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A STUDY ON LIFE INSURANCE SCHEMES AS AN INVESTING OPTION FOR INVESTORS

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ABSTRACT

Life insurance is a monetary instrument that can assist people with achieving an assortment of monetary objectives. A life insurance policy is an understanding between an insurance organization what's more, a policy holder that offers monetary inclusion under which the insurance organization assurances to pay a specific add up to the selected recipient in the awful occasion of the protected people death during the term of life insurance plans. In return, the policy holders' consent to pay a predefined measure of cash as superior either consistently or as a solitary premium. In the study, primary data was gathered through questionnaire and the random sampling method was used to select the sample. The sample comprises of 80 respondents. For measuring various phenomena and analyzing the collected data effectively and efficiently and to draw sound conclusions, percentage analysis and Chi-square method is used.

Introduction

Life insurance is a monetary instrument that can assist people with achieving an assortment of monetary objectives. The most widely recognized utilization of life insurance is to accommodate subordinate relatives in instance of sudden passing. Life insurance can likewise be utilized to support certain objectives, for example, a kid or grandkid's future education costs. To appropriately use this amazing asset to help an individual arrive at his/her monetary objectives, it is critical to comprehend the techniques for deciding how much insurance is suitable in a given circumstance, just as the different kinds of strategies and riders accessible. Extra security offers monetary help to enduring wards or different recipients after the demise of a safeguarded. Numerous insurance agencies offer policyholders the choice to redo their approaches to oblige their requirements. Life insurance depends on various rules that are custom-made to meet economic situations and guarantee insurance organizations make benefits, while offering security arrangements to safeguarded

people.

OBJECTIVES OF THE STUDY

1. To examine the degree of investors mindfulness about life insurance plans offered by the organizations.
2. To think about the sorts of life insurance plans taken by the different investors.
3. To assess the variables influencing the decision of life insurance plans.
4. To comprehend the explanations for putting resources into life insurance plans

STATEMENT OF THE PROBLEM

The inclination of the investors might be founded on their assumptions. The assumptions for various gatherings of investors may not be something very similar. Life insurance additionally gives various advantages, for example, advance office charge saving and speculation. The life insurance organizations endeavor to draw in more investors through diminished charge rates, forceful deal dissemination channels alongside market situating methodologies. Consequently, every individual can profit the advantages of life insurance administrations and gatekeeper their lives against vulnerabilities. The significance is the choice of arrangements and insurance companies. Whether the various gatherings of investors based on segment groupings were essentially vary or not in understanding the highlights of the strategies likewise needs reconsideration to recognize market fragments for every sort of life insurance strategy

RESEARCH METHODOLOGY

Sources of Data

For the aim of study both primary and secondary data are used. Primary is collected with the assistance of structured questionnaire administered to the investors of life insurance schemes. The secondary data are collected from websites, journals, magazines, etc.

Sample Design

- Population: The population includes all the investors of life insurance policies.
- Sample size: The sample size taken for the study was 110 investors.
- Sampling method: The sampling technique used for the sample selection was convenience sampling.
- Tools for data analysis and representation: For the analysis part percentage analysis and chi-square test are used. The tools used for data representation is tables and charts.

LIMITATIONS OF THE STUDY

- Difficulty in gathering accurate data from respondents due to their partial co-operation with the researcher.
- Due to the limitation of time sample size is limited to 110 and due to convenience, study is limited to one district.

LITERATURE REVIEW

Balusamy.S, Kavitha Rani (2016), Conducted a study to know the level of awareness and satisfaction of policy holders only percentages were used to analyze

the awareness and satisfaction level of policy holders. Income tax rebate and savings and investments are the main reasons for having life insurance policy. Most of the selected policy holders having maximum level of satisfaction on doubts clearing by insurance companies.

Balaji (2015) concluded that majority of policy holders preferred endowment policies and money back policies. All the customers were aware of different types of insurance policies and insurance agents were the main source for information about insurance products.

Choudhuri (2014) found that that the customers were more conscious with their requirements and needs towards insurance. The customers selected the various types of insurance products based on social, cultural and economic factors. The results also showed that the most of the customers preferred products and services of Life Insurance Corporation of India (LIC) because LIC had adopted different strategies to improve the awareness of customers towards insurance policies and met demands of customers effectively through various plan and benefits.

Narender and Sampath (2014) found that most of the customers preferred life insurance policies for their investment and they purchased insurance policies for risk coverage, education of children and future savings. Majority of customers had positive attitude towards various types of plans of insurance and premium rates.

DATA ANALYSIS

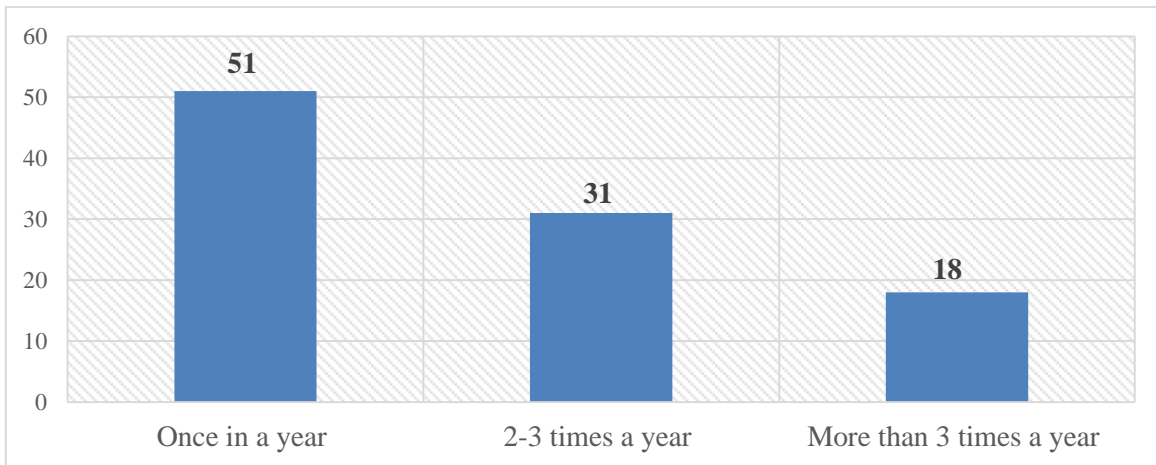
Table No.1: Motivation behind investing in Life Insurance Policy

Response	No. of Respondents	Percentage
Personal interest	36	33
Friends and neighbours	3	3
Spouse and children	7	6
Parents	34	31
Agents	18	16
Advertisement	10	9
Other	2	2
TOTAL	110	100

Source: Primary data

According to the above table it is clear that the motivation of respondents behind investing in a life insurance plan. It shows that majority of respondents has a life insurance plan due to personal interest, and others are motivated by friends and neighbours, spouse and children, Parents, agents, advertisements and other motivators.

Chart No. 1: Frequency of investing in Life Insurance Policy



The above chart shows that how often the investors invest in life insurance policies. Majority of respondents invests once in a year and others invests 2-3 times a year and also more than 3 times a year.

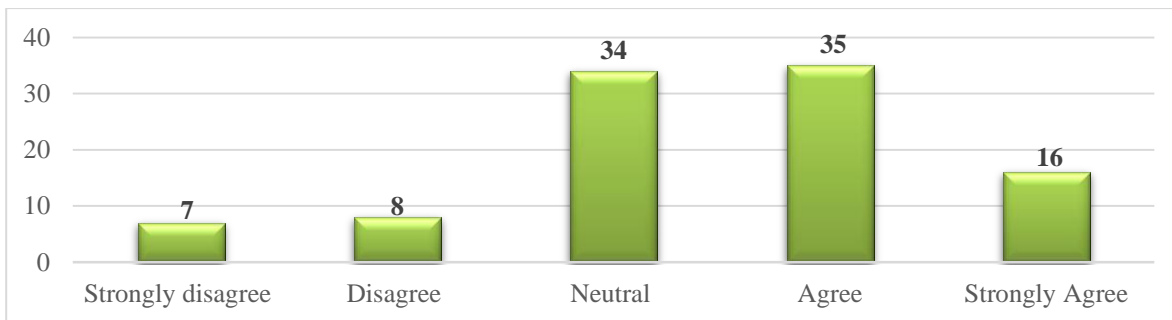
Table no 2: Interest of respondents with the current Life Insurance Company

Response	No. of Respondents	Percentage
Interested	48	44
Not Interested	62	56
TOTAL	110	100

Source: Primary data

The above table shows the interest of respondents with their current insurance. Majority of respondents do not like to continue with the same company and the remaining respondents want to continue with their current company.

Chart No. 2: Opinion about the efficiency of Life Insurance Policy



Source: Primary data

The above chart shows the opinion of the respondents towards the statement “Life insurance policies are more efficient than other forms of investment.” Majority of them agree and some of them have neutral opinion and some disagree, strongly disagree and strongly agree with the statement.

Table No.3: Nominees while investing in Life Insurance Plans

Response	No. of Respondents	Percentage
Spouse	22	20
Child	12	11
Parents	56	51
Friends	3	3
None	17	15
TOTAL	110	100

Source: Primary data

The above table shows nominees, the investors kept while investing in a life insurance plan. It shows that majority of respondents kept parents as their nominee and others kept spouse as their nominee, children as nominee, friends as nominee and some respondents does not keep anyone as nominee

Table No.4: Reasons for making investment in Life Insurance Policies

	Regular Returns		Low Risk		Future Security		Long term benefits		Tax Benefits		Safety of Money	
	F	%	F	%	F	%	F	%	F	%	F	%
1 st Choice	13	12	23	21	11	10	22	20	18	16	23	21
2 nd Choice	18	16	10	9	26	24	16	15	25	23	15	14
3 rd Choice	22	20	14	13	32	29	8	7	12	11	22	20
4 th Choice	15	14	33	30	13	12	9	8	19	17	21	19
5 th Choice	20	18	18	16	15	13	23	21	22	20	12	11
6 th Choice	22	20	12	11	13	12	32	29	14	13	17	15
Total	110	100	110	100	110	100	110	100	110	100	110	100

Source: Primary data

The above table shows the reasons for making investment in life insurance schemes. It shows that majority of respondents invest in life insurance plans because of low risk and only some respondents are investing in life insurance policy because of regular returns and tax benefits.

HYPOTHESIS

Hypothesis regarding Age group and the type of Insurance Policy

Null Hypothesis (H₀): There is no significant relationship between age group and the type of insurance policy.

Alternative Hypothesis (H₁): There is significant relationship between age group and the type of insurance policy.

Age Group	Short	Long	Total
Below 25	22	38	60
26-35	9	11	20
36-45	4	6	10
46-55	13	5	18
Above 55	1	1	2
Total	49	61	110

Source: Primary data

Table for the calculation of Chi-square value

O_i	E_i	$O_i \cdot E_i$	$(O_i - E_i)^2$	$(O_i - E_i)^2/E_i$
22	26.7	-4.7	22.3	0.84
38	33.3	4.7	22.3	0.67
9	8.9	0.1	0.0	0.00
11	11.1	-0.1	0.0	0.00
4	4.5	-0.5	0.2	0.05
6	5.5	0.5	0.2	0.04
13	8.0	5.0	24.8	3.10
5	10.0	-5.0	24.8	2.49
1	0.9	0.1	0.0	0.01
1	1.1	-0.1	0.0	0.01
$\sum (O_i - E_i)^2/E_i$				7.20

Chi Square calculated value = 7.20

Degree of freedom = 4

From the table, chi square value = 9.49

$X^2 = 9.49 > 7.20$ (Table value > Calculated value)

Interpretation

Since the table value is more than the calculated value, **null hypothesis is accepted** at 5% level of significance. It means that the decision regarding the type of insurance policy is always an independent decision and no relationship with the age group of investors. Thus, it signifies that there is no significant relationship between age group and the type of insurance policy.

FINDINGS

- Life Insurance gives different benefits such as loan facility, tax saving and investment.
- Most of the respondents are students. 27% of the respondents are salaried employee, 15% of them are professional. It shown that 7% of the respondents have business and 4% of the respondents are freelancer and 9% of the respondents are homemaker.
- Majority of respondents are invest in life insurance plan because of personal interest and only less number of respondents invest in life insurance plan because of other motivation.
- Majority of respondents i.e. 51% invest in life insurance once in a year and only 18% invest more than 3 times a year.
- Most of the respondents kept nominee as parents while investing in life insurance plans and only 3% of respondents kept nominee as friends and 15% of respondents not kept anyone as nominee while investing in life insurance plans.
- It was found that, 76% of respondents have enough knowledge about life insurance plans and remaining 24% of respondents are unaware about various life insurance plans.
- From the analysis, it is found 71% of respondents are well aware of the various

risks and benefits associated with different life insurance plans and only 29% of the respondents are not aware about it.

- The analysis shows that life insurance policies are defenseless to extremely okay when contrasted with different alternatives for investment.
- From the analysis, it is found that there are various reasons for investing in life insurance policies.
- Majority of the respondents opined that life insurance policies are more efficient than other forms of investment and they would like to invest in both long- and short-term plans of life insurance policy.
- From the study it is found that majority of respondents are overall satisfied with their investment in life insurance plans and they suggest life insurance plans as a good form of investment to their friends, colleagues, and family.

SUGGESTIONS

- The life insurance policy organizations should plan their sites with satisfactory security includes and give exact, right and adequate data about approaches and administrations.
- The mindfulness among policy holders about advantages of insurance items that will assist them with retaining more clients and improve their business volume and execution.
- Conducting awareness programs and educating investors about changes that been taking place in the company and about their policy is also important element. There by they get more knowledge about life insurance schemes and policies.
- Life insurance policy companies has to provide more long-term benefits and services and also charge convenient charges for policy holders. There by the level of satisfaction of policy holders towards insurance policies will be increased.
- The life insurance policy companies must use the most effective methods for satisfying the various need of investors towards life insurance policies.

CONCLUSION

This study was about the view of financial backers towards putting resources into extra security plans. Each individual will have their own arrangement of objectives and needs and by precisely figuring these requirements and choosing which policy best suits them, one can help ensure those necessities are met. This investigation has helped me a ton to acquire great information about different life coverage plans and likewise understand the impression of financial backers in regards to making interest in life coverage plans. Financial backers consistently affected by numerous components while they take buy choice. Understanding those variables affecting and the explanations behind buying insurance policy helps in planning and rolling out required improvements in the buyer administration policy. There are numerous variables that influence financial backers buy choice and explanations behind buying life coverage plans and It is additionally essential to consider financial backers discernments towards their insurance administrations. At last, I infer that quite possibly the most significant advantages of life coverage are that it assists with getting family's monetary requirements and additionally the future monetary necessities.

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