INVESTORS PERCEPTION TOWARDS INSURANCE INVESTMENT: AN EMPERICAL STUDY

Dr. R. Sritharan
Assistant Professor,
Department of Business Administration,
Annamalai university, Annamalai Nagar.

ABSTRACT

In philosophy, psychology and cognitive science, perception is the process of attaining awareness or understanding of sensory information. It can be defined as our recognition and interpretation of sensory information. Perception also includes how we respond to the information. We can think of perception as a process where we take in sensory information from our environment and use that information in order to interact with our environment. Perception allows us to take the sensory information in and make it into something meaningful. The main aim of the research work is to identify the investors perception towards insurance and to find out the level of importance for various parameters for selecting the insurance scheme. 100 respondents were opines their views through structured questionnaire. The result suggests that age of the person influences the investor perception toward insurance.

Keywords: investment, investors perception, risks

INTRODUCTION

In philosophy, psychology and cognitive science, perception is the process of attaining awareness or understanding of sensory information. The word “perception” comes from the latin words perception, percipio, ad means “receiving, collecting, action of taking possession, apprehension with the mind or senses.

The process by which people translate sensory impressions into a coherent and unified view of the world around them. No two people in the same situation will perceive it in exactly the same way. The process of perception is an important activity in life of an individual. Our environment, including the business environment, is littered with numerous stimuli trying to attract our attention. The quality of our perception depends on the way we organize, process and interpret the stimuli or information reaching our senses (Jothilingam and Kannan, 2012).

It can be defined as our recognition and interpretation of sensory information. Perception also includes how we respond to the information. We can think of perception as a process where we take in sensory information from our environment and use that information in order to interact with our environment. Perception allows us to take the sensory information in and make it into something meaningful.

Perception is also necessary for us to survive in our environment. For example, before parents feed their babies micro waved food, they taste it in order to make sure that the temperature isn't too hot. This involves using sensory information (touch and taste) to make sure that the food is not dangerous for the infant (Harikanth and pragathi, 2006).

INVESTOR PERCEPTION

In this modern era, money plays an important role in one’s life. In order to overcome the problems in future they have to invest their money. Investment of hard earned money is a crucial activity of every human being. Investment is the commitment of funds which have been saved from current consumption with the hope that some benefits will be received in future. Thus, it is a reward for waiting for money. Savings of the people are invested in assets depending on their risk and return demands, Safety of money, Liquidity, the available avenues for investment, various financial institutions, etc.

An investor is any person who commits capital with the expectation of future financial returns. Investors utilize investments in order to grow their money and/or provide an income during retirement, such as with an annuity. A wide variety of investment vehicles exist including (but not limited to) stocks, bonds, commodities, mutual funds, exchange-traded funds (ETFs), options, futures, foreign exchange, gold, silver, insurance and real estate. Investors typically perform technical and/or fundamental analysis to determine favorable investment opportunities, and generally prefer to minimize risk while maximizing returns. **Investor's perception refers to the choosing, purchasing and consumption of goods and services for the satisfaction of their wants.** Investor's can be classified into three categories:

- Risk Averters
- Risk Moderates
- Risk Takers

Risk Averters:

As the term indicates risk averter do not invest in risk assets.These investors prefer to invest in Government securities,Life insurance policies and Unit Trust Certificates.

Risk moderates:

Risk moderates (Risk Neutrals) are willing to pay for making an investment provided they get return of an equal value. They invest in common stocks and life policies.

Risk Takers:

Risk takers chief aim is getting higher return for their investments.They believe in high return for a greater risk.They prefer to invest in common bonds,convertible securities.

INSURANCE

Insurance is a contract to pay compensation in certain eventualities(eg.,death,fire,theft,motor accident)in return for a premium.The main principle underlying insurance is the **Pooling o f Risks.**

The main term in insurance is

- **Insurer:**

  A person or company that insures someone or something.
- **Insured:**

  The person, group or organization whose life or property is covered by an insurance policy.

Premium: Premium is an amount paid periodically to the insurer by the insured for covering his risk. In an insurance contract, the risk is transferred from the insured to the insurer. For taking this risk, the insurer charges an amount called the premium. The premium is a function of a number of variables like age, type of employment, medical conditions, etc. The actuaries are entrusted with the responsibility of ascertaining the correct premium of an insured. The premium paying frequency can be different. It can be paid in monthly, quarterly, semiannually, annually or in a single premium.

Types of insurance:

OBJECTIVE

- To identify the investors perception towards insurance
- To find out the level of importance for various parameters for selecting the insurance scheme

REVIEW OF LITERATURE:

Geetha and Ramesh (2011) studied the factor that influence investment behavior of the people and to study the attitude of the respondents towards different investment choices they done a research on "people's preferences in investment behavior" and examined the people's choice in investment avenues of kurumbalur. Data were collected using structured questionnaires. The sample size of area is analyzed by tools selected for this study was two hundred and ten respondents were randomly selected from the town. Data were analyzed using descriptive statistics and chi-square technique. The finding of the study is comparing to higher income levels respondents and lower income levels respondents; lower income levels respondents given more preference to invest in insurance, bank deposits, PPF, NSC and some others invest in other investment avenues. Lower income levels respondents have more awarded about investment avenues compare to high income level respondents. It implies that the lower income level groups are preferred to take more safety in investment rather than higher income level.

Sabat and Suman(2012) makes an attempts to analyze the investment pattern, saving objective and preferences of individual investor's for various investment options available in India. The study used a structured questionnaire with 200 potential investors as respondents from the state of Orissa (India) were asked for their reactions to some specific situations using parametric and non-parametric statistical methods. The result shows that, objective to saving is significantly influenced by demographic factors such as age, occupation and the income level of investors. The study exhibits the saving habit of retail investors across the different income levels. Savings is a habit specially embodied into women. It was found that female investors tend to save more in a disciplined way than the male investors. It was observed that women are risk averse indeed but save more than the male counterparts as the income level rises.

In 2013 Taqadus et al., to analyze the risk level of salaried individuals according to their income, education and age, to analyze risk differential between salaried males and females to identify the preferences of salaried individuals in stocks and gambling they done a research. Their aim to analyze the relationship of demographic variables with the investment preferences consisting of stock investment and gambling decisions of salaried individuals of finance teachers and bankers of Gujrat and Sialkot .The questionnaires were distributed to analyze the significant differences in risk level and investment preferences by taking a sample of 120 individuals. Findings of this research indicated that females are more risk averse than males whereas young and educated people are attracted more towards new risky investment opportunities and want to invest their money but they are reluctant because of limited resources and lack of investment opportunities and absence of investment trends.

Sangeeta and Kanika(2014) attempted to analyze investment pattern of individual stock investors of Punjab. An in-depth analysis is carried out to find out whether demographic variables, that is, age, gender and income, exert a significant impact on the choice of various investment avenues. A pre-tested, well-structured questionnaire was administered personally to 250 individual stock investors in Punjab and their responses were sought for further analysis. The responses have been analyzed in terms of frequencies, percentages and weighted average scores and factor analytic techniques. Bank fixed deposits have been found as first preference followed by gold as the second preference and then stocks as the third preference. The results of the factor analysis revealed four factors, that is, projected benefits, personal financial need, taxation benefits and security needs. Internet, Investment advisors and family-member recommendations are their most preferred sources of information. Large numbers of investors have been found monitoring their investments monthly.

Research methodology: Descriptive research design is used in this study. It includes surveys and fact-finding enquiries of different kinds. The major purpose of descriptive research is description of the state of affairs as it exists at present. Primary and secondary data were collected to compile this study. The data is collected around Chidambaram town area among 100 respondents.

ANALYSIS AND INTERPRETATION

Table 1: Investor perception toward insurance

Perception	n	**Mean**	**Std. Deviation**
Good investment	100	4.44	0.857
Better investment	100	4.04	0.777
Assurance	100	4.08	0.692
Low risk	100	3.56	1.247
Less knowledge	100	4.08	0.692
Simple investment	100	4.28	0.604

INTERPRETATION:

The above table 1 show that ranks for the investors perception toward insurance .From that table we can say investor mostly prefer insurance because they consider it is a good investment, it has ranking of 4.44. Secondly they prefer insurance because it is simple investment to invest compared to the other investment (4.28). Thirdly they prefer it because it gives assurance (4.08) and also it require less knowledge to invest (4.08). After that they prefer it because it is better investment compared to others (4.04). And finally their perception is investment in insurance has low risk (3.56).

Table-2: Level of importance

Perception	n	**Mean**	**Std. Deviation**
Premium	100	4.52	0.703
Charges	100	3.88	1.217
Policy terms	100	4.18	0.725
Bonus	100	3.87	1.218
Benefits	100	4.67	0.467
Services	100	4.44	0.808
Company image	100	4.40	1.064

INTERPRETATION:

The above table 2 shows that the level of importance for selecting the insurance scheme by individual person considering various parameters such as premium, charges, policy terms, bonus, benefits, services, company image .Among seven parameters their first importance given to the benefits they are getting from the insurance schemes with the ranking of 4.68. And secondly they give importance to premium for their schemes with the ranking of 4.52.Thirdly they give importance to services provided by the insurance company (4.44) and after that they consider importance as company image(4.40) and policy terms and conditions(4.28). And finally they give least importance to the bonus and charges(3.88).

Table- 3: T-test for gender of the respondents and investor perception

Gender	N	Mean	T	P
Male	68	4.04	-1.144	0. 062
Female	32	4.17	-1.252	

INTERPRETATION:

H0: Gender of the person influence investors' perception
H1: Gender of the person does not influence investors' perception

The above table 3 shows that the independent sample t test was conducted to identify influence of gender of the person on investors' perception. It consists of two groups male and female. The significant value p=0.62 so, there is no significant difference between male and female. The result suggests that gender of the person does not influence the investor perception toward insurance.

Table-4: ANOVA test for age and investors perception

ag e	N	Mean	F	P
20-30	12	4.556	6.222	0. 001
31-40	40	4.066		
41-50	32	3.875		
51 and above	16	4.167		
Total	100	4.080		

INTERPRETATION:

H0: Age of the person influence investors' perception

H1: Age of the person did not influence investors perception

The above table 4 shows that the one way ANOVA was conducted to identify influence of age of the person on investor's perception. It consists of different age group members. The significant value p=0.001 so, there is significant difference between age group on perception toward investing in insurance. The result suggests that age of the person influences the investor perception toward insurance.

SUGGESTION

The suggestion for this study is to introduce the scheme that is suitable to all age group and also it should satisfy their needs based on their level because in this study the parameter age, education, occupation, salary are influencing the investor perception towards insurance

CONCLUSION

In present Indian market, the investment habits of consumers are changing very frequently. The individuals have their own perception towards various types of investment plans. The study of this research work was focused over investor perception on investment towards Insurance Services. From this study the result conclude that the one's age, education qualification , occupation ,salary are influencing their perception towards insurance investment.

REFERENCES:

- N. Geetha & Dr. M. Ramesh. 2011. A Study on People's Preferences in Investment Behavior, IJEMR – 1 (6), 37 - 40.
- Dr Taqadus et al., Investment Preferences and Risk Level: Behavior of Salaried Individuals.IOSR Journal of Business and Management (IOSR-JBM). 10, (1) 112-118.
- Chakraborty, Suman and Digal, Sabat, Analysis of Investment Pattern of Mutual Funds Investors – An Empirical Study in Orissa (April 1, 2013). GITAM Journal of Management. 11 (2), 78- 84.
- Sangeeta Arrora and Kanika Marwaha. 2014. "Variables influencing preferences for stocks (high risk investment) vis-à-vis fixed deposits (low-risk investment): A comparative study", International Journal of Law and Management, 56, (4) 46 – 51.
- Manasa Vipparthi and Ashwin Margam. (2012). "Perception of Investors on Mutual Funds: A Comparative Study on Public and Private Sector Mutual Funds". Research Journal of Business Management and Accounting, 2(2), 36-47.
- Jothilingam.K and Kannan K.V. "Investors Attitude towards Investment Avenues – A Study in Namakkal District", International Journal of Innovative Research & Development, 2. (2), 57-68.
- Dr. D. Harikanth, B. Pragathi. "Role of Behavioral Finance in Investment Decision Making- A Study of Selected Districts of Andhra Pradesh, India", SSIJMAR. 2006.