Buying Behavior of Urban Consumers towards Term Insurance Plans

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Abstract: The urban consumers in the age group of 25 and above years were taken for the study population. Punjab state has been divided into 3 socio-cultural regions such as Malwa, Majha and Doaba. In proportion to number of districts in each region, 300 urban consumers from Malwa, 150 urban consumers each from Majha and Doaba region became the sample of the study. The data were collected on a specially structured pre-tested questionnaire through personal interview method. The data were analyzed by applying the statistical techniques of Analysis of Variance (ANOVA), factor analysis and regression analysis to know the buying behavior of urban consumers towards term insurance plans.

Keywords: Buying Behavior, Product, Term Insurance

Introduction

Death is certain. But we have learnt that a 'certain event' cannot be insured. Good logic. The answer is, though death is certain, the timing is uncertain. In case of pre-mature death of the bread winner in the family, the dependents shall be subjected to hardships. Adequate life insurance cover can provide the buffer against the shock of early death and relieve the financial stress during the period of adjustment. Hence, life insurance is necessary to provide financial security to the dependents in case of the *bread winner dying early.*

Life insurance is a means of independence in old age or, at least, assistance to that end. In nations where the proportion of old people to the total population is increasing, this could well be an important factor.

In the developed nations, the responsibility of supporting the aged has shifted from family to the State. As the proportion of people dependent upon the State grows, the greater will be the obligation on successive governments to provide higher old-age pension benefits with a consequent increasing burden on younger generations. India has a relatively younger population; however the problems are the same as in advanced nations. Old-age issues are increasing and increasing nuclear families or the empty nest stage means more and more old people are going to be under financial insecurities.

Unlike in other forms of savings where only the accumulations are made available, in life insurance the entire sum assured is made available to the dependants in the event of death irrespective of the number of premiums paid; the only condition being that the policy should have been kept in the force by regular payment of premium.

A life insurance policy is accepted as collateral security by banks, financial institutions and housing finance companies. A Mortgage Redemption Policy ensures the financial security of both, the borrower and the housing finance company. The plan covers the outstanding portion of the loan, and the borrower's liability is automatically extinguished on death without any hassle to the dependants.

The proceeds of the policy can be protected against the creditors through a valid assignment.

Through the purchase of immediate annuity by paying the purchase price in one lump sum, one can buy financial security for one's old age. And the same can be planned from a young age by contributing to a suitable Deferred Annuity Plan. Tax benefits are also available on the premiums paid and also on the claims proceeds according to the tax laws in force from time to time.

Life insurance is called an immediate estate because of the death of the assured, the life insurance proceeds are available to the legal heirs inspite of the fact that no estate was in existence up to the time of the death of the assured. The estate itself comes into being as a result of the death of the insured, which otherwise would not have existed to be passed on to the dependants.

Term life insurance is the original form of life insurance and can be contrasted to permanent life insurance such as whole life, universal life, and variable universal life, which guarantee coverage at fixed premiums for the lifetime of the covered individual unless the policy owner allows the policy to lapse. Term insurance is not generally used for estate planning needs or charitable giving strategies but is used for pure income replacement needs for an individual. Term insurance functions in a manner similar to most other types of insurance in that it satisfies claims against what is insured if the premiums are up to date and the contract has not expired, and does not provide for a return of premium dollars if no claims are filed. As an example, auto insurance will satisfy claims against the insured in the event of an accident and a home owner policy will satisfy claims against the home if it is damaged or destroyed by, for example, a fire. Whether or not these events will occur is uncertain. If the policy holder discontinues coverage because he has sold the insured car or home, the insurance company will not refund the premium. This is purely risk protection.

In simple words, it is the simplest and usually the cheapest type of life insurance that stays in effect for a specified period or until a certain age of the insured. It pays the face amount of the policy in case the insured dies within the coverage period (term) but pays nothing if he or she outlives it. Also, (unlike in whole life insurance) whereas it premium cost is low in younger years, it generally increases rapidly with the age of the insured. Term life insurance is used commonly as an insurance cover for a loan repayment or post-death liabilities such as estate taxes.

Keeping in view the significance of the term insurance, the present study was undertaken with the following specific objectives:

Objectives of the Study

1. To study the purchase behavior of urban consumers towards term insurance; and
2. To examine the impact of product services and product information on purchase behavior of urban consumers towards term insurance.

Review of Literature

Krirubashni, B. (1991)4 in her study attempts to know the level of awareness, preference and influencing factor pertaining to policy holdings and to test the relationship between the influencing factors and policy holdings. The study reveals that the majority of the respondents aware of the endowment assurance policy and considered to rank it

as number one. The study also revealed that there was a significant relationship between personal factors and policy holdings.

Arunajatesan (2002)17 in his study attempts to find the reason for poor penetration of insurance and influencing factors like awareness of Life Insurance Products, preferred mode of saving, insurable population, reasons for buying etc. The findings of the study were that 70% of the population is aware of insurance through Television, Newspapers and agents and among them only 24% are insured. Regarding the knowledge of schemes, less than 15% are known and reasons for buying insurance is only for tax planning and risk cover only.

Rudra Saibaba (2002)21 has conducted an enquiry on "Perception and attitude of Women towards Life Insurance Policies". According to him, 75% of women perceived that life insurance plans provided coverage against future risk, 58% of women felt that insurance provided accidental coverage, nearly 41% of women considered insurance beneficial for availing housing loans, 70% of the respondents are satisfied with the services offered by the corporation. 58.75% of the women knew about the different types of polices available with the corporation. 41% of the respondents have not taken any new polices.

Raman, N. and Gayathri, C. (2004)25 have observed the customers awareness towards new insurance companies. They found that 53% of the respondents belong to the age group below 30, 24% to the age group 31-40, 2% belong to the group of 41-50 and the rest of the respondents belong to the group of 'above 50'. They also observed that a large percentage of the insured respondents (32%) are professional, and 56% of the respondents are married. It is also found that 52% of the respondents have taken a policy to cover risk and 44% of them to avoid tax and the remaining to invest their surplus amount.

Namasivayam, Ganesan, S. and Rajendran, S. (2006)29 examined the socioeconomic factors that are responsible for purchase of life insurance policies and the preference of the policyholders towards various types of policies of Company. From the analysis, it was found that factors such as age, educational level and sex of the policyholders are insignificant, but income level, occupation and family size are significant factors for the purchase of LIC products.

A study conducted by Bodla, B.S. and Sushma Rani Verma (2007)31 article "Life Insurance Policies in Rural Area and Understanding Buyer Behaviour", ICFAI University revealed that insurance sector plays a very important role in the development of any economy and it provides long-term funds for infrastructure development and at the same time strengthens the risk taking ability.

A study conducted by Keerthi, P. and Vijayalakshmi, R. (2009)32 "A Study on the Expectations and Perceptions of the Services in Private Life Insurance Companies" reveals that the policyholders' expectations are well met in the case of certain factors reacting to service quality. But in the case of other variables, there exists a significant gap which means that policyholders have experienced low levels of service as against their expectations. If all the players in the Life insurance industry focus on the effective delivery of services, they can win the hearts of customers and anticipate their increased market share.

Praveen Sanu, Gaurav Jaiswal and Vijay Kumar Panday (2009)34 in their article, "A Study of Buying Behaviour of Consumers towards Life Insurance Company", Prestige institute of Management and Research, Gwalior, revealed that in present Indian market, the investment habits of Indian consumers are changing very frequently. The individuals have their own perception towards various types of investment plans.

Research Methodology

The urban consumers in the age group of 25 and above years were taken for the study population. Punjab state has been divided into 3 socio-cultural regions such as Malwa, Majha and Doaba. In proportion to number of districts in each region, 300 urban consumers from Malwa, 150 urban consumers each from Majha and Doaba region became the sample of the study. The data were collected on a specially structured pre-tested questionnaire through personal interview method. The data were analyzed by applying the statistical techniques of Analysis of Variance (ANOVA), factor analysis and regression analysis.

Results and Discussion

The results obtained by analyzing the data have been discussed in this section.

Companies from where first term plan was purchased

A perusal of Table 1 showed the distribution of respondents according to the companies from where first term plan was purchased. In Malwa region, the highest proportion i.e. 31.00 percent purchased first term plan from LIC, followed by 11.00 percent bought from Max life and the same proportion of respondents purchased first term plan from Religare life, 9.00 percent from HDFC life and 8.00 percent from ICICI Prudential and a same proportion of respondents purchased the first term plan from SBI Life. The lowest proportion i.e. 1.00 percent respondents bought first term plan from Kotak life, and a same proportion of respondents also bought first term plan from PNB Met Life and TATA AIG, followed by 2.00 percent from Excide Life, 3.00 percent from reliance life insurance, 4.00 percent from Aditya Birla Life Insurance and same proportion of respondents purchased first term plan from Bajaj Allianz. No respondents in Malwa region bought first term plan from Edelweiss and Future Generali life insurance.

In Majha region, the highest proportion i.e. 20.00 percent purchased first term plan from LIC, followed by 17.33 percent bought from Max life, 14.00 percent from SBI Life, 12.00 percent from HDFC Life and 8.00 percent from Religare Life insurance. The lowest proportion i.e. 0.67 percent bought the first term plan from Kotak Life and a same proportion of respondents bought this from Edleweiss life, followed by 2.67 percent from both Birla sun life and PNB Met Life insurance, 4.00 percent from Aditya Birla Life, 4.67 percent from ICICI prudential and 5.33 percent from reliance life insurance. No respondents in Majha region bought first term plan from Bajaj Allianz, Furute Generali Life and TATA AIG Life insurance.

Table 1: Distribution of respondents according to the companies from where first term plan was purchased

Companies	Malwa		Majha		Doaba		Z-value		
	No.	%age	No.	%age	No.	%age	Ml vs MJ	ML vs D	MJ vs D
Aditya Birla LI	12	4.00	6	4.00	0	0.00	0.00	2.48*	2.48*
Bajaj Allianze	12	4.00	0	0.00	0	0.00	2.48*	2.48*	NA
Birla Life	18	6.00	4	2.67	2	1.33	1.55	2.26*	0.82
Edelweiss Life	0	0.00	1	0.67	0	0.00	1.42	NA	1.00
Excide Life	6	2.00	12	8.00	3	2.00	3.06**	0.00	2.38*

Future Generali	0	0.00	0	0.00	4	2.67	NA	2.84**	2.01*
HDFC Life	27	9.00	18	12.00	13	8.67	1.00	0.12	0.95
ICICI Prudential	24	8.00	7	4.67	18	12.00	1.32	1.38	2.30*
Kotak Life	3	1.00	1	0.67	2	1.33	0.36	0.32	0.58
LIC of India	93	31.00	30	20.00	43	28.67	2.47*	0.51	1.75
Max Life	33	11.00	26	17.33	19	12.67	1.88	0.52	1.13
PNB Met Life	3	1.00	4	2.67	13	8.67	1.35	4.14**	2.25*
Reliance Life	9	3.00	8	5.33	6	4.00	1.22	0.56	0.55
Religare Life	33	11.00	12	8.00	14	9.33	1.00	0.54	0.41
SBI Life	24	8.00	21	14.00	13	8.67	2.00*	0.24	1.46
Tata AIG	3	1.00	0	0.00	0	0.00	1.23	1.23	NA

In Doaba region, the highest proportion i.e. 28.67 percent respondents purchased first term plan from LIC of India, followed by 12.67 percent bought from Max life, 12.00 percent from ICICI prudential, 9.33 percent from Religare Life Insurance and 8.67 percent purchased from HDFC Life, PNB Met Life and SBI Life Insurance. The lowest proportion i.e. 1.33 percent purchased from Birla life Insurance and a same proportion of respondents from Future Generali, 4.00 percent from Reliance Life insurance. No respondents in Doaba region bought first term plan from Aditya Birla Life insurance, Bajaj Allianz, Edleweiss Life Insurance and TATA AIG Life insurance.

The analysis further revealed that, while comparing Malwa and Majha regions it was found that both the regions differ significantly on purchasing first term plan from Bajaj Alianz, Excide Life, Lic if India and SBI Life. Significantly higher proportion of respondents in Malwa region as compared to Majha region, bought their first term plan from Bajaj Allianz and LIC of India as shown by the Z-value of 2.48 and 2.47 respectively, whereas significantly higher proportion of respondents in Majha region bought their first term plan from Excide Life and SBI Life insurance. On all the other options the respondents in both the regions were statistically at par.

On the other hand significantly higher proportion of respondents in Malwa region bought their first term plan from Aditya Birla Life Insurance and Bajaj Allianz Life Insurance. The fact was also confirmed by the Z-values of 2.48 and 2.48 respectively, while a significantly higher proportion of respondents in Doaba region purchased their first term from Future Generalii and PNB Met Life insurance as shown by the Z-value of 2.84 and 4.14 respectively. There was no significant difference in respondent of Malwa and Doaba regions on all the other options of buying term insurance.

Among respondents of Majha and Doaba region, significantly higher proportion of respondents in Majha region bought first term insurance plan from Aditya Birla Life Insurance and Excide Life Insurance. This was also confirmed by the Z-value of 2.48 and 2.38 respectively, while a significantly higher proportion of respondent in Doaba region purchased first term insurance plan from Future Generalii, ICICI Pridential and PNB Met Life as confirmed by the Z-value of 2.01, 2.30 and 2.25 respectively. Respondents in both these regions were statistically at par on all the other options.

Tenure of First policy

Information given in Table 2 showed the distribution of respondent according to the tenure of their first policy. In Malwa region the highest proportion i.e.67.00 percent respondents bought term plan for tenure of more than 20 years followed by 32 percent for 11-20 years tenure and 1.00 percent 5-10 years of tenure.

In Majha region, the highest proportion i.e. 66.00 percent respondents purchased term plan for a tenure of above 20 years, followed by 33.33 percent for 11-20 years and 0.67 percent for 5-10 years tenure.

Table 2: Distribution of respondents according to the tenure of the first policy

Tenure	Malwa		Majha		Doaba	
	No.	%age	No.	%age	No.	%age
5-10 years	3	1.00	1	0.67	0	0.00
11-20 years	96	32.00	50	33.33	69	46.00
>20 years	201	67.00	99	66.00	81	54.00
chi-square			10.80**			

In Doaba region, highest proportion i.e. 54.00 percent respondents purchased term insurance plan for a tenure of above 20 years followed by 46.00 percent for 11-20 years and no respondents in this region bought term insurance plan for 5-10 years of tenure.

The analysis revealed that significantly higher proportion of respondents in Majha region bought term insurance plan for above 20 years tenure, as compared to Malwa and Doaba regin. The fact was also confirmed by the chi-square value of 10.80.

Periodicity of First Term Plan

As per the information given in Table 3 among the respondent of Malwa region, the periodicity of first term plan for the highest proportion i.e. 54.00 percent respondents was half yearly, followed by 20.00 percent quarterly, 18.00 percent yearly and 8.00 percent one time (paid one time premium), no respondent in Malwa region paid monthly premium.

Table 3: Distribution of respondents according to the periodicity of first term plan

Periodicity of Premium	Malwa		Majha		Doaba	
	No.	%age	No.	%age	No.	%age
Monthly	0	0.00	0	0.00	0	0.00
Quarterly	60	20.00	65	43.33	46	30.67
Half Yearly	162	54.00	73	48.67	66	44.00
Yearly	54	18.00	11	7.33	33	22.00
One Time	24	8.00	1	0.67	5	3.33

Mean	2.86		3.35		3.02	
SD	0.83		0.64		0.81	
Overall Periodicity	Half Yearly		Half Yearly		Half Yearly	
F-ratio			17.19**			

In Majha region, the highest proportion i.e. 48.67 percent respondents paid half yearly premium, followed by 43.33 percent quarterly, 7.33 percent yearly, 0.67 percent paid one time premium. No respondent in Majha region paid monthly premium.

In Doaba region, the highest proportion i.e. 44.00 percent respondents paid half yearly premium, followed by 30.67 percent quarterly, 22.00 percent yearly and 3.33 percent paid one time premium. No respondent in Doaba region also paid monthly premium.

Overall periodicity came to be half-yearly in all the three regions i.e. Malwa, Majha and Doaba), but significantly higher proportion of respondents in Malwa region paid half yearly premium. The finding was also confirmed by the F-ratio of 17.19.

Sum Assured in First Term plan

A perusal of Table 4 showed that in Malwa region, majority i.e. 47.00 percent respondent got assured a sum of Rs. 26-50 lac in their first term plan, followed by 44.00 percent Rs. 11-25 lac, and 9.00 percent Rs. 51-100 lac. No respondent in Malwa region got assured a sum of Rs. Up to 10 lac and greater than 100 lac in first term plan.

In Majha region, highest proportion i.e. 49.33 percent respondent got assured a sum of Rs. 26-50 lac in their first term plan, followed by 25.33 percent Rs. 51-100 lac, 19.33 percent Rs. 11-25 lac and 6.00 percent more than 100 lac. No respondent in Majha region got assured a sum of Rs. Up to Rs. 10 lac in their first term plan.

Table 4: Distribution of respondents according to the sum assured in first term plan

Sum Assured (Rs.)	Malwa		Majha		Doaba	
	No.	%age	No.	%age	No.	%age
Up to 10 lac	0	0.00	0	0.00	0	0.00
11-25 lac	132	44.00	29	19.33	67	44.67
26-50 lac	141	47.00	74	49.33	54	36.00
51-100 lac	27	9.00	38	25.33	29	19.33
>100 lac	0	0.00	9	6.00	0	0.00
Mean	2.65		3.18		2.75	
SD	0.64		0.81		0.76	
Overall Sum Assured	26-50		26-50		26-50	
F-ratio			24.16**			

In Doaba region, highest proportion i.e. 44.67 percent respondent got assured a sum of Rs. 11-25 lac in their first term plan, followed by 36.00 percent Rs. 26-50 lac, 19.33 percent Rs. 51-100 lac. No respondent in Doaba region got assured a sum of Rs. Up to Rs. 10 lac and more than Rs. 100 lac.

The mean score came to be 2.65 (Rs. 26-50) in Malwa region, 3.18 (Rs. 26-50) in Majha region and 2.75 (Rs. 26-50) in Doaba region. The analysis revealed that significantly higher number of respondents in Majha region got assured a sum of Rs. 26-50 lac in their first term plan. This was also confirmed by the f-ratio of 24.16.

Primary Objective of First Term Plan

Analysis given in Table 5 showed the distribution of respondent according to the primary objective of first term plan. In Malwa region, the primary objective of taking first term plan of the majority i.e. 28.67 percent respondents was tax saving, followed by 23.33 percent old age security, 14.67 percent investment and 13.00 percent life risk coverage. The lowest proportion i.e.4.00 percent respondents opted term insurance plan with objective of marriage (financial help in marriage), followed by 4.33 percent child's future and 6.00 percent both for saving and education.

In Majha region, the primary objective of taking first term plan of the majority i.e. 28.00 percent respondents was tax saving, followed by 23.33 percent old age security, 14.00 percent investment and 13.33 percent life risk coverage. The main objective of lowest proportion i.e.4.00 percent respondents was child's future, followed by 4.67 percent marriage, 5.33 percent education and 7.33 percent savings.

Table 5: Distribution of respondents according to the primary objective of Ist term plan

Primary Objective	Malwa		Majha		Doaba		Z-value		
	No.	%age	No.	%age	No.	%age	Ml vs MJ	ML vs D	MJ vs D
Life Risk Coverage	39	13.00	20	13.33	21	14.00	0.10	0.29	0.17
Investment	44	14.67	21	14.00	23	15.33	0.19	0.19	0.33
Savings	18	6.00	11	7.33	14	9.33	0.54	1.30	0.63
Children's Future	13	4.33	6	4.00	4	2.67	0.17	0.87	0.64
Tax Saving	86	28.67	42	28.00	38	25.33	0.15	0.75	0.52
Education	18	6.00	8	5.33	11	7.33	0.29	0.54	0.71
Marriage	12	4.00	7	4.67	8	5.33	0.33	0.65	0.26
Old Age Security	70	23.33	35	23.33	31	20.67	0.00	0.64	0.56

In Doaba region, the primary objective of taking first term plan of the majority i.e. 25.33 percent respondents was tax saving, followed by 20.67 percent old age security, 15.33 percent investment and 14.00 percent life risk coverage. The main objective of lowest proportion i.e.2.67 percent respondents was child's future, followed by 5.33 percent marriage, 7.33 percent education and 9.33 percent savings.

There was no significant difference among the respondents of Malwa and Majha region on primary objective of taking first term plan. This was also confirmed by the respective z-values.

Similarly the respondents of Malwa and Doaba region was statistically at par on the objective of taking first term insurance plan as confirmed by the respective Z-values.

Among the respondents of Majha and Doaba region also the respondents of both the regions were statistically at par on primary objective of taking first term plan.

Effect of different factors on buying behavior towards term insurance plans

Information given in Table 6 showed the extent of effect on the statements related to various parameters of buying behavior towards term insurance plans in Malwa, Majha and Doaba regions. The customers were asked to register their level of agreement on different statements. They responded in terms of 'very high', 'high', 'moderate' 'low' and 'very low'. These attributes were assigned weights in the respective order of 5, 4, 3, 2 and 1. The weighted mean scores for each statement/aspect were calculated and compared with the help of F-ratio between Malwa, Majha and Doaba respondents. The results so obtained have been discussed on the following pages:

The analysis given in Table 6 showed that among customers of Malwa region , the extent of effect was highest of the order of 4.98 (very high) on need for life risk coverage, followed by 4.84 (very high) on cost of risk coverage ratio (amount of premium against sum assured), 4.79 (very high) on tax saving, 4.76 (very high) on sum assured, 4.71 (very high) on claim settlement ratio, 4.69 (very high) on reputation of company, 4.63 (very high) on options for riders/additional benefits and 4.59 (very high) on tenure of the policy. The extent of effect was lowest of the order of 2.75 (moderate) on family/friends/relatives, followed by 2.83 (moderate) on colleagues, 3.28 (moderate) on agent motivation, 3.30 (moderate) on advertisement, 4.35 (high) on ease of procedures, 4.37 (high) on mode of premium payment and 4.45 (high) on rate of return (if any).

Table 6: Extent of effect of different factors on buying behavior towards term insurance plans

Factors	Malwa			Majha			Doaba			F-ratio
	Mean	SD	Overall	Mean	SD	Overall	Mean	SD	Overall	
Need for life risk coverage	4.98	0.14	VH	4.97	0.16	VH	4.99	0.12	VH	0.34
Tax savings	4.79	0.48	VH	4.89	0.33	VH	4.79	0.47	VH	2.88*
Advertisement	3.30	1.09	M	3.79	0.88	H	3.49	1.15	M	9.21**
Agent motivation	3.28	1.07	M	3.02	1.14	M	2.96	1.26	M	3.92*
Colleagues	2.83	0.87	M	2.98	0.83	M	2.63	1.07	M	5.47**
Family/friends/relatives	2.75	0.79	M	2.94	0.81	M	2.75	1.08	M	2.33
Reputation of company	4.69	0.58	VH	4.44	0.69	H	4.74	0.48	VH	11.45**
Cost of risk coverage ratio (amount of premium against sum assured)	4.84	0.42	VH	4.61	0.57	VH	4.78	0.43	VH	10.88**
Claim settlement ratio	4.71	0.54	VH	4.78	0.49	VH	4.78	0.42	VH	1.23
Options for riders/additional benefits	4.63	0.54	VH	4.13	0.73	H	4.55	0.57	VH	30.15**
Mode of premium payment	4.37	0.70	H	3.51	1.16	H	4.43	0.75	H	53.88**

Tenure of the policy	4.59	0.51	VH	3.93	0.99	H	4.57	0.66	VH	42.19**
Rate of return (if any)	4.45	0.65	H	3.16	1.14	M	4.07	1.01	H	75.16**
Ease of procedure	4.35	0.83	H	4.07	1.17	H	4.59	0.64	VH	11.88**
Others (please specify)	4.76	0.49	VH	4.78	0.57	VH	4.92	0.30	VH	5.63**
Total	62.38	5.83	H	59.77	5.68	H	62.15	4.79	H	11.09**

Among customers of Majha region, the extent of effect was highest of the order of 4.97 (very high) on need for life risk coverage, followed by 4.89 (very high) on tax saving, 4.78 (very high) on both claim settlement ratio and sum assured, 4.61 (very high) on cost of risk coverage ratio (amount of premium against sum assured), 4.44 (high) on reputation of company, 4.13 (high) on options for riders/additional benefits and 4.07 (high) on ease of procedure. The extent of effect was lowest of the order of 2.94 (moderate) on family/friends/relatives, followed by 2.98 (moderate) on colleagues, 3.02 (moderate) on agent motivation, 3.16 (moderate) on rate of return (if any), 3.51 (high) on mode of premium payment and 3.79 (high) on advertisement, 3.93 (high) on tenure of the policy.

Among customers of Doaba region, the extent of effect was highest of the order of 4.99 (very high) on need for life risk coverage, followed by 4.932 (very high) on sum assured 4.79 (very high) on tax saving, 4.78 (very high) on both cost of risk coverage ratio (amount of premium against sum assured) and claim settlement ratio, 4.74 (very high) on reputation of the company, 4.59 (very high) on ease of procedures and 4.57 (very high) on tenure of the policy. The extent of effect was lowest of the order of 2.63 (moderate) on colleagues, followed by 2.75 (moderate) on family/friends/relatives, 2.96 (moderate) on agent motivation, 3.49 (moderate) on advertisement, 4.07 (high) on rate of return (if any), 4.43 (high) on mode of premium payment and 4.55 (very high) on options for riders/additional benefits.

Extent of effect was significantly higher among respondents of Malwa region on 'agent motivation', 'cost of risk coverage ratio (amount of premium against sum assured)', 'option for riders/additional benefits', 'tenure of the policy', 'rate of return (if any)'. This was also confirmed by the F-ratio of 3.92, 10.88, 30.15, 42.19 and 75.16 respectively. The extent of effect was significantly higher in Majha region on 'tax savings', 'advertisement', colleagues' and 'sum assured' as compared by the f-ratio of 2.88, 9.21, 5.47 and 5.63 respectively. In Doaba region the extent of agreement was significantly higher on 'reputation of company', 'mode of premium payment' and 'ease of procedures. On all the other dimensions respondents in all the regions were statistically at par as revealed by the respective F-ratios.

Factors of product services

As much as 3 factors were identified through factor analysis with a total variance of 64.40 percent. The naming of these factors is given in Table 7.

Table 7: Naming of the factors

Factor No.	Factor Name
F-1	Benefits and settlement
F-2	Documentary processes

F-3	Policy surrender and transfer

The most important dimension was found to be benefits and settlement. This dimension was followed by the documentary process and after that policy surrender and transfer was the important factor in the product services mechanism.

Factors of product information

As much as 3 factors were identified through factor analysis with a total variance of 72.38 percent. The naming of these factors is given in Table 8.

Table 8: Naming of the factors

Factor No.	Factor Name
F-1	Information about plans, terms and riders
F-2	Information about documents, tenure, premium and penal
F-3	Information about loan and policy revival

The most important dimension was found to be information about plans, terms and riders. This dimension was followed by the information about documents, tenure, premium and penal and after that information about loans and policy revival was the important factor in the product services mechanism.

Impact Product Service and Product Information on Consumer Purchase Behaviour towards Term Insurance

The impact of product service and product information on consumer purchase behavior was evaluated through the application of multiple step regression model. Consumer purchase behavior was taken as a dependent variable and factors of product service and product information as independent variables. The results of regression analysis have been presented in Table 9.

Table 9: Impact of factors of product service and product information on consumer purchase behaviour towards term insurance

Factor	1st run model		Final run model	
	B	t-value	B	t-value
Constant	51.048		48.230	
PSF-1	0.874	4.92**	0.687	4.58**
PSF-2	-0.387	1.92		
PSF-3	0.831	2.88**	0.746	2.61**
PIF-1	0.534	4.08**	0.523	4.04**
PIF-2	-0.924	5.68**	-0.996	6.20**
PIF-3	-0.272	1.10		
R-square	0.149		0.138	
F-ratio	14.42**		19.74**	

In the first run model the magnitude of R-square came to be 0.149 and 4 of 6 factors were significant. In the final run model, the magnitude of R-square declined to 0.138, indicating that the contribution of 2 non-significant factors was 1.1 percent. The final run model brought that the 4 significant factors explained as much as 13.8 percent of the variation in the consumer purchase behavior towards term insurance.

The regression coefficients of product service factor-1 i.e. benefits and settlement (0.687), product service factor-3 i.e. policy surrender and transfer (0.746), product information factor-1 i.e. information about plans, terms and riders (0.523) were found to be significantly positive. This indicated that an increase in benefits & settlements, policy surrender & transfer and information about plans, terms and riders would lead to an increase in the purchase behavior of customers towards term insurance. On the other hand, the regression coefficient of product information factor-2 i.e. information about documents, tenure, premium and penal was significantly negative (-0.996). This revealed that an increase in such information would lead to a decline in the consumer purchase behavior towards term insurance.

Conclusions and Recommendations

LIC of India emerged as the most popular in Malwa, Majha and Doaba region for purchasing first term plan. The most common tenure for first term insurance plan came to be above 20 years. Half-yearly periodicity emerged as the most common periodicity for first term insurance plan. The most common sum assured for the first term insurance plan came to be Rs. 26-50 lac.Tax saving and old age security emerged as the most common objectives of the first term insurance plan. Need for life risk coverage, tax savings, reputation of company, cost of risk coverage ratio, claim settlement ratio, options for riders/additional benefits and tenure of the policy exerted very high effect on consumer buying behavior towards term insurance plans.

The regression analysis indicated that an increase in benefits & settlements, policy surrender & transfer and information about plans, terms and riders would lead to an increase in the purchase behavior of customers towards term insurance. On the other hand, an increase in such information would lead to a decline in the consumer purchase behavior towards term insurance.

Therefore, it is highly recommended that different term insurance companies should frame their plans keeping in view the benefits & settlements, policy surrender & transfer and information about plans, terms and riders. This will attract the consumers to buy term insurance policies.

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