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Int. J Sup. Chain. Mgt   Vol. 7, No. 5, October 2018

An Empirical Investigation to analyse the Factors influencing the Consumer Perception regarding Life Insurance policies using Path Analysis

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Abstract- **The insurance companies in the country play a significant facet in enhancing the welfare of the individuals which protects the welfare and life of millions of individuals. The life insurance industry is growing at greater speed after the increase in the FDI limit sanctioned by the government. This research intends to understand the factors influencing the consumer perception regarding Life Insurance Policies. The researcher used convenience sampling method in collating the data from the respondents and the researcher used various statistical tools to analyse the data collated. It is concluded that company perception and client-company relationship are considered as the prime factors in influencing the consumer perception towards life insurance policies.**

Keywords: *Consumer perception, company reputation, Path model*

1. Introduction

Human life is considered as the most precious asset and it is always in danger. In order to protect from the danger, life insurance products offer the best ways to the individuals by offering financial protection to the self and to their families in times of danger and unprecedented events. Life insurance enables in offering safety and protection to the individuals and also aims to enhance the savings culture among the people. The insurance companies intends to play a significant role in the overall welfare of the individuals in offering protection to many against the risk of life like death, accident etc. In India, LIC is considered as the oldest and most trusted brand by offering various insurance policies and attracts millions of customers. However, it is noted that the market share of private insurers are also increasing significantly and gaining more trust from the customers. It is further identified that the private players in the insurance industry are offering various innovative

products, quicker turnaround time in paying the claims and other value-added services. Furthermore, they are also involved in educating the customers by applying various new and innovative methods of advertisements, training the customers during product selling, increasing the penetration level by reaching to rural and village areas. This has led to increase in competition among the players and also assisted in increasing the awareness of the products that are offered to the customers based on their need, financial objectives etc.

In the current economic scenario, it is one of the mandates of the insurance companies to offer customer satisfaction, create large awareness, focus on the need to chose new and innovative products and pay the claims with shorter turnaround time. This will help the people to understand the overall benefits of the insurance products and protect their lives with respect to the future risk and hedge various uncertainties which they experience in the life. Previously, life insurance products were mainly applied as the main tool to protect the income of the family members, save for the future, planning for income after retirement etc. However, in the current scenario with more innovative products in the market, the insurance products are mainly used as the tool for wealth preservation, saving for taxes, invest in capital markets and protecting the life. The main objective of this research is to understand the factors influencing the consumer perception regarding Life Insurance Policies.

2. Need of the study

The insurance companies play a significant role in enhancing the welfare of the human being by offering protection of life to millions of customers. Also, noted is that the life insurance companies are now competing ferociously to attract more market share and enhance customer loyalty. Therefore, the management of the companies is looking to understand the factors influencing

the consumer perception, which enables the companies to apprehend the requirements of the customers and can offer the products based on such needs.

3. Objectives of the study

To identify the key factors which influence the consumer perception regarding life insurance policies

To measure the impact of company reputation in contributing to the consumer perception towards life insurance products

To analyse the influence of effective service quality in impacting the consumer perception towards life insurance products

To understand the role of customer-client relationship in enhancing the consumer perception towards life insurance products

4. Literature review

Recent research shows that [1] life insurance industry found that social, cultural, political, personal, psychological and demographic factors are consumer behaviors and this will impact the perception towards life insurance products. This study shows that the demographic impact has a significant impact on consumer purchasing decisions. Management is not about getting the maximum number of policies sold, but understanding customer-related demographics and targeting them on your way. They are ultimately a successful insurance market based on understanding the target group's social and cultural needs.

According to the survey conducted by [2] using 127 respondents in Kohlapur to determine customer preferences in the policy, the level of satisfaction in the ULIP plan and the traditional patterns and factors affecting the investment decision. They found that SCI is an important part of insurance, and traditional patterns prefer ULIP's plans. Most homeowners think insurance is just a security option followed by tax savings and retirement. Most homeowners accept the policy for financial advisors and banks. Investment investments are also dependent on quality, reputation, self-confidence and future corporate service.

In a research stated by [4] examined 255 respondents from Uttar Pradesh life insurance in consumer behavior analysis. The main purpose of the study was to evaluate the socio-economic situation of respondents and to consider the effects on the insurance market's condition. The study shows

that more and more people are investing in family tax and retirement. He discovered that these major insurance products should be a children's plan and pension plan. He also noted that most want insurance products directly from insurance agents, followed by banks, financial institutions and brokers. It has been discovered that the older military sold more insurance products for 26-45 years and 100 to 1,000,000 middle-income people bought more insurance.

[5] in his research from the Nalgonda region with 120 interviewees. Your article was a survey of rural market Telangana to investigate the socio demographic and economic variables that affect consumer perception. It has been found that gender and marital status have little impact on the perception. Although school and income level has a significant effect, the average income group is more concerned about the insurance business. Similarly, the profession has a significant impact on the insurance as well. In addition, insurance is a tax benefit rather than an investment option.

5. Research Methodology

The researcher intended to use convenience sampling in collating the data from the respondents, the researcher chose 125 respondents for the study and applied descriptive research method for performing the research. Furthermore, both primary data source and secondary data source were applied for performing the research.

6. Data analysis and interpretation

The following table shows the descriptive statistics of the data collated by the researcher

Gender		Frequency	Percent
Valid	Male	88	70.4
	Female	37	29.6
	Total	**125**	**100.0**

Age		Frequency	Percent
Valid	Less than 25 years	15	12.0
	26 - 35 years	5	4.0
	36 - 45 years	87	69.6
	More than 45 years	18	14.4
	Total	**125**	**100.0**

Education		Frequency	Percent
Valid	Undergraduate degree	15	12.0
	Master degree	67	53.6
	PhD	43	34.4
	Total	**125**	**100.0**

Occupation		Frequency	Percent
Valid	Accountant	28	22.4
	Engineer	45	36.0
	Advocate	47	37.6
	Professor	5	4.0
	Total	**125**	**100.0**

Income		Frequency	Percent
Valid	Rs. 15,001 - Rs. 30,000	71	56.8
	Rs. 30,001 - Rs. 45,001	44	35.2
	Rs. 45,001 - Rs. 60,000	10	8.0
	Total	**125**	**100.0**

Based on the analysis, it is identified that 70.4% of the respondents were male, 69.6% of the respondents were in the age group of 36 - 45 years. 53.6% of the respondents were completed Master degree and 37.6% of the respondents were advocate and 56.8% of the respondents were drawing a salary between Rs. 15,001 - Rs. 30,000

6.1 Correlation Analysis

The below table shows a correlation analysis of the various factors considered and the consumer perception towards life insurance products. In this research, the researcher uses the following independent variables: Company reputation; Service quality; client – company relationship and consumer perception as the dependent variable.

Correlations		Company reputation	Service quality	Client – Company Relationship	Consumer Perception
Company reputation	Pearson Correlation	1	.919**	.889**	.908**
	Sig. (2-tailed)		.000	.000	.000
	N	125	125	125	125
Service quality	Pearson Correlation	.919**	1	.877**	.890**
	Sig. (2-tailed)	.000		.000	.000
	N	125	125	125	125
Client – Company Relationship	Pearson Correlation	.889**	.877**	1	.884**
	Sig. (2-tailed)	.000	.000		.000
	N	125	125	125	125
Consumer Perception	Pearson Correlation	.908**	.890**	.884**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	125	125	125	125
**. Correlation is significant at the 0.01 level (2-tailed).					

From the above analysis, it is identified that company reputation and consumer perception possess a correlation of 0.908 which is a high positive correlation showing that there is a greater influence of the company reputation towards consumer perception.

It is identified that service quality and consumer perception possess a correlation of 0.890 which is a high positive

correlation showing that there is a greater influence of the service quality towards consumer perception

Furthermore, it is noted that client-company relationship and consumer perception possess a correlation of 0.884 which is a high positive correlation showing that there is a greater influence of the client-company relationship towards consumer perception.

6.2 Factor Analysis

The researcher intends to test the primary factors that influence the consumer perception towards life insurance policies, therefore factor analysis is tested for the variables:

Company reputation

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.758
Bartlett's Test of Sphericity	Approx. Chi-Square	328.983
	df	3
	Sig.	.000

From the KMO and Bartlett's test, it is noted that the value is 0.758 which is higher than the threshold limit of 0.600, therefore null hypothesis is rejected and it is concluded that there is a significant relationship between the company reputation and consumer perception.

Total Variance Explained						
Compon ent	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Varian ce	Cumulati ve %	Total	% of Varian ce	Cumul ative %
Company goodwill is primary factor	2.673	89.098	89.098	2.673	89.098	89.098
Products offered are more cost effective	.201	6.706	95.805			
TAT of claims is quicker	.126	4.195	100.000			
Extraction Method: Principal Component Analysis.						

From the above table, it is identified that Company goodwill is primary factor among the various company reputation factor.

Service quality

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.764
Bartlett's Test of Sphericity	Approx. Chi-Square	362.039
	df	3
	Sig.	.000

From the KMO and Bartlett's test, it is noted that the value is 0.764 which is higher than the threshold limit of 0.600, therefore null hypothesis is rejected and it is concluded that there is a significant relationship between the service quality and consumer perception.

Total Variance Explained						
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Tot al	% of Varian ce	Cumulati ve %	Total	% of Varian ce	Cumul ative %
Effective grievance handling system	2.71 7	90.577	90.577	2.717	90.577	90.577
New and innovative technology	.173	5.753	96.330			
Easy documentati on	.110	3.670	100.000			
Extraction Method: Principal Component Analysis.						

From the above factor analysis, it is noted that Effective grievance handling system is considered as the primary aspect in the service quality factor

Client-company relationship

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.749
Bartlett's Test of Sphericity	Approx. Chi-Square	328.560
	df	3
	Sig.	.000

From the KMO and Bartlett's test, it is noted that the value is 0.749 which is higher than the threshold limit of 0.600, therefore null hypothesis is rejected and it is concluded that there is a significant relationship between the client-company relationship and consumer perception.

| Total Variance Explained						
Compon ent	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Varian ce	Cumul ative %	Total	% of Varian ce	Cumul ative %
Friendly agents	2.662	88.731	88.731	2.662	88.731	88.731
Payment of premiums	.224	7.478	96.209			
Effective customer relatioshi p procedure	.114	3.791	100.00 0			
Extraction Method: Principal Component Analysis.						

From the above table, it is noted that the friendly agents are considered as the prime factor in the client-company relationship.

6.3 Path Analysis

The below table shows inter relationship between company reputation, service quality, company-client relationship and perception of consumers regarding life insurance policies.

Standardized Structural Path Analysis
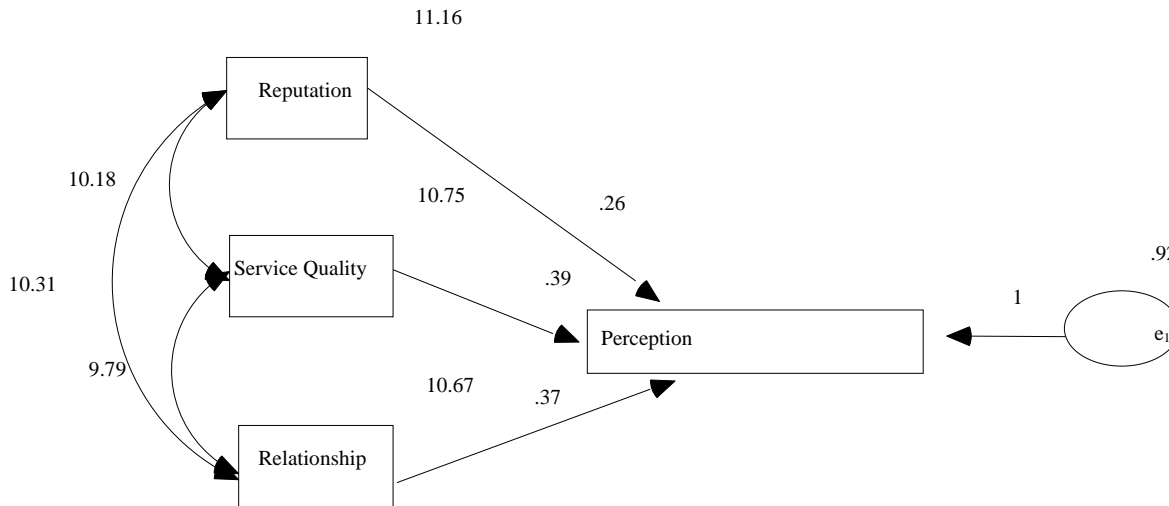
The model fit parameters are presented as below

Model Fit Parameters

Chi-Square Value	P-Value	GFI	CFI	RMR	RMSEA
1.702	.000	0.99	0.98	0.05	0.03

Path Relationships	Standardized Coefficients	t-test	P-Value
Perception ← Reputation	.264	2.916	***
Perception ← Service Quality	.392	5.267	***
Perception ← Relationship	.366	4.335	***

*** *indicates significant at five per cent level*

The standardized structural path co-efficient for perception against company reputation is 0.264, the standardized structural path co-efficient for perception against service quality is 0.392 and the standardized structural path co-efficient for perception against client-company relationship is 0.366 and these co-efficients are significant at one per cent level. Therefore, company reputation, service quality, client-company relationship are positively and directly influencing perception of consumers towards life insurance policies. The path diagram for company reputation, service quality, client-company relationship and perception of consumers regarding life insurance policies is shows as below:

The model is an excellent fit with chi-square value of 1.702 which is significant at one per cent level. The Goodness of Fit Index (GFI) is 0.99 and Comparative Fit Index (CFI) is 0.98. These GFI and CFI indicate perfect fit. The standardized Root Mean Residual (RMR) is 0.05 and Root Mean Square Error of Approximation (RMSEA) that show an excellent fit.

7. Conclusion

Thus from the overall analysis, it is concluded that service quality, client-company relationship and company

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reputation are positively and directly influencing perception of consumers towards life insurance policies. The insurance industry in the country is growing at a faster growth rate, therefore it is very important for the companies to understand the factors that influences the consumer perception which will be used as the base aspect in creating new and innovative products which meet the expectations of the clients and consumers.

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