CHAPTER-VI

SUMMARY OF FINDINGS, RECOMMENDATIONS AND CONCLUSION

6.1 INTRODUCTION

Over time, many wise people have made references in their thoughts on insurance. The reason people care is about the present and especially future. It is a natural part of prevention and providing a sense of belonging to which is a part of tradition, education, the natural way of thinking ahead and even of instinct. The insurance sector has an important role in the economic development of a country, mainly by its role of intermediary and provider of financial services and by identifying the risk transfer of the society.

Due to the broad scope and diversity of insurance, the continuing inventiveness if insurers, reinsurers and brokers to offer new forms of risk protection for more and more varied risks. It is a very dynamic and comprehensive industry, both in quantity and in quality, whose development marks the economic and technological progress and also the progress of mankind in general.

Moreover, the insurance companies facilitate long-term investments, thus offering financial stability and encouraging the accumulation of new capital while providing both individuals and corporations with insurance in front of different risks that may affect their activity in different ways.

The demand for life insurance grew rapidly in recent decades, due to socio-economic changes, extension of life expectancy and improvement of financial education. All this contributed to an increase of dependency costs and provided a
reason for covering it through insurance. Also, the limits of social welfare and the pressure of taxing are widely seen as stimulators of life insurance consumption, as the public institutions will cover increasingly less of the financial needs of the population. Furthermore, development of financial savings for retirement age is seen as a factor that strongly sustained the demand for life insurance.

Life Insurance is considered to be an important part of an individual’s investment portfolio, not necessarily to accumulate wealth, but to feel financially secure. Other then this, when an individual opts for a life insurance policy, he enjoys other benefits also, like tax-deduction options, and in some cases long term capital gains. Life Insurance is primarily made keeping family and those who are dependent on him in mind.

Important factors that an individual needs to understand prior to opting for Life Insurance Policies are requirements, term (duration) and premium to be paid, nature and benefits of the policy in the longer run and coverage of the policy. The need and income of an individual helps him decide the amount of Life Insurance Premium. The insured should also think about the benefits that he and / or his nominee will receive before deciding to go for a particular policy. Life insurance covers the risks of loss due to the death of the insurer.

The prime advantage of Life Insurance policies is financial security for the obvious reasons. It helps facilitates economic movements. Life insurance companies collect premiums from multiple investors hence gathering large funds. This money is used to finance trade and other financial development activities. Last but not the least it helps in reduction of tax payments. Policy holders are entitled to claim income tax exemptions for paying the premiums. The amount and the extent to which they are
allowed depends on other factors like the persons income and if the insurer is a private player or run by the state.

Life Insurance is universally acknowledged to be an institution which eliminates ‘risk’ substituting certainty for uncertainty and comes to the timely aid of the family in the event of death of the breadwinner. The life insurance is civilization’s partial solution to financial uncertainties caused by untimely death (Ibrahim, 2003).

It is in short concerned with two hazards that stand across the life path of every person, that of dying prematurely leaving a dependent family to fend for itself and that of growing too old without visible means of support.

Life Insurance is an important service rendered to protect people against the risk of loss due to accident, fire, death, sickness and unemployment. Life Insurance may be defined as a contract of insurance in which the insurer, in consideration of premium, undertakes to pay a certain sum of money either on the death of the insured person or at the end of a fixed period.

It is widely believed that one of the most difficult products to sell is “Life Insurance”, and a person who sells life insurance can sell anything else under the sun, so goes the saying. There is no fault in saying the fact that selling life insurance is a difficult proposition, primarily because what is sought to be marketed is an assurance, a belief and a faith.

A corporation was established by the Insurance Act 1956 passed by parliament. According to the provisions of the Act, the corporation called the Life Insurance Corporation of India (LIC) began to function as an autonomous body running on sound business principles.
A single person does not need much life insurance if he is self-supporting and has no dependents. In general, he should carry enough insurance to take care of his final expenses and to protect his creditors by covering his debts.

Sometimes the young single person will be encouraged to buy insurance early in order to get lower premiums. It is generally true that, the younger the insured, the lower the premiums for a given type of insurance. One reason is that the savings part of an insurance policy is spread over a longer period of time. (This does not apply to term insurance, which builds up no savings.)

In addition, the younger the person, the lower is the risk of his death. However, the single individual may be paying for protection he does not need just to get lower premiums throughout life. If the single person has dependent aged parents, he may wish to provide financial protection for them in the event of his death. This need for protection could apply during any stage of the family life cycle.

Insurance needs of the newly married couple with no dependents are very likely the same as for the single person. He should cover loans with insurance to protect his wife as well as his creditors.

In this stage of the family life cycle, the couple should try to save for the future. Often the wife and the husband are both working. Some couples try to live only on the husband's income and save the wife's for emergencies or for expenses expected later when the children are born or when a home is purchased. While insurance (especially endowment insurance) can be used to save for the future, families should investigate other forms of savings before purchasing policies.
Savings probably can be invested more profitably in other safe and conservative ways than in insurance. Another way to save regularly is to use payroll deduction plans to buy government savings bonds. This method is especially helpful for couples that find it difficult to save money on their own.

While the children are young, the death of the father usually is the greatest hazard faced by the family. Even though the young mother may be working or may be able to provide income for the family if the father dies, it is more difficult for her to leave home during the preschool and elementary school stages than at any other time during the family life cycle. Therefore, young families usually need a great deal of income protection from life insurance. At the same time, they have relatively small funds for providing this protection.

The years when the children are in high school or college are good times to re-examine family's needs for life insurance. Since the children will not be dependent many more years, they may want to change the kind or amount of protection they are carrying. By the time the children are in high school, the mother may be working outside the home. She may therefore be in a better position to provide income for her and the family if the husband should be disabled or should die. Any family's life insurance programme should be re-examined whenever the wife enters or leaves the labor force in order to keep the family's economic security programme up-to-date.

The recovery stage of the family life cycle is characterized by the financial independence of the children. The wife is usually the only dependent during this stage, and she may be in the labor force. If she is not working or cannot support herself, be sure that the wife is provided for in the period between the possible death
of the husband and the time that she is eligible for social security or other retirement benefits.

When a person reaches retirement, his family's need for life insurance is usually much less than in former stages, especially if husband and wife are near the same age. The wife may be eligible for social security or other retirement benefits if the husband were to die. The family should consider whether these benefits will provide adequately for her living expenses.

Life insurance is a must for everyone because life is very precious. With a population of over 1.25 billion, national and international life insurance companies, see India as a land of opportunities and a market for big business. Until 1999, the business of life insurance in India was the monopoly of Life Insurance Corporation (LIC) of India.

Usually families purchase life insurance for protection. They are buying financial protection for themselves in the event that the breadwinner dies before the children are grown. In addition, some families buy financial protection for the years after the breadwinner's retirement.

Since the father is usually the family breadwinner, most of the life insurance purchased by a family is on the father. Today, more and more families have two breadwinners. Therefore, the family may need to consider insuring both, since the loss of income of either breadwinner may seriously affect the family's financial security.

Life insurance is based on the law of large numbers. This means that a large number of families that share the common risk of losing the breadwinner pay a small amount of money (called a premium) each year. Then the dependents of those who
actually die during that year receive a much larger amount of money than the annual premiums they have been paying. The life insurance company, as its part in the transaction, calculates the risk of the insured dying during the year, collects premiums from the persons sharing the risk, and handles payments to beneficiaries of insured individuals who die.

The type of financial protection a family needs varies with family income, resources, goals, composition, and stage in the family life cycle. Used correctly, life insurance can make a valuable contribution to family economic security. When used unwisely, however, it can be an excessive drain on family finances and, indirectly, on family happiness and satisfaction.

In today’s cut throat competition, it becomes essential for life insurers to provide better consumer services, spread more awareness, emphasis on need based innovative products and reasonable price. So that, every individual may avail the benefits of insurance and protect their lives against future uncertainties. With this background, the present research is attempted to study the, “Role of Family Life Cycle in Purchase Decision of Life Insurance Policy Holders in Chennai City” with the following objectives.

1. To examine the type of insurance plans owned by life insurance policy holders.
2. To identify the factors affecting need recognition for life insurance policies.
3. To analyze the influence of factors affecting need recognition for life insurance policies on purchase of types of plan.
4. To study the information search by life insurance policy holders.
5. To examine the evaluation of alternatives by life insurance policy holders.

6. To identify the criteria for evaluation of alternatives for life insurance policy holders.

7. To study the relationship between criteria for evaluation of alternatives and purchase of types of plan.

8. To examine the purchasing behavior of life insurance policy holders.

9. To evaluate the after sales service of Life Insurance Corporation.

The descriptive research design has been employed for the present study. Among different cities in Tamil Nadu, Chennai city has been purposively selected for the present study. Among various life insurance companies, the Life Insurance Corporation (LIC) of India has again purposively selected. The life insurance policy holders of Life Insurance Corporation (LIC) have been selected randomly for the present study by adopting multi stage random sampling technique. The data have been collected form 500 life insurance policy holders of Life Insurance Corporation (LIC) for the present study.

In order to examine the demographic profile of life insurance policy holders of Life Insurance Corporation (LIC), purchase decision of life insurance policies, and purchasing behavior of life insurance policy holders, the frequency and percentage analysis have been worked out. The weighted average has been worked out for information search by life insurance policy holders, evaluation of alternatives by life insurance policy holders and after sales service of Life Insurance Corporation. The rank analysis is carried out for the influencer in purchasing of insurance plan for life insurance policy holders.
In order to identify the factors affecting need recognition for life insurance policies and the criteria for evaluation of alternatives for life insurance policy holders, the exploratory factor analysis has been employed.

In order to examine the association between demographic profile of life insurance policy holders and types of plan, association between family life cycle of life insurance policy holders and consideration for other company’s plan by life insurance policy holders, association between family life cycle of life insurance policy holders and time spent for planning the purchase of insurance plan, association between family life cycle of life insurance policy holders and mode of payment for insurance plan, association between family life cycle of life insurance policy holders and mode of purchase of insurance plan, association between mode of payment for insurance plan and mode of purchase of insurance plan, association between family life cycle of life insurance policy holders and recommendation of insurance plans and association between family life cycle of life insurance policy holders and recommendation of insurance plans in future, the Chi Square test has been applied.

In order to study the difference between demographic profile of life insurance policy holders and factors affecting need recognition for life insurance policies, difference between family life cycle of life insurance policy holders and information search by them, difference between demographic profile of life insurance policy holders and the evaluation of alternatives and difference between demographic profile of life insurance policy holders and the after sales service of Life Insurance Corporation, the ANOVA(Analysis of Variance) test has been employed.

In order to analyze the factors affecting need recognition for life insurance policies on purchase of types of plan, multiple regression analysis has been applied.
The correlation analysis has been carried out to study the relationship between criteria for evaluation of alternatives and purchase of types of plan.

6.2 SUMMARY OF FINDINGS

6.2.1 Demographic Profile of Life Insurance Policy Holders

The results show that about 65.20 per cent of life insurance policy holders are males and the rest of 34.80 per cent of life insurance policy holders are females. It is observed that about 35.00 per cent of life insurance policy holders belong to the family life cycle of Bachelor Type followed by Full Nest-I (32.00 per cent), Newly Married Couple (13.80 per cent), Full Nest-II (5.20 per cent), Full Nest-III (3.60 per cent), Empty Nest-I (3.40 per cent), Empty Nest-II (3.00 per cent), Solitary Survivor (2.40 per cent) and Solitary Survivor (Retired) (1.60 per cent).

The results indicate that about 61.00 per cent of life insurance policy holders are married followed by unmarried (35.00 per cent) and widower/divorcer (4.00 per cent). It is clear that about 40.80 per cent of life insurance policy holders are educated up to graduation followed by professionals (23.40 per cent), Post-Graduation (17.80 per cent), up to secondary (9.80 per cent) and higher secondary (8.20 per cent).

The results reveal that about 53.80 per cent of life insurance policy holders are employed in private sector followed by Government sector (23.20 per cent), own business (12.80 per cent), self-employed (6.20 per cent) and retired (4.00 per cent). It is apparent that about 31.40 per cent of life insurance policy holders belong to the monthly income group of Rs.20001 – 30000 followed by Rs.10001 – 20000 (21.40 per cent), Rs.30001 – 40000 (15.00 per cent), above Rs.50000 (12.80 per cent), Rs.40001 – 50000 (10.80 per cent) and up to Rs.10000 (8.60 per cent).
The results show that about 34.40 per cent of life insurance policy holders have two dependents followed by three (25.20 per cent), four (21.80 per cent), one (12.00 per cent), five and above (4.40 per cent) and no dependent (2.20 per cent). It is clear that out of 256 life insurance policy holders, about 67.97 per cent of life insurance policy holders’ children belong to the age group of 1-10 years followed by 11-20 years (14.84 per cent), 21–30 years (10.16 per cent and 31–40 years (7.03 per cent).

6.2.2 Purchase Decision of Life Insurance Policies

The results indicate that about 64.40 per cent of life insurance policy holders purchase Endowment plan followed by Money Back plan (24.60 per cent), Other plans (8.40 per cent) and Child plan (2.60 per cent). It is observed that about 33.80 per cent of life insurance policy holders purchase insurance policy for the sum assured of Rs.400001-600000 followed by less than Rs.200000 (24.00 per cent), Rs.200001–400000 (22.00 per cent), Rs.600001–800000 (18.20 per cent) and more than Rs.800000 (2.00 per cent).

The results reveal that about 56.40 per cent of other family members of life insurance policy holders own insurance plan, while the rest of 43.60 per cent of other family members of life insurance policy holders do not own insurance plan. It is apparent that out 282 other family members of life insurance policy holders own insurance plan, about 64.18 per cent of them purchase Endowment plan (64.18 per cent), Money Back plan (24.12 per cent), Other plans (9.22 per cent) and Child plan (2.48 per cent).
6.2.3 Demographic Profile of Life Insurance Policy Holders and Types of Plan

The Chi-Square value of 5.567 is not statistically significant indicating that there is no significant association between gender of life insurance policy holders and types of plan, Hence, the null hypothesis of there is no significant association between gender of life insurance policy holders and types of plan is accepted.

The Chi-Square value of 98.273 is significant at one per cent level indicating that there is a significant association between family life cycle of life insurance policy holders and types of plan, Hence, the null hypothesis of there is no significant association between family life cycle of life insurance policy holders and types of plan is rejected.

The Chi-Square value of 23.747 is significant at one per cent level indicating that there is a significant association between marital status of life insurance policy holders and types of plan, Hence, the null hypothesis of there is no significant association between marital status of life insurance policy holders and types of plan is rejected.

The Chi-Square value of 39.587 is significant at one per cent level indicating that there is a significant association between educational qualification of life insurance policy holders and types of plan, Hence, the null hypothesis of there is no significant association between educational qualification of life insurance policy holders and types of plan is rejected.

The Chi-Square value of 36.889 is significant at one per cent level indicating that there is a significant association between occupation of life insurance policy holders and types of plan, Hence, the null hypothesis of there is no significant
association between occupation of life insurance policy holders and types of plan is rejected.

The Chi-Square value of 42.687 is significant at one per cent level indicating that there is a significant association between monthly income of life insurance policy holders and types of plan, Hence, the null hypothesis of there is no significant association between monthly income of life insurance policy holders and types of plan is rejected.

The Chi-Square value of 143.935 is significant at one per cent level indicating that there is a significant association between family life cycle of life insurance policy holders and sum assured, Hence, the null hypothesis of there is no significant association between family life cycle of life insurance policy holders and sum assured is rejected.

6.2.4 Factors Affecting Need Recognition for Life Insurance Policies

The exploratory factor analysis shows that there are four independent groups which are extracted accounting for a total of 64.87 per cent of variations on 12 variables. The each of the four factors contributes to 22.06 per cent, 16.59 per cent, 13.32 per cent and 12.90 per cent respectively. The social security, peer influence, prosperity and safetyness are the factors affecting need recognition for life insurance policies.

6.2.5 Demographic Profile of Life Insurance Policy Holders and Factors Affecting Need Recognition for Life Insurance Policies

The results indicate that about 58.20 per cent of life insurance policy holders perceive that the level of factors affecting need recognition for life insurance policies
is at medium level followed by high level (23.40 per cent) and low level (18.40 per cent).

The F-value of 1.306 is not statistically significant indicating that there is no significant difference between gender and factors affecting need recognition for life insurance policies. Hence, the null hypothesis of there is no significant difference between gender and factors affecting need recognition for life insurance policies is accepted.

The F-value of 2.312 is significant at five per cent level indicating that there is a significant difference between family life cycle and factors affecting need recognition for life insurance policies. Hence, the null hypothesis of there is no significant difference between family life cycle and factors affecting need recognition for life insurance policies is rejected.

The F-value of 7.221 is significant at one per cent level indicating that there is a significant difference between marital status and factors affecting need recognition for life insurance policies. Hence, the null hypothesis of there is no significant difference between marital status and factors affecting need recognition for life insurance policies is rejected.

The F-value of 16.943 is significant at one per cent level indicating that there is a significant difference between educational qualification and factors affecting need recognition for life insurance policies. Hence, the null hypothesis of there is no significant difference between educational qualification and factors affecting need recognition for life insurance policies is rejected.
The F-value of 15.709 is significant at one per cent level indicating that there is a significant difference between occupation and factors affecting need recognition for life insurance policies. Hence, the null hypothesis of there is no significant difference between occupation and factors affecting need recognition for life insurance policies is rejected.

The F-value of 11.433 is significant at one per cent level indicating that there is a significant difference between monthly income and factors affecting need recognition for life insurance policies. Hence, the null hypothesis of there is no significant difference between monthly income and factors affecting need recognition for life insurance policies is rejected.

6.2.6 Influence of Factors Affecting Need Recognition for Life Insurance Policies on Purchase of Types of Plan

The multiple regression analysis reveals that the coefficient of multiple determination ($R^2$) is 0.57 and adjusted $R^2$ is 0.55 indicating the regression model is moderately fit. It shows that about 55.00 per cent of variation in dependent variable (Purchase of Type of Plan) is explained by the independent variables (Factors Affecting Purchase Decision on Life Insurance Policies). The F-value of 4.791 is significant at one per cent level indicating that the regression model is good fit.

The results show that social security and prosperity are positively and significantly influencing the purchase of type of plan at one per cent level, while, safetyness is also positively and significantly influencing the purchase of type of plan at five per cent level. Hence, there is a significant influence of factors affecting purchase decision on life insurance policies on purchase of type of plan. Therefore,
the null hypothesis of there is no significant influence of factors affecting purchase decision on life insurance policies on purchase of type of plan is rejected.

6.2.7 Family Life Cycle and Information Search by Life Insurance Policy Holders

The results show that agent is the major source of information followed by development officer / executives, self-interest, advertisement, friends, website, displays, mass media, spouse, colleagues, company’s manual, relatives, road shows, neighbors, children and exhibitions for life insurance policy holders in the order of importance as perceived by them.

The results indicate that about 62.80 per cent of life insurance policy holders perceive that the level of information search is at medium level followed by high level (22.00 per cent) and low level (15.20 per cent).

The F-value of 2.312 is significant at one per cent level indicating that there is a significant difference between family life cycle and information search. Hence, the null hypothesis of there is no significant difference between family life cycle and information search is rejected.

6.2.8 Family Life Cycle and Consideration For Other Company’s Plan by Life Insurance Policy Holders

The results show that about 78.20 per cent of life insurance policy holders do not consider other company’s plan while choosing present plan, while the rest of 21.80 per cent of life insurance policy holders consider other company’s plan while choosing present plan.
The results indicate that about 7.80 per cent of life insurance policy holders consider ICICI followed by Reliance (3.20 per cent), Kotak Mahindra (3.00 per cent), HDFC (1.80 per cent), Bajaj, Birla and SBI (1.60 per cent) and Tata (1.20 per cent) while choosing present plan.

The Chi-Square value of 22.546 is significant at one per cent level indicating that there is a significant association between family life cycle of life insurance policy holders and consideration for other company’s plan by life insurance policy holders. Hence, the null hypothesis of there is no significant association between family life cycle of life insurance policy holders and consideration for other company’s plan by life insurance policy holders is rejected.

6.2.9 Evaluation of Alternatives

The results indicate that risk cover is the major alternative followed by premium rates, bonus rates/ return, accidental cover, guaranteed return, extended coverage, claim settlement, knowledge of development officer/ agent, survival benefit, whole life coverage, service network, online access, pension and joint coverage for evaluation of alternatives by life insurance policy holders in the order of importance as perceived by them.

6.2.10 Identification of Criteria for Evaluation of Alternatives

The exploratory factor analysis shows that there are four independent groups which are extracted accounting for a total of 61.89 per cent of variations on 14 variables. The each of the four factors contributes to 17.85 per cent, 17.60 per cent, 14.34 per cent and 12.10 per cent respectively. The returns, coverage, accessibility and claim settlement are the criteria for evaluation of alternatives for life insurance policy holders.
6.2.11. Demographic Profile of Life Insurance Policy Holders and Evaluation of Alternatives

The results indicate that about 65.80 per cent of life insurance policy holders perceive that the level of evaluation of alternatives is at medium level followed by low level (19.80 per cent) and high level (14.40 per cent).

The F-value of 2.675 is not statistically significant indicating that there is no significant difference between gender and evaluation of alternatives. Hence, the null hypothesis of there is no significant difference between gender and evaluation of alternatives is accepted.

The F-value of 3.272 is significant at one per cent level indicating that there is a significant difference between family life cycle and evaluation of alternatives. Hence, the null hypothesis of there is no significant difference between family life cycle and evaluation of alternatives is rejected.

The F-value of 4.526 is significant at one per cent level indicating that there is a significant difference between marital status and evaluation of alternatives. Hence, the null hypothesis of there is no significant difference between marital status and evaluation of alternatives is rejected.

The F-value of 5.932 is significant at one per cent level indicating that there is a significant difference between educational qualification and evaluation of alternatives. Hence, the null hypothesis of there is no significant difference between educational qualification and evaluation of alternatives is rejected.

The F-value of 5.497 is significant at one per cent level indicating that there is a significant difference between occupation and evaluation of alternatives. Hence, the
null hypothesis of there is no significant difference between occupation and evaluation of alternatives is rejected.

The F-value of 5.200 is significant at one per cent level indicating that there is a significant difference between monthly income and evaluation of alternatives. Hence, the null hypothesis of there is no significant difference between monthly income and evaluation of alternatives is rejected.

6.2.12 Relationship Between Criteria for Evaluation of Alternatives and Purchase of Types of Plan

The results show that the correlation co-efficient between returns and purchase of types of plan is 0.59, which is moderately and positively associated with each other at one per cent level of significance.

The coverage and purchase of types of plan is moderately and positively correlated with each other with the value of 0.55, significant at one per cent level of significance.

The results indicate that the correlation co-efficient between accessibility and purchase of types of plan is 0.47, which is moderately and positively associated with each other at one per cent level of significance.

The claim settlement and purchase of types of plan is moderately and positively correlated with each other with the value of 0.46, significant at one per cent level of significance. Therefore, there is no significant relationship between criteria for evaluation of alternatives and purchase of types of plan is rejected.
6.2.13 Family Life Cycle and Purchasing Behavior of Life Insurance Policy Holders

The results indicate that about 31.40 per cent of life insurance policy holders purchase insurance plan immediately followed by up to one month (28.60 per cent), 1-3 months (24.60 per cent), 3-6 months (8.40 per cent) and above six months (7.00 per cent).

The Chi-Square value of 46.312 is significant at five per cent level indicating that there is a significant association between family life cycle of life insurance policy holders and time spent for planning the purchase of insurance plan. Hence, the null hypothesis of there is no significant association between family life cycle of life insurance policy holders and time spent for planning the purchase of insurance plan is rejected.

The results show that about 32.40 per cent of life insurance policy holders pay monthly followed by yearly (24.40 per cent), quarterly (24.20 per cent) and half yearly (19.00 per cent).

The Chi-Square value of 29.795 is not statistically significant indicating that there is no significant association between family life cycle of life insurance policy holders and mode of payment for insurance plan. Hence, the null hypothesis of there is no significant association between family life cycle of life insurance policy holders and mode of payment for insurance plan is accepted.

The Chi-Square value of 82.097 is significant at one per cent level indicating that there is a significant association between time spent for planning the purchase of insurance plan and mode of payment for insurance plan. Hence, the null hypothesis of
there is no significant association between time spent for planning the purchase of insurance plan and mode of payment for insurance plan is rejected.

The results indicate that about 79.60 per cent of life insurance policy holders purchase insurance plans through agents followed by direct executive (16.20 per cent), online (3.00 per cent) and bank assurance (1.20 per cent).

The Chi-Square value of 44.964 is significant at one per cent level indicating that there is a significant association between family life cycle of life insurance policy holders and mode of purchase of insurance plan. Hence, the null hypothesis of there is no significant association between family life cycle of life insurance policy holders and mode of purchase of insurance plan is rejected.

The Chi-Square value of 52.147 is significant at one per cent level indicating that there is a significant association between mode of payment for insurance plan and mode of purchase of insurance plan. Hence, the null hypothesis of there is no significant association between mode of payment for insurance plan and mode of purchase of insurance plan is rejected.

The results reveal that self is the major influencer in purchasing of insurance plan for life insurance policy holders followed by spouse, friends, parents, brothers, sisters, colleagues and children.

The results show that about 70.20 per cent of life insurance policy holders recommended insurance plans to others, while, the rest of 29.80 per cent of life insurance policy holders did not recommend insurance plans to others.
The Chi-Square value of 21.631 is significant at one per cent level indicating that there is a significant association between family life cycle of life insurance policy holders and recommendation of insurance plans. Hence, the null hypothesis of there is no significant association between family life cycle of life insurance policy holders and recommendation of insurance plans is rejected.

The results indicate that about 76.60 per cent of life insurance policy holders will recommend insurance plans to others in future, while, the rest of 23.40 per cent of life insurance policy holders will not recommend insurance plans to others in future.

The Chi-Square value of 20.915 is significant at one per cent level indicating that there is a significant association between family life cycle of life insurance policy holders and recommendation of insurance plans in future. Hence, the null hypothesis of there is no significant association between family life cycle of life insurance policy holders and recommendation of insurance plans in future is rejected.

6.2.14 After Sales Service of Life Insurance Corporation

The results indicate that the life insurance policy holders are satisfied with after sales services of follow up action, timely payment of retunes, timely payment of bonus, promptness in settlement of claim, renewal notice, loan facilities, claim processing, readdressing grievances, revival of policy and employees response in the order of importance as perceived by them.

6.2.15 Demographic Profile of Life Insurance Policy Holders and After Sales Service of Life Insurance Corporation

The results show that about 68.40 per cent of life insurance policy holders perceive that the level of after sales service of Life Insurance Corporation is at medium level followed by high level (16.80 per cent) and low level (14.80 per cent).
The F-value of 0.195 is not statistically significant indicating that there is no significant difference between gender and after sales service of Life Insurance Corporation. Hence, the null hypothesis of there is no significant difference between gender and after sales service of Life Insurance Corporation is accepted.

The F-value of 2.245 is significant at five per cent level indicating that there is a significant difference between family life cycle and after sales service of Life Insurance Corporation. Hence, the null hypothesis of there is no significant difference between family life cycle and after sales service of Life Insurance Corporation is rejected.

The F-value of 4.993 is significant at one per cent level indicating that there is a significant difference between marital status and after sales service of Life Insurance Corporation. Hence, the null hypothesis of there is no significant difference between marital status and after sales service of Life Insurance Corporation is rejected.

The F-value of 4.444 is significant at one per cent level indicating that there is a significant difference between educational qualification and after sales service of Life Insurance Corporation. Hence, the null hypothesis of there is no significant difference between educational qualification and after sales service of Life Insurance Corporation is rejected.

The F-value of 4.127 is significant at one per cent level indicating that there is a significant difference between occupation and after sales service of Life Insurance Corporation. Hence, the null hypothesis of there is no significant difference between occupation and after sales service of Life Insurance Corporation is rejected.
The F-value of 5.028 is significant at one per cent level indicating that there is a significant difference between monthly income and after sales service of Life Insurance Corporation. Hence, the null hypothesis of there is no significant difference between monthly income and after sales service of Life Insurance Corporation is rejected.

6.3 RECOMMENDATIONS

On the basis of findings of the present study, the following recommendations are made to improve the purchasing decision of policy holders of Life Insurance Corporation of India.

1. The policy holders may consider nature and extent of social security, prosperity, safety and suggestions from peer group before purchasing life insurance policies.

2. The insurance agent is playing crucial role in supplying information, building consumer relationship and in retaining policyholders. Therefore it is strongly recommended that the LIC must strengthen their network of agent by applying motivational and performance appraisal techniques.

3. The LIC agents being the most informed source shown maximum influence on the policyholders as compared to other sources. The advertisements of the LIC also significantly influence the policyholders in deciding the insurance policy. Hence the LIC may initiate efficient rewarding system, sound recruitment policy, manpower planning, effective training and development of their insurance agents.

4. The insurance product can be understand in right sense and the policyholders may buy appropriate insurance policy matching their needs,
reduce risk of life and save their family members at least economically from unseen, unwanted mishappening in the future.

5. Since advertising is the another influential factors for buying behavior, LIC may develop the appropriate promotional strategy and use right promotion mix for providing the information about the insurance policies using e-mails, word of mouth, workplace circulars, reference group such as friends and spouse for policyholders.

6. The office workplace notifications/circulars also influence the policyholders in selecting the insurance policy especially for the service class policyholders. Therefore it is strongly recommended that the agents can also maintain and follow up referrals given by friends and existing policyholders.

7. The most important purpose of buying insurance policy is to cover risk as well as premium rates. Besides, other important features affecting the purchase decision of policy holders are bonus rates/return, accidental cover, guaranteed return, extended coverage and claim settlement. Therefore, the insurance products of LIC may be designed and promoted as per the needs of the valuable policy holders.

8. Since the family life cycle is the most important factor deciding the purchasing of life insurance policies, LIC may develop and market separate insurance policies for different stages of life cycle of policy holders.

9. It is strongly recommended that LIC can offer diversified portfolio with regular income to young generations. The LIC may take this opportunity in an optimistic manner so that they may supply various policies for
supplementing varying needs of the policy holders from different segments.

10. The LIC may readdress grievances of policy holders efficiently, effectively and also in time and it may improve and simplify the revival of life insurance policies. In addition, employees of LIC may response properly and promptly to the policy holders.

11. The LIC can explore new potentials for insurance market such as students, dependents, senior citizens and very senior citizens population with low premium schemes.

12. The LIC may design products keeping in mind dual career options so that a single plan may supplement varying need of nuclear family such as health care, pension benefits and saving.

13. The LIC may also design its offerings in such a way to attract young policy holders and provide them with the best products and services with low premium.

14. The LIC may create more awareness regarding multiple benefits of insurance products, which will help them to attract more customers across all the stages of family life cycle and increase their business volume.

6.4 CONCLUSION

The findings of this study show that nearly two third of life insurance policy holders purchase Endowment plan and nearly one-third of life insurance policy holders purchase insurance policy for the sum assured of Rs.400001- 600000. There is a significant association between family life cycle of life insurance policy holders and types of plan. The social security, peer influence, prosperity and safeness are the factors affecting need recognition for life insurance policies. There is a significant
difference between family life cycle and factors affecting need recognition for life insurance policies.

The social security and prosperity are positively and significantly influencing the purchase of type of plan at one per cent level, while, safeness is also positively and significantly influencing the purchase of type of plan at five per cent level. There is a significant difference between family life cycle and information search by life insurance policy holders and there is a significant association between family life cycle of life insurance policy holders and consideration for other company’s plan by life insurance policy holders.

The returns, coverage, accessibility and claim settlement are the criteria for evaluation of alternatives for life insurance policy holders and there is a significant difference between family life cycle and evaluation of alternatives. The returns and purchase of type of plan is moderately and positively associated with each other and the coverage and purchase of type of plan is moderately and positively correlated with each other.

There is a significant association between family life cycle of life insurance policy holders and time spent for planning the purchase of insurance plan and there is a significant association between time spent for planning the purchase of insurance plan and mode of payment for insurance plan. There is a significant association between family life cycle of life insurance policy holders and mode of purchase of insurance plan and there is a significant association between family life cycle of life insurance policy holders and recommendation of insurance plans.
There is a significant association between family life cycle of life insurance policy holders and recommendation of insurance plans in future and there is a significant difference between family life cycle and after sales service of Life Insurance Corporation.

Therefore, it is concluded that the purchase behavior of life insurance policy holders is highly influenced by the stages of family life cycle of them. The family life cycle plays a major role in purchase decision of policy holders.

6.5 SCOPE FOR FURTHER RESEARCH

1. The present study is carried out on role of family life cycle in purchase decision of life insurance policy holders in Chennai city. This study may be extended to other cities in Tamil Nadu.

2. A separate study on role of family life cycle in purchase decision of health insurance policies may be studied in future research work.

3. The factors affecting consumers’ investment towards life insurance policies may be alone examined in future research work.

4. The future study may be carried out to compare the purchasing behavior of life insurance policies between urban and rural consumers.

5. The awareness and attitudes of consumers towards insurance policies of private insurance companies may be examined as a separate study in future. The scope of the study may be extended to the state level or district level.