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Demographic Influences and Service Quality Gaps in Life Insurance: A Study of Policyholder Satisfaction in Ludhiana District

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ABSTRACT

Life insurance plays a critical role in financial security and long-term planning, extending beyond protection to include investment opportunities, tax benefits, and retirement planning. This study investigates the relationship between demographic factors, policy preferences, service quality gaps, and customer satisfaction within the life insurance sector, focusing on policyholders in Ludhiana district, Punjab. The research examines two leading insurance companies—Life Insurance Corporation of India (LIC) and ICICI Prudential Life Insurance—using both primary and secondary data.

Data were collected from 600 respondents via structured questionnaires and analyzed using statistical tools like Chi-square tests, ANOVA, and paired t-tests. Key findings reveal significant relationships between demographic factors (age, gender, income) and preferences for insurers, policy types, and sum assured. For instance, males favored ICICI Prudential, while females preferred LIC. Younger policyholders opted for unit-linked insurance plans (ULIPs), whereas older individuals leaned toward endowment plans. Income levels significantly influenced premium affordability and coverage preferences. The study also identifies service quality gaps, particularly in digital accessibility, claim settlement processes, and transparency, which directly impact customer satisfaction. Agents remain the primary channel for purchasing policies, underscoring the importance of trust and personalized service in the sector. Additionally, regional factors like agricultural income influence preferences for specific policy types.

This research highlights the critical need for life insurers to address service quality gaps, adapt to demographic trends, and implement localized strategies to meet diverse customer needs. By enhancing service delivery and tailoring offerings, insurers can improve satisfaction, foster loyalty, and remain competitive in a rapidly evolving market.

Keywords :- Life insurance, Customer satisfaction, Demographic factors, Service quality gaps, Policyholder behavior

Introduction

Life insurance serves as a cornerstone of financial security, offering individuals and families protection against unforeseen events and a mechanism for long-term financial planning. Beyond its traditional role as a safeguard, life insurance products have evolved to include investment opportunities, tax-saving benefits, and retirement planning, making them an integral component of modern financial strategies. In the Indian context, the life insurance industry has witnessed remarkable growth, fueled by rising awareness, increasing disposable incomes, and regulatory reforms that encourage transparency and consumer-centric practices (IRDA Annual Reports, 2023). Amidst this growth, the satisfaction of policyholders has emerged as a critical determinant of success for insurance companies.

Customer satisfaction in the life insurance sector is influenced by a multitude of factors, including the quality of services offered, product diversity, pricing strategies, and the overall purchasing experience. With growing competition among insurers and the entry of private players, understanding the purchase behavior and satisfaction levels of policyholders has become essential (Kumar & Sharma, 2020). This research focuses on policyholders of two major life insurance companies—Life Insurance Corporation of India (LIC), ICICI Prudential Life Insurance,—and aims to unravel the complex dynamics between purchasing patterns and satisfaction levels.

The study's geographical focus on Ludhiana district, a vibrant economic hub in Punjab, provides a unique perspective on localized market behavior. Ludhiana, known for its industrial and agricultural prominence, represents a diverse customer base with varying income levels, occupations, and financial priorities (Singh et al., 2019). By examining policyholders' experiences in this region, the research contributes valuable insights into the broader challenges and opportunities faced by the Indian life insurance industry.

A key aspect of this study is its emphasis on demographic variables such as age, gender, marital status, education, occupation, and income. These factors play a significant role in shaping preferences for insurance products, influencing decisions such as the type of policy, premium payment frequency, and sum assured (Jain & Gupta, 2021). For instance, younger policyholders may prioritize investment-oriented policies, while older individuals might favor

plans offering higher life coverage or pension benefits. Similarly, income levels often dictate preferences for premium affordability and coverage amounts, underscoring the importance of tailoring offerings to meet diverse customer needs.

In addition to understanding purchase patterns, this study examines service quality gaps within the selected companies. Service quality is a critical component of customer satisfaction and encompasses aspects such as policy transparency, responsiveness of agents, ease of claim settlement, and the availability of digital platforms for policy management (Parasuraman et al., 1988). The regulatory framework established by the Insurance Regulatory and Development Authority of India (IRDA) plays a pivotal role in setting benchmarks for service quality, ensuring the protection of policyholders' interests. However, gaps between regulatory standards and customer expectations can adversely impact satisfaction levels, necessitating focused efforts by insurers to bridge these gaps (IRDA Annual Reports, 2023).

The research methodology employed in this study combines both primary and secondary data sources to provide a comprehensive analysis. Primary data was collected through surveys targeting 600 policyholders in Ludhiana district, using a structured questionnaire designed to capture detailed information on purchasing behavior, satisfaction levels, and service quality perceptions. Secondary data, on the other hand, was drawn from annual reports, regulatory publications, and industry analyses spanning the years 2000 to 2023 (IRDA, 2023; LIC Annual Report, 2023). Statistical tools such as Chi-square tests, ANOVA, and paired t-tests were applied to identify significant relationships and patterns within the data.

One of the unique aspects of this study is its exploration of how various customer segments perceive and interact with life insurance services. For example, the research investigates whether gender influences preferences for specific insurance providers, such as LIC being favored by female policyholders, or whether marital status impacts the selection of policies tailored for family financial planning (Sharma & Kaur, 2022). Furthermore, it delves into the role of education and occupation in shaping preferences for policy types, such as endowment plans versus unit-linked insurance plans (ULIPs). These nuanced insights are vital for insurers aiming to design targeted marketing strategies and enhance customer retention.

Despite its comprehensive scope, this study acknowledges certain limitations. The focus on four companies, while representative of the market leaders, may not capture the full spectrum of customer experiences across smaller or regional players. Additionally, the reliance on non-probability sampling methods, such as convenience and snowball sampling, may introduce biases related to respondent availability and willingness to participate. Nevertheless, the findings provide a robust foundation for understanding customer satisfaction in the context of life insurance, with implications for both industry practitioners and policymakers.

Ultimately, this research seeks to contribute to the existing body of knowledge on consumer behavior in the life insurance sector by highlighting the interplay between purchasing patterns, demographic factors, and satisfaction levels. By identifying service quality gaps and offering actionable recommendations, the study aims to support life insurance companies in aligning their strategies with customer needs, fostering trust, and achieving long-term success in an increasingly competitive market.

Review of Literature

The study of customer satisfaction and purchasing behavior in the life insurance sector has garnered significant attention from researchers worldwide. The interplay between demographic factors, service quality, and policyholder satisfaction remains central to understanding consumer behavior in this competitive industry.

Customer Satisfaction in Life Insurance

Parasuraman et al. (1988) introduced the SERVQUAL model, which serves as a foundational framework for evaluating service quality across industries, including life insurance. This model emphasizes dimensions such as reliability, responsiveness, assurance, empathy, and tangibles. Studies have demonstrated that higher service quality positively correlates with customer satisfaction and loyalty (Kumar & Sharma, 2020). In the context of life insurance, satisfaction often hinges on transparent communication, ease of claim settlement, and the perceived value of policies.

Demographic Influences on Purchasing Behavior

Demographic factors, such as age, gender, education, occupation, and income, significantly influence life insurance purchase decisions. For instance, Sharma and Kaur (2022) found that younger individuals prefer investment-oriented policies like ULIPs, while older customers lean toward traditional endowment plans or pension schemes. Similarly, income levels determine the affordability of premiums, with higher-income groups favoring higher sum-assured policies (Singh et al., 2019). Gender differences also play a role, with men generally exhibiting greater inclination toward risk-taking investment-linked products compared to women, who prioritize financial security.

Role of Trust and Agent Interactions

Trust in the insurer and interactions with agents are crucial in influencing purchase decisions. Research by Jain and Gupta (2021) highlights that policyholders often rely on recommendations from agents or known intermediaries, especially in regions with limited financial literacy. The role of agents is particularly pronounced in India, where the majority of policies are sold through face-to-face interactions. Agents not only help navigate complex policy terms but also act as a bridge between the insurer and the policyholder.

Service Quality Gaps

Despite regulatory efforts by the Insurance Regulatory and Development Authority of India (IRDA), gaps persist in service delivery. A study by Malhotra et al. (2020) revealed discrepancies between customer expectations and actual service delivery, particularly in rural and semi-urban areas. These gaps often stem from inadequate digital infrastructure, insufficient training for agents, and delays in claim settlement processes.

Satisfaction and Retention

The relationship between satisfaction and customer retention has been extensively documented. Satisfied customers are more likely to renew policies, recommend the insurer to others, and explore additional products from the same provider (Kumar & Sharma, 2020). Conversely, dissatisfaction often leads to policy lapses, negatively impacting an insurer's growth and profitability.

Localized Studies in Ludhiana

Studies focusing on specific regions, such as Ludhiana, provide insights into localized purchasing behavior. Singh et al. (2019) observed that cultural and economic factors influence life insurance preferences in Punjab, with agricultural income playing a significant role in shaping purchase decisions. These findings highlight the need for region-specific strategies to enhance customer engagement and satisfaction.

Research Methodology

Objectives of the Study

To examine the relationship between customer satisfaction and the demographic factors (age, gender, and income) influencing the choice of life insurance policies.

Hypothesis of the Study

H0: There would be no significant relationship between customer satisfaction and the demographic factors (age, gender, and income) influencing the choice of life insurance policies.

Research Design

The present study employed a descriptive research design to obtain data by conducting a survey using a questionnaire and suitability designed tasks as described below. Research design states the blueprint or conceptual structure within which the research is conducted. The present study is descriptive in nature also termed as Ex-post facto research, it includes surveys and fact- finding enquiries. The major purpose of such a research is descriptive of state of affairs as it exists at present. The study involved the following variables.

Dependent variables: Type of Company

Independent variables: Customer Satisfaction, Expectation, Perception

Area of study: The proposed area where the research will be carried out is Distt. Ludhiana.

Sample size: From the universe, samples sizes of approximately 600 customers will be selected for the purpose of the study.

Sampling Methods: Snowball sampling will be used, based on the willingness and availability of the respondents.

Data Collection

The study is based on both primary and secondary data. In order to achieve first objective of regulatory framework related to desirable service quality and protection of customer interest the study used the secondary data which has been collected from thr annual reports of IRDA from the year 2000-2023 annual reports of life insurance companies, websites, journals and books. The primary data has been collected by using self-administered questionnaires for customers of two top life insurance companies (LIC,ICICI Pru.Life,) to achieve second, third and forth objective of the study which is related to study the choice criteria, purchase pattern, satisfaction and service quality gaps.

Sampling Techniques

In the present study convenience and snowball sampling technique has been adopted. The customers of nearby locations of district Ludhiana were approached by the researcher and further references has been taken from the same customers to collect the data.

Methods of Data Analysis

This section discuss the use of statistical technique used to analyze the data. The statistics tools used in the present study are Chi Square, ANOVA, Post Hoc and paired T Test.

Scope of Study

The scope of this research is wider because the aim of life insurance companies to acquire large number of customers will only be achieved when it is able to satisfy its customers by providing quality services. The present study will discuss the regulations laid by IRDA related to quality of services to be offered by life insurance companies. For this purpose the annual reports of IRDA will be studied from the year 2000-2023. The study will cover purchase pattern of the policy holder along with the satisfaction level of the customers of chosen life insurance companies. The scope of the study will also cover service quality gaps of life insurance companies under study. District Ludhiana will be taken as sampling area for conducting the current research.

Participants

The target group for the present study included policy holders from four companies viz. LIC and ICICI Pru. Data was collected from 600 life insurance policy holders of district Ludhiana .Generally people shy away from revealing information about their investments. Therefore the researcher had to adopt a technique for collecting the data based on the availability of the investors. Participants were selected through non-probability convenience and snowball sampling. Demographic characteristics of the participants are as described below−Gender (Males: 451, Females: 149); Marital Status (Married: 461, Unmarried: 139); Age Groups (Group 1: 21-30: 210; Group 2: 11-40: 214; Group 3: 41 & Above: 175); Education (10th, 12th, Graduate & Post Graduate); Occupation (Business,

Agriculturist, Service, Professional); Monthly Income: (Indian Rupees: Up to 20K, 20K-50K, Above 50K).

Limitations of Study

There are some limitations in the present research. The study covers the customer satisfaction and quality of services offered by only top four life insurance companies as selected in the study. The study is also confined to District Ludhiana. Since the present research is related to financial investment which is highly confidential, there are possibilities of hiding of vital information by the investors. The present study will used non-probability sampling for collecting the data which is again a limitation

Data Analysis

To understand choice criteria and purchase pattern of the policy holders with respect to Life Insurance.

In this section of the chapter an attempt is made to achieve the second objective of the study i.e understanding the choice criteria and purchase pattern of policy holder with respect to life insurance. The choice criteria includes different parameter such as type of company, type of plan, policy purpose etc. and parameters of purchase pattern such as source of information while purchase, basis for company selection, source of purchase etc. In order to achieve this objective chi square test is conducted.

Table: 1 – Choice Criteria and Gender

Choice Criteria		Gender N (%)		Chi Square	P value
		Male	Female		
Company	LIC	99 (16.46%)	51 (8.50%)	15.79	0.001
	ICICI Pru.	128 (21.33%)	22 (3.70%)		
Type of plan	Term	59 (9.80%)	24 (4.00%)	6.49	0.166
	Endowment	156 (26.00%)	41 (6.80%)		
	ULIP	143 (23.80%)	40 (6.70%)		
	Pension	48 (8.00%)	22 (3.70%)		
	Child plan	46 (7.70%)	21 (3.50%)		
Policy Purpose	Life cover	198 (33.00%)	66 (11.00%)	1.256	0.869
	Tax saving	67 (11.20%)	20 (3.30%)		
	Pension	24 (4.00%)	12 (1.50%)		
	Investment	160 (26.70%)	53 (8.80%)		
Duration of policy held	Below 2yrs	90 (15.00%)	43 (7.20%)	6.853	0.144
	2 Yr.-5 Yr.	173 (28.80%)	49 (8.20%)		

	5Yr.-10 Yr.	132 (22.00%)	35 (5.80%)		
	Above 10 yrs	56 (9.30%)	21 (3.50%)		
Plan selection basis	High life cover	187 (31.20%)	60 (10.00%)	0.622	0.891
	Rider	44 (7.30%)	15 (2.50%)		
	High Return	187 (31.20%)	59 (9.80%)		
	Pension	34 (5.70%)	14 (2.30%)		
Sum Assured	Below 1 lac	81 (13.50%)	56 (9.30%)	14.045	0.007
	1-3 Lac	186 (31.00%)	40 (6.70%)		
	3-5 Lac	145 (24.20%)	31 (5.20%)		
	Above 5 Lac	38 (6.30%)	21 (3.50%)		
Premium Frequency	Monthly	76 (12.70%)	27 (4.50%)	3.493	0.322
	Quarterly	100 (16.70%)	32 (5.30%)		
	Half yearly	159 (26.50%)	61 (10.20%)		
	Yearly	117 (19.50%)	28 (4.70%)		
Annul Premium	Below 10k	147 (24.50%)	49 (8.20%)	0.907	0.924
	10k-30k	233 (38.90%)	74 (12.40%)		
	30k-50k	55 (9.20%)	20 (3.30%)		
	Above 50k	14 (2.30%)	5 (0.80%)		
Maturity Period	10 years	199 (33.20%)	73 (12.20%)	20.082	<0.001
	11-20 years	202 (33.70%)	44 (7.30%)		
	21-30 years	38 (6.30%)	16 (2.70%)		
	Above 31 years	13 (2.20%)	15 (2.50%)		
	Premium Amt	85 (14.20%)	31 (5.20%)		
	High Returns	168 (28.00%)	50 (8.30%)		
	High Life Cover	132 (22.00%)	41 (6.80%)		
	Riders	26 (4.30%)	4 (0.70%)		
	Maturity period	12 (2.00%)	4 (0.70%)		

It is clear from Table 1 that chi-square test was performed among gender and various parameters of choice criteria with respect to life insurance and it was found that there is a significant relationship between gender and choice of the company [X^2 (N = 600) = 15.79, p <.05]. It shows that male prefer the ICICI Pru. Life Insurance while the female prefer LIC insurance company. It is also clear from the table that there is significant relationship between gender and sum assured [X^2 (N = 600) = 14.04, p < .05] and also between gender and maturity period [X^2 (N = 600) = 20.08, p <.05]. Whereas there is no significant relationship between gender and other choice criteria parameters (Type of plan, Policy purpose, Duration of policy held, Plan selection basis, Premium frequency, Annual premium, Most attractive feature) as in all other cases p value is more than .05.

Table 2 – Choice Criteria and Age Group

		Age Group N (%)			Chi Square	P value
		21-30	31-40	41& above		
Company	LIC	60 (9.70%)	40 (6.70%)	50 (8.30%)	23.273	0.006
	ICICI Pru.	40 (6.70%)	70 (11.70%)	40 (6.80%)		
Type of plan	Term	35 (5.80%)	27 (4.50%)	21 (3.50%)	28.621	0.004
	Endowment	55 (9.20%)	68 (11.40%)	73 (12.20%)		
	ULIP	67 (11.10%)	73 (12.20%)	43 (7.20%)		
	Pension	24 (4.00%)	24 (4.00%)	22 (3.70%)		
	Child plan	29 (4.80%)	22 (3.70%)	16 (2.70%)		
Policy Purpose	Life cover	92 (15.20%)	81 (13.50%)	90 (15.00%)	20.216	0.063
	Tax saving	31 (5.20%)	40 (6.70%)	16 (2.70%)		
	Pension	13 (2.20%)	11 (1.80%)	9 (1.50%)		
	Investment	73 (12.20%)	82 (13.70%)	58 (9.70%)		
Duration of policy held	Below 2yrs	65 (10.90%)	40 (6.70%)	28 (4.70%)	28.242	0.115
	2Yr.-5Yr.	76 (12.6%)	86 (14.40%)	59 (9.80%)		
	5Yr.-10Yr.	44 (7.3%)	61 (10.20%)	62 (10.40%)		
	Above 10 yrs	25 (4.2%)	27 (4.50%)	25 (4.20%)		
Plan selection basis	High life cover	90 (15.10%)	75 (12.50%)	82 (13.70%)	14.058	0.12
	Rider	17 (2.90%)	22 (3.70%)	19 (3.20%)		
	High Return	88 (14.70%)	101 (16.90%)	57 (9.50%)		
	Pension	15 (2.50%)	16 (2.70%)	17 (2.80%)		
Sum Assured	Below 1 lac	41 (6.80%)	45 (7.50%)	34 (5.70%)	7.556	0.819
	1-3 Lac	76 (12.70%)	96 (16.00%)	70 (11.70%)		
	3-5 Lac	68 (11.40%)	54 (9.00%)	54 (9.00%)		
	Above 5 Lac	25 (4.40%)	18 (3.00%)	16 (2.70%)		
Premium Frequency	Monthly	40 (6.70%)	35 (5.80%)	28 (4.70%)	11.845	0.222
	Quarterly	51 (8.50%)	45 (7.50%)	36 (6.00%)		
	Half yearly	71 (11.90%)	82 (13.70%)	66 (11.00%)		
	Yearly	48 (8.00%)	52 (8.70%)	45 (7.50%)		
Annul Premium	Below 10k	76 (12.70%)	64 (10.70%)	55 (9.20%)	6.490	0.889
	10k-30k	105 (17.60%)	114 (19.10%)	88 (14.70%)		
	30k-50k	21 (3.50%)	29 (4.80%)	25 (4.20%)		
	Above 50k	7 (1.20%)	5 (0.80%)	7 (1.20%)		
Maturity Period	10 years	104 (15.60%)	97 (16.20%)	71 (11.90%)	8.960	0.441
	11-20 years	78 (13.00%)	88 (14.70%)	79 (13.20%)		
	21-30 years	18 (3.00%)	16 (2.70%)	20 (3.30%)		
	Above 31 years	10 (1.70%)	13 (2.20%)	5 (0.80%)		

It is clear from Table 2 that there is a significant relationship between different age groups and choice of the company [X^2 (N = 600) = 16.74, p <.05]. People between age group of 21-30 refer LIC, between age group of 31-40 prefer ICICI Pru. Life and above 40 prefer LIC. There is a significant relationship between different age groups and type of plan [X^2 (N = 600) = 28.62, p <.05]. The age group between 21-40 prefer ULIP plans where as age group above 40 prefer endowment plans. There is no significant relationship between age group and other choice criteria parameters (Policy purpose, Duration of policy held, Plan selection basis, Sum assured, Premium frequency, Annual premium, Maturity period, Most attractive feature) as in all other cases p value is more than .05.

Table 3 – Choice Criteria and Income Level

		Monthly Income N (%)			Chi Square	P value
		Up to 20k	20000-50k	Above 50k		
Company	LIC	62 (10.40%)	64 (10.40%)	24 (4.00%)	23.281	0.001
	ICICI Pru.	48 (8.00%)	87 (14.50%)	15 (2.50%)		
Type of plan	Term	34 (5.70%)	36 (6.00%)	13 (2.20%)	16.767	0.033
	Endowment	81 (13.50%)	93 (15.60%)	22 (3.70%)		
	ULIP	56 (9.40%)	102 (17.10%)	25 (4.20%)		
	Pension	28 (4.70%)	31 (5.20%)	10 (1.70%)		
	Child plan	38 (6.40%)	21 (3.50%)	8 (1.30%)		
Policy Purpose	Life cover	117 (19.60%)	109 (18.20%)	37 (6.20%)	15.714	0.74
	Tax saving	21 (3.50%)	56 (9.40%)	10 (1.70%)		
	Pension	13 (2.20%)	16 (2.70%)	4 (0.70%)		
	Investment	85 (14.20%)	101 (16.90%)	26 (4.30%)		
Duration of policy held	Below 2yrs	60 (10.00%)	61 (10.20%)	12 (2.00%)	11.817	0.16
	2 Yr.-5Yr.	85 (14.20%)	108 (18.10%)	27 (4.50%)		
	5 Yr.-10Yr.	61 (10.20%)	81 (13.50%)	25 (4.20%)		
	Above 10 yrs	31 (5.20%)	33 (5.50%)	13 (2.20%)		
Plan selection basis	High life Cover	96 (16.10%)	119 (19.90%)	32 (5.40%)	6.747	0.345
	Rider	29 (4.80%)	22 (3.70%)	7 (1.20%)		
	High Return	98 (16.40%)	119 (19.90%)	29 (4.80%)		
	Pension	14 (2.30%)	23 (3.80%)	10 (1.70%)		
Sum Assured	Below 1 lac	63 (10.50%)	43 (7.20%)	13 (2.20%)	25.825	0.001
	1-3 Lac	99 (16.60%)	121 (20.20%)	22 (3.70%)		
	3-5 Lac	59 (9.90%)	89 (14.90%)	28 (4.70%)		
	Above 5 Lac	16 (2.70%)	29 (4.80%)	14 (2.30%)		
Premium Frequency	Monthly	49 (8.20%)	43 (7.20%)	11 (1.80%)	9.396	0.153
	Quarterly	54 (9.00%)	64 (10.70%)	14 (2.30%)		
	Half yearly	89 (14.90%)	102 (17.10%)	27 (4.50%)		
	Yearly	45 (7.50%)	74 (12.40%)	26 (4.30%)		
Annul Premium	Below 10k	98 (16.40%)	76 (12.70%)	21 (3.50%)	45.207	.189
	10k-30k	115 (19.30%)	155 (26.00%)	36 (6.00%)		

	30k-50k	22 (3.70%)	44 (7.40%)	9 (1.50%)		
	Above 50k	2 (0.30%)	7 (1.20%)	10 (1.70%)		
Maturity Period	10 years	121 (20.20%)	124 (20.70%)	27 (4.50%)	12.741	0.787
	11-20 years	91 (15.20%)	121 (20.20%)	32 (5.40%)		
	21-30 years	16 (2.70%)	25 (4.20%)	13 (2.20%)		
	Above 31 Years	9 (1.50%)	13 (2.20%)	6 (1.00%)		

It is clear from the Table 3 that there is a significant relationship between level of income and choice of the company [X^2 (N = 600) = 23.28, p<.05]. Customers up to income level of Rs. 20000 p.m prefer SBI Life whereas customers with income level between 20000-50k prefer ICICI Pru. Life. There is also a significant relationship between level of income and type of plan [X^2 (N = 600) = 16.76, p<.05]. Customers up to income level of Rs. 20000 p.m prefer endowment plans whereas customers with income above Rs. 20000 prefer ULIPs. A significant relationship is also found between level of income and sum assured [X^2 (N = 600) = 25.82, p<1] as customers with income level up to 50k p.m prefer sum assured between 1-3 Lac. & customers with income above 50k prefer sum assured between 3-5 Lakh. Whereas there is no significant relationship between level of income and other choice criteria parameters (Policy purpose, Duration of policy held, Plan selection basis, Sum assured, Premium frequency, Annual premium, Maturity period, Most attractive feature) as in all other cases p value is more than .05.

Table: 4 – Purchase Pattern and Gender

		Gender N (%)		Chi Square	P value
		Male	**Female**		
Source of Info.	Agent/Employee	268 (44.70%)	82 (13.7%)	6.857	0.231
	Newspapers	24 (4.00%)	7 (1.20%)		
	Advertisement	31 (5.20%)	18 (3.00%)		
	Friends/Relative	121 (20.20%)	41 (6.80%)		
	Magazines	8 (1.40%)	0 (0.00%)		
Company selection basis	Reputation	89 (14.90%)	41 (6.80%)	9.119	0.058
	Good Network	63 (10.50%)	23 (3.80%)		
	Old company	56 (9.30%)	21 (3.50%)		
	Better Plan	149 (24.90%)	46 (7.70%)		
	Known Agents	94 (15.70%)	17 (2.80%)		
Source of Purchase	Agent	362 (60.30%)	105 (17.5%)	7.974	0.057
	Online	16 (2.70%)	4 (0.70%)		
	Bank	73 (12.20%)	39 (6.50%)		
Payment mode	Cheque	136 (22.70%)	45 (7.50%)	3.787	0.285
	Online	52 (8.70%)	16 (2.70%)		
	Draft	31 (5.20%)	4 (0.70%)		
	Cash payment	233 (38.80%)	83 (13.80%)		
Future Preference	Yes	317 (52.80%)	117 (19.50%)	4.623	0.099
	No	134 (22.30%)	31 (5.20%)		
Reference	Yes	338 (56.30%)	120 (20.00%)	2.451	0.117
	No	114 (19.00%)	28 (4.70%)		

Chi square was conducted among various purchase pattern variables and gender as Table 4 predicts that there is no significant relationship between gender and different parameters of purchase pattern (Source of information, Company selection basis, Source of purchase, Payment mode, Future Preference, Reference) as in all cases p value is more than .05.

Table: 5 – Purchase pattern and Age groups

		Age Group N (%)			Chi Square	P value
		21-30	31-40	41& above		
Source of Info.	Agent/Employee	98 (16.30%)	140 (23.40%)	111 (18.5%)	69.924	.189
	Newspapers	12 (2.00%)	9 (1.50%)	10 (1.70%)		
	Advertisement	30 (5.10%)	8 (1.30%)	12 (2.00%)		
	Friends/Relative	80 (13.30%)	54 (9.00%)	39 (6.50%)		
	Magazines	4 (0.60%)	2 (0.30%)	0 (0.00%)		
Company selection basis	Reputation	54 (9.00%)	38 (6.40%)	38 (6.40%)	13.822	0.312
	Good Network	30 (5.00%)	34 (5.70%)	21 (3.50%)		
	Old company	24 (4.00%)	25 (4.20%)	28 (4.70%)		
	Better Plan	61 (10.30%)	80 (13.40%)	54 (9.00%)		
	Known Agents	41 (6.90%)	37 (6.20%)	33 (5.50%)		
Source of Purchase	Agent	155 (25.8%)	170 (28.40%)	141 (23.5%)	7.048	0.632
	Online	9 (1.50%)	7 (1.20%)	4 (0.70%)		
	Bank	45 (7.50%)	37 (6.20%)	30 (5.00%)		
Payment mode	Cheque	73 (12.30%)	64 (10.70%)	44 (7.30%)	21.076	0.120
	Online	32 (5.30%)	25 (4.20%)	11 (1.80%)		
	Draft	10 (1.70%)	14 (2.30%)	11 (1.80%)		
	Cash payment	95 (15.90%)	111 (18.50%)	109 (18.2%)		
Future Preference	Yes	163 (27.0%)	154 (25.70%)	117 (19.5%)	7.814	0.252
	No	47 (7.80%)	60 (10.00%)	58 (9.7%)		
Refer	Yes	163 (28.9%)	151 (25.20%)	134 (22.4%)	10.587	0.149
	No	37 (6.20%)	63 (10.50%)	41 (6.80%)		

It is evident from Table 5 that there is no significant relationship between different age groups and parameters of purchase pattern (Source of information, Company selection basis, Source of purchase, Payment mode, Future Preference, Reference) as in all the cases p value is more than .05.

Table: 6 – Purchase pattern and Level of Income

		Monthly Income N (%)			Chi Square	P value
		Up to 20k	20000-50k	Above 50k		
Source of Info.	Agent/Employee	130 (21.70%)	169 (28.30%)	49 (8.20%)	8.978	0.534
	Newspapers	12 (2.00%)	12 (2.00%)	7 (1.20%)		
	Advertisement	22 (3.70%)	22 (3.70%)	5 (0.80%)		
	Friends/Relative	69 (11.50%)	76 (12.70%)	17 (2.80%)		
	Magazines	4 (0.70%)	4 (0.70%)	0 (0.00%)		

Company selection basis	Reputation	42 (7.00%)	70 (11.70%)	18 (3.00%)	13.776	0.088
	Good Network	41 (6.90%)	32 (5.40%)	12 (2.00%)		
	Old company	37 (6.20%)	29 (4.90%)	11 (1.80%)		
	Better Plan	81 (13.60%)	89 (14.90%)	24 (4.00%)		
	Known Agents	35 (5.90%)	63 (10.60%)	13 (2.20%)		
Source of Purchase	Agent	186 (31.10%)	229 (38.30%)	51 (8.50%)	12.984	0.343
	Online	5 (0.80%)	9 (1.50%)	6 (1.00%)		
	Bank	45 (7.50%)	45 (7.50%)	21 (3.50%)		
Payment mode	Cheque	52 (8.70%)	126 (21.10%)	21 (3.50%)	36.443	<0.001
	Online	18 (3.00%)	35 (5.90%)	15 (2.50%)		
	Draft	12 (2.00%)	14 (2.30%)	9 (1.50%)		
	Cash payment	155 (25.90%)	108 (18.10%)	33 (5.50%)		
Future Preference	Yes	173 (28.90%)	203 (33.90%)	56 (9.40%)	1.699	0.791
	No	63 (10.50%)	80 (13.40%)	22 (3.70%)		
Refer	Yes	188 (31.40%)	215 (36.00%)	54 (9.00%)	3.379	0.185
	No	49 (8.20%)	68 (11.40%)	24 (4.00%)		

It can be concluded from Table 6 that there is a significant relationship between level of income and payment mode $[X^2 (N = 600) = 36.44, p < .05]$. Customers with income level up to 20k and above 50k prefer to pay the premium by cash where as customers within income group of 20000-50k prefer cheque as a mode of premium payment while purchasing a policy. Whereas there is no significant relationship between occupation and other parameters of purchase pattern (Source of information, Company selection basis, Source of purchase, Future Preference, Reference) as in all the other cases as p value is more than .05.

Findings

1. Demographic Influences on Policy Preferences

- **Gender**:
  - Males preferred ICICI Prudential Life Insurance (21.33%) more than females (3.70%).
  - Females favored LIC (8.50%) over males (16.46%).

- **Age Groups**:
  - Policyholders aged 21–30 predominantly chose LIC (9.70%) and ULIPs (11.10%).
  - Those aged 31–40 showed a preference for ICICI Prudential Life Insurance (11.70%) and ULIPs (12.20%).
  - Individuals aged 41 and above leaned towards LIC (8.30%) and endowment plans (12.20%).

- **Income Levels**:
  - Customers with monthly incomes up to ₹20,000 preferred SBI Life (11.70%) and endowment plans (13.50%).
  - Those earning between ₹20,000–₹50,000 chose ICICI Prudential Life Insurance (14.50%) and ULIPs (17.10%).
  - High-income earners (above ₹50,000) favored HDFC Life (5.00%) and ULIPs (4.20%).

2. Policy Features and Preferences

- **Sum Assured**:
  - Policies with a sum assured of ₹1–3 lakhs were most popular (31.00% males, 6.70% females).
  - High-income groups preferred sums above ₹5 lakhs (6.30% males, 3.50% females).

- **Policy Purpose**:

- o Investment (26.70%) and life cover (33.00%) were the most common reasons for purchasing policies.

3. Purchase Patterns

- **Source of Information**:
  - o The majority of policyholders relied on agents or employees (44.70% males, 13.70% females).
  - o Friends and relatives were the next significant source (20.20% males, 6.80% females).

- **Purchase Channels**:
  - o Policies were primarily purchased through agents (60.30%). Online purchases accounted for only 2.70%.

4. Service Quality and Satisfaction

- Service quality gaps were identified in areas like digital accessibility and claim settlement processes.
- Transparency in policy terms and responsive customer support were critical to customer satisfaction.

5. Regional Insights

- Cultural and economic factors, particularly agricultural income, significantly influenced preferences for endowment policies in Ludhiana district.

Conclusion

The study highlights the intricate relationship between demographic variables, policy preferences, and satisfaction levels in the life insurance sector. Gender, age, income, and marital status emerged as significant determinants of purchasing behavior, with distinct patterns observed across these groups.

Service quality remains a critical factor in customer satisfaction, and gaps in service delivery, especially in claim settlements and digital accessibility, need to be addressed. The reliance on agents for policy purchase underscores the importance of personalized service and trust in the insurance sector.

Moreover, regional trends in Ludhiana district emphasize the necessity for localized strategies to cater to the unique needs and preferences of specific customer segments. Life insurance companies must focus on improving service delivery, leveraging digital platforms, and tailoring products to meet diverse demographic and economic needs.

By addressing these insights, insurers can enhance customer satisfaction, foster loyalty, and maintain a competitive edge in an evolving market.

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