



A STUDY ON FACTORS AFFECTING INVESTMENT DECISION OF INVESTORS IN LIFE INSURANCE

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ABSTRACT

Life insurance is an agreement between policy holder and insurance company, which gives assurance to the rest of the family members of survive best. A study on factor affecting investment decision of investors in life insurance Objectives behind this project are to find out the various factors affecting investment decision of investors in life insurance and to evaluate preferences of the investors while taking life insurance investment decision. I have used the non-probability sampling method in which convenience sampling method. Questionnaire is used for survey purpose. Primary data is collected through structured questionnaire. For the study purpose I use the questionnaire. I also used literature review. I have taken 100 respondents as my sample size looking to the time limit & assuming that they provide correct information to me. All samples are taken from the Bardoli region.

Keywords: *Factors affecting investment decision, insurance, policyholders, agents, decision making*

INTRODUCTION

Life insurance is a contract between an insurer and a policyholder in which the insurer guarantees payment of a death benefit to named beneficiaries upon the death of the insured. The insurance company promises a death benefit in consideration of the payment of premium by the insured. Life insurance is a must for everyone because life is very precious. With a population of over one billion, national and international life insurance companies, see India as a land of opportunities and a market for big business. Life Insurance is a contract for payment of a sum of money to the person assured on the happening of the event induced against. Usually the contract provides for the payment of an amount on the date of maturity or at specified dates at periodic intervals or at unfortunate deaths, if it occurs earlier. Among other things, the contract also provides for the payment of premium



periodically to the company by the assured. Life Insurance is universally acknowledged being an institution which eliminates 'risk', substituting certainty for uncertainty and comes to the timely aid of the family in the unfortunate event of the death of the breadwinner. What is an Investment? An investment is an asset or item acquired with the goal of generating income or appreciation. In an economic sense, an investment is the purchase of goods that are not consumed today but are used in the future to create wealth. In finance, an investment is a monetary asset purchased with the idea that the asset will provide income in the future or will later be sold at a higher price for a profit. Investment Objective-Capital Appreciation, Current Income, Capital Preservation, Speculation. Types of Life Insurance Policies in India the life insurance sector is one of the fastest growing finance related segments in India. There are many different products, each with a variety of offerings. Right from fueling investment needs to meeting different financial goals, they come with many objectives for the investor. Here are a few common types of covers, including whole life and term insurance policy. Endowment Policy, Term Insurance, Money or Cash Plans, Whole Life Insurance, Children's Policies, Annuity Plans, Benefits of Life Insurance. What is risk? A probability or threat of damage, injury, liability, loss, or any other negative occurrence that is caused by external or internal vulnerabilities, and that may be avoided through preemptive action. Types of Insurance Risks There are different types of risk. The most important types of risk include:(i) Pure Risk(ii) Speculative Risk(iii) Particular Risk(iv)Fundamental Risk(v) Static Risk(vi) Dynamic Risk

Factors That Affect Life Insurance -Life insurance is a great way to protect your loved ones financially, but it's also a major investment. Over a period of years, even a slightly lower premium can yield major savings. The following are some of the biggest factors that insurers consider when pricing out their policies. Some of these criteria are outside your control, while others are things you can remedy with simple lifestyle choices. Age, Gender, Smoking Health Lifestyle Family, Medical History Driving

Problem Statement: The statement of the problem under id to analyze the investment decision of investors in life insurance and popularity of different service/product provide by



investment. This problem ties to identify the investor perception and the risk taking ability while investing in different life insurance sectors.

research objectives:

To find out the various factors affecting investment decision of investors in SBI life insurance. To evaluate preferences of the investors while taking life insurance investment decision.

research methodology:

Research always starts with a question or a problem. It is a systematic and intensive study directed towards a more complete knowledge of the subject studied. Indian insurance is a flourishing industry, with several national and international players competing and growing at rapid rates. It is because of reforms and the easing of policy regulations, the Indian insurance sector been allowed to flourish, and as Indians become more familiar with different insurance products The present study is a descriptive type of research study. The study aims to find out the factors influencing investor's life insurance investment decision. Research Design descriptive research design was used for study purpose and various factors are taken into account for understanding the investor's choice for an insurance company. The data is collected through the questionnaire from policyholders. In this particular study a sample of 100 respondents is taken. Target population will be individual insurance investors or key decision takers for insurance investment .Population Parameters of Interest: will be to find the factor affecting to buy and renewing the policies. Sampling frame Insurance agents of Bardoli and individual person of Bardoli region. Sampling method: For the study purpose non-probability sampling method in which convenience sampling was used. Non-probability sampling is a sampling technique where the samples are gathered in a process that does not give all the individuals in the population equal chances of being selected. Convenience sampling is a specific type of [non-probability sampling](#) method that relies on data collection from population members who are conveniently available to participate in study.



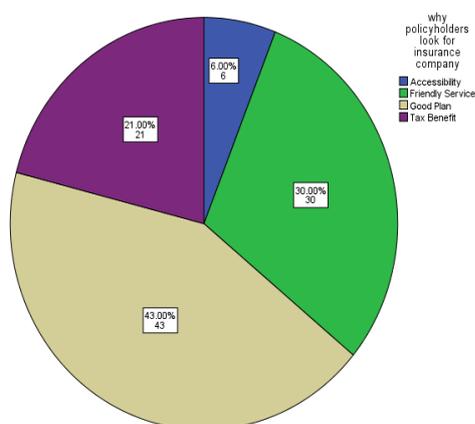
REVIEW OF LITERATURE

Praveen kumar Tripathi (2008), To conducted “Customer buying behavior with a focus on market segmentation” conduct a research based study on buying pattern in the insurance industry with a special focus on HDFC standard life insurance. The various segments of the markets divided in terms of insurance needs, age groups, satisfaction levels etc. were taken into account to know the customer perception and expectation from private insurers.

M. Rajkumari (2007),To conducted “A Study on Customers' Preference towards Insurance Services” examined the awareness, satisfaction and preferences of customers towards various Insurance services. The study has been undertaken by the researcher in order to identify the customer's attitude towards purchase of insurance products and services formats available through banks. He also gave suggestions to improve customer awareness on performance of banks in selling insurance policies.

S.Narender and L. Sampath (2014), To conducted study on have stated that though insurance industry is old, the awareness on rules, regulations and rights is very important. Through the empirical study conducted among the respondents, it was concluded that major financial need for the customer during coming future will be children’s education and marriage expenses.

Data Analysis



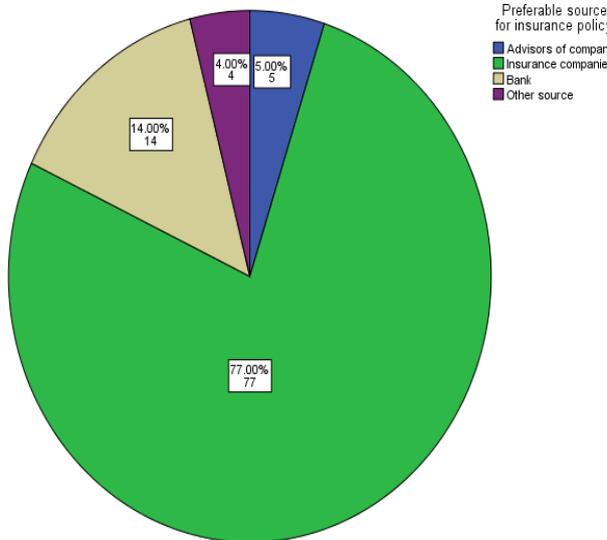
Why policyholder look for insurance company

From the above table it can be said that, 43% policyholders’ purpose of looking for insurance company is good plan, 30 policyholders’ purpose of looking for insurance company is friendly service, 21 policyholders’ purpose of looking for insurance company is tax benefit and 5



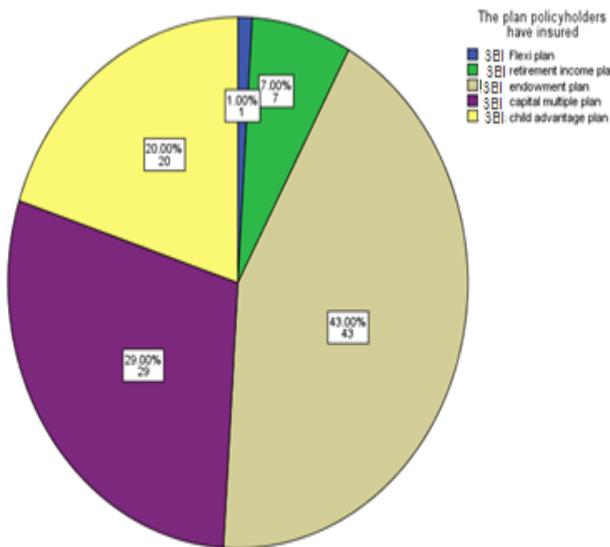
policyholders' purpose of looking for

insurance company is accessibility.



Preferable source for buying insurance policy

77% policy holder buying insurance policy from insurance companies, 14% policyholder buying insurance policy from bank, 5% policyholder buying insurance policy by advisors of company and 4% policyholder buying insurance policy from other source.



The plan policyholders have insured

From the above table it can be said that, 43% policyholders have invest in SBI endowment plan, 29% policyholders have invest in SBI capital multiple plan, 20% policyholders have invest in SBI child advantage plan, 7% policyholders have invest in SBI retirement plan, only 1% policyholders have invest in SBI flexi plan.

**Mode of premium Payment factor and Personal detail Cross tabulation**

Personal Detail	Mode of premium Payment					Total
	Highly Not Affected	Not Affected	Neutral	Affected	Highly Affected	
Gender of policyholders						
Male	4	10	28	45	5	92
Female	0	1	2	5	0	8
Total	4	11	30	50	5	100
Age of policyholders						
Below 30	0	0	1	3	0	4
31-40	1	3	10	12	2	28
41-50	3	4	12	25	3	47
51-60	0	4	6	9	0	19
Above 60	0	0	1	1	0	2
Total	4	11	30	50	5	100
Monthly Income of policyholders						
10,000-20,000	0	1	0	3	0	4
20,000-30,000	2	2	5	10	1	20
30,000-40,000	1	5	16	22	2	46
Above 40,000	1	3	9	15	2	30
Total	4	11	30	50	5	100
Occupation of policyholders						
Employee	1	4	12	19	1	37
Businessman	3	1	4	7	1	16
Agriculture	0	6	14	24	3	47
Total	4	11	30	50	5	100
Education of policyholders						
Under graduate	0	0	0	1	0	1
Graduate	1	7	15	16	1	40
Post graduate	0	1	6	8	2	17
Doctorate	0	0	1	3	0	4
Others	3	3	8	22	2	38
Total	4	11	30	50	5	100



INTERPRETATION

45 male policyholders said that mode of premium payment factor is affected to their investment decision.

25 policyholders who are belong to age group of 41-50 said that mode of premium payment factor is affected to their investment decision.

22 policyholders whose income is ₹ 30,000-40,000 said that mode of premium payment factor is affected to their investment decision.

24 policyholders who belong to agriculture occupation said that mode of premium payment factor is affected to their investment decision.

16 policyholders who are graduate said that mode of premium payment factor is affected to their investment decision.

FINDINGS

From the study it is found that that most of the policyholders have invest 11%-20% of their salary. Policyholder's main purpose to look for insurance company is good plan and friendly services. The most preferable source for buying insurance policy is Insurance companies. Policyholders choose SBI Life Insurance for security/safety. Most of the respondents purchased SBI endowment plan and SBI capital multiple plan. From the study it is also found that money back guarantee and larger risk coverage are the most attractive features of policy. From the study it can be said that policyholders give good rate to service given by SBI Life Insurance. Mode of premium payment and responsiveness of employees are the factor that is affected while taking decision to purchase life insurance product. Personal interest, family and friends and agents/advisors are factor is highly affects in taking decision to purchase life insurance product. From the study it is also found that respondents have good opinion about guidance and information provided by insurance company to customers and said that they properly displayed board at counters indicating the type of transaction further they said that they get good personal guidance of staff, if needed. Policyholders gave very good opinion to manager available easily in information provided by insurance company. Respondents are satisfied with the service quality attributes like ability of the insurer to perform the promised service dependably and



accurately and ability of the insurer to deal effectively with customers' complaints and its redressal.

CONCLUSIONS

Agents/advisors, personal interest, current health and family and friends, mode of premium payment are the factors that affecting investment decision of investors in life insurance. Policyholders choose insurance company for money back guarantee and larger risk coverage. 67 male policyholders said that agents/advisors factor is highly affected to their investment decision. 37 policyholders who are belong to age group of 41-50 said that agents/advisors factor is highly affected to their investment decision. 23 policyholders whose income is ₹ 30,000-40,000 are satisfied with the caring and individualized attention in providing service to customers.

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