

A CRITICAL ANALYSIS OF INDIVIDUAL PERCEPTION AND CONSUMER BEHAVIOUR ON MUTUAL FUNDS

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ABSTRACT

Insurance sector is a booming sector and the penetration in India is quite low. So, all the private players are trying to increase the market share in the public. This study also involves creating awareness about the life insurance schemes and also the various policies involving various premium rates. Since the penetration of private companies and policies is low among the consumer, it is necessary to create awareness about life insurance policies and to know the satisfaction level among consumer. Hence the present studies entitled awareness about it among the consumer and to know their preference for life insurance schemes and how the consumers are influenced to buy life insurance schemes and to find out the suggestions from the consumers that can help in plugging out these deficiencies.

Keywords: Insurance, Mutual Fund

Introduction

Human life is subject to various risks-bolts from the blue can happen any time. Humans are also subject to diseases, the treatment of which may very costly. On the other hand, property possessed by man is subject to various calamities, natural and man-made. When human life is lost or a person becomes disabled permanently or temporarily, there is a loss of income to the household. The family has to face hand to mouth situations. Sometimes survival itself is at stake for the dependents. When it comes to loss, it results in either whole or partial loss in income to the person or entity. Risk has the ambiguous aspect. Death/disability or loss/damage could occur at any time. Losses can be mitigated through insurance. Insurance proves as an olive branch against various contingencies. Insurance products are innumerable available for life and non-life are many. In nonlife, apart from personal covers such as accident covers and health insurance, there are products covering liabilities under a particular situation.

The various products are designed to according to needs such as fire insurance policy on multistoried building, householder's policy. An insurance contract promises to make good to the insured a certain sum in consideration for a

payment in the form of premium from the insured. Human life is uncertain. Hence the sum assured (or the amount guaranteed to be paid in the event of a loss) is by way of a 'benefit' in the case of life insurance. Life insurance products provide a definite amount of money to the dependents of the insured in case the life insured dies during his active income earning period or becomes disabled on account of an accident causing reduction/complete loss in his income earnings. An individual can be assured in his old age when he ceases to earn and has no other alteration of income by purchasing an annuity product. A Personal Accident cover is also for protection. In the event of mishappening, permanent or temporary, of the insured, it provides for compensation which is either the whole or a percentage of the Capital Sum Insured depending on the kind of loss.

Insurance relating to property, there are many products to available. Property may be covered against fire and disaster of nature including flood, earthquake etc. Machinery may be insured for breakdown. Goods in transit can be insured under a marine cargo insurance cover. Insurance covers are also available for sea vessels. A motor insurance policy covers third party damage as well as damage to the vehicle. Insurance of property is based on the principle

of indemnity. The idea is to bring the insured to the same financial position as he/she was before the loss occurred. It protects the investment in the property. Where there is no insurance, losses can mar a project or an industry. General Insurance offers stability to the economy and to the society.

Insurance offers volatile and so peace of mind to the individual. The concept of insurance is that the losses of a few are made good by contribution from many. It is based on the law of large numbers. It rises from the need of man to find a solution for compensation of losses. It also makes a man to find a solution collectively. It is important for all to understand the various products that life and general insurance companies offer before they make a choice as to the product they want to buy.

As per regulations, insurers have to provide the various features of the products at the point of sale. The insured should also go through the various terms and conditions of the products and understand what they have bought and met their insurance needs. They ought to be familiar to the procedures so that they know what to do in the event of a loss.

Present Scenario of Indian Life Insurance Industry

India with about 200 million middle class household shows a huge unused potential for players in the insurance industry. Saturation of markets in many developed economies has made the Indian market even more attractive for global insurance majors. The insurance sector in India has come to a position of very high potential and competitiveness in the market. Indians, have always seen life insurance as a tax saving device, are now suddenly turning to the private sector that are providing them new products and variety for their choice. Consumers remain the most important centre of the insurance sector. After the entry of the foreign players the industry is seeing a lot of competition and thus improvement of the customer service in the industry. Computerisation of operations and amendment of technology has become imperative in the current scenario. Foreign players are bringing in international best practices in service through use of latest devices.

The insurance agents still remain the main source through which insurance products are sold. The concept is very well established in the country like India but still the increasing use of other sources is imperative. At present the distribution channels that are available in the market are Direct selling, Corporate agents, Group selling, Brokers and cooperative societies and Bancassurance

Customers have extreme choice from a large variety of products from pure term (risk) insurance to unit-linked investment products. Customers are presented the unbundled products with a variation of benefits as riders from which they can opt. More customers are purchasing products and services based on their original needs and not just traditional money back policies, which is not regarded very appropriate for ethical protection and savings. There is various saving and investment plans in the market. However, there are still some key new products yet to be existed - e.g. health products.

The rural consumer is now exhibiting an increasing uncertainty for insurance products. A research conducted exhibited that the rural consumers are ready to dole out anything between Rs.3,500 and Rs.2,900 as premium each year. In the insurance the candid level for life insurance is at its peak in rural India, but the consumers are also mindful about motor, accidents and cattle insurance. In a study conducted by MART the consequences showed that nearly one third said that they had purchased some kind of insurance with the maximum penetration skewed in favor of life insurance. The study also highlighted the private companies have huge task to play in creating awareness and credibility among the rural populace. The predicted avails of buying a life policy range from security of income bulk return in future, daughter's marriage, children's education and good return on savings, in that order, the study adds.

Data Processing and Analysis

The task of data collection would be complete when all entries (or almost all) would be filled with the appropriate responses or values (Galtung, 1967). After the data had been collected the researcher turns to the task of data processing and further analyzing these data. "Data Processing and analysis", the task was to

take the completed data matrix, which is amenable to processing, and do two things with, in this order: (1) Processing: to recast the matrix, concentrate and otherwise deal with it so that the data would be as amenable to analysis as possible and (2) Analysis: to see the data in the light of the objectives and theories, and draw conclusion that would be amenable to the theory formation as possible (Galton, 1967).

In the present study, responses from respondents were coded and tabulated in SPSS 22 statistical and analytical packages. The process was used for the each type of the questionnaires. The responses of respondents were given in all the tables in the term of both the frequency, percentages and cumulative. For analyzing the data, both simple and advanced statistical tools were used. In some cases simple statistics like average, percentage, weighted average and mean score were applied. Exploratory research required some advanced tools; therefore to find out and analyse the results of the study statistical tests like Comparative Mean, Standard Deviation, Chi Square test, Independent t-test, Paired t-test and ANOVA analysis etc were used. The test was conducted at 95 percent confidence level (or 5 per cent level of significance).

Summary of findings

Reliability analysis

Reliability analysis concludes that Cronbach alpha value is greater than 0.6 for all 3 factors and it seems to be reasonably well to the scale's reliability.

Frequency analysis

Gender wise classification concludes that most of the respondents are male (103 respondents), age wise classification concludes that most of the respondents are between 36-45 years old (73 respondents), marital status wise classification concludes that 79 percent of the respondents are married. Educational qualification wise classification shows 36 percent of the respondents have the diploma level educational qualification, and 30 percent of the respondents have under graduation level educational qualification, employment wise classification concludes that 35 percent of the respondents are private employees, monthly income wise

classification concludes that 84 respondents are getting between Rs.10001-20000 monthly salary.

40.5 percent of the respondents have 2 earning members in their family and 30 percent respondents have 3 dependents and 26 percent respondents have 4 dependents in their family. More than half of the respondents (56 percent) are spending 5-10 percent of their monthly income for insurance policy every month and more than 59 percent of the respondents amedium level of awareness on life insurance schemes. 92 percent of the respondents have sufficient information regarding the insurance company. 68 respondents have 1-3 insurance policies (Individual & Family). 128 respondents have amedium level of awareness on life insurance schemes claims.

Awareness about life insurance company wise classification concludes that 88 percent respondents are well aware of Life Insurance Corporation of India, that is 28.4 percent of the overall answer. 57 percent respondents are well aware of SBI life insurance, that is 18.4 percent of the overall answer, 42 percent respondents are well aware of ICICI Prudential, that is 13.5 percent of the overall answer.

Awareness about insurance schemes wise classification concludes that 59 percent respondents are well aware of Health Insurance Policy, 40 percent respondents are well aware of Money Back Policy; 26 percent respondents are well aware of Children's Policy; 26 percent respondents are well aware of Term Policy; 25 percent respondents are well aware of Special Plans; 23 percent respondents are well aware of Whole life Policy; that is 8.1 percent of the overall answer.

Reason for investing in Life Insurance products wise classification wise concludes that 81.5 percent respondents are investing in insurance product because of Safety on money; 49.5 percent respondents are investing in insurance product because of Future security; 38 percent respondents are investing in insurance product because of Long-term benefits; 36.5 percent respondents are investing in insurance product because of Low-risk bonus; 26 percent respondents are investing in insurance product because of Regular returns; and 25 percent respondents are investing in insurance product because of Tax benefits. It concludes that at least

each respondent aware of three types of insurance products.

Types of distribution channels wise classification concludes that 85.5 percent respondents know about insurance schemes through Insurance Agent; 34 percent respondents know about insurance schemes through Corporate Agents; 29.5 percent respondents know about insurance schemes through Independent Financial advisers; 22 percent respondents know about insurance schemes Internet marketing. It concludes that at least each respondent influenced by two distribution channels.

Ranking of level of awareness towards the information derived from the different sources concludes that Friends and relatives are the top-ranked sources of information with the mean value of 3.73. Business channels (TV) are the second-ranked source of information with the mean value of 3.38; Insurance agent are the third-ranked source of information with the mean value of 3.32, Newspapers- investment-columns are the fourth-ranked source of information with the mean value of 3.03, Insurance company report are the fifth-ranked source of information with the mean value of 2.98.

Ranking of decision-making parameters while choosing insurance schemes and insurance companies concludes Financial literacy (about insurance plan) is the first ranked decision-making parameter with a mean value of 3.36, Designing an effective and accessible insurance plan is the second ranked decision-making parameter with a mean value of 3.28, Financial management skill is the third ranked decision-making parameter with a mean value of 2.85, and Risk tolerance level is the fourth-ranked decision-making parameter with mean value of 2.73.

Ranking for the level of awareness about different payment modes concludes that standing instruction through bank is the first ranked payment mode with a mean value of 3.45, Electronic clearing service is the second-ranked payment mode with a mean value of 3.20, Paying personally at branch office is the third-ranked payment mode with a mean value of 3.17, Through agent, is the fourth-ranked payment mode with a mean value of 2.99, Payment through credit/debit card is the fifth-

ranked payment mode with a mean value of 2.95, Online payment is the sixth-ranked payment mode with a mean value of 2.76, M-commerce is the seventh-ranked payment mode with a mean value of 2.60.

Hypothesis testing

Difference between demographics and customer level of awareness

There is no significant difference exist between gender difference with regards to customer level of awareness.

There is a significant difference exist between age differences with regards to the level of awareness towards different sources of information.

That there is no significant difference exist between marital status difference with regards to customer level of awareness

There is a significant difference exist between educational qualification difference with regards to customer level of awareness.

There is a significant difference exist between occupational differences with regards to the level of awareness towards different sources of information.

There is a significant difference exist between monthly income difference with regards to level of awareness towards different sources of information, the level of awareness on decision-making parameter and level of awareness on payment modes.

There is a significant difference exist between number of earning members with regards to level of awareness towards different sources of information and level of awareness on payment modes.

There is a significant difference exist between number of depending members with regards to level of awareness towards different sources of information and level of awareness on payment modes.

Difference between respondents behaviour towards life insurance schemes and customer level of awareness

There is a significant difference exist between percentage spent on insurance policy from monthly income with regards to level of awareness towards different sources of information, the level of awareness on decision-making parameter and level of awareness on payment modes.

There is a significant difference exist between level of awareness on life insurance schemes with regards to level of awareness towards different sources of information, the level of awareness on decision-making parameter and level of awareness on payment modes.

There is a significant difference exist between sufficient information regarding the insurance company with regards to the level of awareness on decision-making parameter.

There is a significant difference exist between number of policies hold by the respondents with regards to the level of awareness towards different sources of information and level of awareness on payment modes.

There is a significant difference exist between level of awareness on life insurance schemes claims with regards to level of awareness towards different sources of information, the level of awareness on decision-making parameter and level of awareness on payment modes.

Association between demographics profile of the respondents and respondentsbehaviour towards life insurance

There is a significant association between demographics profile of the respondents and percentage spent on insurance policy from monthly income.

There is a significant association between demographics profile of the respondents and level of awareness on life insurance schemes.

There is a significant association between demographics profile of the respondents and sufficient information regarding the insurance company.

There is a significant association between demographics profile of the respondents and number of policies hold.

There is a significant association between demographics profile of the respondents and

level of awareness on life insurance schemes claims.

Correlation analysis

Level of awareness on decision-making parameter and level of awareness on payment modes have 42 percent significant and positive relation. Level of awareness towards different sources of information and level of awareness on payment modes have 37 percent significant and positive relation. Level of awareness towards different sources of information and level of awareness on decision-making parameter have 38 percent significant and positive relation.

Suggestions

To retain old customers and to attract new customer's products with adds-on features should be introduced besides attractive advertisements.

To reach out more customers, tie-ups with companies, in various sectors can be arranged to cover the insurance needs of their employees.

As the awareness level among the government officials for some insurance policies like ULIP, Money back plan, Endowment plan, Children's plan, Protection plan, etc. are very low, periodical awareness programs in the respective government officials with concurrence of higher officials should be conducted.

To enhance the satisfaction level of policyholders and to avoid losing the existing customers periodical market surveys should be conducted.

The public must be educated through intensive campaign, similar to Life and general insurance. Though some corporate and Government have taken up initiative in providing health insurance to the employees, in Tamil Nadu government have brought up low premium life insurance for the benefit of the poor is an welcome measure.

Clarity of the insurance covered by the policy, when and how a claim has to be submitted with the insurance company, procedures and documents to be submitted in case of critical.

Conclusion

The insurance companies should concentrate more on improving their services. The real growth in life insurance will occur when customers realize the true value of life insurance beyond tax saving. The awareness of insurance as a long term saving should be created both by the government, among the uneducated, low income group and the households having more earning members.

In conclusion, saving can be promoted by insurance companies both government and private companies by building a relationship of trust. This can be only achieved if the insurance companies show the people that they are there not only to do business but that they care for the welfare of all types of the people. The life insurance companies should come out with clear cut policy details, as many of the respondents had vague ideas about the various benefits and risks involved in a policy. The middle and low socio-economic groups are a potential market to be tapped as they are ready to spend a reasonable amount as premium payable per annum. If the private insurance players want to venture in the market, they should try to imbibe trust in the people as most of the respondents preferred government life insurance schemes, the reason being guarantee for their capital. To develop a viable life insurance scheme, it is important to understand people's perceptions and develop a package that is accessible, available, affordable and acceptable to all sections of the society.

Limitations

[1] This study is only limited to Kanyakumari district. Hence this study is can't be generalized for other places.

[2] This study only aims to study the level of awareness about the life insurance schemes in Kanyakumari districts, other related factors like buying behavior, customer satisfaction and loyalty are not studied.

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