decisions in life insurance policies. Therefore H0 is rejected and H1 is accepted.

Null hypothesis (H0): There is no association between gender and factors that influenced the decision to invest in life insurance policies.

Alternative hypothesis (H1): There is an association between gender and factors that influenced the decision to invest in life insurance policies

Table 2: Chi – square test between gender and factors influencing investment decision in life insurance policies

	Factors influencing investment decision in life insurance policies	Gender
Chi-Square	63.600 ^a	4.000 ^b
Df	4	1
Asymp. Sig.	.000	.046

ANOVA

Anova stands for analysis of variance, used to analyses the difference between income and kind of investments investor prefer. It includes short term, long term, and both.

The result of anova test shows that the significance value is 0.011. The result shows that there is a significant difference between income and the kind of investments investors prefer. Therefore null hypothesis is rejected and alternative hypothesis is accepted.

Null hypothesis (H0): There is no significant difference between income and the kind of investment investors prefer.

Alternative hypothesis (H1): There is a significant difference between income and kind of investment investors prefer.

Table 3: ANOVA test between income and the kind of investment investors prefer.

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	7.460	4	1.865	3.455	.011
Within Groups	51.290	95	.540		
Total	58.750	99			

WEIGHTED AVERAGE:

Weighted average is used to study about the factors based on the investors' importance and influence on their investment decisions. The factors including economic stability, market volatility, political climate, industry trends, social impact.

The result of weighted average in table 4. shows that social impact got more weightage among other factors as 20.6 and it is considered as the important and influence on their investment decisions. So it is ranked as highest. Among the influencing factor industry trends, economic stability, market volatility, political climate has been ranked as 2nd, 3rd, 4th&5th respectively.

RESULTS

The research has been conducted to study and analyze the investor's perception towards life insurance investments, and it shows that majority of the respondents having the positive perception of investment in life insurance (94%). The investors opinion on benefits, are mostly depends on money back guarantee and risk coverage according to this research. Tax benefits, protection for family/ dependent, retirement planning, long term savings are the key

factors for investors to choose life insurance as investment options. For this research, chi-square, anova, and weighted average tests have been conducted. The result of the chi-square indicates that there is an association between gender and factors influencing investment decision in life insurance policies.

Table 4: Weighted average test to study the factors based on the investor's importance and influence on the decisions.

Factors		Economic stability	X1*w	Market volatility	X2*w	Political climate	X3*w	Industry trends	X4*w	Social impact	X5*w
Weights	W	X1		X2		X3		X4		X5	
Not at all important	1	13	13	13	13	13	13	14	14	13	13
Somewhat important	2	32	64	28	56	30	60	28	56	26	52
Neutral	3	20	60	22	66	31	93	19	57	21	63
Important	4	21	84	30	120	14	56	29	116	19	76
Extremely important	5	14	70	7	35	12	60	10	50	21	105
Total	15	100	291	100	290	100	282	100	293	100	309
Y = Sum (X*w/sum(w))			19.4		19.3		18.8		19.5		20.6
Rank			3		4		5		2		1

CONCLUSION

The insurance sector has a vast potential not only because incomes are increasing and assets are expanding but also because the volatility in the system is increasing. In a sense, we are living in a more risky world. Trade is becoming increasingly global. Technologies are changing and getting replaced at a faster rate. In this more uncertain world, for which enough evidence is available in the recent period, insurance will have an important role to play in reducing the risk burden individuals and businesses have to bear.

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