



# CUSTOMER PERCEPTION TOWARDS ONLINE LIFE INSURANCE – A STUDY

Author: **SEEJA R.G**, Reg No:20113111012002, Department of Commerce and Research Centre, Nesamony Memorial Christian College, Marthandam, Affiliated to **Manonmaniam Sundaranar University** Abishekapatti, Tirunelveli - 627012. Tamil Nadu, India.  
Mob No:9447016514, Mail Id: seejarg@gmail.com

Co-Author: **Dr R. Mabel Sulochana**, Assistant Professor, Department of Commerce and Research Centre, Nesamony Memorial Christian College, Marthandam, Affiliated to **Manonmaniam Sundaranar University** Abishekapatti, Tirunelveli - 627012. Tamil Nadu, India Mob No: 9443449101, Mail Id: [mabelsulochana@gmail.com](mailto:mabelsulochana@gmail.com)

## ABSTRACT

The development of the economy depends upon the financial system. After the implementation of the New Economic policy in India, the insurance sector is one of the major players in the financial system. At present, In India at the end of March 2021, there are 67 insurers operating in India; of which 24 are life insurers, 27 are general insurers, five are stand-alone health insurers and 11 are re-insurers including foreign reinsurance branches and Lloyd's India. The ongoing pandemic has accentuated the importance of life insurance among consumers. A considerable section of consumers is beginning to perceive insurance as an indispensable safeguard against unforeseen scenarios. Hence, the insurance industry is witnessing a positive shift in awareness about life insurance products and their benefits. Due to the impact of the pandemic, consumers have realized the importance of life insurance products and the recent trend shows that they have increased research for life insurance plans online. It is the need of the hour for the insurance sector to understand the customer's attitude towards digitalization. This study explores the customer's perception of online insurance. The objective of the study is to identify the factors that influenced the customers to purchase insurance products digitally and the level of satisfaction.

**Keywords:** Online insurance, Customer satisfaction, New Economic Policy, perception

**DOI Number:**10.48047/nq.2022.20.22.NQ10308

**NeuroQuantology**2022;20(22):3125-3129

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## INTRODUCTION

Insurance is a promise. Human life is the most important asset and life insurance provides financial protection to the person who is insured and his family in a time of uncertainty. Insurance is a legal document that guarantees financial assistance in challenging situations, governed by terms and conditions, and is offered by the insurer to a policyholder, in exchange for a premium.

eISSN1303-5150

The coronavirus epidemic had shaken the entire world. Covid-`19 has assumed global pandemic and attained a pandemic status. Globally there arises closure of businesses as well as the loss of jobs and lives. Pandemic makes the economic situation a global recession. Lockdown has impacted almost all the industries and different sectors across the world including the insurance sector which has a significant contribution to the country's

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GDP and economic development. The pandemic has increased consumer awareness of the utility of insurance, particularly healthcare covers. It has also accelerated the trend of digital transformation with many more consumers moving online to manage day-to-day needs. The digital economy in India is booming with diverse young demographics, smartphones, mobile data accessibility and investment in online infrastructure, and government assistance. Digital platforms are reaching across industries including insurance to create a broad-based ecosystem.

A decade ago, people were sceptical about transacting online. The fear was regarding an unknown process and the security issues about it. In 2020, things have changed for the good. Affordable smartphones and internet data packs have changed the way people perceive online transactions. They are used to shopping online and spending time in the virtual world. As the insurance industry is a part of that virtual world, this change has also impacted the industry.

#### **REVIEW OF LITERATURE**

Maya Kannan said in his study that the satisfaction level of policyholders towards insurance in Chennai City is because of increasing awareness among individuals regarding their uncertainty of insurance. It's vital for insurance corporations to know the requirements of their client. The aim of his study is to hold their client satisfaction towards LIC. This study supported primary knowledge that is collected through form among one hundred fifty policyholders in a metropolis and knowledge was analyzed with multi-selection applied math tools like proportion, chi-square, and multivariate analysis analyses were used to establish the issue chargeable for client satisfaction towards LIC (Kannan, 2018).

#### **STATEMENT OF THE PROBLEM**

The Insurance industry is one of the fastest-growing industries in the country and offers a lot of growth opportunities to life insurers. It plays an important role in the growth of the Indian economy. As India has the second-largest population still the

insurance penetration is low as compared to other countries. In the life insurance business, India is ranked tenth in the world. The insurance industry is witnessing a positive shift in awareness about life insurance products and their benefits. Due to the impact of the pandemic, consumers have realized the importance of life insurance products and the recent trend shows that they have increased research for life insurance plans online. Even though online insurance benefit customers in many ways but still many people do not trust insurance through the internet because of some fraudulent sites which can track the information. It is the need of the hour for the insurance sector to understand the customer's perception of digitalization.

#### **OBJECTIVES OF THE STUDY**

1. To study the demographic profile of the respondents.
2. To study the satisfaction of respondents towards online insurance schemes.
3. To analyze the relationship between profile variables and perception related to online insurance.

#### **Hypotheses**

H01: There is no significant relationship between the age of respondents and the perception of online insurance services.

H02: There is no significant association between the education of respondents and the perception of online insurance services.

H03: There is no significant association between the marital status of the respondents and the perception of online insurance services.

H04: There is no significant association between the income of the respondents and the perception of online insurance services.

#### **RESEARCH METHODOLOGY**

The main purpose of the study is to find the perception of customers toward online insurance services. The study was conducted in Trivandrum city. Primary data were collected through questionnaire. The secondary information has been obtained from the reports and surveys of various life insurance companies, regulatory bodies (IRDA), business magazines, journals, and



newspapers to study the relevant aspects. The respondents were selected by the convenience sampling method. The sample size is 150 respondents who were randomly  
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selected from the customers who use online insurance services. The statistical tool for the study are the Percentage and Chi-square test.

Table 1 Demographic Profile of the Respondents

| Factors                   | Classification    | Frequency  | Percentage |
|---------------------------|-------------------|------------|------------|
| Age                       | 20-35             | 47         | 32         |
|                           | 36-45             | 56         | 37         |
|                           | 46-55             | 38         | 25         |
|                           | 56 & above        | 09         | 6          |
|                           | <b>Total</b>      | <b>150</b> | <b>100</b> |
| Marital status            | Married           | 98         | 65         |
|                           | Unmarried         | 52         | 35         |
|                           | <b>Total</b>      | <b>150</b> | <b>100</b> |
| Gender                    | Male              | 90         | 60         |
|                           | Female            | 60         | 40         |
|                           | <b>Total</b>      | <b>150</b> | <b>100</b> |
| Educational Qualification | SSLC              | 21         | 14         |
|                           | Under Graduate    | 63         | 42         |
|                           | Post Graduate     | 44         | 29         |
|                           | Professional      | 22         | 15         |
|                           | <b>Total</b>      | <b>150</b> | <b>100</b> |
| Employment                | Govt              | 35         | 23         |
|                           | Private sector    | 67         | 45         |
|                           | Business          | 21         | 14         |
|                           | Professional      | 18         | 12         |
|                           | Others            | 9          | 6          |
|                           | <b>Total</b>      | <b>150</b> | <b>100</b> |
| Annual Income             | Below 2,50,000    | 35         | 23         |
|                           | 2,50,000-5,00,000 | 69         | 46         |
|                           | 5,00,000-7,50,000 | 26         | 17         |
|                           | Above 7,50,000    | 20         | 14         |
|                           | <b>Total</b>      | <b>150</b> | <b>100</b> |

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Source: Primary Data

Table 1 shows the sample profile of the respondents belonging to different gender, age, marital status, occupation, income, and educational group. Based on the demographic description of the respondents it is found that the majority(60 %)of the respondents are male and 37% of the respondents fall under

the age group of 36 to 45 years. 65% of the respondents are married and majority (69%) of the respondents fall under the income group of 2,50,000 to 5,00,000. The researcher found that 42% of the respondents are undergraduates and 45% are working in private sector.

**Table 2:** Age and level of satisfaction on online insurance

|  |  |                       |
|--|--|-----------------------|
|  |  | Level of Satisfaction |
|--|--|-----------------------|



| Sl No | Age (years) | Low       | Moderate   | High      | Total |
|-------|-------------|-----------|------------|-----------|-------|
| 1     | 20-35       | 8(32)     | 15(31.91)  | 24(51.06) | 47    |
| 2     | 36-45       | 15(26.78) | 13 (23.21) | 28(50)    | 56    |
| 3     | 46-55       | 8 (21.05) | 17 (44.73) | 13(34.21) | 38    |
| 4     | 56 & above  | 5 (55.56) | 3(33.33)   | 1(11.1)   | 09    |
|       | total       | 36        | 48         | 66        | 150   |

Source: Primary Data

From the table 2, it is identified that the highest percentage of satisfaction is enjoyed by the respondents in the age group of 20 to 35 years with 51.06 %. But in 56 and above age group majority (55.50%) of the respondents are less satisfied.

Table 3: Marital Status and Level of Satisfaction on Online Insurance

| Sl No | Marital Status | Level of Satisfaction |           |           | Total |
|-------|----------------|-----------------------|-----------|-----------|-------|
|       |                | Low                   | Moderate  | High      |       |
| 1     | Married        | 29(29.59)             | 31(31.63) | 38(38.77) | 98    |
| 2     | Unmarried      | 17(32.69)             | 18(34.61) | 17(32.69) | 52    |
|       | Total          | 39                    | 42        | 69        | 150   |

Source: Primary Data

It is identified from table 3 that the higher level of satisfaction is enjoyed by married people with 38.77% and in case of unmarried, it is 32.69%.

Table 4: Education and level of Satisfaction on Online Insurance

| Sl No | Education      | Level of Satisfaction |           |           | Total |
|-------|----------------|-----------------------|-----------|-----------|-------|
|       |                | Low                   | Moderate  | high      |       |
| 1     | SSLC           | 8(38.09)              | 7(33.33)  | 6(28.57)  | 21    |
| 2     | Under Graduate | 12(19.04)             | 10(15.87) | 41(65.07) | 63    |
| 3     | Post Graduate  | 9(20.45)              | 12(27.27) | 23(52.27) | 44    |
| 4     | Professional   | 5(22.72)              | 4(18.18)  | 13(59.09) | 22    |
|       | Total          | 34                    | 33        | 83        | 150   |

Source: Primary Data

From Table 4 it is clear that a higher level (65.07%) of satisfaction is enjoyed by the undergraduates and low level (22.72%) of satisfaction is enjoyed by a meagre respondent.

Table 5: Application of Chi-square Test

| Variables      | Chi-Square value ( $\chi^2$ ) | Table Value | Degrees of Freedom | Significant level |
|----------------|-------------------------------|-------------|--------------------|-------------------|
| Age            | 12.78                         | 12.592      | 6                  | 5                 |
| Marital Status | 5.0295                        | 2.386       | 2                  | 5                 |
| Education      | 15.982                        | 12.592      | 6                  | 5                 |
| Income         | 13.674                        | 12.592      | 6                  | 5                 |

Source: Primary Data

Table 5 shows that the calculated chi-square value is greater than the table value in all the variables at 5% level of significance. Hence the null hypothesis is rejected for all the variables. Hence it is concluded that there is a close relationship between the selected independent variables and the variables

related to perception regarding the online insurance service.

### Findings

Based on the demographic description of the respondents it is found that the majority 60% of the respondents are male and 37% of the respondents fall under the age group of 36 to 45 years. 65% of the respondents are married



and a majority (69%) of the respondents fall under the income group of 2,50,000 to 5,00,000. The researcher found that 42% of the respondents are undergraduates and 45% are working in the private sector.

The highest percentage of satisfaction is enjoyed by the respondents in the age group of 20 to 35 years with 51.06 %. But in 56 and above age group majority (55.50%) of the respondents are less satisfied. It is identified from table 3 that the higher level of satisfaction is enjoyed by married people with 38.77% and in the case of unmarried, it is 32.69%.

The Chi-square test revealed that there is close relationship between the profile variables such as age, marital status, income, educational qualification, and perception regarding the online insurance customers.

#### **Suggestions**

The present study offers the following suggestions, such as

- The insurance company has to create awareness about the online facilities provided by them among the customers.
- The insurance companies have to make the customer reliable about the services provided by them.
- The procedure for online transactions must be simple.
- The insurance companies must provide frequent updation about the changes made by them.
- The trustworthiness of the organisation has to be maintained by keeping with proper and reliable services to the customers.

#### **Conclusion**

Due to the impact of the pandemic, consumers have realized that life insurance products shouldn't be evaluated by merely considering their benefits as a tax-saving

instrument or as an investment product or both. The current scenario has further expedited the adoption of digital channels by consumers for inquiry and evaluation. Organizations that have comprehended this changing landscape and implemented digitalization to keep pace with consumers of the future will forge ahead. Setting up a robust Direct to Customer (D2C) channel was an imperative step in this direction and unsurprisingly it has become our fast-growing channel. While there is an increase in consumers researching online for life insurance plans, sales continue to be offline-led. Therefore, the prevailing situation has nudged us to reimagine the entire sales process from face-to-face meetings to remotely approaching customers and closing transactions. Most Indian insurance-seekers are happy to research the product they intend to buy online, but they are unlikely to buy that insurance product online. The insurers will have to target those who are likely to buy through the Internet.

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