

An Analysis of Private Life Insurance Services as Perceived by Life Insurance Buyers in Karnataka

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Abstract

Characterized by its large potential and high growth rate, the life insurance industry has been one of the most dynamic sectors, which is playing an increasingly important role in India's liberalized economy. Since the opening up of the insurance sector for private participation in 2001, there are already 23 private sector life insurance companies with foreign tie-ups operating in India's life insurance market, along with the public sector giant, Life Insurance Corporation (IRDA Annual Report 2010-11). However, traditionally, life insurance has always been an unsought product in India. These private life insurance companies have found that their market penetration processes are not as smooth as they expected. Without understanding the distinctive insurance investment environment in India and the insurance buyers' perception towards private life insurance, in particular, the private players are going to face many problems on the way to their goals. The present study attempted to ascertain the significant perceptions of insurance buyers in Karnataka towards private life insurance. Various statistical tools were used to arrive at concrete findings based on which suggestions are offered.

Keywords: perceptions, private life insurance, deregulation, demographic variables, economic variable, Tukey-HSD multiple post hoc test, ANOVA

JEL Classification: C12, C42, C83, D12, D14, D91, G22, J10, J11

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India is not only a market with a huge potential, but also with a complicated investment environment. Though great improvements have taken place during the past 12 years, the overall market situation cannot yet be considered to be mature and liberalized. Since the Indian insurance industry can be considered to be in its transforming shoes, it is interesting to understand the perceptions of insurance buyers towards life insurance services offered by private insurance companies. Traditionally, Indian insurance buyers are conservative, and LIC, being a public sector company, was able to penetrate the life insurance market successfully till the deregulation. Now, with the advent of private insurers, it is interesting to know how insurance buyers react to the concept of private life insurance in India.

Literature Review

Understanding insurance buyers, their perceptions, choices, and satisfaction levels, which the study focuses upon, are relatively well developed areas in the insurance literature. The literature review focuses on the various demographic and economic factors that influence insurance buying decisions. In attempting to define the factors that influence the perceptions of insurance buyers towards various aspects of life insurance, many researchers have focused on individual and situational characteristics that affect their choice. Perceptual studies on life

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insurance explore how individual characteristics - age, gender, marital status, location, occupation, income, and so forth influence the perceptions of insurance buyers.

Beck and Webb (2003) found that economic indicators such as inflation, income per capita, banking sector development, and religious and institutional indicators are robust predictors of the use of life insurance. They opined that education, life expectancy, the young dependency ratio, and the size of the social security system appear to have no robust association with life insurance consumption. Their results highlight the importance of price stability and banking sector development in fully realizing the savings and investment functions of life insurance of an economy.

Chadha and Kapoor (2008) showed that customers' insurance buying decisions are influenced by customer relationship management practices and reputation of the company. In a competitive market, each of the players should create its niche domain. Only this would ensure that the customer derives the best benefits out of the competition.

Christiansen (1988) focused on the consumer perception of products, services, and companies of the U.S. life insurance industry. The author found that life insurance companies shared a common theme of negative consumer perceptions, but found a positive change in the consumers' view of life insurance policies for funding college education for their children, and concluded that the role of insurance agents in affecting consumer perception was highly significant.

Perumal (2010) illustrated that the Indian insurance sector has adopted the path of liberalization, and consequently, both the positive and negative impacts of globalization on the economy have been felt. The opening up of the insurance sector to the private players has definitely been a positive development. The socio - demographic and psychographic trends in the liberalized era are very favourable for the growth of the insurance sector. The author concluded that LIC and the private companies should devise their schemes with due consideration to these challenges.

Ranade and Ahuja (1999) presented an overview of life insurance operations in India, and identified the emerging strategic issues in light of liberalization and the impending private sector entry into insurance. The need for private sector entry was justified on the basis of enhancing the efficiency of operations, achieving a greater density and penetration of life insurance in the country. In the wake of such coming competition, the government monopoly of LIC is a strong incumbent, and is in a position to take advantage of its wide reach and more than 40 years of experience.

Srivastava, Shrivastava, and Agrawal (2004) conducted a study covering 1000 individuals in the city of Bhillai, and concluded that the leadership lies not in getting the maximum policies sold, but in understanding the demography of the customers and targeting them in their way.

The studies conducted so far in the insurance industry have been predominantly on the perceptions of Indian consumers towards life insurance services offered by LIC. After liberalization, private sector insurance companies are also making an impact on life insurance buyers through their services. This has changed the insurance scenario. As far as I am aware, no study has been undertaken to understand and analyze this in detail. Hence, the present study attempts to bridge this research gap by analyzing significant changes in the perceptions of life insurance buyers towards private insurance players.

Objectives of the Study

The following are the objectives of the present study :

- (1)** To study the perceptions of life insurance buyers towards life insurance services offered by private insurance companies,
- (2)** To measure the significant perception of life insurance buyers towards life insurance services offered by the private insurance companies on the basis of demographic variables,

- (3) To measure the significant perception of life insurance buyers towards life insurance services offered by the private insurance companies on the basis of economic variables,
- (4) To offer suggestions based on the findings.

Hypotheses

The following are the main hypotheses for the present research study :

- **H01:** Life insurance buyers differentiate between life insurance services offered by private life insurance companies and LIC.
- **Ha1:** Life insurance buyers do not differentiate between life insurance services offered by private life insurance companies and LIC.

Sub Hypotheses

The following set of sub-hypotheses were tested using primary data to measure the significant perception of life insurance buyers towards life insurance services offered by the private insurance companies on the basis of demographic and economic variables :

- **H01:** There is no significant difference in the opinion of life insurance buyers on the basis of demographic variables with respect to their perception towards life insurance services offered by the private insurance companies.
- **Ha1 :** There is a significant difference in the opinion of life insurance buyers on the basis of demographic variables with respect to their perception towards life insurance services offered by the private insurance companies.
- **H02:** There is no significant difference in the opinion of life insurance buyers on the basis of economic variables with respect to their perception towards life insurance services offered by the private insurance companies.
- **Ha2:** There is a significant difference in the opinion of life insurance buyers on the basis of economic variables with respect to their perception towards life insurance services offered by the private insurance companies.

Scope of the Study

The study attempts to explore the dynamics of the life insurance business after the entry of private life insurance players by analyzing significant perceptions that life insurance buyers have towards private life insurance in particular. Variables such as age, gender, occupation, income, marital status, number of dependents, qualification, location, and so forth were analyzed thoroughly in this study. The present study covers five major regions in Karnataka, that is, Bangalore, Mysore, Mangalore-Udupi, Hubli-Dharwar, and Shimoga.

Methodology

A combination of exploratory and descriptive research design was used for conducting this study. Primary data on perceptions of the insurance buyers towards private life insurance was collected through a structured questionnaire. It was administered to the targeted respondents in selected locations in Karnataka. The population

Table 1. Cronbach's Alpha Result of Reliability Analysis of Life Insurance Variables

Sl. No.	Variables	No. of Statements	Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items
1	Perception towards private life insurance	6	0.689	0.704

of the study consists of all current insurance buyers of life insurance in Karnataka. To investigate the significant perceptions of insurance buyers, respondents were selected on convenience sampling basis, which is a non-probability sampling technique ; 500 questionnaires were administered, but 394 respondents responded to the questionnaire. These variables were measured using a 5-point Likert scale with responses ranging from “*Strongly Agree*”=1, “*Agree*”=2, “*Cannot Say*”=3, “*Disagree*”=4 and “*Strongly Disagree*”= 5. For data analysis, mean and standard deviation were used for descriptive statistics. Cronbach's alpha (Table 1) was used for determining the predictive validity and reliability of the variables used in the study. The hypotheses were tested using one sample *t*-test, ANOVA, Levene's test for equality of variances, and Tukey-HSD multiple post hoc test. The data collected from the respondents were analyzed with the help of SPSS.

The study was carried out during the period from June 2008 to March 2012. This was the time when the global financial crisis casted its evil spell across sectors and countries. Private life insurers in India were tried and tested during this period as the business in the life insurance sector became extremely competitive, and the public sector giant - LIC of India - started withering the storm raised by private life insurers and started surging ahead of them.

➡ **Sampling Design :** The population of the study consists of all current insurance buyers of life insurance in Karnataka. To investigate the significant perceptions of Indian insurance buyers, respondents were selected on a convenience sampling basis, which is a non-probability sampling technique ; 500 questionnaires were administered, but 394 respondents returned the filled -in questionnaires, resulting in a response rate of nearly 80%.

The composition of the respondents included insurance buyers from LIC and from select private insurance companies drawn from five major areas in Karnataka, that is, Bangalore, Mysore, Mangalore-Udupi, Hubli-Dharwar, and Shimoga. The sample areas were selected on the basis of judgmental sampling method and the selected respondents were interviewed with the aid of a designed questionnaire. The Table 2 depicts the demographic profile of the respondents and the Table 3 depicts the economic characteristics of the sample respondents considered for the present study.

➡ **Data Collection :** The primary data on perceptions of the insurance buyers was collected by using a structured questionnaire. Full questionnaires were developed and pre-tested in a pilot study conducted before scaling for research. It was administered to the targeted respondents in selected places in Karnataka. The questionnaire was meant for Indian insurance buyers across Karnataka aimed to collect information on the various aspects of life insurance. Then the questionnaire was translated into Kannada for the benefit of those respondents who could express clearly and precisely in their mother tongue. The primary data was also collected from the managers, executives, and advisors of select life insurance companies that helped in designing a structured questionnaire. Karnataka state is taken as a representative sample of the entire country since the state's new life insurance business underwritten from the last 4 years available data more or less exactly correlates with the entire country's new life insurance business underwritten for the same period with a positive correlation coefficient of 0.947.

Analysis and Results

This part of the study attempts to understand (by using various statistical tools) the significant perceptions of life insurance buyers towards private life insurance after deregulation of the insurance sector . The Table 4 indicates that the mean score ranges from 2.7411 to 3.2081, and the standard deviation ranges from 1.06359 to 1.45815. The average standard deviation being closer to 1, it indicates that there is regularity in the views expressed by the

Table 2. Profile of the Respondents - Life Insurance Buyers

Particulars	Categories	Frequency	%
Age (in years)	18-30	150	38
	31-45	140	36
	46-60	45	11
	61 and above	59	15
Gender	Male	249	63.2
	Female	145	36.8
Qualification	Matriculation	92	23.4
	Graduation	138	35.0
	Post Graduation	110	27.9
	Others	54	13.7
Occupation	Government	96	24.4
	Business	44	11.2
	Professional	54	13.7
	Private Services	85	21.6
	Retired	52	13.2
	Student	63	16.0
Marital status	Single	120	30.5
	Married	274	69.5
No of dependents	Nil	119	30.2
	One	20	5.1
	Two	104	26.4
	Three	62	15.7
	Four and above	68	17.3
Location	Urban	160	40.6
	Semi-urban	132	33.5
	Rural	102	25.9

Table 3. Economic Characteristics of the Sample Respondents of the Study

Particulars	Categories	Frequency	%
Household Monthly Income			
(In ₹)	Less than 10,000	114	28.9
	10,000-30,000	118	29.9
	30,000-50,000	100	25.4
	50,000 and above	47	11.9
Household Monthly Savings			
(In ₹)	Less than 1000	38	9.7
	1,000-3,000	121	30.7
	3,000-5,000	102	25.9
	5,000-10,000	62	15.7
	10,000 and above	71	18.0

Table 4. Descriptive Statistics for Perception Towards Private Life Insurance

Sl. No.	Statements	N	Min	Max	Mean	Std. Deviation
1	I always prefer life insurance products of private insurance companies over products of LIC.	394	1.00	5.00	3.0330	1.06359
2	Private life insurance companies provide more care and individualized services.	394	1.00	5.00	3.1650	1.06597
3	Private life insurance companies provide better office environment and physical facilities.	394	1.00	5.00	2.9162	1.03379
4	Private life insurance companies have more expertise for product innovations in terms of transparency, liquidity, and flexibility.	394	1.00	5.00	3.1168	1.04241
5	IRDA is enacted primarily to protect policyholders' interest whether in private or in LIC.	394	1.00	5.00	2.7411	1.15815
6	Investment in LIC or in private insurance companies does not make much of a difference because of IRDA's watchful presence.	394	1.00	5.00	3.2081	1.14354
Aggregate Mean and Standard Deviation		394	1.33	5.00	3.0300	1.084

Table 5. T - Test Statistics - One-Sample Test

Test Value = 3						
	T	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Perception towards private life insurance	0.747	393	0.456	0.03003	-0.0491	0.1091

insurance buyers towards private life insurance. They mostly agreed with the statement that, "the IRDA is enacted primarily to protect policyholders' interest, both in case of private players as well as LIC" (with a least mean score of 2.7411), and with the statement that, "private life insurance companies provide better office environment and physical facilities" (with a mean score of 2.9162), but for all the other statements, they mostly disagreed, since the mean score is in excess of 3 (refer to Table 4). These results reveal that the life insurance buyers were not happy with the services as well as the product innovations offered by the life insurance players, and they also seemed to perceive that IRDA is not effective enough to make a difference between private life insurance and LIC as indicated by the mean scores of 3 and above for all these statements.

Testing of Hypotheses

➤ **Testing of the Main Hypotheses :** With respect to perceptions of life insurance buyers towards life insurance services offered by the private insurance companies, and for testing of this hypothesis, the *t* - test was used with an assumed mean of 3. The calculated *t* - value 0.747 of 'perception towards private life insurance in particular' is less than the table value 1.96, and the observed *p* - value 0.456 is more than 0.05 as shown in the Table 5. The results indicate that the main H01 is accepted and the Ha1 is rejected. This shows that the concept of private life insurance has not sunk into the psyche of life insurance buyers even after 12 years of deregulation of the Indian life insurance business.

➤ **Testing of Sub - Hypotheses :** The sub- hypotheses statements were tested on the basis of various demographic variables such as age, gender, qualification, occupation, marital status, number of dependents, location, and economic variables such as monthly income and savings to analyze the variances among these variables with respect to the statements using ANOVA and post hoc tests.

After analyzing the results of ANOVA (Table 6) and Levene's test for equality of variance (Table 7), it was observed that there is a significant difference in the opinions of life insurance buyers on the basis demographic

Table 6. ANOVA Test Statistics (Demographic Variables)

Demographics variables		Sum of Squares	Df	Mean Square	F	Sig.
Age	Between groups	1103.801	3	367.934	18.126	.000
	Within groups	7916.405	390	20.298		
	Total	9020.206	393			
Qualifications	Between groups	742.499	3	247.500	11.661	.000
	Within groups	8277.707	390	21.225		
	Total	9020.206	393			
Occupation	Between groups	1164.993	5	232.999	11.509	.000
	Within groups	7855.213	388	20.245		
	Total	9020.206	393			
Number of dependents	Between Groups	1696.875	5	339.375	17.981	.000
	Within Groups	7323.331	388	18.875		
	Total	9020.206	393			
Location	Between groups	200.617	3	66.872	2.957	.032
	Within groups	8819.589	390	22.614		
	Total	9020.206	393			

Table 7. Levene's Test for Equality of Variance (Demographic Variables)

Levene's Test for Equality of Variances				T - test for equality of Means						
		F	Sig.	F	Df	Sig. (2 tailed)	Mean Difference	Standard errordiff	95% Confidence Interval of the Difference	
										Lower Upper
Gender	Equal variances assumed	33.208	.000	2.416	392	.016	1.20180	.49742	.22386	2.17974
	Equal variances not assumed		2.713	389.874	.007	1.20180	.44303	.33078	2.07282	
Marital status	Equal variances assumed	.376	.540	.448	392	.044	-.23516	.52497	-1.26727	.79696
	Equal variances not assumed		-.480	268.314	.032	-.23516	.49009	-1.20007	.72975	

Table 8. ANOVA Test Statistics (Economic Variables)

Economic variables		Sum of Squares	Df	Mean Square	F	Sig.
Monthly income	Between Groups	1144.606	4	286.152	14.134	.000
	Within Groups	7875.599	389	20.246		
	Total	9020.206	393			
Monthly savings	Between Groups	4073.501	4	814.700	6.130	.000
	Within Groups	51570.601	388	132.914		
	Total	55644.102	393			

variables such as age, gender, marital status, number of dependents, educational qualification, occupation, and location with respect to their perception towards private life insurance since the observed p - value (0.000) is less than 0.05 with respect to all demographic variables. Thus, the decision is to reject the null hypothesis H_0 and accept the alternate hypothesis H_a .

Table 9. Age- Wise Perception Towards the Services Offered by Private Life Insurance Companies : Tukey-HSD Multiple Comparisons

(I) AGE	(J) AGE	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
18-30	31-45	3.77238*	.52945	.000	2.4063	5.1384
	46-60	1.54222	.76577	.185	-.4336	3.5180
	+61	.60023	.69236	.822	-1.1862	2.3866
31-45	18-30	-3.77238*	.52945	.000	-5.1384	-2.4063
	46-60	-2.23016*	.77205	.021	-4.2222	-.2382
	+61	-3.17215*	.69931	.000	-4.9765	-1.3678
46-60	18-30	-1.54222	.76577	.185	-3.5180	.4336
	31-45	2.23016*	.77205	.021	.2382	4.2222
	+61	-.94200	.89169	.716	-3.2427	1.3587
+61	18-30	-.60023	.69236	.822	-2.3866	1.1862
	31-45	3.17215*	.69931	.000	1.3678	4.9765
	46-60	.94200	.89169	.716	-1.3587	3.2427

*. The mean difference is significant at the 0.05 level.

After analyzing the results of ANOVA (Table 8), it was found that there is a significant difference in the opinions of life insurance buyers on the basis of economic variables such as monthly income and monthly savings with respect to their perception towards life insurance post deregulation since the observed p -value (0.000) is less than 0.05 with respect to all economic variables. Thus, the decision is to reject the null hypothesis H02 and accept the alternative hypothesis Ha2.

Findings

➤ **Overall Findings :** Contrary to the hypothesis that life insurance buyers do not differentiate between the life insurance services of private life insurance and LIC, the mean and standard deviation (Table 4) depicts a different picture. The respondents mostly agreed with the statements - "the IRDA is enacted primarily to protect policyholders' interest, both in case of private players as well as LIC" (with a least mean score of 2.7411), and with the statement that, "private life insurance companies provide better office environment and physical facilities" (mean score of 2.9162). However, for all other statements, they mostly disagreed, since the mean score is in excess of 3. These results reveal that the life insurance buyers were not happy with the services as well as the product innovations offered by the life insurance players, and they also seemed to perceive that IRDA is not effective enough to make a difference between private life insurance and LIC as indicated by the mean scores of 3 and above for all these statements.

Findings With Respect to Demographic and Economic Variables

(1) Age: After analyzing the results of ANOVA (Table 6), it was found that there is a significant difference in the opinions of life insurance buyers on the basis of the age with respect to their perception towards insurance services of private life insurance companies, since the observed p -value (0.000) is less than 0.05.

The results of Tukey-HSD multiple comparisons (Table 9) indicate that there is no significant difference between the perceptions of insurance buyers in the age group 18-30 years and 46-60 years ($0.185 > 0.05$); and the age group of 18-30 years and + 61 years ($0.822 > 0.05$); and the age group 46-60 years and +61 years ($0.716 > 0.05$), and hence, they share the same perceptions.

Table 10. Qualification -Wise Perception Towards the Services Offered by Private Life Insurance Companies : Tukey-HSD Multiple Comparisons

(I) Qualification	(J) Qualification	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
Matriculation	Graduation	.93841	.62009	.430	-.6615	2.5383
	Post graduation	2.94842*	.65089	.000	1.2690	4.6278
	Others	-1.07448	.78978	.525	-3.1122	.9633
Graduation	Matriculation	-.93841	.62009	.430	-2.5383	.6615
	Post graduation	2.01001*	.58886	.004	.4907	3.5294
	Others	-2.01288*	.73950	.034	-3.9209	-.1049
Post graduation	Matriculation	-2.94842*	.65089	.000	-4.6278	-1.2690
	Graduation	-2.01001*	.58886	.004	-3.5294	-.4907
	Others	-4.02290*	.76551	.000	-5.9980	-2.0478
Others	Matriculation	1.07448	.78978	.525	-.9633	3.1122
	Graduation	2.01288*	.73950	.034	.1049	3.9209
	Post graduation	4.02290*	.76551	.000	2.0478	5.9980

*. The mean difference is significant at the 0.05 level.

(2) Qualifications : As revealed in the ANOVA (Table 6), the observed p - value is less than the set p - value, that is, $0.000 < 0.05$. The results indicate that there is a significant difference in the perceptions held by the insurance buyers based on their qualifications like matriculation, graduation, post graduation, and others.

The Tukey HSD test results (Table 10) indicate that there is no significant difference between the perception of insurance buyers whose qualification is matriculation and others ($0.525 > 0.05$), and also graduates and matriculates share the same perceptions ($0.430 > 0.05$).

(3) Occupation : The results of ANOVA (Table 6) show that there is a significant difference in the opinions of life insurance buyers on the basis of their occupation with respect to their perception towards insurance services of private life insurance companies since the observed p -value (0.000) is less than 0.05.

The Tukey HSD test results (Table 11) indicate that there is no significant difference between the perception of insurance buyers who were employed in government service and professionals ($1.000 > 0.05$) and who were retired ($0.075 > 0.05$) ; businessmen share the same perceptions with respondents employed in private services ($0.070 > 0.05$) and with students ($0.102 > 0.05$); professionals share the same perceptions with retired persons ($0.264 > 0.05$); private sector employees share the same perception with retired persons ($0.881 > 0.05$) and with students ($1.000 > 0.05$) ; and students fall in line with retired persons ($0.905 > 0.05$).

(4) Location : The results of ANOVA (Table 6) show that there is a significant difference in the opinions of life insurance buyers with reference to their location regarding their perception towards life insurance in general since the observed p - value (0.000) is less than 0.05.

The Tukey HSD test results (Table 12) indicate that there is no significant difference between the perception of insurance buyers from urban areas and buyers from the semi-urban areas ($0.484 > 0.05$) ; insurance buyers from urban areas and buyers from the rural areas ($0.164 > 0.05$) ; and insurance buyers from semi-urban areas and buyers from the rural areas ($0.999 > 0.05$).

(5) Gender : The results from the independent samples t - test (Table 7) indicate that the observed p - value is less than the set p - value of 0.05, and therefore, it can be inferred that there is a highly significant difference between

Table 11. Occupation - Wise Perception Towards the Services Offered by Private Life Insurance Companies : Tukey-HSD Multiple Comparisons

(I) Occupation	(J) Occupation	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
Govt. Service	Business	-5.26515*	.81915	.000	-7.6112	-2.9191
	Professional	-.22222	.76538	1.000	-2.4143	1.9698
	Private service	-2.97451*	.67013	.000	-4.8938	-1.0553
	Retired	-2.10256	.77474	.075	-4.3214	.1163
	Student	-2.97619*	.72955	.001	-5.0656	-.8867
Business	Govt. service	5.26515*	.81915	.000	2.9191	7.6112
	Professional	5.04293*	.91380	.000	2.4258	7.6601
	Private service	2.29064	.83565	.070	-.1027	4.6839
	Retired	3.16259*	.92166	.009	.5229	5.8022
	Student	2.28896	.88401	.102	-.2429	4.8208
Professional	Govt. service	.22222	.76538	1.000	-1.9698	2.4143
	Business	-5.04293*	.91380	.000	-7.6601	-2.4258
	Private service	-2.75229*	.78300	.006	-4.9948	-.5097
	Retired	-1.88034	.87421	.264	-4.3841	.6234
	Student	-2.75397*	.83443	.013	-5.1438	-.3641
Private service	Govt. service	2.97451*	.67013	.000	1.0553	4.8938
	Business	-2.29064	.83565	.070	-4.6839	.1027
	Professional	2.75229*	.78300	.006	.5097	4.9948
	Retired	.87195	.79216	.881	-1.3968	3.1407
	Student	-.00168	.74802	1.000	-2.1440	2.1407
Retired	Govt. service	2.10256	.77474	.075	-.1163	4.3214
	Business	-3.16259*	.92166	.009	-5.8022	-.5229
	Professional	1.88034	.87421	.264	-.6234	4.3841
	Private service	-.87195	.79216	.881	-3.1407	1.3968
	Student	-.87363	.84302	.905	-3.2881	1.5408
Student	Govt. service	2.97619*	.72955	.001	.8867	5.0656
	Business	-2.28896	.88401	.102	-4.8208	.2429
	Professional	2.75397*	.83443	.013	.3641	5.1438
	Private service	.00168	.74802	1.000	-2.1407	2.1440
	Retired	.87363	.84302	.905	-1.5408	3.2881

*. The mean difference is significant at the 0.05 level.

the perception of men and women with respect to their perceptions towards insurance services of private life insurance companies.

(6) Marital Status : The results from independent samples t - test (Table 7) indicate that the observed p - value is less than the set p - value of 0.05, and therefore, it can be inferred that there is a highly significant difference between the perception of single and married respondents with respect to their perceptions towards life insurance services offered by private life insurance companies.

Table 12. Location - Wise Perception Towards the Services Offered by Private Life Insurance Companies : Tukey-HSD Multiple Comparisons

(I) Location	(J) Location	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
Urban	Semi-urban	1.28896	.90359	.484	-1.0424	3.6203
	Rural	1.15609	.55757	.164	-.2825	2.5947
Semi-urban	Urban	-1.28896	.90359	.484	-3.6203	1.0424
	Rural	-.13286	.97642	.999	-2.6522	2.3864
Rural	Urban	-1.15609	.55757	.164	-2.5947	.2825
	Semi-urban	.13286	.97642	.999	-2.3864	2.6522

*. The mean difference is significant at the 0.05 level.

Table 13. No of Dependents - Wise Perception Towards the Services Offered by Private Life Insurance Companies : Tukey-HSD Multiple Comparisons

(I) Number of dependents	(J) Number of dependents	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
Nil	One	-1.47227	1.04992	.726	-4.4793	1.5347
	Two	-1.61458	.58318	.065	-3.2848	.0557
	Three	2.73096*	.68047	.001	.7821	4.6798
	Four & above	2.68067*	.66044	.001	.7892	4.5722
One	Nil	1.47227	1.04992	.726	-1.5347	4.4793
	Two	-.14231	1.06076	1.000	-3.1803	2.8957
	Three	4.20323*	1.11721	.003	1.0035	7.4029
	Four & above	4.15294*	1.10512	.003	.9878	7.3180
Two	Nil	1.61458	.58318	.065	-.0557	3.2848
	One	.14231	1.06076	1.000	-2.8957	3.1803
	Three	4.34553*	.69708	.000	2.3491	6.3420
	Four & above	4.29525*	.67753	.000	2.3548	6.2357
Three	Nil	-2.73096*	.68047	.001	-4.6798	-.7821
	One	-4.20323*	1.11721	.003	-7.4029	-1.0035
	Two	-4.34553*	.69708	.000	-6.3420	-2.3491
	Four & above	-.05028	.76289	1.000	-2.2352	2.1346
Four & above	Nil	-2.68067*	.66044	.001	-4.5722	-.7892
	One	-4.15294*	1.10512	.003	-7.3180	-.9878
	Two	-4.29525*	.67753	.000	-6.2357	-2.3548
	Three	.05028	.76289	1.000	-2.1346	2.2352

*. The mean difference is significant at the 0.05 level.

(7) Number of Dependents : From the results of ANOVA (Table 6), it is found that there is a significant difference in the opinion of life insurance buyers on the basis of number of dependents with respect to their perception towards life insurance services offered by private life insurance companies since the observed p - value (0.000) is less than 0.05.

The Tukey HSD test (Table 13) results indicate that there is no significant difference between the perception of insurance buyers with nil or no dependents with insurance buyers having one dependent ($0.726 > 0.05$)

Table 14. Monthly Income - Wise Perception Towards the Services Offered by Private Life Insurance Companies : Tukey-HSD Multiple Comparisons

(I) Household monthly income (in ₹)	(J) Household monthly income (in ₹)	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
Less than 10000	10000-30000	2.79200*	.59090	.000	1.1726	4.4114
	30000-50000	1.41404	.61648	.149	-.2755	3.1036
	50000 and above	5.51829*	.77997	.000	3.3807	7.6559
10000-30000	less than 10000	-2.79200*	.59090	.000	-4.4114	-1.1726
	30000-50000	-1.37797	.61158	.163	-3.0541	.2981
	50000 and above	2.72629*	.77610	.004	.5993	4.8533
30000-50000	less than 10000	-1.41404	.61648	.149	-3.1036	.2755
	10000-30000	1.37797	.61158	.163	-.2981	3.0541
	50000 and above	4.10426*	.79575	.000	1.9234	6.2851
50000 and above	less than 10000	-5.51829*	.77997	.000	-7.6559	-3.3807
	10000-30000	-2.72629*	.77610	.004	-4.8533	-.5993
	30000-50000	-4.10426*	.79575	.000	-6.2851	-1.9234

*. The mean difference is significant at the 0.05 level.

Table 15. Monthly Savings - Wise Perception Towards the Services Offered by Private Life Insurance Companies : Tukey-HSD Multiple Comparisons

(I) Household Monthly savings (in ₹)	(J) Household Monthly savings (in ₹)	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
Less than 1000	1000-3000	6.68356*	2.07925	.018	.7285	12.6386
	3000-5000	10.28183*	2.37519	.000	3.4793	17.0844
	5000-10000	12.44236*	2.58115	.000	5.0499	19.8348
	10000 and above	9.55671*	2.31727	.001	2.9200	16.1934
1000-3000	less than 1000	-6.68356*	2.07925	.018	-12.6386	-.7285
	3000-5000	3.59828	1.72317	.296	-1.3369	8.5335
	5000-10000	5.75880*	1.99754	.047	.0378	11.4798
	10000 and above	2.87315	1.64243	.000	-1.8308	7.5771
3000-5000	less than 1000	-10.28183*	2.37519	.000	-17.0844	-3.4793
	1000-3000	-3.59828	1.72317	.296	-8.5335	1.3369
	5000-10000	2.16052	2.30399	.936	-4.4382	8.7592
	10000 and above	-.72512	2.00395	.999	-6.4645	5.0142
5000-10000	less than 1000	-12.44236*	2.58115	.000	-19.8348	-5.0499
	1000-3000	-5.75880*	1.99754	.047	-11.4798	-.0378
	3000-5000	-2.16052	2.30399	.936	-8.7592	4.4382
	10000 and above	-2.88565	2.24425	.793	-9.3132	3.5419
10000 and above	less than 1000	-9.55671*	2.31727	.001	-16.1934	-2.9200
	1000-3000	-2.87315	1.64243	.000	-7.5771	1.8308
	3000-5000	.72512	2.00395	.999	-5.0142	6.4645
	5000-10000	2.88565	2.24425	.793	-3.5419	9.3132

*. The mean difference is significant at the 0.05 level.

and also insurance buyers having two dependents ($0.065 > 0.05$); insurance buyers with one dependent and insurance buyers having two dependents ($1.000 > 0.05$); insurance buyers having three dependents with four and above dependents ($1.000 > 0.05$), and therefore, they all exhibit similar perception towards life insurance services provided by private life insurance companies.

(8) Household Monthly Income : On the basis of the results of ANOVA (Table 8), it is found that there is a significant difference in the opinions of life insurance buyers on the basis of household monthly income with respect to their perception towards life insurance services offered by private life insurance companies since the observed p -value (0.000) is less than 0.05 .

The Tukey HSD test results (Table 14) indicate that there is no significant difference between the perception of insurance buyers in the monthly income group of less than ₹ 10000 & ₹ 30000 - ₹ 50000 ($0.149 > 0.05$), group with monthly income between ₹ 10000 - ₹ 30000, and group with monthly income between ₹ 30000 - ₹ 50000 ($0.163 > 0.05$).

(9) Household Monthly Savings: As shown in the ANOVA (Table 8), the calculated p -value 0.000 is less than the observed p -value ($p < 0.05$). The results indicate that there is a significant difference in the perceptions held by the insurance buyers based on their household monthly savings.

The Tukey HSD test (Table 15) results indicate that there is no significant difference between the perception of insurance buyers in the monthly savings group of ₹ 1000 - ₹ 3000 and ₹ 3000 - ₹ 5000 ($0.296 > 0.05$); group with savings of ₹ 3000 - ₹ 5000 and ₹ 5000 - ₹ 10000 ($0.936 > 0.05$); group with savings of ₹ 10000 & above ($0.999 > 0.05$); group with savings of ₹ 5000 - ₹ 10000 and ₹ 10000 & above ($0.793 > 0.05$).

Conclusion and Suggestions

The Indian market with its 1 billion plus population presents lucrative and diverse opportunities for various industries. However, the intricacies that make up this market are not very well known to most people. For obvious reasons, it is believed that the life insurance sector will continue to develop rapidly in line with the deepening reforms of India's economic system. As a result, this prosperous sector will attract more and more private participants, both domestic and foreign, seeking opportunities to establish and promote insurance business in the market. This makes the study of the Indian insurance industry especially pertinent and appealing after private entry. Private insurance companies can expect to face not only a more positive, but also even a more complex market situation. This study has tried to elicit some important perceptual changes that have taken place since this one decade of deregulation. On the basis of the findings of this research study, the following suggestions are presented below :

(1) As per the analysis conducted in this study, the respondents in the age group of 18-30 years participated enthusiastically, and they viewed life insurance as absolutely essential for them. But at the same time, they were less informed about the intricacies of life insurance. It is now the responsibility of the Indian insurers to specifically design products and promotional campaigns to target the young insurance buyers in India so that habit of saving is inculcated at the very beginning of their productive lives.

(2) Private life insurers have been targeting only buyers with post-graduation qualification. They have not been able to convince buyers with qualification of graduation and below. Therefore, private life insurers should come out with strategies to penetrate this segment.

(3) Private life insurers so far have been able to focus on insurance buyers with fewer dependents. They need to expand their base to include buyers with more dependents and to this effect, they can think of extending group insurance schemes to large families and corporate clients.

(4) As per the results of the study, private insurers' main targets so far have been only urban life insurance buyers. There is a hugely untapped semi-urban and rural segment that has remained untouched by private life insurers. Therefore, they would be better off if they could reach out to the rural segment with specially designed insurance products.

(5) This study empirically proves that private life insurers are targeting only high net worth individuals. In order to gain the trust and confidence of large Indian life insurance buyers, they should push their products to penetrate the largely present middle class community in India.

(6) Most importantly, the main competitor of private insurers, LIC of India, is playing the trust card most effectively and is informally driving home the point that private life insurers may vanish suddenly. The fact that IRDA was enacted primarily to protect the interest of policy holders should be clearly conveyed to the largely ignorant Indian life insurance population. Private life insurers should take lead in creating this awareness.

Private life insurers have to back themselves up since their honeymoon period is over. Their business growth post recession is a serious signal in this regard. The writing on the wall is clear. It is a situation of either 'deliver or perish' for them. They have been targeting insurance buyers belonging to the 31- 45 years age group, buyers with less number of dependents, with an income group above ₹ 50,000 a month, and predominantly urban buyers. It is high time they expand their base to other target segments with concerted efforts.

Research Implications

The present study gives a significant direction with respect to the impact of deregulation of the Indian insurance segment on the changing perceptions of Indian insurance buyers towards private life insurance. Though private insurers brought in expertise in underwriting skills, product innovations, and abundant capital into the Indian insurance market, they found that their penetration is not as smooth as they originally anticipated, and they suddenly started feeling the heat. As evidenced in this study, private life insurers now have to back themselves up since their honeymoon period is over. Their business growth post the global financial crisis is a serious indication of the fact that the public sector giant, LIC of India, is giving them a serious run for their money. The writing on the wall is clear. It is a situation of either 'deliver or perish' for them.

They have been only targeting customers in some easy pockets like insurance buyers belonging to the 31-45 years age group, buyers with less number of dependents, with an income group above ₹ 50,000 a month, and predominantly urban buyers. It is high time they expand their base to other tough target segments with concerted efforts. The results of this study also point out that the IRDA has to ensure a level playing ground for all the insurers, including LIC of India, so that the largely uninformed and uninsured Indian life insurance population gets optimum combination of social security and investment through world class life insurance product offers.

Limitations of the Study

(1) The accuracy of data collected was measured by the responses of sample respondents from various parts of Karnataka. The technicalities of fast changing life insurance business in terms of product innovation and regulatory measures taken by IRDA might not have sunk into the minds of all the sample respondents while answering the structured questionnaire.

(2) The research on analysis of life insurance services was carried out based on the perceptions of the sample respondents which may, to a large extent, be influenced by subjective considerations rather than objective evidence.

(3) The present research is limited to a few areas in Karnataka with an intention that the sample would be a fair representation of the entire Indian population. Therefore, the analysis done on the basis of information provided by the sample respondents may not be entirely fool proof and generalizations drawn on the basis of the study may not be extended to the whole population.

(4) It was observed that while extracting personal financial details, by and large, the respondents were reluctant to divulge their accurate income, investments, savings details which might have hampered this study to predict accurately their insurance buying behaviour.

Scope for Further Research

The insurance industry has experienced significant changes over the past decade. However, never before have the changes been so pronounced, the pace so rapid, and the scope so broad. Insurers are in the midst of a true paradigm shift. Buyers are becoming more sophisticated about services and value, and are ever more demanding. At the same time, the industry is experiencing traditional financial pressures as well as new competition, new market entrants, and new substitutes for traditional insurance offerings. As long as developments happen in a fast changing environment, the life insurance industry is going to attract more and more academic researchers in the years to come. Further research can be conducted on the lines of analyzing the prospects of health insurance, micro insurance, various aspects of product innovations, performance evaluation of unit linked insurance products, innovative distribution channels, underwriting challenges, regulatory challenges, and on customer relationship management in the life insurance industry post deregulation.

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