

A STUDY ON CONSUMER PERCEPTION TOWARDS THE INSURANCE PRODUCTS

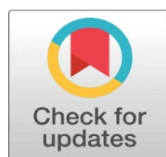
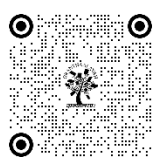
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ABSTRACT

Given the growing significance of insurance coverage in today's world, it is critical to investigate how consumers see these products. The goal of this study is to examine the numerous features that touch customers' perceptions of insurance products and their purchasing decisions. This research studies the reviews and comments from customers as well as demographic information like age, gender, income, and education. The study also looks at how customers' opinions towards insurance products are influenced by outside variables such as product knowledge, social and economic contextual variables, and promotional actions. Insurance companies may make necessary adjustments to their marketing and product offerings based on the study's findings to better understand the factors driving consumer behavior.

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Keywords: Consumer Perception, Insurance, Demographics



1. INTRODUCTION

It is said that “the only thing certain about life is death”. Future is uncertain and for financial planning, stability in life can be brought with the help of various insurance products like life insurance, health insurance and accident insurance. Proportion of people doing financial planning and purchasing life insurance products in India is much lower than developed countries. (*Growth and Overview of the Insurance Sector in India*, n.d.) There are various factors that affect the decision of purchasing an insurance and preference of insurance products. Primarily understanding the elements

influencing customer behaviour and perception of insurance products is crucial for identifying and addressing these factors.

2. LITERATURE REVIEW

Major determinants of insurance demand are dependency ratio, national income, government spending on social security, inflation, the price of insurance (Browne & Kim, 1993). However, a researcher in the early 2000s found that education, life expectancy, young dependency ratio and the size of social security system does not impact the consumption of life insurance to a great extent (Beck, 2003). Multiple researchers have found significant association of age and education on the demand for life insurance, but the results are conflicting. (Millo & Carmeci, 2015) (Outreville, 2013) (Gutter & Hatcher, 2008) (Lin & Grace, 2007). No matter what factors affect the demand of the insurance, it is a supply leading industry which means that the demand is not a determinant characteristic of this particular industry. (Boon, 2005) Insurance demand is not strong as the people prefer keeping their chunk of investments in bequeathable forms as found by some researchers or mainly due to lack of financial literacy about insurance needs ("Australia's Life Underinsurance Problem Is as Significant as It Is Well Documented.," n.d.) (Bernheim, 1991). Insurance demand is not strong as the people prefer keeping their chunk of investments in bequeathable forms as found by some researchers or mainly due to lack of financial literacy about insurance needs ("Australia's Life Underinsurance Problem Is as Significant as It Is Well Documented.," n.d.) (Bernheim, 1991)

However, it is pertinent to note that life insurance is not preferred by majority of the people as observed by the low penetration rates even in the developed countries in the recent decades. It may appear that in developed countries, availability of social security may affect the life insurance penetration rates negatively. However, it is pertinent to note that life insurance is not preferred by majority of the people as observed by the low penetration rates even in the developed countries in the recent decades. Attitude, personal values and financial literacy are major factors affecting the decision states for majority of Australian people (Bateman et al., 2020).

In India, the customers are more inclined towards life insurance products than other insurance products and even in life insurance they prefer endowment plans that give some return of the premiums paid. Therefore, the literature is more about life insurance than other insurance products. Researchers examined customer understanding the awareness of LIC life insurance. They found that policyholders recognized the importance of life insurance and individual agents were the primary source of information. The study also revealed strong connections between urban and rural samples. The main sources of information for the participants were individual LIC officers. (Banne & Bhola, 2014) In another study on policyholders' opinion towards life insurance products in Vellore Division, Tamil Nadu, it was found that demographic factors like age, marital status, and education did not have an impact on purchasing behavior. However, work-related factors did influence life insurance consumption. The study also revealed that the respondents had good knowledge of the micro insurance industry. (Manivannan et al., 2015) Another study on consumer purchasing behaviour regarding life insurance plans, 150 individuals were convenience sampled and data was collected using a standardized questionnaire. Regression, chi-square analysis, and descriptive statistics were used to examine the gathered data. The findings demonstrated that a few variables, including customer loyalty, procedure simplicity, and service quality, significantly influenced how much life insurance policies were purchased by customers. The author suggested that to improve consumers' purchasing behaviour towards their goods, life insurance businesses should concentrate on addressing these factors. (Guru & Umamaheshwari, 2019)

The article "India's insurance gap widens despite deeper penetration, says study" in Insurance Times Magazine (2018) states that one of the main causes of the low level of insurance penetration worldwide is the rise in natural disasters like flooding, which drives up insurance costs. As a result, more vulnerable individuals, companies, and governments can be discouraged from getting insurance.

To summarize, India's health insurance market is quite unique in their preferences for insurance products. Many studies have looked at a variety of internal and external factors that can affect consumers' decisions to buy life insurance. There is conflicting findings regarding the impact of demographic variables on the preference of people to purchase insurance. Shifting consumer demands require to have a deeper understanding of the pschye of the people which was studied for multiple insurance products not only life insurance in India. Most studies are focused on the customer demographics affecting the consumers' decisions to buy life insurance. But they have not studied comprehensive factors

that come into play when people make a decision to purchase an insurance product. This research gap tries to fill the gap on what factors motivate a person to buy insurance.

3. OBJECTIVES

- 1) To study the factors affecting the consumer perception towards insurance products
- 2) To assess how these factors differ across consumers from different demographical backgrounds
- 3) To identify insights into the customer mindset regarding insurance purchase decisions

4. HYPOTHESIS

This research paper tries to study whether there is any significant relationship between the demographical variable like age and gender and consumer perception of insurance products.

- **Hypothesis 1**

H₀: There is no significant difference in consumer perception towards insurance products across people of different age and economic backgrounds.

H₁: There is a significant difference in consumer perception towards insurance products across people of different age and economic backgrounds.

- **Hypothesis 2**

H₀: There is no significant difference in consumer perception towards insurance products across people of different gender and economic backgrounds.

H₁: There is a significant difference in consumer perception towards insurance products across people of different gender and economic backgrounds.

5. RESEARCH METHODOLOGY

The nature of the present research is exploratory. The researchers have collected primary data using a structured questionnaire from 107 usable responses. The sampling method followed is convenience sampling. In the structured questionnaire, the researchers used the nominal and interval scale questions to measuring the responses and use them for appropriate data analysis techniques. The geographical focus is chosen for the researcher's convenience. The age range of 18 to 64 is the only one included in the sample scope. The researchers have used chi-square test for hypothesis testing for significant relationship between variables.

6. DATA ANALYSIS

Age and

Case Processing Summary						
	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Gender * Perception of insurance products	107	100.0%	0	.0%	107	100.0%
Annual Income * Perception of insurance products	107	100.0%	0	.0%	107	100.0%
Age * Perception of insurance products	107	100.0%	0	.0%	107	100.0%

Crosstab		
Count	Perception of insurance products	
		Total

		Excellent	Good	Neutral	Poor	
Insurance products	Not familiar at all	0	1	1	0	2
	Not very familiar	3	3	6	0	12
	Somewhat familiar	15	22	14	2	53
	Very familiar	27	8	5	0	40
Total		45	34	26	2	107

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	22.154 ^a	9	.008
Likelihood Ratio	22.967	9	.006
N of Valid Cases	107		

Both the Probability Ratio Chi-Square and the Pearson Chi-Square have p-values below the traditional significance level of 0.05 (5%). This suggests that the way consumers perceive insurance products and at least one of the demographic characteristics (gender, income, age, and education) are statistically significantly correlated.

There is evidence to refute the null hypothesis (H₀), which states that customer perceptions of insurance products are similar across demographic and socioeconomic groups. The statistics are consistent with the alternative hypothesis (H_A), which contends that a substantial difference exists.

The following test was carried out to study whether gender had any impact on the perception of people towards insurance products.

Crosstab						
Count						
		Perception of insurance products				Total
		Excellent	Good	Neutral	Poor	
Gender	Female	10	11	12	0	33
	Male	35	23	14	2	74
Total		45	34	26	2	107

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	5.354 ^a	3	.148
Likelihood Ratio	5.845	3	.119
N of Valid Cases	107		

Both the Probability Ratio Chi-Square and the Pearson Chi-Square have p-values above the traditional significance level of 0.05 (5%). This suggests that the way consumers perceive insurance products and at least one of the demographic characteristics (gender, income, age, and education) are statistically significantly correlated.

The null hypothesis (H_0), according to which there is no discernible difference in how consumers see insurance products depending on these categorical characteristics, cannot be rejected due to insufficient data. The evidence does not support the alternative hypothesis (H_A), which contends that there is a substantial difference. The p-values for the Probability the Pearson Chi-Square are both more than the customary 5% significance level of 0.05. This suggests that the association between the categorical variables and the customer's perception of insurance items may not be statistically significant. which are not specifically specified in this result.

The study also focused on whether annual income had any significant relationship on the consumer perception of the insurance products and the output is described in the following table.

Crosstab						
Count						
		Perception of insurance products				Total
		Excellent	Good	Neutral	Poor	
Annual Income	2-4 lakh	8	10	7	0	25
	4-6 lakh	5	6	2	1	14
	6-8 lakh	2	3	2	0	7
	Less than 2 lakh	24	12	13	1	50
	More than 8 lakh	6	3	2	0	11
Total		45	34	26	2	107

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	7.194 ^a	9	.617
Likelihood Ratio	7.237	9	.612
N of Valid Cases	107		

In this instance, the p-values for the Pearson Chi-Square and the Probability Ratio Chi-Square are both significantly higher than the conservative meaning level of 0.05 (5%). This suggests that the category factors then the way in which consumers perceive insurance products based on these variables are not statistically significantly correlated.

The null hypothesis (H_0), according to which there is no discernible variation in consumers' perceptions of insurance products based on the categorical variables you looked at, cannot be rejected due to insufficient data. The evidence does not support the alternative hypothesis (H_A), which contends that there is a substantial difference.

The third demographical variable studied was age. Chi-square test was carried out to see whether age had significant relationship with the consumer perception of insurance products.

Crosstab						
Count						
		Perception of insurance products				Total
		Excellent	Good	Neutral	Poor	
Age	18-24	29	21	15	1	66
	25-34	9	11	7	0	27
	35-44	5	2	3	1	11

	45-54	2	0	1	0	3
Total		45	34	26	2	107

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	7.194 ^a	9	.617
Likelihood Ratio	7.237	9	.612
N of Valid Cases	107		

The null theory, which states that there is no important variation in perception across age groups, was tested using the chi-square method to investigate the relationship between age and customer perception of insurance products. The findings show that the null hypothesis cannot be refuted by strong evidence. The results of the Likelihood Ratio and Pearson Chi-Square tests show p-values that are significantly higher than the accepted significance level of 0.05, suggesting that there is no real connection between age and variations in opinions about insurance products. Thus, the null hypothesis cannot be rejected since it seems that age has no discernible effect on customers' perceptions of insurance products in this study.

7. FINDINGS

The categorical parameters under examination and customers' perceptions of insurance products do not exhibit a statistically significant link, according to the results of Chi-Square Tests. The results of the Ratio Pearson Chi-Square tests showed p-values that are significantly higher less than the conventional significance threshold of 0.05, indicating that there is insufficient statistical support for the links that have been found. This suggests that there isn't much evidence, based on the data gathered, to support the idea that customer opinion of insurance products is greatly influenced by demographic parameters or other category variables that weren't specifically addressed in the report that was presented.

However, it's important to exercise caution in interpreting these results. The presence of cells with expected counts below 5, as indicated in the note, may affect the reliability of the findings. Further exploration may be needed with a larger sample size or by refining the categories of the categorical variables to obtain more meaningful insights into the relationship between demographics and consumer perceptions. Additionally, it's crucial to consider that other unmeasured variables or factors not included in the analysis may also play a role in shaping consumer perceptions of insurance products. Further research or a reevaluation of the variables and categories used in the analysis may help provide more robust insights for insurance companies aiming to better understand their customers.

8. CONCLUSION

It may be concluded from the Chi-Square Test outcomes that there is no statistically important correlation between the categorical factors under investigation and how consumers see insurance products. The results of the Likelihood Ratio the Pearson and Chi-Square P-values from Chi-Square tests were substantially higher than the generally accepted significance level of 0.05. This shows that the links between customer perception and demographics that have been identified do not statistically significantly correlate.

Specifically, the analysis did not find sufficient evidence to support the hypothesis that demographic variables factors including gender, age, wealth, and education greatly influence how people view insurance products. Therefore, it appears that consumer perceptions of insurance products are not strongly influenced by these demographic factors, at least within the context of the data analyzed.

However, it's essential to interpret these findings with caution. The presence of cells with expected counts below 5 suggests potential limitations in the dataset, which could impact the reliability of the results. To gain deeper insights into

the relationship between demographics and consumer perceptions, further research with a larger sample or refinement of categorical variables might be required.

Additionally, it's worth noting that other unmeasured factors or variables not included in this analysis could play a role in shaping consumer perceptions of insurance products. Therefore, a comprehensive understanding of consumer perception may require a more holistic examination of factors beyond those investigated in this study.

CONFLICT OF INTERESTS

None.

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