A STUDY ON FACTORS INFLUENCING DECISION OF CUSTOMERS PURCHASING LIFE INSURANCE PRODUCT WITH REFERENCE TO AGE GROUP IN GUJARAT REGION (Chi-square Analysis Approach)

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ABSTRACT

Indian insurance industry growth rate of 14.47% (IBEF Report) this sector plays a vital role for Indian GDP. This study identified various factors based on cultural, social, personal, psychological parameters. The aim of the study was to identify factors influencing the purchase decision of customer purchasing life insurance product with reference to age group in the Gujarat region. Researchers identified various dependent and independent variables from the Chi-square Analysis Approach. The result was derived from hypothesis testing with respect to age and purchasing decision of life insurance products. Total 30 factors have been identified in this empirical study.

Key words: Age, Factors, Buying decision, Insurance product

I. INTRODUCTION

India has the world's second-largest population, i.e., 1.22 billion in 2011 as per census data (www.indiaonlinepages.com/population/indiacurrent-population.html) with enormous young age people. It's an opportunity for MNC and national players to attract for life insurance products in India. Study was identified 30 variables influencing decision of customers purchasing life insurance product with reference to age group in Gujarat region. Major factors that motivate a person to purchase life insurance products through customer survey which can be useful to the salesperson who is hard workers and challenge lovers in understanding their customers' needs.

This study was based on factors impact on purchased decision of life insurance products towards age group. 30 hypothesis testing has been done to know the relationship between affected factors for purchased decision and age. The factors were Return, Sum assured, My affordability , Beneficiary ,Advertisement

,Relatives influences ,Documentation, Technology adopted by insurer, Fulfill my needs ,Liquidity, My awareness ,Price, Modes of premium payment, Agent's recommendations, My friends, influences, Family members, influences, My colleagues, influences ,Image of the company, Pamphlets/brochure, Website, Employer (Salary Saving Scheme) influences, Location of the branch office, influences, Claim settlement process, Complaint redressal process ,Medical check- up process, Commitment given by the company, Trustworthiness of the company, Professional management ,After sales service and Former experience with insurer.

II. LITERATURE REVIEW

Truett et al. (1990) discussed the growth pattern of life insurance consumption in Mexico and United States in a comparative framework, during the period 1964 to 1984. They concluded the existence of higher income inelasticity of demand for life insurance in Mexico with low income levels. Age, education and income were significant factors affecting demand for life insurance in both countries. Dorfman &Adelman (1991), stated that life insurance transaction depends on the age composition, marital status and other demographic characteristics of our society. Bovee et al, (1992), claimed that consumers live influenced by demographic factors such as their age and income, by their social status. Min Li (2008), study concluded that person age increase and decreases the demand of life insurance. People at lower age prefer more term insurance as income is low and higher age peoples prefer more variable insurance. Harnamsingh and Dr. Madhurima Lall (2011), found that age group of 26-45 years are more aware of buying insurance policy for several purposes and this group belong from Government service. There is a great opportunity for developing insurance business in the rural areas. Curak (2013), The research results indicate that age, occupation and education have a significant impact on the demand for life insurance in Croatia while gender, marital status and number of family members do not seem to influence the demand for life insurance. Eko Yiswa Rasti Esau (2015), study result shows promotion variable has the most significant influence compare to product, price, people and process

in consumer purchase decision. Mohamad Idham Md Razak Siti Hawa Kasim (2016), concluded that the factor influence customer demand on life insurance is customer's perception (perception covers age, education and family size or number of children) and economic factor. Kanyingi kagucia (2016), stated that Millennials (the age group that covers those born between the years of 1982 and 2000) prefer to deal with the insurance company directly when buying insurance products. Mobile payments as one of the preferred modes of payment within Millennial age group. Muthusamy and Yuvarani (2016), concluded that age, gender and income were vital factors in purchasing of life insurance product. LIC is the most preferred brand because of company image. Xumei Zhang et.al., (2017), study indicate that the extent of worrying about future, economical condition, cognition of life insurance and the frequency of adventure have significant positive effects on the intention of purchasing life insurance. Sidhardha and Sumanth (2017), reported that tax benefits, returns, coverage of risk, image of the company and premium were the important factors for purchased life insurance products. Binny Pahwa, Meenu Gupta (2019), in this study, 21 critical factors have been identified for analysis of health insurance. According to study it has been found that product related factors, Tax gains", coverage about diseases, Attitude, awareness, income, and age were the key factors.

III. METHODOLOGY

Problem Statement: Many researchers have been done research on factors influencing decision of customers purchasing life insurance product but not included all 30 variables which is included in this study. 7 more factors have been identified by researcher which was not included in past studies. Our study was identified relationships between a comprehensive list of factors, age and purchasing decision of life insurance products which was studied in past.

Factors Are Derived: Factors are derived from observation, meeting with managers, sales agents, literature review, books, magazines, research papers and customers interactions.

Research Methodology

An objective of the study to identify age group is affecting purchasing decision of life insurance product. Single Cross Sectional Descriptive Research Design was

adopted. Non probability sampling method was used. Sample Location was Gujarat region. 1505 respondents' responses were considered valid and are used for further analysis. Primary data was collected from structured questionnaire and secondary data was collected from research papers Research articles, Journals, Books, News Papers, Websites and others. Gathered data has been analyzed with the help of SPSS software to get some meaningful result. Total 30 variables has been identified for this study, includes five point likert scales with various variables in statement form to check the influence on customer purchase decision while purchasing life insurance. Sampling Method: Non probability sampling selected for this research papers. (Convenience sampling) In short here survey method is questioner to gathering information from customers. Limitations of study was time constrain, Biasness of the respondents and not included whole population of Gujarat to carry out research

IV. RESULTS and DISCUSSIONS

Reliability test:

Here the value was 0.845 (as per table 1) which suggest that study data analysis was reliable.

Greater part of the respondents had age bunch of 21 – 30. 440 respondents were belonging to 31 to 40years of age followed by (158) 41 to 50 of (114)51 to 60 and above (60) 60 years of age group.

Segmentation is an imperative strategy for every insurance company. India is a developing country. In India young age group people are more compare to any other contrary and greater part of the people belonging from middle class families. Each and every Indians has a fragmented need so age and income are key cause for purchasing life / health insurance product because of premium rate. One more reason is medical examination. If insured person is younger than premium will be low. Insurance premium and age both are co related.

Identified Factors: Return, Life insurance product to fulfill my needs ,Amount of sum assured, Liquidity options, My awareness regarding product, My affordability to pay premium, Price comparison , Modes (monthly, quarterly, half yearly and yearly) premium payment, Keeping in mind my beneficiary , Advertisement in media (newspapers, Channels, Brochures) ,Agent's recommendations, Relatives influences ,My friends influences ,Family members

influences, My colleagues influences ,Image of the company ,Location of the branch office, Paying premium through my employer (Salary Saving Scheme) influences ,Internet/website of the life insurance company ,Pamphlets/brochure of the life insurance product ,Claim settlement process, Complaint redressal process ,Medical check- up process, Documentation work required ,Long term commitment given by the company ,Trustworthiness of the company, Former experience with insurer, After sales service provided by the company, Technology adopted by insurer, Professional management by company.

CHI-SQUARE ANALYSIS

H_{01}: Age is independent on factors influencing decision of customers purchasing life insurance product

H_{11}: Age is dependent on factors influencing decision of customers purchasing life insurance product

The chi-square analysis has done to find out age was dependent or independent on factors purchased decision of life insurance. Hypothesis testing has been done for results.

<Table 3>

Study has been carried out with 30 variables, and its impact on purchasing decision toward age. From this Chi Square analysis it was found that the null hypothesis is accepted for Return, Sum assured, My affordability ,Beneficiary ,Advertisement ,Relatives influences ,Documentation, Technology adopted by insurer , since $p > 0.05$ for so it can be concluded that there is no relationship between age and decision of purchasing life insurance towards various factors.

For Fulfill my needs ,Liquidity, My awareness ,Price, Modes of premium payment, Agent's recommendations, My friends, influences, Family members, influences, My colleagues, influences ,Image of the company, Pamphlets/brochure, Website, Employer (Salary Saving Scheme) influences, Location of the branch office, influences, Claim settlement process, Complaint redressal process ,Medical check- up process, Commitment given by the company, Trustworthiness of the company, Professional management ,After sales service and Former experience with insurer as $p < 0.05$, so it can be

concluded that there is a relationship between age and decision of purchasing life insurance towards various factors.

Study reported that factors like return, sum assured, affordability to pay premium, my beneficiary, advertisement, recommendations of my relatives, documentation work required and technology adopted by insurer are independent on age. Age group does not impacted by factors like return, sum assured, affordability to pay premium, beneficiary, advertisement, recommendations by relatives, documentation work required and technology adopted by insurer while making purchasing decision of like insurance. Age is the vital criteria while purchasing insurance products, a study has been recognized age and need fulfillment both are interrelated. Young age people have a need of pension, family security, health security and term life insurance. Liquidity options impacted while purchasing insurance product because of middle class family groups and rural populations are mass in India. In India rural population awareness less compare to other country, they are dependents on agents role. Again price of the insurance products and mode of payment (monthly, quarterly, half yearly and yearly) both are key factors because of middle class family. In India joint family concept is admired, this perception has seen in purchasing decision, while taking investment decision people are taking recommendation from friends, family members and colleagues. Study found that consumer perception regarding government companies, family income, rural population, agent awareness playing important role. Indian consumers are focus on government companies like LIC, National insurance co Ltd, The new India assurance co Ltd, The oriental insurance co Ltd , United India insurance co Ltd etc. people seeking security of their investment so they believes on government agencies. Literate people are comparing insurance products with internet, website, pamphlets and brochure. Paying premium through my employer is dependents on age and they are working people. Government rules and law impacted to employers. Sometime it's mandatory for employer to take insurance products of his or her employees. Service provided by companies also one of the vital factor, age and service provided by companies (location of the branch office, claim settlement process, complaint redressal process, medical check- up process) are found dependent. Educated people and professional working group are more influenced through commitment given by the company,

trustworthiness of the company, professional management of the company, after sales service and former experience with insurer. Professional working group are preferred private insurance companies because of time, after sales service, professional management and former experience

It has been confirmed that return, technology, documentation work, affordability, beneficiary, advertisement not much important factors for age group.

V CONCLUSION

Based on analysis of collected data it can be concluded that factors influencing decision of customers purchasing life insurance product like needs fulfillment, awareness of product, liquidity, price of insurance product, modes of payment, agent's roles, my friends, family members, my colleagues, image of the company, pamphlets/brochure of products ,internet/website , paying premium through my employer, location of the branch office, claim settlement process ,complaint redressal process , medical check- up process ,long term commitment given by the company, trustworthiness of the company ,professional management of my premium ,After sales service ,former experience with insurer are dependent on age.

Return of the insurance companies, sum assured, affordability and beneficiary of insured person, advertisement, Documentation work , technology of the company does not influences on age groups.

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List of Tables

Table 1: Inferential Analysis: Cronbach's Alpha

Reliability Statistics	
Cronbach's Alpha	N of Items
0.845	30

Source: Survey Data

Table 2: Demographic Data

01	**Age**	0 to 20 yrs	21 to 30	31 to 40	41 to 50	51 to 60	Above 60
		45	688	440	158	114	60

Table 3: Chi Square Results

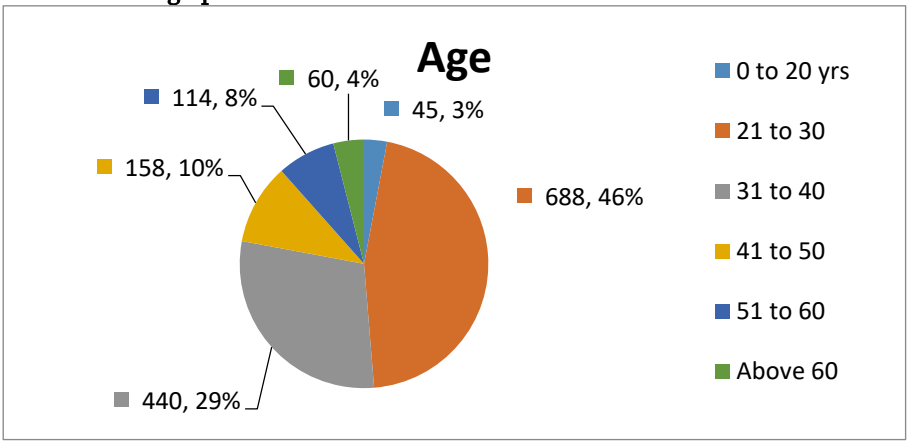
Sr. No	Hypothesis statement	Chi-square value	Accepted /Rejected	Age
1	No association was found between age and **Return** factor	χ^2 (20) >=26.151, p=0.161	Accepted	Independent
2	There was a association between age and **fulfill my needs** for insurance product	χ^2 (20) <=65.160, p=0.000	**Rejected**	Dependent
3	No association was found between age and **sum assured** factor	χ^2 (20)>=42.855, p=0.002	Accepted	Independent
4	There was a association between age and **liquidity** factor	χ^2 (20) <=47.916, p=0.000	**Rejected**	Dependent
5	There was a association between age and **my awareness**	χ^2 (20) <=44.321, p=0.001	**Rejected**	Dependent
6	No association was found between age and **my affordability**	χ^2 (20) >=24.141, p=0.236	Accepted	Independent
7	There was a association between age and **price** comparison	χ^2 (20) <=31.618, p=0.48	**Rejected**	Dependent
8	There was a association between age and **modes** (monthly, quarterly, half yearly and yearly) premium	χ2 (20) <=43.914, p=0.002	**Rejected**	Dependent

Sr. No	Hypothesis statement	Chi-square value	Accepted /Rejected	Age
	payment			
9	No association was found between age and my **beneficiary** of insurance	$\chi 2$ (20) >=41.913, p=0.003	**Accepted**	Independent
10	No association was found between age and **Advertisement**	$\chi 2$ (20) >=20.172, p=0.447	**Accepted**	Independent
11	There was a association between age and agent's **recommendations.**	$\chi 2$ (20) <=41.290, p=0.003	**Rejected**	Dependent
12	No association was found between age and **relatives influences**	$\chi 2$ (20) >=30.708, p=0.059	**Accepted**	Independent
13	There was a association between age and Recommendations of **my friends influences**	$\chi 2$ (20) <=42.105, p=0.003	**Rejected**	Dependent
14	There was a association between age and **family members influences**	$\chi 2$ (20) <=35.463, p=0.018	**Rejected**	Dependent
15	There was a association between age and **my colleagues influences**	$\chi 2$ (20) <=32.110, p=0.042	**Rejected**	Dependent
16	There was a association between age and **image of the company**	$\chi 2$ (20) <=39.967, p=0.005	**Rejected**	Dependent
17	There was a association between age and **pamphlets/brochure**	$\chi 2$ (20) <=43.161, p=0.002	**Rejected**	Dependent
18	There was a association between age and **website**	$\chi 2$ (20) <=65.925, p=0.000	**Rejected**	Dependent
19	Paying premium through my employer (**Salary Saving Scheme)** influences	$\chi 2$ (20) <=67.600, p=0.000	**Rejected**	Dependent
20	There was a association between age and The	$\chi 2$ (20) <=38.545,	**Rejected**	Dependent

Sr. No	Hypothesis statement	Chi-square value	Accepted /Rejected	Age
	'**location of the branch office**, influences	p=0.008		
21	There was a association between age and **Claim settlement process**	χ2 (20) <=55.415, p=0.000	**Rejected**	Dependent
22	There was a association between age and **Complaint redressal process**	χ2 (20) <=41.001, p=0.004	**Rejected**	Dependent
23	There was a association between age and **Medical check- up process**	χ2 (20) <=35.807, p=0.016	**Rejected**	Dependent
24	No association was found between age and **Documentation** work required	χ2 (20) >=24.803, p=0.209	**Accepted**	Independent
25	There was a association between age and Long term **commitment given by the company**	χ2 (20) <=40.839, p=0.004	**Rejected**	Dependent
26	There was a association between age and **Trustworthiness of the company**	χ2 (20) <=58.307, p=0.000	**Rejected**	Dependent
27	There was a association between age and **Professional management**	χ2 (20) <=36.344, p=0.014	**Rejected**	Dependent
28	There was a association between age and **After sales service**	χ2 (20) <=38.465, p=0.008	**Rejected**	Dependent
29	No association was found between age and **Technology adopted** by insurer	χ2 (20) >=22.530, p=0.312	**Accepted**	Independent
30	There was a association between age and **Former experience** with insurer	χ2 (20) <=40.219, p=0.005	**Rejected**	Dependent

List of Charts

Chart 1- Demographic Data



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