- For the overall growth of the country, public sector is very important. Its pervasiveness, economic advantage, etc. are the main reasons.
- Private sector is appreciated for its result oriented approach and better control & implementation of plans and policies. This ensures better utilisation of .resources. On the other hand, private sector is often perceived as the center of innovation and creativity.
- Private and Public Sectors are like hands to the same body, both are needed to function well. Private sector may be considered the right hand though. Edupreneurship is definitely an important step, but it would be wrong to overestimate it as the medicine of all ills. The curriculum can be made more practical, but it would be wrong to go with private alone, or to rely on entrepreneurs to mentor students.

Major findings: Analysis reveals that (a) Edupreneurship is not the only solution to the woes of Education sector in India (b) Reforms and accountability in the Public sector Educational set-ups is equally important for a balanced and fast growth for this sector.

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A Study of Factors and Preferences towards Investment Decision for life Insurance Policy

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Human life is a most important asset and life insurance is important as it provides financial protection to a person and his family at the time of uncertain risks or damage. Life insurance provides both safety and protection to individuals and also encourages savings among people. Life Insurance Corporation of India plays a vital role in the welfare of human well-being by providing insurance to millions of people against life risks such as uncertain death or accident.

The present exploratory and descriptive based study was selected with an objective to identify those factors which influence customers policy buying decision and also to analyze the preferences of customers while life policy investment decision-making. The data for the study has been collected from primary sources. The study area is limited to National Capital Region and sample size is 100 policyholders of LIC and different private life insurers have been selected through purposive sampling method. Researcher has taken hypothesis based on factors like advertisement, services provided by the company, tax benefits and reference groups tested with the help of statistical tools like chi-square test.

LIC is the most accepted and popular brand in life insurance in India. It occupies important position in the financial sector of an economy. In a period of half a century, the insurance sector has come in a full circle from being an open competitive market to compete nationalization and then back to liberalized market.

This paper concludes with that demographic factors of the people play a major and pivotal role in deciding the purchase of life insurance policies.

Key words: LIC Policies, Chi Square Test, Insurance industry, India

Introduction

Insurance Industry

India has a vast population of 125 crores and Insurance companies have a high potential of business. The Indian Insurance Industry has undergone transformational changes since 2000 when the industry was liberalized.

There have also been a number of products & operational innovations necessitated by consumer need and increased competition among the players, changes in the regulatory environment also had a path breaking impact on development of the industry. There was exponential growth in the first decade of insurance industry liberalization. Backed by innovative products & aggressive expansion of distribution, the Life Insurance corporation grew at very high speed. However this frenzied growth also brought in its wake issues related to product design, market conducts complaints of management & necessity to make course correction for long term health of the industry.

Regulatory changes were introduced during the past years and Life Insurance Corporation adopted many new customer centric practices in this period. Product related changes first in ULIP in Sep, 2011 & now in traditional products will have big impact on the industry.

Life Insurance Corporation is a big saving vehicle along with Banking in such uncertain economic environment and so we expect the industry to fare reasonably well. Demographic factors such as growing middle class, young insurable population & growing awareness of t for protection & retirement planning will also support the growth of Life Insurance of India.

Profile of Life Insurance Corporation

Life Insurance Corporation is an Indian state owned insurance group & investment company. Its Headquarter is in Mumbai. It is the largest insurance company in India with an estimated asset value of Rs. 1560481.84 crore (US $ 260 billion) as of 2013 it

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had total life fund of Rs. 1433103.14 crore with total value of policies sold of 367.82 lakh that year.

The corporation which started its business with around 300 offices, 5.7 million policies & a corpus of INR 45.9 crores (US $ 92 million) had grown to 25,000 services around 350 million policies and a corpus of over Rs 80,0000 crore (US $ 130 million) by the end of 20th century.

- From its creation, the Life Insurance Corporation of India which commanded a monopoly of soliciting and selling life insurance in India, created huge surpluses and by 2006 was contributing around 7% of GDP.
- In August 2000, the Indian government embarked on a program to liberalise the insurance sector and opened it up for private sector.
- In 2003, the first year premium compound annual growth rate was 24.53% while total life premium CAGR was 19.28% matching the growth of life insurance industry and also out performing general economic growth.
- Today, the LIC has 8 zonal offices, 109 divisional offices, 2048 branches, 992 satellite and corporate offices, 54 customer zones and 25 metro area services hubs located in India.
- The Economic Times brand equity survey 2012 rated LIC as no. 6 most trusted service brand of India.

Major competitors in the Insurance Sector in India

1. HDFC Standard Insurance Company Ltd.
2. Royal Sundaram alliance Insurance Company Ltd.
3. Reliance General Insurance Company Ltd.
4. Max New York Life Insurance Company Ltd.
5. ICICI Prudential Life Insurance Company Ltd.
6. IFFCO Tokyo General Insurance Co. Ltd.
7. Kotak Mahindra Old Mutual Life Insurance Ltd.
8. TATA AIG General Insurance Co. Ltd. IJPSS Volume 2, Issue 6 ISSN: 224
9. Birla Sun Life Insurance Co. Ltd.
10. TATA AIG Life Insurance Co. Ltd.
11. SBI Life Insurance Co. Ltd.
12. Bajaj Allianz General Insurance Co.Ltd.
13. ING Vysya Life Insurance Co. Pvt. Ltd.
14. ICICI Lombard General Insurance Co.Ltd.
15. Bajaj Allianz life Insurance Co.Ltd.
16. Metlife India Insurance Co.Ltd.
17. AMP Sanmar Life Insurance Co. Ltd.
18. Aviva Life Insurance Co. India Pvt. Ltd.
19. Cholamandalam General Insurance Co. Ltd.
20. Export Credit Guarantee Corp. Ltd.
21. HDFC-Chubb General Insurance Co. Ltd.
22. Sahara India Insurance Co. Ltd.
23. Shriram Life Insurance Co. Ltd.

In Life Insurance policies, the Investment Risk in Investment Portfolio is borne by the holders; the following are the key benefits under this plan:

1. Flexibility to choose the policy term
2. Flexibility to choose premium paying mode as per your convenience
3. Flexibility to choose from 2 fund types to suit your investment needs
4. Flexibility of partial withdrawals to meet your emergency needs

Benefits

1. Death Benefits

On death during policy terms, when the cover is in full force, Immediate lump sum payment equal to sum assured shall be paid to the nominee.

An amount equal to sum of all future premium payable after the date of death shall be credit to the policy holder's fund.

2. Maturity Benefits

On life assured surviving the date of maturity, an amount equal to policyholder's fund value shall be payable.

Review of Literature

Athma and Kumar (2007) in their empirical based study conducted on 200-sample size comprising of both rural and urban market analyzed the various product and non-product related factors and their impact on life insurance purchase decision-making. Based on the survey analysis; urban market is more influenced with product based factors like risk coverage, tax benefits, return etc. Whereas rural population is influenced with non-product related factors such as: credibility of agent, company's reputation, trust, customer services. Company goodwill and money back guarantee attracts many people for life insurance. Govind (2009) found that insurance company required to provide efficient services just can generate the confidence of customer toward company, however, allow customers to an undue delay is an important reason to lose the confidence by the insured in the talks by the insurer or his representative. Praveen, Gaurave, and Vijay (2009) found that ease of procedures is a contributing factor towards the study. This factor includes various variable statements which are co-operative and friendly agent, settlement of claims easy and timely, the company provides claims on time, and agent is well informed about policies. Zeithmal (1981) state that some of the major determinants of brand loyalty for products and services are accessibility of substitutes, recognized risk related with a purchased, the cost of exchanging brands, and the previously satisfaction with a brand. Nelson (1970) distinguished between two characteristics of products: search qualities, attributes which are very tangible and can be evaluated by examination prior to purchase; and experience qualities, attributes which can only be evaluated during or after consumption.

Objectives of the study

- To know the customer influencing factors on purchase decision in insurance product.
- To analyze the influence of various factors like advertisement, services, tax benefit, reference group purchase decision.

Effect of Branding in the Purchase of Life Insurance Products

A Brand is the key aspects of purchasing the product or invest the money. Brands are important to consumers as they provide them with choice, a means of simplifying the decision, Quality Assurance, Risk avoidance, & Self experience. A brand & Brand loyalty is an important parameter, key element of decision making of investment. The brand loyalty affects more on decision of the investor. In Insurance Business, people are more loyal towards Life Insurance Corporation.

Service Factors

An Insurance is a service industry, the main focus is on the efficient and effective delivery of services to the policy holders. The other service factor is security of the amount insured and customer satisfaction. The most important service factor is the Quality Service. It is the only differentiating factor to attain sustainable growth in competitive environment.

Behavioural Factors

Consumer behavior is defined as observable activities chosen to maximum satisfaction through the attainment of services. LIC can be considered as a product in terms of various types of policies bought. The power of marketing and ability of marketing research and consumer analysis to gain insight into consumer behavior should not be misused.

Loyalty

Customer loyalty depends on satisfaction of his multiple needs. They know them only when they are told about those needs. The Life Insurance Corporation of India has devised several life policies to satisfy these diversified needs of the customers.

Research design

The study was exploratory in nature and aimed at exploring the factors and survey method was used to complete the study. The data was collected through personal contacts, the sample frame were individuals invested in LIC policies. Purposive sampling technique was used to select the sample and there were 100 respondents out of which 60 males and 40 females, age group between 20 to 65.

Questionnaire was self designed for the evaluation of factors affecting consumer's perception towards life insurance products.

Data collection

To study the Brand loyalty of LIC of India Data collected through primary sources i.e questionnaire. Questionnaire is prepared The questionnaires includes open and closed ended questions viz. individual profile, company preferences, choices, determinants etc. also likert attitude scale of measurement has been used to measure the customer preferences. The questionnaire is then executed on samples. The sample consists of 100 individuals of NCR region.

Sampling Technique

Non Probability sampling involves the selection of units base on factors other than random chance. It is also known as purposive sampling.

Convenience Sampling

The samples for this research study are insurable people in general public. The sample was selected based on their easy availability. This research study forms a basis for conducting a detailed research that generates ideas and hypothesis.

Sampling Area

The research was conducted in NCR. Conducting this study in NCR would be more effective to Life Insurance Corporation.

Sample Size

For the purpose of study, 100 samples were taken.

Influencing factors in Purchase decision

Table 1

Factors	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Advertisement	12	40	28	14	6
Services provided by company	28	48	16	8	0
Tax Benefit	32	46	22	0	0
Return & Death Benefit	36	52	8	0	4
Reference Groups	14	48	24	10	4

Factors having indirect impact over decision making of the Life Insurance policyholders have been listed below:

Table 2

Factors		Respondents	Percentage
Preference of Insurance Plan	Endowment	60	60
	ULIP's	14	14
	Pension Plan	10	10
	Children's Plan	16	16
Motivating Product related factor	Expected returns of policy	28	28
	Range of coverage offered by policy	40	40
	Brand Name	16	16
	Needs to satisfy my changing needs	16	16
Prefered Risk option	Low Risk & Low returns	56	56
	High Risk & High returns	20	20
	Medium Risk & Medium returns	24	24
Investment preferences	Long Term Investment	64	64
	Short Term Investment	36	36
Reasons for rejecting an insurance product	High Charges	26	26
	Low returns	30	30
	Longer premium paying term	32	32
	Cost of the product	12	12
Core benefits expected by customers	Death benefit	24	24
	Saving	52	52
	Tax Planning	18	18
	To serve for urgent needs	6	6
Major criteria in selecting insurance products	Annual income	18	18
	Family needs	46	46
	Returns & benefits from product	36	36
	As suggested by others	0	0

Chi Square Analysis

The analysis of various factors like advertisement, services provided, tax benefit, reference group have been considered in view of the objectives listed above. For this, the descriptive as well as inferential statistics have been applied for analysis. Firstly, Exploratory analysis and then Inferential analysis test as Chi square test has been applied. Chi square test is a non parametric test is used to determine if categorical data shows dependency or two classifications are independent. Chi square is applicable in large number of problems. This test is, in fact, a technique to test the goodness of fit, test the significance of association between two attributes & test the significance of population variance.

$$\chi^2 = ? \ (O - E)^2 / E$$

where O – Observed frequency,
E- Expected frequency

Expected Frequency = (Row Total * Column Total) / Total Population

Null hypothesis (H_0): Let us take null hypothesis that the factors like Advertisement, Returns & Tax benefits, Reference group do not influence the purchase decision.

Various Factor Influencing Purchase Decision

Table 3 Observed Frequency Table

Factors	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Row Total
Advertisement	12	40	28	14	6	**100**
Services provided by company	28	48	16	8	0	**100**
Tax Benefit	32	46	22	0	0	**100**
Return & Death Benefit	36	52	8	0	4	**100**
Reference Groups	**14**	**48**	**24**	**10**	**4**	**100**

Table 4 (Expected Frequency Table)
Expected Frequency = Row Total * Column Total / Total Population

Factors	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Advertisement	24.4	46.8	19.6	6.4	2.8
Services provided by company	24.4	46.8	19.6	6.4	2.8
Tax Benefit	24.4	46.8	19.6	6.4	2.8
Return & Death Benefit	24.4	46.8	19.6	6.4	2.8
Reference Groups	24.4	46.8	19.6	6.4	2.8
Total	122	234	98	32	14

Observed Frequency	Expected Frequency	O-E	$(O-E)^2$	$(O-E)^2/E$
12	24.4	-12.4	153.76	6.30163934
40	46.8	-6.8	46.24	0.98803419
28	19.6	8.4	70.56	3.6
14	6.4	7.6	57.76	9.025
6	2.8	3.2	10.24	3.65714286
28	24.4	3.6	12.96	0.53114754
48	46.8	1.2	1.44	0.03076923
16	19.6	-3.6	12.96	0.66122449
8	6.4	1.6	2.56	0.4
0	2.8	-2.8	7.84	2.8
32	24.4	7.6	57.76	2.36721311

Observed Frequency	Expected Frequency	O-E	$(O-E)^2$	$(O-E)^2/E$
46	46.8	-0.8	0.64	0.01367521
22	19.6	2.4	5.76	0.29387755
0	6.4	-6.4	40.96	6.4
0	2.8	-2.8	7.84	2.8
36	24.4	11.6	134.56	5.5147541
52	46.8	5.2	27.04	0.57777778
8	19.6	-11.6	134.56	6.86530612
0	6.4	-6.4	40.96	6.4
4	2.8	1.2	1.44	0.51428571
14	24.4	-10.4	108.16	4.43278689
48	46.8	1.2	1.44	0.03076923
24	19.6	14.4	207.36	10.5795918
10	6.4	3.6	12.96	2.025
4	2.8	1.2	1.44	0.51428571
			Total	**77.3242809**

Calculated chi square = 77.3242809

Tabulated value = 26.3 at 5% level of significance at 16 degree of freedom

Calculated Chi square > Tabulated Chi square

Null hypothesis rejected,

Alternative Hypothesis is accepted.

The various factors like, advertisement, Returns & Tax benefits, Reference groups influence the purchase decision.

Findings

1. With regard to gender, 60% are males and 40% are females belong to age group between 20 to 65.
2. With regard to occupation, 70% are service people and 30% are business people.
3. With regard to preference, 60% prefer Endowment policy, 14% prefer ULIP plan, 10% prefer Pension plan and 16% prefer children's plan.
4. With regard to Investment, 64% people preferred Long-term investment and 36% preferred short-term investment.
5. With regard to preferred risk option, 56% people are interested in low risk & low returns, 20% people are interested in high risk & high returns and 24% preferred medium risk & medium returns option.
6. With regard to preference 64% policyholders believe in public sector and 36% believe in private sector.
7. With regard to selecting insurance product, 46% people think that there is a family needs, 36% returns & other benefits from products, 18% annual income.
8. Out of 100 respondents, 70% people are insured and 30% are not insured.

Limitations

Following limitations may be traced in the present study.

1. Sample size may not be too flexible for large population of the country.
2. This research is only for National Capital Region.
3. Human resource is limited.
4. Generally people are not ready to share views.

Implications of the study

1. Life Insurance Corporation Managers should design various schemes for different segments for customers. They should introduce flexible pricing plans for families, corporate, individuals, children, business professionals etc.
2. Government should make plan to introduce foreign investment in Life Insurance Corporation to improve the Indian economy.

Conclusion

During the research, LIC has been successfully able to create value for its policyholders. LIC is a dominant market player with more than 70% of market. It is heartening to note that Life Insurance Corporation is doing good service and the customers are happy about the various services rendered by this company in NCR region. There is a good bond between Insurance services and the customers which is reflected in the analysis. During the study it is found that policyholders prefer insurance sector public & Private both. They prefer private insurance sectors because they provide them the banking facility and a lot of value added services. So it will be beneficial both to the private and to the LIC if it offers banking facility to the policyholders. Brand image and service is the major contributor to influence the prospects mind. Advertisements and other communication methods have to be very much effective in making the brand name of LIC a popular in the minds of people.

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