

**A STUDY ON THE ATTITUDE OF GOVERNMENT EMPLOYEES
TOWARDS LIFE INSURANCE PRODUCTS AS AN INVESTMENT,
WITH SPECIAL REFERENCE TO THE KOTTAYAM DISTRICT****Ani Aby**Assistant Professor, Department of Commerce
St. Stephen's College, Uzhavoor, Kottayam, Kerala**ABSTRACT**

Investment is made to generate a return from the invested asset, and it forms the base for the country's economic development. Investment decisions are often taken based on investors' capacity to take a risk. To reduce risk, investors are advised to diversify their portfolios. This study aims to identify the attitude of government employees towards life insurance products as an investment. The awareness of government employees about various investment schemes in life insurance and understanding of their investment patterns make the study important. Life insurance as an investment offers a lot of benefits. It safeguards people against economic challenges in case of an eventuality. It helps to reduce the income tax burden on government employees. If used properly, it can also help to achieve financial stability. Therefore, even though it is not a direct investment product, it is an essential tool that should include in one's investment portfolio.

Keywords: Investment behaviour, Portfolio, Investment risk, Life insurance, Savings

INTRODUCTION

Any action that is performed today to yield a profit at a later stage is known as an investment. This study shows the investment attitude and behaviour of government employees towards life insurance products. Selecting a perfect investment avenue is a difficult task for any investor. Here an effort is made to identify the tastes and preferences of Government Employees. This study focused on the awareness level, preferences, and attitude of government employees toward various investment avenues. Life insurance products offer financial protection against life's uncertainties. Life insurance premiums help to make eligible deductions on taxable income. Moreover, the proceeds from life insurance are also exempt from tax.

The insurance industry in India has seen major growth in the last decade, along with an introduction of a huge number of advanced products. In India, the insurance sector is divided into life insurance and general insurance. Both life and general insurance are

governed by the IRDAI (Insurance Regulatory and Development Authority of India). The insurance sector in India consists of a total of 57 insurance companies, out of which 24 companies are life insurance providers, and the remaining 33 are general life insurance.

Government employees' satisfaction with life insurance products depends upon various attributes like search and experience credence factors. The pre-purchase and post-purchase service perception and expectations from the services determine the quality and customer satisfaction with service. There are other important factors like emotional factors, loyalty, and persistency. This study is undertaken to examine how the deferential patterns of behaviour attitude of consumers influence the buying of insurance services.

Objectives

1. To identify the attributes, merits and benefits which attract investors to select life insurance products as a profitable investment
2. To examine the level of satisfaction among the investors.
3. To find out the problems, difficulties if any, faced by the genuine investors in life products.

Research methodology

The study aims to analyse the attitude of government employees towards investment in life insurance products. The study is a descriptive one, and it has made use of such a research design.

Data source

The study is based on both primary and secondary data. Primary data is collected from the policyholders through a structured questionnaire. Secondary data is collected from various sources such as published financial statements, journals, published books, the internet, etc.

Research instrument

A well-structured questionnaire was prepared to collect information from the consumers of life insurance products.

Sample size

In this study, the sample size consists of 100 respondents.

Sampling method

For the study, the convenience sampling method was adopted.

Tools for analysis

All data collected are tabulated to facilitate analysis. Collected data have been analysed with the help of the percentage method.

REVIEW OF LITERATURE

Arunajatesan (2002), in his study, attempts to find the reason for poor penetration of insurance and influencing factors like awareness of life insurance products, the preferred mode of saving, insurable population, reasons for buying, etc. The findings of the study were that 70% of the population is aware of insurance through television, newspapers, and agents, and among them, only 24% are insured. Regarding the knowledge of schemes, less than 15% are known, and the reasons for buying insurance are only for tax planning and risk cover only.

Sudarshana Reddy (2008), in his study, has analysed the customer perceptions towards private life insurance companies' policies. The population of the study consists of all the private insurance policyholders in Bangalore city. With the use of the convenience sampling method, 400 respondents were selected. The conclusions drawn show that the respondents felt that the policies offered by the private insurance are upto the customers' expectations. As far as alternatives to private insurance companies' policies for public insurance companies, the majority of the respondents felt that very few policies are better alternatives for the public insurance company. The customers' expectations from life insurance policies have tax saving, till now, is now slowly turning towards value-added policies.

In a study undertaken by Naliniparva Tripathy (2009) with the object of finding out the perception of customers towards insurance companies through marketing variables and analysing the customers' preference and importance assigned to different attributes, an attempt was also made to examine the satisfaction level of customers and agents regarding customer service offered by the company. The study has also been conducted to determine the position of different insurance companies that have been gained in the mind of the people.

Praveen Sanu, Gaurav Jaiswal, and Vijay Kumar Panday (2009), in their “A study of buying behaviour of consumers towards life insurance company”, revealed that in the present Indian market, the investment habits of Indian consumers are changing very frequently. Individuals have their perceptions of various types of investment plans.

A study conducted by Sunayna Khurana (2008) in the article “Customer preferences in the insurance industry in India” revealed that the purchasing decision of the consumer depends on quality, accessibility, company type, recommendations, and promptness of service. India is poised to experience major changes in its insurance markets as insurers operate in an increasingly deregulated and liberalised environment. For consumers, opening the insurance sector will mean new products, better packaging, and improved customer service.

Desai (1973), in his book *Life Insurance in India – Its History and Dimensions of Growth*, explains and elaborates on the historical background of the life insurance industry in India and its growth since nationalisation.

ANALYSIS OF DATA

Table 1 - Classification based on age

Age	Respondents	Percentage
Below 30	15	15
30-50	30	30
Above 50	55	55
Total	100	100

Table 2 - Gender wise classification of respondents

Gender	Respondents	Percentage
Male	56	56
Female	44	44
Total	100	100

Table 3 - Classification based on education qualification

Educational qualification	Respondents	Percentage
up to SSLC	6	6
HSC	54	54
Graduate	28	28
Postgraduate	12	12
Total	100	100

Table 4 - Classification based on the government sector

Government Sector	Respondents	Percentage
Central government	42	42
State government	58	58
Total	100	100

Interpretation

From the age-wise classification, it is clear that 55% of the respondents are above the age of 50, and it has the highest percentage. The gender-wise classification shows that out of 100 selected respondents, male (56%) constitutes a higher percentage than their female counterparts. The educational classification shows that 54% of the respondents are qualified for HSC. Almost 28% of respondents are qualified for graduation and 12% for post-graduation. The sector-wise classification reveals that 58% of respondents are state government employees, and 42% of respondents are central government employees.

Table 5 - Annual income

Annual Income	Respondents	Percentage
Below 1lakh	4	4
1lakh – 5lakhs	81	81
5lakh – 10lakhs	15	15
Total	100	100

Opinion	Respondents	Percentage
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Positive	70	70
Negative	30	30
Total	100	100

Table 6 - Overall perception of various life insurance products**Table 7 - Awareness of different types of investments of life insurance products offered by different insurance companies**

Opinion	Respondents	percentage
Yes	68	68
No	32	32
Total	100	100

Table 8 - Opinion after investing in life insurance products

Opinion	Respondents	Percentage
Risk-free, Liquid, and profitable	32	32
Risk-free, Liquid, but unprofitable	10	10
Risk free, safe, but unprofitable	58	58
Total	100	100

Interpretation

Table 5 shows that 81% have income between 1lakh-5lakh, which has the highest annual income. Around 70% of respondents are positive about the overall perception of various life insurance products, and 30% of respondents are negative. About 68% of respondents are aware of different types of investment in life insurance products. About 58% of respondents think investing in life insurance products is risk-free, safe, but unprofitable. Around 32% of respondents responded that they are risk-free, liquid, and profitable, and 10% responded that they are risk-free, liquid, but unprofitable.

Table 9 - Factors influencing life insurance products as a good investment

Opinion	Respondents	Percentage
Risk-free, Safety, Liquidity	10	10
Benefits of income tax	35	35
Continuous influence of agents and field officers	5	5
Risk-free, Safety, Liquidity, and tax benefits	50	50
Total	100	100

Table 10 - Rationale behind the investment in life insurance products

Opinion	Respondents	Percentage
Individual risk coverage	35	35
Tax benefits	25	25
Growth & return on investment	2	2
Child welfare	5	5
Risk coverage of family	33	33
Total	100	100

Table 11 - Parameters respondents have investigated at the time of investing in life insurance products

Opinion	Respondents	Percentage
Premium	28	28
Terms of the policy	20	20
Pre & Post service	5	5
Brand name and goodwill	47	47
Total	100	100

Table 12 - Leverage in investment in life insurance products compared with other investments like bank FD, share, debenture, etc.

Opinion	Respondents	Percentage
Profitable	47	47
Not profitable	53	53
Total	100	100

Interpretation

Table 9 shows that 50% responded to risk-free, safety, liquidity, and tax benefits, which has the highest percentage. Around 35% of them responded to benefits of income tax, 10% to risk-free, safety, liquidity, and 5% to the continuous investment of agent’s field officers. Table 10 shows that 35% of respondents responded to individual risk coverage, which has the highest percentage. Around 33% of them responded to risk coverage of family, 25% to tax benefits, 5% to child welfare, and 2% to growth and return on investment. About 47% of the respondents responded that they prefer brand name and goodwill, with the highest percentage. And 28% of the respondents prefer the premium, 20% prefer the terms of the policy, and 5% prefer pre and post-service, which has the lowest percentage. Around 53% of the respondents responded that investment in life insurance products is not profitable 47% responded that they are profitable.

Table 13 - Premium levied is greater than benefits assure

Opinion	Respondents	Percentage
Yes	24	24
No	76	76
Total	100	100

Table 14 - Marketing strategy of the life insurance business is genuine

Opinion	Respondents	Percentage
Always genuine	53	53
Sometimes genuine	47	47
Total	100	100

Table 15 - Satisfaction of valuation of surrender value, paid-up value, etc. before

maturity

Opinion	Respondents	Percentage
Satisfied	40	40
Not satisfied	60	60
Total	100	100

Table 16 - Overall satisfaction with life insurance products

Opinion	Respondents	Percentage
Highly satisfied	6	6
Satisfied	64	64
Average	23	23
Dissatisfied	5	5
Highly dissatisfied	2	2
Total	100	100

Interpretation

Around 76% of the respondents think that the premium levied is greater than the benefits assured. Almost 53% of the respondents responded that the marketing strategy of the life insurance business is genuine, and 47% of them responded to sometimes genuine.

Around 60% of respondents are not satisfied with the valuation of surrender value, paid-up value, etc., before maturity. Approximately 64% of the respondents are Satisfied with life insurance products.

Table 17 - After-sale service of life insurance companies

Opinion	Respondents	percentage
Excellent	6	6
Very good	30	30
Good	47	47
Average	15	15
Poor	2	2
Total	100	100

Table 18 - Whether you recommend your friends /relatives to invest in life insurance products

Opinion	Respondents	Percentage
Yes	80	80
No	20	20
Total	100	100

Interpretation

Almost 47% of the respondents responded as the after-sales services are good, it has the highest percentage. Around 30% of the respondents responded as very well, 15% of them responded as average, 6% of them responded as excellent, and 2% of them responded as poor. Almost 80% of respondents will recommend life insurance products to other people.

FINDINGS

- The majority of the policyholders were around 50 years old. Gender-wise classification showed that out of 100 respondents, the majority (56 percent) are male. Among the respondents, 54 percent completed HSC. Considering the income of the respondents, it is clear that the majority come under the income group of 1, 00,000-5, 00,000.
- It has been found that the majority of the respondents are aware of the different types of investments in life insurance products offered by different insurance companies.
- The overall perceptions about various life insurance products are positive.
- Government employees purchase life insurance products to avail themselves of income tax benefits, and they consider the investment risk-free and safe.
- Consumers expect safety of investment, liquidity, capital growth, tax benefit, etc., for their investments in life insurance. They also give importance to policy terms, accessibility, and company image/brand name while investing in the life insurance policy.
- The analysis indicates that the majority of the policyholders are satisfied with the system of collection of a policy premium, payment of policy amount, granting of loans against a policy, and due responses for their inquiries, etc.
- The policyholders stated that they are not getting an adequate amount on policy when it

matures, considering that inflation prevails in the economy. Thus, the net present value becomes almost zero.

- Brand name and goodwill are the two major parameters that the respondents have looked into when investing in life insurance products. Recommendations from friends and relatives influence people to invest in life insurance products.
- Life insurance provides an infusion of cash for dealing with the adverse financial consequences of the insured's death, and life insurance enjoys favourable tax leverage, unlike any other financial instrument.

SUGGESTIONS

- Insurance companies may arrange investment campaigns to highlight the need to take insurance products to mitigate or avoid various losses arising from risk.
- In case of any complaints redressal forums, the regional offices and branch offices should be given greater authority and power to settle the grievances of the policyholders promptly and quickly.
- Customer-friendly documentation. Life insurance companies should reduce their procedural formalities to attract more customers.
- The marketing strategy should be improved to match the demand of the consumers.
- Innovative and profitable insurance products as to be offered to the consumers.
- Last but not least, life insurance companies may focus on low-income groups and rural customers where people are ignorant about insurance policies. It is required that campaigns are to be conducted in rural areas to convey the importance of financial planning for the future.

CONCLUSION

This study indicated that the life insurance industry has great growth potential in the years to come. Understanding the customers' attitude towards life insurance products as an investment and level of satisfaction with life insurance products and services, customer perception of the brand image, and brand loyalty is great utility in this scenario. In today's competitive world, customer satisfaction has become the most important factor in retaining existing customers and adding more and more new customers to widen the business. The study reveals that the customers are almost satisfied with the life insurance products. But many of them find it difficult to select suitable insurance products to match their income and the risk attached to their life.

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