



### **Customer Perception towards Life Insurance Policies**

**Dr.M.Mahesh Kumar**, Associate Professor and Head, Department of Commerce with Computer Applications, Sri Krishna Adithya College of Arts and Science, Coimbatore.

**Selvaraj A**, B.Com CA, Sri Krishna Adithya College of Arts and Science, Coimbatore.

#### **Abstract**

The life insurance sector plays a crucial role in providing financial security and long-term savings to individuals and families. However, customer perception significantly influences the growth and acceptance of life insurance policies. This study explores the awareness, attitudes, preferences, and decision-making behavior of customers regarding life insurance. It aims to understand the key factors that shape customer perception, including trust in insurance providers, product clarity, affordability, claim settlement history, and the role of agents or digital platforms. Through a combination of surveys and secondary data analysis, the study highlights gaps between customer expectations and existing services, offering insights into how insurance companies can enhance customer satisfaction and penetration in the market. The findings underscore the need for improved transparency, simplified policy structures, and targeted awareness programs to boost consumer confidence and drive greater participation in life insurance.

**Key words:** Customer satisfaction, Customer perception, Customer loyalty.



## Introduction

The story of insurance is probably as old as the story of mankind. The same instinct that prompts modern businessmen today to secure themselves against loss and disaster existed in primitive men also. They too sought to avert the evil consequences of fire and flood and loss of life and were willing to make some sort of sacrifice in order to achieve security. Though the concept of insurance is largely a development of the recent past, particularly after the industrial era past few centuries yet its beginnings date back almost 6000 years.

Life Insurance in its modern form came to India from England in the year 1818. Oriental Life Insurance Company started by Europeans in Calcutta was the first life insurance company on Indian Soil. All the insurance companies established during that period were brought up with the purpose of looking after the needs of European community and Indian natives were not being insured by these companies. However, later with the efforts of eminent people like Babul Mattydale Seal, the foreign life insurance companies started insuring Indian lives. But Indian lives were being treated as substandard lives and heavy extra premiums were being charged on them. Bombay Mutual Life Assurance Society heralded the birth of first Indian life insurance company in the year 1870, and covered Indian lives at normal rates.

Starting as Indian enterprise with highly patriotic motives, insurance companies came into existence to carry the message of insurance and social security through insurance to various sectors of society. Bharat Insurance Company (1896) was also one of such companies inspired by nationalism. The Swadeshi movement of 1905-1907 gave rise to more insurance companies. The United India in Madras, National Indian and National Insurance in Calcutta and the Co-operative Assurance at Lahore were established in 1906. In 1907, Hindustan Cooperative Insurance Company took its birth in one of the rooms of the Jorasanko, house of the great poet Rabindranath Tagore, in Calcutta. The Indian Mercantile, General Assurance and Swadeshi Life (later Bombay Life) were some of the companies established during the same period. Prior to 1912 India had no legislation to regulate insurance business.

## Statement of the Problem

In recent times, insurance has become a crucial aspect of financial planning, providing individuals with security. This research aims to assess the awareness level of respondents regarding insurance. While manufacturing insurance products may be easier, the real challenge lies in marketing them effectively. LIC agents play a pivotal role in this process, acting as the



primary assets of the company. They are responsible for bringing insurance policies to the public, educating potential customers, and bridging the gap between the product and the people.

### **Objective of the Study**

- To evaluate customer awareness and understanding of life insurance policies.
- To measure customer satisfaction with life insurance policies.
- To identify factors influencing customer purchasing decisions.

### **Scope of the Study**

LIC of India sells life insurance policies. These policies are a contract between the company and the customers under which the company promises to pay a benefit in case of early death. Many life insurance plans also pay a maturity after the completion of the policy term if the insured is alive. If you were to go by the dictionary definition, “life insurance” is a financial product that pays you or your dependent’s a sum of money either after a set period or upon your death as the case.

### **Research and Methodology**

Research methodology is a way to systematically solve the research problem, is the backbone of the study, and is primarily based on the primarily based on primary data collected through questionnaire from the peoples.

### **Area of Study**

The area chosen for study was in Coimbatore.

### **Sample Size**

The Sample size of the study is 100 respondents.

### **Sampling Techniques**

Sample technique refers to the method used to select a sample from a population for conducting research or a study. Non-probability technique in that convenient method is used for this study.

### **Period of Study**

The period of study is from 2024 to 2025

### **Collection of Data**

- Primary data



- Secondary data

### **Primary Data**

The primary data was collected freshly and thus it was original in character. They offer much greater accuracy and reliability. The data was collected from respondents through questionnaires.

### **Secondary Data**

Secondary data consists of the data obtained through internet, news, articles, journals and reports etc. Secondary research is a small part of the project as not much available through external sources.

### **Limitations of the Study**

- Collect people's savings in exchange for an insurance policy and promote savings in the country.
- Protect the capital of the people by investing funds into government securities.
- Issue insurance policies at affordable rates.

### **Review of Literature**

1. "A Study on Consumer Perception Towards the Insurance Products" (2024) by Kaneria, A., Pathak, G. P., Sharma, P., and Gaware, R. This research examines factors influencing consumer perceptions of insurance products, considering demographics such as age, gender, income, and education. It also explores external factors like product knowledge, social and economic contexts, and promotional activities.
2. "A Study on Consumer Perception on Health Insurance Products with Reference to Bangalore City" (2024) by Venkatesha G B. This study investigates consumer awareness and perceptions of health insurance products in Bangalore, identifying factors that influence purchasing decisions and highlighting the importance of health insurance.
3. "Understanding Insurance Decisions" (2024). This paper explores consumer perceptions and spending on insurance premiums, emphasizing the need for further research to understand decision-making processes.
4. "A Study on Policyholder's Perception and Satisfaction Towards Insurance Repository Services" (2023). This research focuses on policyholders' impressions and satisfaction with insurance repository services, aiming to understand general and specific perceptions.



5. “A Literature Review on Customer Perception Towards Private Health Insurance” (2023). This study reviews customer perceptions and knowledge about private health insurance, providing insights into factors affecting consumer choices.
6. “A Study on the Customer’s Perception towards Insurance with Reference to Bangalore City” (2022). This paper examines challenges in the sales of insurance products and identifies factors influencing customer perceptions in Bangalore.

### Analysis and Interpretation

Demographic profile of the respondents: The demographic profiles of the respondents include gender of the respondents, age of the respondents, educational qualification, marital status, Designation and Annual Income of the respondents.

**Table No: 1**  
**Showing the awareness level of types of life insurance policies**

S. No	Types of life Insurance policies	Number of respondents	Percentage
1	Term life insurance	34	21.38
2	Whole life insurance	47	31.45
3	Universal life insurance	11	29.56
4	I am not aware of any	28	17.61
	<b>Total</b>	<b>120</b>	<b>100</b>

#### Interpretation:

While considering the Types of life Insurance policies it is clear that 21.38 percentage of the respondents are Term life insurance and 31.45 percentage of the respondents are Whole life insurance and 29.56 percentage of the respondents are Universal life insurance and 17.61 percentage of the respondents are I am not aware of any policies.

It is inferred that majority (31.45%) of the respondents belongs to Whole life insurance.



Chart No:1

Showing the types of life insurance policies of the respondents

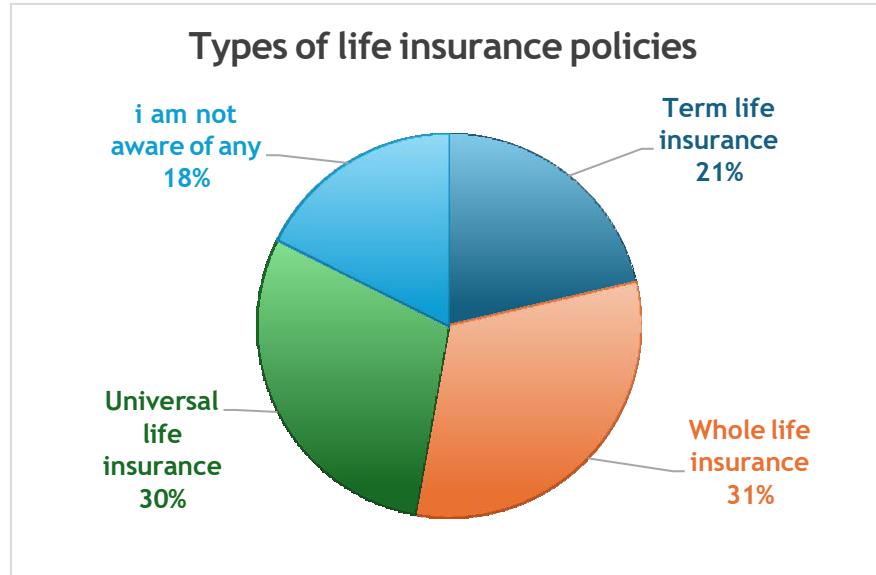


Table No: 2

Showing the important factors consider for choosing the insurance policies

S. No.	Factors	Number of respondents	Percentage
1	Death benefit	26	21.67
2	Cash Value accumulation	47	39.17
3	Tax benefits	17	14.17
4	Riders (additional benefits)	21	17.5
5	Other (please specify)	9	7.5
	<b>Total</b>	<b>120</b>	<b>100</b>

**Interpretation:**

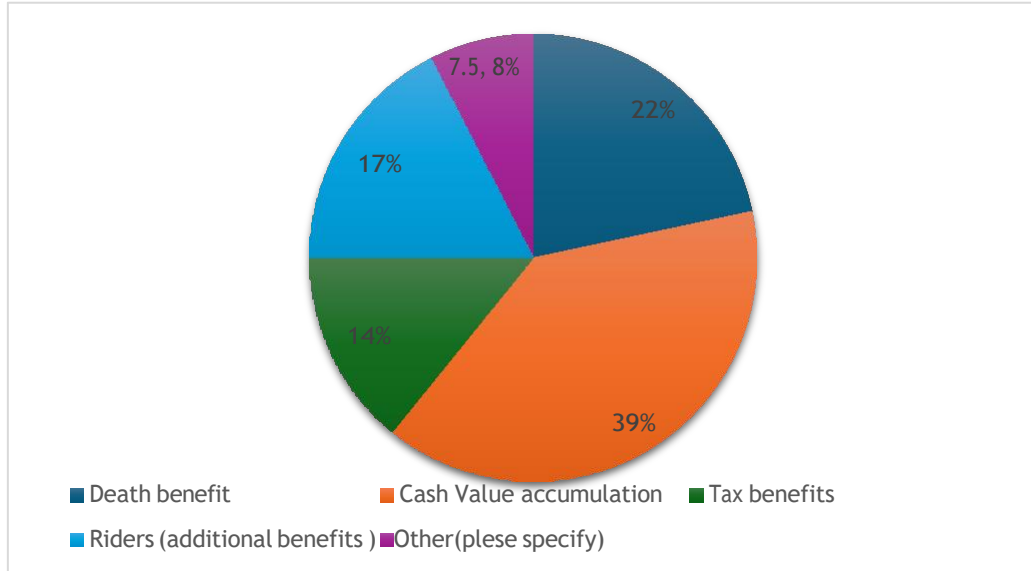
The Insurance policy Consider the most important from the above Table 4.1.23, it is clear that 21.67 percentage of the respondents are Death benefit and 39.17 percentage of the respondents are Cash Value accumulation and 14.17 percentage of the respondents are Tax benefits and 17.5 percentage of the respondents are Riders (additional benefits) and 7.5%percentage of the respondents are Other (please specify).

**Inference:**

It is inferred that majority (39.17%) of the respondents belongs to Cash Value accumulation which belongs to life insurance policy.

**Chart No. 2**

**Showing the insurance policy consider the most important of the respondents.**



**Table No: 3**

**Showing the choosing a life insurance policy**

S.No.	Choosing a life insurance policy	Number of respondents	Percentage
1	Premium cost	32	26.67
2	Coverage amount	29	24.17
3	Policy features and benefits	39	32.5
4	Insurance company	20	16.67
	<b>Total</b>	<b>120</b>	<b>100</b>

#### **Interpretation:**

While considering the choosing of life insurance policy from the above Table 4.1.17, it is clear that 26.67 percentage of the respondents are Premium cost and 24.17 percentage of the respondents are Coverage amount and 32.5 percentage of the respondents are Policy features and benefits and 16.67 percentage of the respondents are Reputation of the insurance company.

#### **Inference:**



It is inferred that majority (32.5%) of the respondents belongs to policy features and benefits.

**Table No: 4**  
**Showing the benefits offered by your life insurance policy**

S.No	Benefits offered by your life insurance policy	Number of respondents	Percentage
1	Valuable	16	13.33
2	Very Valuable	42	35
3	Somewhat Valuable	38	31.67
4	Not valuable	13	10.38
5	Not Highly valuable	11	9.17
	<b>Total</b>	<b>120</b>	<b>100</b>

**Interpretation:**

While considering the Benefits offered by your life insurance policy from the above Table 4.1.22, it is clear that 13.33 percentage of the respondents are Valuable and 35%percentage of the respondents are Very Valuable and 31.67 percentage of the respondents are Somewhat Valuable and 10.38 percentage of the respondents are Not Valuable and 9.17 percentage of the respondents are Not Highly Valuable.

**Table No: 5**  
**Showing the Likert scale analysis for satisfied with insurance companies**

S.No	Features	No.of responses (f)	Likert Scale (x)	Total $\Sigma(fx)$
1.	Highly satisfied	38	5	190
2.	Satisfied	31	4	124
3.	Neutral	17	3	51
4.	Dissatisfied	23	2	46
5.	Highly Dissatisfied	11	1	11
	<b>TOTAL</b>	<b>120</b>		<b>422</b>

$$\text{Likert Scale} = \frac{\Sigma(Fx)}{\text{Total No. of Responses}}$$

$$= 422/120$$





=3.51

### Interpretation:

The Likert scale value is 3.51 which is greater than the mid-value (3) which shows that most of the customers are satisfied with insurance companies.

### Inference:

Most of the customer are satisfied with insurance company.

### Findings

- ❖ The most 33.33% of respondents belong to the age group of 15-25 years.
- ❖ The majority 63.33% of the respondents are male.
- ❖ The majority 57.5 of the respondents have above UG.
- ❖ The majority 45% of the respondents in private employee.
- ❖ The most 29.16% of the respondent's monthly income above 35,000
- ❖ The majority 50.83% of the respondents are married.
- ❖ The most 31.45% of the respondents are whole life insurance
- ❖ The most 31.67% of the respondents are very familiar with life insurance policies.
- ❖ The majority 50.83% of the respondents are very well in key benefits of life insurance.
- ❖ The most 29.17% of the respondents are yes but only partially read the terms and conditions of life insurance policy.
- ❖ The most 43.33% of the respondents are somewhat confident in compare different life insurance policies.
- ❖ The most 35% of the respondents are choosing as highly satisfied with current life insurance policy.
- ❖ The most 35.83% of the respondents are choosing as excellent in customer service in purchasing life insurance policy.



- ❖ The most 26.67% of the respondents are choosing as very well that insurance policies meets their needs. The most 34.17% of the respondents choosing as most likely recommend life insurance provider to others.
- ❖ The most 34.17% of the respondents rated as very satisfied with information provided with the policy.
- ❖ The most 32.5% of the respondents are choosing as policy features and benefits.
- ❖ The most 47.5% of the respondents choosing the somewhat confident to do recommendations to family and friends.
- ❖ The most 30% of the respondents choosing the very important for financial stability of the life insurance.
- ❖ The most 35.83% of the respondents are choosing as most important market material to buy life insurance.
- ❖ The most of 38.88% of the respondents are choosing as highly likely in deciding on life insurance policy.
- ❖ The most of 31.67% of the respondents are rated as somewhat valuable in benefits offered by life insurance policy.
- ❖ The most of 39.17% of the respondents are choosing the cash value accumulation which gives more benefit to life.
- ❖ The most of the 35% of the respondents are choosing the very well to understand the benefits of life insurance.
- ❖ The most of the 35.83% of the respondents are highly satisfied with the range of benefits provided by life insurance policy.
- ❖ The most of the 36.67% of the respondents are most likely to purchase the life insurance based on the benefits of others.



### Suggestions

- Since many respondents are somewhat confident about comparing policies and understanding benefits, insurance providers should focus on educational campaigns to enhance understanding and make policies more transparent.
- A significant portion of respondents only partially read the terms and conditions. Companies could simplify policy documents and offer better summaries to improve consumer understanding.
- Since marketing material is considered highly important by many respondents, insurers should develop more targeted and informative materials to cater to different customer needs and preferences.
- Given that customer service satisfaction is a key factor for many respondents, insurance providers should invest in personalized customer support to improve overall customer experience and retention.
- With a high percentage of respondents likely to recommend their insurance provider, insurance companies can leverage customer satisfaction by incentivizing referrals and fostering word-of-mouth marketing.

### CONCLUSION

The study reveals that consumer perceptions of life insurance are heavily influenced by trust in the company's reliability and the perceived value of its offerings. A significant portion of respondents is familiar with life insurance policies and values the benefits, yet many still show gaps in understanding the terms and conditions. This highlights the need for greater transparency and clarity in policy details, as well as better consumer education.

Life insurance companies should focus on simplifying policy documents and offering clear, accessible information to enhance consumer confidence. Moreover, the high level of satisfaction with customer service and product benefits indicates that improving these areas further can strengthen relationships with existing customers and foster positive word-of-mouth recommendations. Furthermore, with a large percentage of respondents valuing marketing material, companies should tailor their communication strategies to better address customer needs and preferences. By aligning their products with consumer expectations and promoting their benefits effectively, insurers can enhance customer satisfaction and build long-term trust.



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