



FACTORS INFLUENCES TOWARDS INVESTMENT DECISION OF RURAL POLICYHOLDERS

Dr.P.Gomathi Devi, Assistant Professor, PG Department of Commerce (CA) Nallamuthu Gounder Mahalingam College, Pollachi, Coimbatore (Dt), Tamilnadu, India.

ABSTRACT

Life insurance is must for each and every family. This is especially important for parents of young children or adults. Life insurance provides both safety and protection to individuals and also encourages savings among people. Life insurance enables to ensure the daily protection of a person both today and in the future. This leads to the emergence of two effects, the state has additional long-term funds that provide financing for investment projects, which contributes to the further development of the country's economy, accumulation for future periods, and hence protection of the interests of a person. The present study has been focused on the various life insurance related factors influences towards investment decision in Coimbatore District and sample size was 615 policyholders of Life insurance Corporation of India(LIC). The data for the study has been collected from both primary and secondary sources. The sampling method used for the study was disproportionate stratified random sampling. The collected data are analyzed using simple percentage, Chi-square Test and Weighted average method. This study was concluded that the rural policyholder's influence towards investment decision was high with respect to the statement of proper guidance & Friendly Approach, followed by Variety of Schemes etc.

Key words: Life insurance, Protection and Policyholders.

INTRODUCTION

Life insurance is a contract between an insurance policy holder and the insurance provider (known as the insurer) that guarantees to pay the designated amount to the beneficiary in case of the death of the insured person. In exchange for premium payments, the beneficiary named in the contract will receive a sum from the insurer in case of sudden demise of the policyholder. Life insurance coverage is an essential contingency tool for people to offer monetary benefits for individuals or their families in case of any uncertainty. The LIC of India has been introducing variety of policies based on the preferences of the policyholders. It is observed that many policyholders have taken more than one policy based on their job nature and family members' interest.

OBJECTIVES OF THE STUDY

The following are the objectives of the study

1. To study the rural policyholders' awareness about the Life Insurance Corporation of India.
2. To evaluate the factors that influence to rural policyholders to choose LIC policy

RESEARCH METHODOLOGY

The present study is an empirical study in nature based on survey method.. For the purpose of carrying out the study, primary data has been collected from the selected sample respondents through a specifically designed in Coimbatore District. Rural area in Coimbatore district consists of twelve blocks. The 12 blocks covered under the study area are Anaimalai, Annur, Karamadai, Kinathukadavu, Madukkarai, P.N. Palayam, Pollachi North, Pollachi South, S.S. Kulam, Sultanpet, Sulur and finally, Thondamuthur. The sampling method used for the study was disproportionate stratified random sampling. Initially, questionnaire was distributed to 845 rural policy holders and finally 615 questionnaires were collected from the rural policyholders from Coimbatore District. The collected were analyzed using simple percentage, Chi-square test and weighted average method. Level of significance chosen for Chi-square test were five percent level.

FINDINGS OF THE STUDY

I. Chi square Test

GENDER AND INFLUENCE

As far as the gender is concerned the level of influence with regard to LIC policy among rural respondents is different. In order to measure the statistical significance, an analysis has been done and presented hereunder.

Gender of the respondents and Level of Influence to choose LIC Policy

Gender	Opinion on Influence			Total
	High	Moderate	Low	
Male	46	244	26	316
	54.1%	54.0%	33.3%	51.4%
Female	39	208	52	299
	45.9%	46.0%	66.7%	48.6%
Total	85	452	78	615

It is observed from the above table, that based on the gender of the respondents and their opinion towards the level of Influence to choose LIC Policy by the rural respondents was high (54.1%) among the male respondents and the same was low (45.9%) among the female respondents. While, the moderate level of Influence to choose LIC Policy by the rural respondents was high (54%) among the male respondents and was low (46%) among the female respondents. Finally, the low level of Influence to choose LIC Policy by the rural respondents was high (66.7%) among the female respondents and was low (33.3%) among the male respondents. Therefore, it is concluded that the level of Influence to choose LIC Policy by the rural respondents was found to be high among male respondents.

AGE AND INFLUENCE

When it comes to the age and the relationship with level of influence to choose LIC policy, in general it is understood that higher the age more the risk and commitment in life In order to measure that the statistical significance the hypothetical testing using chi-square is done.

Age of the respondents and Level of Influence to choose LIC Policy

Age	Opinion on Influence			Total
	High	Moderate	Low	
Below 30 years	12	102	13	127
	14.1%	22.6%	16.7%	20.7%
31 to 40 years	54	190	22	266

	63.5%	42.0%	28.2%	43.3%
41 to 50 years	13	121	34	168
	15.3%	26.8%	43.6%	27.3%
Above 50 years	6	39	9	54
	7.1%	8.6%	11.5%	8.8%
Total	85	452	78	615

It is observed from the above Table, that based on the age of the respondents and their opinion towards level of Influence to choose LIC Policy by the rural respondents was high (63.5%) among the respondents fall in the middle age group (31 to 40 years) and the same was low (7.1%) among the respondents who are old aged (above 50 years). While, the moderate level of Influence to choose LIC Policy by the rural respondents was high (42%) among the respondents in the age group between 31 and 40 years (Middle aged) and the same was low (8.6%) among the respondents belong to the age above 50 years (old aged). Finally, the low level of Influence to choose LIC Policy by the rural respondents was high (43.6%) among the respondents belong to the age between 41 and 50 years (upper middle aged) and was low (11.5%) among the respondents belong to the age above 50 years (old aged). Therefore, it is concluded that based on the age of the respondents the level of Influence to choose LIC Policy was high among the rural respondents who are in the middle age group (31 to 40 years).

MARITAL STATUS AND INFLUENCE

The respondents are categorized as married, unmarried and widowed / divorced / separated categories and the hypothetical significance is observed from the study.

Marital Status of the respondents and Level of Influence to choose LIC Policy

Marital	Opinion on Influence			Total
	High	Moderate	Low	
Married	54	265	28	347
	63.5%	58.6%	35.9%	56.4%
Unmarried	21	118	31	170
	24.7%	26.1%	39.7%	27.6%
Widow / Divorced	10	69	19	98
	11.8%	15.3%	24.4%	15.9%
Total	85	452	78	615

It is observed from the Table 4.12 that based on the marital status of the respondents and their opinion towards the level of Influence to choose LIC Policy by the rural respondents was high (63.5%) among the married respondents and the same was low (11.8%) among the respondents who are widowed / divorced. While, the moderate level of Influence to choose LIC Policy by the rural respondents was high (58.6%) among the married respondents and was low (15.3%) among the respondents who are widowed / divorced. Finally, the low level of Influence to choose LIC Policy by the rural respondents was high (39.7%) among the unmarried respondents and was low (24.4%) among the widowed / divorced respondents. Therefore, it is concluded that the level of Influence to choose LIC Policy by the rural respondents was high among married respondents.

EDUCATIONAL QUALIFICATION AND INFLUENCE

Educational Qualification and Level of Influence to choose LIC Policy

Educational Qualification	Opinion on Influence			Total
	High	Moderate	Low	
Illiterate	12	87	26	125
	14.1%	19.2%	33.3%	20.3%
SSLC/H.Sc	14	113	17	144
	16.5%	25.0%	21.8%	23.4%
Diploma	15	89	14	118
	17.6%	19.7%	17.9%	19.2%
Under Graduate	32	135	15	182
	37.6%	29.9%	19.2%	29.6%
Post Graduate	12	28	6	46
	14.1%	6.2%	7.7%	7.5%
Total	85	452	78	615

From the above table explained that based on the educational qualification of the respondents and their opinion towards the level of Influence to choose LIC Policy by the rural holders was high (37.6%) among Under Graduates and the same was low (14.1%) among illiterates and also among post graduates. While, the moderate level of Influence to choose LIC Policy by the rural respondents was high (29.9%) among under graduates and the same was low (6.2%) among the post graduates. Finally, the low level of Influence to choose LIC Policy by the rural respondents was high (33.3%) among illiterates and was low (7.7%) among Post Graduates. Therefore, it is concluded that the rural policy holders who are Under Graduates had higher level of Influence to choose LIC Policy.

OCCUPATION AND INFLUENCE

Occupation of the respondents and Level of Influence to choose LIC Policy

Occupation	Opinion on Influence			Total
	High	Moderate	Low	
Agriculturist	24	120	15	159
	28.2%	26.5%	19.2%	25.9%
Business / Entrepreneur	10	59	9	78
	11.8%	13.1%	11.5%	12.7%
Government Employee	6	33	7	46
	7.1%	7.3%	9.0%	7.5%
Private Employee	27	146	16	189
	31.8%	32.3%	20.5%	30.7%
Retired Person	10	39	8	57
	11.8%	8.6%	10.3%	9.3%
Home Maker	8	55	23	86
	9.4%	12.2%	29.5%	14.0%
Total	85	452	78	615

It is observed from the Table 4.19 that based on the occupation of the respondents and their opinion towards the level of Influence to choose LIC Policy by the rural policy holders was high (31.8%) among respondents working in Private Sector, which is closely followed by the rural

respondents engaged in agricultural category. The low (7.1%) level of influence was among the respondents working in Government sector. While, the moderate level of Influence to choose LIC Policy by the rural respondents was high (32.3%) among respondents working in Private Sector and the same was low (7.3%) among the respondents working in Government Sector. Finally, the low level of

Influence to choose LIC Policy by the rural respondents was high (29.5%) among the respondents who are home makers and was low (9%) among the respondents working in Government Sector. Therefore, it is concluded that the level of Influence to choose LIC Policy by the rural respondents was high among respondents working in Private Sector.

TYPE OF FAMILY AND INFLUENCE

Type of Family of the respondents and Level of Influence to choose LIC

Type of Family	Opinion on Influence			Total
	High	Moderate	Low	
Joint	58	248	35	341
	68.2%	54.9%	44.9%	55.4%
Nuclear	27	204	43	274
	31.8%	45.1%	55.1%	44.6%
Total	85	452	78	615

It is observed from the Table 4.22 that based on the type of family of the respondents and their opinion towards the level of Influence to choose LIC Policy by the rural respondents was high (68.2%) among the respondents living in joint type of family and the same was low (31.8%) among the respondents living in nuclear type of family. While, the moderate level of Influence to choose LIC Policy was high (54.9%) among the respondents living in joint type of family and the same was low (45.1%) among the respondents living in nuclear type of family. Finally, the low level of Influence to choose LIC Policy by the rural respondents was high (55.1%) among the respondents living in nuclear type of family and was low (44.9%) among the respondents living in joint type of family. Therefore, it is concluded that the level of Influence to choose LIC Policy was found high among the rural respondents living in joint type of family.

FAMILY SIZE AND INFLUENCE

Size of the Family of the respondents and Level of Influence to choose LIC Policy

Family Size	Opinion on Influence			Total
	High	Moderate	Low	
Upto 4 members	23	203	24	250
	27.1%	44.9%	30.8%	40.7%
5 to 6 members	52	182	36	270
	61.2%	40.3%	46.2%	43.9%
Above 6 members	10	67	18	95
	11.8%	14.8%	23.1%	15.4%
Total	85	452	78	615

Source: Computed from Primary Data

It is observed from the Table 4.25 that based on the size of the family of the respondents and their opinion towards the level of Influence to choose LIC Policy by the rural respondents was high (61.2%) among the respondents having 5 to 6 members in their family and the same was low (11.8%)

among the respondents having above 6 members in their family. While, the moderate level of Influence to choose LIC Policy by the rural respondents was high (44.9%) among the respondents having 4 members in their family and the same was low (14.8%) among the respondents having above 6 members in their family. Finally, the low level of Influence to choose LIC Policy by the rural respondents was high (46.2%) among the respondents having 5 to 6 members in their family and was low (23.1%) among the respondents having above 6 members in their family. Therefore, it is concluded that the rural policy holders having 5 to 6 members in their family were found with higher level of Influence to choose LIC Policy.

SAVINGS AND INFLUENCE

The savings of the rural policy holders is based on the income level of individual and on the other earning members in their family.

Monthly Savings of the respondents and Level of Influence to choose LIC Policy

Savings	Opinion on Influence			Total
	High	Moderate	Low	
Upto Rs.5,000	28	170	37	235
	32.9%	37.6%	47.4%	38.2%
Rs.5,001 to Rs.10,000	42	241	28	311
	49.4%	53.3%	35.9%	50.6%
Above Rs.10,000	15	41	13	69
	17.6%	9.1%	16.7%	11.2%
Total	85	452	78	615

It is clear from that above table, Savings of the respondents family and their opinion towards the level of Influence to choose LIC Policy by the rural respondents was high (49.4%) among the respondents savings between Rs.5,001 and Rs.10,000 and the same was low (17.6%) among the respondents having Savings above Rs.10,000. While, the moderate level of Influence to choose LIC Policy by the rural respondents was high (53.3%) among the respondents Savings between Rs.5,001 and Rs.10,000 and the same was low (9.1%) among the respondents Savings above Rs.10,000. Finally, the low level of Influence to choose LIC Policy by the rural respondents was high (47.4%) among the respondents Savings less than Rs.5,000 and was low (16.7%) among the respondents Savings above Rs.10,000. Therefore, it is concluded that the policy holders stated that the monthly savings between Rs.5,001 and Rs.10,000 had higher level of Influence to choose LIC Policy.

(III) LEVEL OF INFLUENCE

The following table has been explained about the factors influence towards investment in life insurance corporation of India.

Level of Influence towards investment by the Rural LIC Policyholders

Cronbach's Alpha: 0.889

Influence	Least Influence	Rarely Influenced	Somewhat Influenced	Influenced	Highly Influenced	Weighted Mean	Rank
Usage of Technology	4	19	59	238	295	4.302	3
	0.007	0.062	0.288	1.548	2.398		
Proper guidance & Friendly Approach	5	4	42	237	327	4.426	1
	0.008	0.013	0.205	1.541	2.659		
Variety of Schemes	10	8	73	177	347	4.371	2
	0.016	0.026	0.356	1.151	2.821		

Brand name	11	24	90	267	223	4.085	7
	0.018	0.078	0.439	1.737	1.813		
Attractive advertisement	10	15	62	274	254	4.215	4
	0.016	0.049	0.302	1.782	2.065		
Quick Settlement of Claims	5	21	115	303	171	3.998	8
	0.008	0.068	0.561	1.971	1.390		
Proper Communication	4	15	108	253	235	4.138	6
	0.007	0.049	0.527	1.646	1.911		
Agents' Skills	10	38	51	265	251	4.153	5
	0.016	0.124	0.249	1.724	2.041		

The above table shows the level of influence towards investment by of LIC of India. In order to analyze rural policyholder's influence towards investment high with respect to the statement of proper guidance & Friendly Approach, followed by Variety of Schemes, Usage of Technology, Attractive advertisement, Agents' Skills, Proper Communication, Brand name and Quick Settlement of Claims.

SUGGESTION

1. Customer satisfaction has become an important. LIC of India should provide better and very quick service in future days for getting in better position in the present competitive world.
2. LIC of India will give more advertisement compared with the Private insurers for getting more investment from the rural areas.
3. LIC of India should give more bonus and additional benefits to the policyholders for improving their business
4. LIC of India should come forward to give money for all lapsed policy without any deduction. It should create more confidence to the customers.
5. Life insurance companies should come with innovative products with high risk cover, more return and low insurance premium to attract more number of customers.

CONCLUSION

Life insurance is essential for every individual and family. Customers are the real pillar of the success of life insurance business. Insurance products not only provide security for family, but also create savings, investment and helps to satisfying the future needs. The study was conducted through designed structured questionnaires and the research instruments were used to analyzing the data and conclude the research findings. The study of the variables related to rural policyholder investing decisions and the factors influencing investing decisions of the rural policyholders. This study conclude the rural policyholder's influence towards investment was high with respect to the statement of proper guidance & Friendly Approach, followed by Variety of Schemes etc.

References

1. Ms. S. Pradeepa, and A.A. Ananth (2017), "A Study on Factors Influencing of Women Policyholder's Investment Decision Towards Life Insurance Corporation of India Policies in Chennai", Singaporean Journal of Business Economics and Management Studies (SJBEM) VOL. 5, NO. 7, 2017,
2. Babita Yadav and Anshuja Tiwari (2012), "A Study on Factors Affecting Customers Investment Towards Life Insurance Policies", International Journal of Marketing, Financial Services & Management Research Vol.1, Issue 7, July 2012, ISSN 2277 3622.
3. P. Gomathi Devi & Dr. P. Rengarajan (2017), "Rural Policyholders Awareness and Satisfaction on Online Services of LIC", International Journal of Interdisciplinary Research in Arts and Humanities (IJIRAH), Volume 2, Issue 2, PP. No 70-74.
4. <https://www.financialexpress.com/money/7-reasons-why-life-insurance-is-a-must-for-every-individual/2279942>
5. <https://licindia.in>