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## **IMPORTANCE OF LIFE INSURANCE FOR POLICY HOLDERS**

# Importance of life Insurance for Policy holders

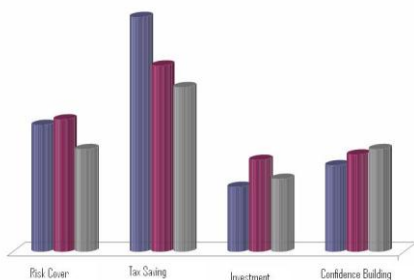
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**Abstract – The pattern of consideration of different reasons of purchasing an insurance policy was found to be similar in the three regions under study as was observed in case of total policy holders. However, less premium was considered by a significantly higher proportion of 3RD policy holders (62.00%) as compared to 1ST policy holders (48.00%). Though less premium attracted the attention of policy holders in all the regions but it was at the highest level in 3RD region.**

## INTRODUCTION

The policy holders purchased insurance policies keeping in view several factors such as risk cover, tax saving, investment purpose and confidence building. Table 9 depicted the factors of importance of life insurance according to policy holders. It revealed that majority (72.33%) of the total policy holders purchased a policy as a tax saving factor followed by 44.67 per cent of respondents who took life insurance policy to cover the risk at the time of adversities in life and 35.33 percent for confidence building. However 28.33 per cent were of those policy holders who purchased the policy in order to make investment to earn profit

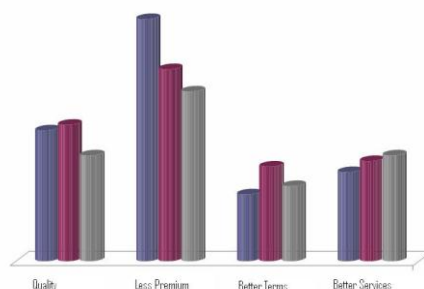


If we see the region wise classification it revealed that factors like risk cover, investment purpose and confidence building were equally considered in all the 3 regions as conveyed by the non-significant Z-values. But the factor of tax saving secured significantly the highest consideration for purchasing insurance policy in 1ST region (87.00%), followed by 2ND (69.00%) and 3RD region (61.00%). This was indicated by the significant Z-values between 1ST and 2ND and 1ST and 3RD. The region wise comparison between 3RD and 2ND gave a non significant difference as similar pattern was observed in the thinking of importance of insurance by policy holders.

Main reasons of sticking to a particular company by policy holders

Main Reason	(Multiple Response)								Z – value		
	1 <sup>st</sup>		2 <sup>nd</sup>		3 <sup>rd</sup>		Total		1 <sup>st</sup>	1 <sup>st</sup>	2 <sup>nd</sup>
	No.	%age	No.	%age	No.	%age	No.	%age	2 <sup>nd</sup>	3 <sup>rd</sup>	3 <sup>rd</sup>
Risk Cover	3	3.00	5	5.00	8	8.00	16	5.33	0.72	1.55	0.86
Tax Saving	36	36.0	32	32.00	28	28.00	96	32.00	0.60	1.21	0.62
Investment	9	9.00	12	12.00	8	8.0	29	9.67	0.69	0.25	0.94
Confidence	6	6.00	6	6.00	5	5.0	17	5.67	NA	0.31	0.31

Main reasons of sticking to a particular company by Policy holders



## REASONS OF STICKING TO A PARTICULAR COMPANY

Policy holders keep many factors in view while purchasing an insurance policy. Their responses in this regard are presented in Table 10. The highest proportion i.e. 54.00 percent of the total policy holders purchased an insurance policy due to less

premium in comparison to other policies, followed by 35.00 percent due to better terms offered in the policy by the company. The lowest proportion i.e. 18.00 percent of them purchased an insurance policy keeping in view the better services provided by the company followed by 23.67 percent keeping in view quality of insurance policy as well as of company.

The pattern of consideration of different reasons of purchasing an insurance policy was found to be similar in the three regions under study as was observed in case of total policy holders. However, less premium was considered by a significantly higher proportion of 3RD policy holders (62.00%) as compared to 1ST policy holders (48.00%). Though less premium attracted the attention of policy holders in all the regions but it was at the highest level in 3RD region.

#### Weighted mean score of ranks assigned to different sources influencing the respondents to purchase insurance policy

Sources	1 <sup>ST</sup>		2 <sup>ND</sup>		3 <sup>RD</sup>		Total		F-ratio
	Mean	S.D	Mean	S.D	Mean	S.D	Mean	S.D	
Visit of insurance agents	4.13	0.74	2.94	0.69	3.74	0.83	3.60	0.88	6.27**
General advertising	2.78	0.61	3.52	0.87	3.22	0.62	3.17	0.58	3.14*
Direct mail advertising	3.54	0.93	4.06	0.79	1.87	0.59	3.16	0.59	9.65**
Newspaper	1.67	0.58	1.8	0.6	2.1	0.72	1.9	0.57	1.09

#### SOURCES INFLUENCING POLICY PURCHASE DECISION

The policy holder respondents were asked to rank different sources of information influencing their policy purchase decision. Five sources were put before the respondents for ranking. Weighted mean scores of ranks were calculated to evaluate an overall rank secured by different sources. With the help of ANOVA, comparisons between regions and sources were also made. The results, thus, obtained are presented in Table 11.

The analysis revealed that among total policy holders, the highest rank was secured by visits of insurance agents (3.60), followed by general advertising (3.17) and direct mail advertising (3.16). The lowest rank

was assigned to the source of information through magazines (1.86), followed by newspapers (1.90). The calculated F-ratio indicated that there were significant differences in the weighted rank mean score given to different sources of information about insurance policies among total policy holders.

In 1ST region, the highest rank was in favour of visits of insurance agents while the second major source came to direct mail advertising. In 2ND region, highest rank score was secured by direct mail advertising and the second by general advertising. In 3RD region, this order was visits of insurance agents and general advertising. The differences in mean scores of different sources of information were significant in all three regions as indicated by the respective F-ratios.

Comparison of different sources between regions showed that the ranking of visits of insurance agents was significantly the highest in 1ST region (4.13) and the lowest in 2ND region (2.94). However, the weighted score of general advertising came to be significantly the highest in 2ND region (3.52) and the lowest in 1ST region (2.78). Direct mail advertising secured the highest rank score by 2ND policy holders (4.06) and the lowest by 3RD policy holders (1.87). The sources of newspapers and magazines were at par in the three regions.

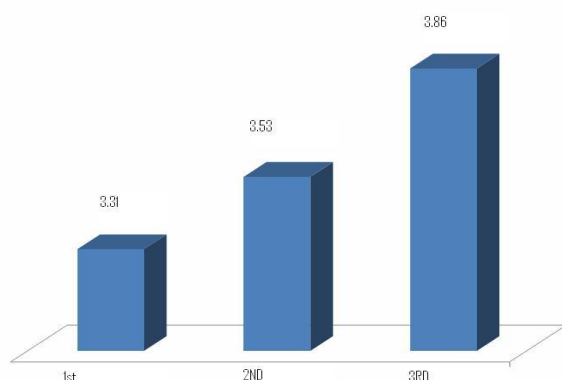
The analysis showed that the importance of various sources of information influencing policy holders in decision making was different in 1ST, 2ND and 3RD region of Haryana.

Thus, the companies should evolve different suitable policies and plans for different regions.

#### Level of satisfaction of policy holders on the performance of the company

Level of Satisfaction	1		2		3		T	
	N	%age	No.	%age	No.	%age	No.	%age
Highly Satisfied	2	22.00	2	26.0	3	31.00	7	26.3
Satisfied	3	36.00	4	41.0	4	45.00	1	40.6
Neutral	7	7	5	5.00	4	4.00	1	5.33
Dissatisfied	2	21.00	1	16.0	1	19.00	5	18.6
Highly dissatisfied	1	14.00	1	12.0	1	1.00	2	9.00
Average Level	3		3.53		3.86		3.57	
% Level Achieved	66.20		70.6		77.20		71.3	
% Level to be	33.80		29.4		22.80		28.6	
F-ratio				6.12*				

Level of satisfaction of policy holders on the performance of the company



### **LEVEL OF SATISFACTION WITH THE PERFORMANCE OF THE COMPANY**

The policy holders were asked to express their level of satisfaction on the performance of the company with the attributes of 'highly satisfied', 'satisfied', 'neutral', 'dissatisfied', 'highly dissatisfied'. These attributes were assigned weights in the order of 5,4,3,2, and 1 to work out the average level of satisfaction of the policy holders. The average level of satisfaction in the three regions was compared through ANOVA. The results, thus, obtained are presented in Table 12.

The analysis showed that 67.00 percent of total respondents were satisfied with the performance of the company while 27.67 percent of them were dissatisfied. Only 5.33 percent of them could not register their opinion in this regard. The average level of satisfaction came to be 3.57 (71.33%) among total policy holders. Though the level of satisfaction was quite high, but still 28.67 percent more satisfaction could be achieved. Insurance companies should make more efforts by exploring the weaknesses in the organization.

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