



FINANCIAL INCLUSIVE GROWTH AND INVESTMENT PATTERN OF SEMI-URBAN PEOPLE TOWARDS SELECTED INSURANCE POLICIES

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Abstract:

India is a developing country there is required a huge amount of capital to develop infrastructure, basic facilities, employment generation, and upliftment of the poorer people. The insurance sector is also one of the sources collecting the capital amount from small investors and this investment helps to secure investors' life or property of the investor. But in the modern day, many people are having less interest to protect his/her life. This research paper is concentrated on the investment mindset of semi-urban area people, investment patterns in insurance companies, and the psychomotor of investors on public and private insurance policies. 100 responses have been collected from people of Jamkhandi. Exploratory and empirical research method has been applied. Non probability sampling method used to collect the required set of data.

Keywords: Investment Behaviour, Investment in Life Insurance and Investors Psychology towards Life Insurance Policies.

Introduction:

Developing countries in the world, like India, face as seen the enormous task of finding sufficient capital to utilize in their development efforts. Most countries find it difficult at this stage to get out of the bad circle of poverty that is prevailing of low income, low savings, low investment, low employment, etc and the list goes on. Human life is a most precious asset and life insurance is one of the ways which provides financial protection to a person and his family at the time of any disaster. Life Insurance provides both safeties as well as protection to individuals and also boosts savings among people. Insurance companies play an important role in the welfare of human well-being by protecting millions of people against life risks such as uncertain death or accident. LIC is the most trusted and popular brand in life insurance, and the market share of private insurers is gradually increasing with people's trust. The new private players offer many new innovative products and services. They are increasing the awareness level among consumers by using innovative and new techniques of advertisement, introducing new products, and increasing the penetration of life insurance for consumers in uninsured markets. Customers are the backbone of the life insurance business. Every company tries to attract new customers and retain existing customers to keep their profits high. This helps insurance companies to maintain a good competitive edge over their competitors. A proper understanding of customers' needs and expectations helps insurance providers to bring betterment in the product as well as services offered. The insurance sector in India is governed by the Insurance Act, 1938 the Life Corporation Act, 1956 and General Insurance Business (Nationalization) Act, 1972, Insurance Regulatory and Development Authority (IRDA) Act, 1999, and other related Acts. With such a large population and the untapped market area of this population, Insurance happens to be a very big opportunity in India. Today it stands as a business growing at the rate of 15-20 percent annually.



In today's competitive world, it becomes necessary for assets and lives Insurers to provide customer satisfaction, spread more awareness, and stress need-based innovative products and affordable prices. This would help every individual to avail the benefits of insurance and protect their assets and life against future risks and uncertainties. Earlier insurance was used as a tool to protect the income of families, particularly young families in the income saving phase, in the event of the head of household's death or accidental property loss. But now, insurance is used for many other reasons, including wealth preservation and tax saving.

Literature Review:

Bhaves, Mitul, Bhagvan (2012): This paper expresses about the Industry there is a lot of confusion regarding the purchase of Insurance Products that by the influence of which particular factor people are purchasing the product. And also identify about that in which type of company people like to invest. Whether they like a Government Company or a Private Company, in that research paper most influential factors for purchasing the insurance product are safety and security, growth of money, and planning for the future. And despite privatization investors are more likely to invest in Government companies.**Dr. C Kalpana Naidu Dr. C Paramasivan (2015):** This research paper attempts to study the Public & Private Life Insurance Companies in India, compare customers' perception in terms of service quality, and analyze the performance of public and private life insurance companies in India. The research paper shows that the LIC continues to dominate the sector. Private-sector insurance companies also tried to increase their market share. Private life insurers used the new business marketing channels to a great extent compared with LIC.

DamodarBasaula (2017): This research paper examined the awareness and satisfaction of customers toward life insurance claim settlement in Nepal. Descriptive research designed has been employed in the study. The study revealed that majority of the respondents has neutral response on the satisfaction towards claim settlement. The study revealed that government should focus on awareness of life insurance and make it mandatory for every citizen.**Padmaja (2018):** This studied the perception of investors towards the Life Insurance Corporation of India while their investment decision-making. The study area is limited only to Machilipatnam. This research paper is helps to understand the perception levels of the investors towards the LIC insurance policies, observe the impact of various perception factors on the purchasing behavior of the investors. And To measure the satisfaction levels of the investors towards to the services provided by the LIC. **Babu, S., Singh, J., (2019):**The researcher examined the investment, income, and expenditure patterns of the small and marginal farmers in Karnataka and Punjab. From the research, it has been observed that farmers in Punjab made a higher investment in farm, dairy, and household items than that of Karnataka. It was detected that in Punjab, Expenditure on crop and dairy enterprises was more than in Karnataka.

Need for the Study:

Life is like a bubble of water where death can happen anytime or assets can be damaged so insurance plays a very important role. Hence, there is a need for research studies to know the knowledge and interest in insurance among the people living in semi-urban areas and the investment pattern of them.

Objectives of the Study:

- To know the investment pattern of the investors in Life Insurance Companies.
- To study investors behavior on various insurance policies in the Semi-Urban people.



- To examine the psychomotor of investors on the public and private insurance policies.

Research Methodology:

The present paper is exploratory and empirical in nature. Both qualitative and quantitative methods are used to analyses the effect on investment pattern of semi-urban people towards selected insurance policies in Jamkhandi. The required data has been collected from primary and secondary sources. The primary data has been collected through well structures questionnaire, which includes investment pattern of local people with demographic factors. The secondary data have been gathered from various source of information such as a Journals, Books, websites, articles etc. 100 samples size was taken based on the non probabilistic convenient sampling method. The respondents are the residents of Jamkhandi City. The data were analyzed, measured and interpreted by applying different statistical tools such as Tables, Graphs, and Simple percentages.

Public companies are: 1) Post-Office Life Insurance 2) SBI Life Insurance

Private companies are: 1) ICICI Bank 2) Karnataka Bank

Limitations of the Study:

No work in the research field is completed without limitations. However, there are some limitations that strain the researchers work. The study consists of residents of local area. And this research paper is covers limited questions. Because of time constraint only 100 investors have been selected for the study. Insurance is a legal agreement between two parties – the insurer and the insured, also known as insurance coverage or insurance policy. The insurer provides financial coverage for the losses of the insured that s/he may bear under certain circumstances.

In other words, insurance is a way to manage your risk. When you buy insurance, you purchase protection against unexpected financial losses. The insurance company pays you or someone you choose if something bad happens to you. If you have no insurance and an accident happens, you may be responsible for all related costs.

Insurance is a contract under which the insurer undertakes the responsibility to indemnify the insured against any damage for which it has taken insurance. The insured needs to pay a certain amount of premium to the insurer to avail of insurance. Insurance is a contract of indemnity and also is based on utmost faith. There are three types of insurance viz., life, fire, and marine. “Life insurance is a contract between two parties whereby one party agrees to pay to the other party, a certain amount of money as premium to make good the loss of life arising out of an uncertain event of death in which the insured has an interest”. “If you were to go by the dictionary definition, “life insurance” is a financial product that pays you or your dependents a sum of money either after a set period or upon your death as the case may be”.

Factors Affecting Investors Behavior:

- 1) **Age:** If you're young, the chances are that you'll be paying the insurer for years before they ever have to worry about writing your family a check. Consequently, you're better off taking out a policy before it's too late. But that doesn't mean you need insurance right after college if you don't have any financial dependents.
- 2) **Gender:** Insurance carriers use statistical models to approximate how long someone with a specific profile will be around. The fact is that women, on average, live nearly five years longer than men. And because they're usually paying premiums for a longer period than males, they enjoy slightly lower rates.



- 3) **Smoking:** Smoking puts you at a higher risk for all sorts of health ailments. So if you like to light up, it's a red flag for insurance companies. It's not uncommon for smokers to pay more than twice as much as non-smokers for comparable coverage. The effect on your pocketbook is another great reason to try and kick the habit.
- 4) **Lifestyle:** Is your favorite pastime racing cars or climbing treacherous mountains? If so, you'll probably have to shell out substantially more for insurance. Any time you engage in high-risk activities, there's an increased likelihood that you'll meet an early end – a big concern for carriers. Some companies also charge more if you have a relatively dangerous profession, such as mining, fishing, or transportation.
- 5) **Family Medical History:** A family history of stroke, cancer, or other serious medical conditions may predispose you to these ailments and lead to higher rates. Carriers are usually interested in any conditions your parents or siblings have experienced, particularly if they contributed to premature death. Some carriers put more emphasis on your family's health than others, but it's likely to have some impact on your premium.
- 6) **Driving Record:** It may come as a surprise, but many life insurance companies look at your driving record during the underwriting process. Whether or not they ask about violations on the application, they can access Department of Motor Vehicles records to find out if you've run afoul of the traffic laws. Keep in mind that the last three to five years carry the most weight, so if you've improved your driving habits, you may benefit from a more favorable price.

Data Analysis and Inference:

Table 1: Shows Annual Income of the Respondents.

Category	Statements	Frequency/Percent	Total
Gender	Male	49	100
	Female	51	
Age Group	Below 30 years	58	100
	30 to 40 years	15	
	40 to 50 years	16	
	50 and above	11	
Education Qualification	Up to PUC	32	100
	Degree	33	
	PG	26	
	PG and above	9	
Occupational Status	Student	38	100
	Govt. Employee	4	
	Pvt. Employee	21	
	Business/Profession	13	
	Others	24	
Annual Income	Below ₹ 50,000	55	100
	₹ 0.5 to 1.5 L	25	
	₹ 1.5 to 3 L	13	
	₹ 3 L and above	7	

Source: Field Survey, 2022



The above table inferred the demographical profile of the respondents and the study conducted during the year 2022. In this research 49% of the respondents are male and 51% of the respondents are female. Female participation in the study is more due to awareness regarding life insurance policies and 58% of the respondents are belongs to below 30 year of age group, 11% of the respondents age is above 50 years so its shows age old persons are less interested in investment. 33% of respondents are completed graduations as education qualification its shows young people's are more conscious about the investment. 38% of the respondents belong to student group and 21% of the respondents are private employees. and 55% of the respondent's annual income is below ₹50,000, 25% of the respondent's annual income is between ₹ 50,000 to ₹ 1,50,000, 13% of the respondent's annual income is between ₹ 1,50,000 to ₹ 3,00,000, 7% of the respondent's annual income is above ₹ 3,00,000. The study found that (55%) of the respondents having annual income is below fifty thousand rupees.

Table 2: Shows respondents' opinion of investment period.

Investment	Frequency	Percentage (%)	Cumulative (%)	Mean	SD
Short term	26	26	26	2.19	.825
Medium term	29	29	55		
Long term	45	45	100		
Total	100	100			

Source:Field Survey, 2022.

The above table shows respondents' opinions of the investment period. In that More numbers of investors (45/100) are invested the long-term investment, 29% of investors are invested medium term investment and 26% of investors have a short-term investment with the mean value of 2.19 and SD of .825. In this study found that short term investors are not able to take more risk rather than other investors.

Table 3: Shows satisfaction level towards services offered by LIC.

	Fully Dissatisfied	Not Satisfied	No opinion	Satisfied	Fully Satisfied	Total	M	SD
Post office life insurance	12	9	14	51	14	100	3.46	1.201
SBI life Insurance	10	10	19	47	14	100	3.45	1.158
Karnataka Bank	9	5	25	47	14	100	3.52	1.087
ICICI Bank	8	11	22	48	11	100	3.43	1.085

Source:Field Survey, 2022.

The above table represents investors' satisfaction level with services offered by selected insurance companies. 51% of the respondents are satisfied services offered by post office insurance with mean value of 3.46 and SD of 1.201. 47% of the respondents are satisfied services offered by SBI life insurance with mean value of 3.45 and SD of 1.158. 47% of the respondents are satisfied services offered by Karnataka bank insurance with mean value of 3.52 and SD of 1.087 and 48% of the respondents are satisfied services offered by ICICI insurance with mean value of 3.43 and SD of 1.085. In this research study found that majority of the respondents are satisfied service offered by Post office Life Insurance.

Table 4: Shows reasons for taking LIC policy of the respondents.

Reasons	Strongly Agree	Neutral	Disagree	Strongly Disagree	Total	Mean	SD
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	agree				disagree			
Better Service	32	40	21	3	4	100	2.07	1.008
Security	25	53	16	3	3	100	2.06	0.897
Convenience	19	41	33	3	4	100	2.32	0.952
Trust	26	48	18	6	2	100	2.1	0.927
Easy terms and conditions	24	36	32	4	4	100	2.28	1.006
Less official procedures	19	40	31	5	5	100	2.37	1.012
Fast settlement of claims	22	29	30	13	6	100	2.52	1.15

Source:Field Survey, 2022.

The above table inferred the reasons for taking life insurance policies to the point of respondents. 40% of the respondents said the reason is better served with a mean value of 2.07 and SD of 1.008, 53% of the respondents are agreeing for purpose of security with a mean value of 2.06 and SD of .897, for convenience 41% of the respondents agree with the mean value of 2.32 and SD of .952, for trust 48% of the respondents agree with the mean value of 2.10 and SD of .927, for easy terms and conditions 36% of the respondents agree with the mean value of 2.28 and SD of 1.006, for less official procedures 40% of the respondents agree with the mean value of 2.37 and SD of 1.012, for fast settlement of claims 29% of the respondents are agreed and 22% strongly agree with a mean value of 2.52 and SD of 1.150 and lastly, the pressure of friends/ agents 34% of the respondents are agreeing to mean value of 2.38 and SD of 1.117.

Findings:

- The study found that majority (55%) of the respondents having annual income of Rs. below 50 thousand.
- The study found that majority of the respondents are expecting lower or reasonable premium (68%), expects to reduce the policy term (49%), expects to get better accessibility (51%), and expects to enhance the company image of LIC.
- From the result it is found that most (82%) of the respondents having life insurance schemes for covering the risk of life. Majority of the people wanted to cover their life by having life insurance policies from recognized insurance companies.
- From the result it is found that majority (45%) of the respondent has intended to invest for long term duration and it clearly shows that they want safety as well liquidity.
- Study found that most of the respondents are interested to invest in life insurance schemes and they are influenced by the whole life insurance scheme and larger risk coverage.
- Form the study it is found that majority (55%) of the respondents are very happy and satisfied about the various services and premium rates offered by the post office insurance. Majority of the investors prefer public sector insurance companies to invest their money than the private sectors insurance companies. Public sector companies are continuing to attract more number of customers by ensuring trust worthiness.

Suggestions:



- It is suggested to all the investor to have minimum knowledge about investment, investment avenues and insurance schemes because the knowledge of investment is essential one in the fast-moving era.
- Only few percent of the respondents were getting information from the Newspaper, radio and customer care. Hence, it is suggested to insurance companies to give advertising on the said modes to promote themselves faster.
- Insurance company should give the proper training to the insurance agents advisors so he/she can give the complete knowledge to customer.
- Some of the investors have influenced by the easy access of friends and relatives. Hence, it is suggested investors not to purchase insurance policies because of easy accessibility of the friends and relatives instead they should purchase them on the basis of proper analysis.
- Most of the investors' needs and services offered by insurance company is not matched. So, it is suggested that LIC more focus on the customers and collect feedback.

Conclusion:

After going through several studies this research paper has found that the study comes out with various summarized results on awareness of life insurance schemes among an investor. The Government and private Institution introduced very good life insurance schemes to investor in India. The scenario of life insurance schemes is changing day- by-day due to advancement in financial plans. So, it is putting continues effort to satisfy and fulfill all the needs of investors. Now a day, life insurance schemes are very helpful to investors, because to get tax benefits, a security at old age, earn income, to meet contingent expenses etc. Most of the public sector institutions are providing a good quality of services to their customers because to attract, and satisfy the investors. Thus, research identifies many of the factors which were helped to investors and other stakeholders of the life insurance schemes in India. Therefore, there will be a possible other research consents are required to study in future.

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