

An Insight into the Life Insurance Purchase Intention of Consumers in Kerala

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Abstract - *The insurance sector in India is one of the top industries expanding. With a growth rate of over Thirty percentage annually, India is the fifth-largest life insurance market in the world. This research paper investigates the factors that contribute to the purchase of life insurance policies in the State of Kerala. The target were consumers across Kerala. The sample size has around 410 respondents. The survey used structured questionnaire to collect data from the respondents which included LIKERT scale questions also. Microsoft Excel was used to generate the statistical analysis and representation of the data. The results from the research were able to identify the demographic and purchase intentions of the CONSUMERS of insurance policies in Kerala.*

Key Words: Purchase intentions, Insurance policies, Kerala, Demographic, Insurance market

1.INTRODUCTION

Insurance is a vital part of modern life, as it provides a way to transfer the risk of loss from one entity to another in exchange for payment. This is done through an unbiased transfer of risk and is primarily used as a means of risk management to hedge against the chance of a contingent, uncertain loss. The company selling the insurance is known as the insurer or insurance carrier, while the person or entity buying the insurance product is called the insured or consumer. The premium is the money paid as a charge for a certain amount of insurance coverage.

Life insurance ensures the life of people and provides definite compensation by the insurer to the insured person. Non-life insurance policies help to overcome losses by offering financial support to people or business entities. There is always a need to minimize risks and provide protection against unpredicted failure. Thus, the collective bearing of risk is insurance, which provides security and assurance of stability in the event of a calamity or failure of any sort to the insured.

Insurance provides many benefits to individuals, organizations, and society. These benefits include compensation for losses incurred by an individual, an

association/organization, or society, management of uncertainty, risk control, efficient use of financial resources of the insurer, a source of investment, and reduction of social burden by compensating for losses. Insurance is a contract between an individual or an organization and an insurance company, where the insurer provides financial protection against specific risks or uncertainties. There are various types of insurance available in the market, including life insurance, property insurance, health insurance, home insurance, accidents insurance, and travel insurance.

Life insurance is a popular type of insurance that provides protection to the family members of the insured individual in case of the insured's death or maturity of the policy. It serves as a savings plan and ensures financial stability in the future. A consumer is someone who utilizes economic goods by purchasing a good or service through a distribution channel.

This term can also refer to an organization that uses commercial services or commodities. The consumer may use a specific brand or not, and they are the ones who use the product. For example, an individual who purchases a bike is a consumer, and the one who rides it can also be considered a consumer. It is important to note that a buyer may be a consumer, but a consumer may not necessarily be a buyer. Consumer buying behaviour refers to the process consumers go through when making decisions about what products or services to purchase. It involves various stages, including problem recognition, information search, evaluation of alternatives, purchase decision, and post-purchase evaluation. Understanding consumer behaviour is crucial for businesses to develop effective marketing strategies and increase sales.

Kerala is a state located in the southwestern region of India. It is known for its beautiful landscapes, rich culture, and high literacy rates. Kerala has made significant progress in terms of socio-economic development in recent years, becoming one of the most prosperous states in India. Kerala has a relatively small geographical area, but it has a high population density, with a population of over 33 million people. The state's economy is primarily based on agriculture, fishing, and tourism. The agricultural sector employs a large percentage of the state's population and is the main source of income for many rural communities. The state is known for its cultivation of rice, coconut, and spices, such as pepper and cardamom. Kerala has also made

significant strides in the field of education. The state has a high literacy rate of around 96%, which is one of the highest in the country. This has led to a highly educated and skilled workforce, which has been instrumental in driving the state's economic growth. Despite its socio-economic progress, Kerala still faces several challenges. One of the main issues is unemployment, especially among young people. The state's economy is heavily dependent on the service sector, and there is a need to diversify the economy to create more employment opportunities. Another challenge faced by the state is the increasing prevalence of lifestyle diseases such as diabetes and hypertension. This is attributed to changing dietary habits, lack of physical activity, and an increase in stress levels.

1.1 Objectives

To study the role of demographic characteristics of the consumers on buying decision for purchasing life insurance products.

1.2 Problem Statement

Nowadays, having insurance is a need for everyone. The unbiased transfer of the risk that results from a loss, from one person to another in exchange for a set payment, is what insurance is. It is a method of risk management that is mostly used to protect against the risk of a potential, unforeseen loss. People's lives are guaranteed by life insurance, which also entitles the insured to a fixed payment from the insurer. The fundamental human characteristic is a dislike of the notion of taking chances. The desire to reduce risks and offer security against potential failure is constant. The collective assumption of risk serves as insurance, offering protection and the guarantee that one will be protected in the event of disaster or failure. Numerous elements promote motivation

1.3 Scope of the study

The scope of the proposed study will cover the examination of the pattern of consumer behaviour in respect of life insurance products across Kerala. The Indian state of Kerala is known for its high literacy rate and social development indicators. Despite being a relatively small state in terms of population, Kerala's insurance market has been growing steadily in recent years, with a particular focus on life insurance. According to the Insurance Regulatory and Development Authority of India (IRDAI), Kerala had a slightly higher life insurance penetration rate in 2020—4.44%—than the country as a whole (3.76%). Government-owned Life Insurance Corporation of India (LIC), which holds a market share of more than 80%, dominates the state's life insurance market. The research aims to find the current trend in purchase intentions of the people of the State.

2 LITERATURE REVIEW

There has been published literature which shows that demographic factors play a role in purchasing behavior (Shahsavari et al, 2020). According to the previous research findings, consumers' decisions to buy life insurance are significantly influenced by the goods, prices, and services available (Sindi & Aslami, 2022). Some studies have sighted that education level and life insurance knowledge have a substantial impact on life insurance purchases (Capricho et al, 2021). Previous research has shown that factors like age, gender, income level, company reputation, money-back guarantee, risk coverage, low premiums, and ease of access to agents are the main factors that influence policyholders' decisions to purchase life insurance policies from different insurance companies. (Devgan, Kaur & Kaur, 2019).

Similar research have demonstrated that factors such as purchase intent, attitudes, financial acumen, and product accessibility affect life insurance purchasing behaviour (Mai et al, 2020). Specific behavioural variables and insurance knowledge are extremely significant for the choice to buy, but not for the intention to buy, according to published literature (Dragos, Dragos & Muresan, 2020). According to the previous reports, the demand for life insurance in terms of premium payments is significantly correlated with respondents' gender, level of education, occupation, economic class, family size, and monthly income, but not with age, religion, or marital status (Jnawali & Jaiswal, 2019). The research done previously demonstrated how households' propensity to purchase has an impact on life insurance purchase behaviour (Masud et al, 2021).

3. METHODOLOGY

Research Design : This study aims to understand the consumer purchase intentions of Life insurance policies in the State of Kerala. We use a descriptive and analytical research design in this study with the help of a structured questionnaire. The study uses convenience sampling for selecting the respondents from across the region.

Population Of the Study: The data was gathered in accordance with the responses of 410 candidates who received an online questionnaire and provided a sample size.

Data Collection: Data for this study included both primary and secondary sources. A questionnaire was used to collect the essential information that was distributed to respondents via social media channels like Instagram, WhatsApp, and E-mail. Google forms was used for data collection. The first part of the questionnaire focused on demographic and general information related to level of satisfaction. The second part focused on the investigation related to consumer purchase intentions towards insurance policies in the region. LIKERT scale was used for this part of the questionnaire.

Statistical Tools and Techniques Used for Analysis: The statistical techniques and tools employed in this study's

analysis consists of Google forms. Microsoft Excel was used for the purpose of analysis.

17.1% in the range of Rs. 40001-Rs. 55000, and 15.9% had an income above Rs. 55001.

4. RESULTS AND DISCUSSION

4.1 Demographic characteristics:

This research tries to investigate the purchase intentions of life insurance policies in the state of Kerala. The table below shows the demographic characteristics of the respondents are given below.

DEMOGRAPHIC CHARACTERISTIC	PERCENTAGE OF RESPONDENTS (%)
AGE GROUP	
LESS THAN 20 YEARS	29.3
20 TO 30 YEARS	53.7
30 TO 40 YEARS	17.1
GENDER	
MALE	47.6
FEMALE	52.4
OCCUPATION	
GOVT EMPLOYEE	17.1
PRIVATE SECTOR EMPLOYEE	19.5
SELF EMPLOYED	15.9
STUDENTS	47.6
MONTHLY INCOME	
UPTO RS 25000	47.6
RS. 25001- RS.40000	19.5
RS.40001-RS. 55000	17.1
ABOVE RS.55001	15.9

Table 1: Demographic Characteristics

The findings indicate that the majority of respondents fell within the age group of 20 to 30 years (53.7%), followed by those less than 20 years (29.3%) and those aged 30 to 40 years (17.1%). In terms of gender, the respondents consisted of 47.6% males and 52.4% females. Regarding occupation, the distribution of respondents was as follows: 17.1% were government employees, 19.5% worked in the private sector, 15.9% were self-employed, and a significant portion (47.6%) were students. In terms of monthly income, the largest group of respondents (47.6%) had an income up to Rs 25000, followed by 19.5% in the range of Rs. 25001- Rs.40000,

4.2 Have you ever purchased a life insurance policy before?

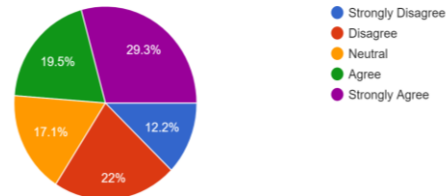


Fig 1: Purchase of Life insurance

According to the data, 29.3% of respondents strongly agree with the statement, 19.5% agree, 17.1% are neutral, 22% disagree, and 12.2% strongly disagree. The data does not provide information on whether the respondents have purchased a life insurance policy before. However, life insurance policies are a way to protect loved ones financially after the policyholder's death.

4.3 Brand reputation is a crucial factor to consider when choosing a life insurance policy.

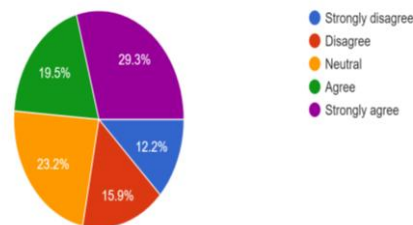


Fig 2: Brand Reputation as a Critical factor

When choosing a life insurance policy, brand reputation is a crucial factor to consider. The data shows that 29.3% of respondents strongly agree with this statement, 19.5% agree, 23.2% are neutral, 15.9% disagree, and 12.2% strongly disagree. Several studies support the importance of brand reputation in the insurance industry. Research has found that insurance company reputation plays a role in customer loyalty and purchase decisions

4.4 I would switch to a different life insurance policy if it provided better coverage at a lower cost.

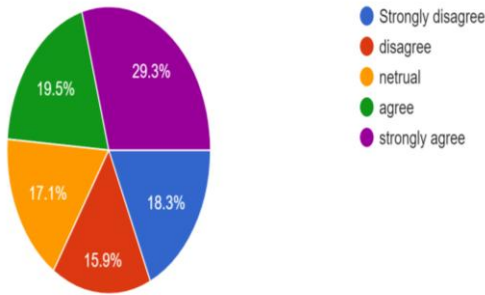


Fig 3: Switching to other policies for lower cost

According to the data, 29.3% of respondents strongly agree with the statement "I would switch to a different life insurance policy if it provided better coverage at a lower cost," 25.6% agree, 17.1% are neutral, 15.9% disagree, and 12.2% strongly disagree. Switching to a different life insurance policy may be a good option if it provides better coverage at a lower cost. However, it is important to carefully review the policy and compare it with the current one to ensure that the new policy meets the individual's needs.

4.5 Life insurance policies should be flexible and customizable to meet individual needs

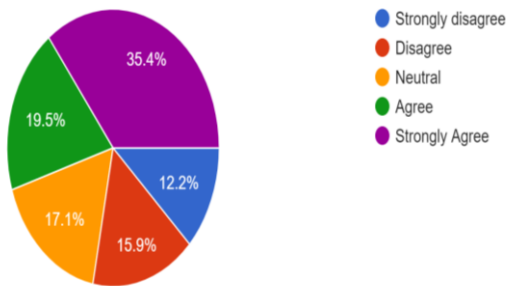


Fig 4: Flexible and Customizable insurance policies

The data shows that 35.4% of respondents strongly concur with the statement that "Life insurance policies should be flexible and customizable to meet individual needs." 12.2% strongly agree, 15.9% disapprove, 19.5% are in agreement, and 23.2% are neutral. Individuals may be able to get the protection they require to fit their specific demands with the help of individualised life insurance policies.

CONCLUSION

This research paper focused on investigating the factors that contributed to the purchase of life insurance policies in the State of Kerala. From the survey, the majority of respondents fell within the age group of 20 to 30 years, followed by those less than 20 years and those aged 30 to 40 years with males

as the key respondents compared to females among the sample population response which had 410 respondents. Many of the respondents were students. The study also found that brand reputation is a crucial factor to consider when choosing a life insurance policy. Additionally, the data showed that a significant percentage of respondents would switch to a different life insurance policy if it provided better coverage at a lower cost. Finally, the data indicated that a significant percentage of respondents strongly agreed that life insurance policies should be flexible and customizable to meet individual needs. This highlights the importance of individualized life insurance policies that can provide individuals with the protection they need to fit their specific demands.

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