

A STUDY ON PERCEPTION OF INVESTORS TOWARDS LIFE INSURANCE AS AN INVESTMENT OPTION: LIC

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ABSTRACT

Life insurance has emerged as one of the most preferred financial instruments that combines investment benefits with risk protection. In recent years, increasing awareness regarding financial security, tax savings, and long-term wealth creation has encouraged individuals to invest in life insurance products. The present study investigates the perception of investors towards life insurance as an investment option with special reference to the Life Insurance Corporation of India (LIC). The study aims to analyze the awareness level of investors regarding life insurance policies, identify the factors influencing policy purchase decisions, and evaluate investor preferences towards LIC products.

A descriptive research design was adopted for the study. Primary data were collected through a structured questionnaire administered to 150 respondents selected through simple random sampling. Secondary data were obtained from journals, books, reports, and official insurance publications. Statistical tools such as percentage analysis and descriptive statistics were employed to interpret the collected data. The findings reveal that investors consider life insurance not only as a protection instrument but also as a reliable investment avenue. Factors such as savings, safety, tax benefits, risk coverage, claim settlement efficiency, and company reputation significantly influence investment decisions. The study further indicates that LIC enjoys high levels of awareness and trust among investors due to its long-standing market presence, financial stability, and customer-oriented services.

The results demonstrate that investors prefer policies offering a combination of security and returns. Prompt claim settlement, transparency, and product quality were identified as major expectations from insurance providers. The study concludes that life insurance continues to play a vital role in personal financial planning and wealth management. LIC remains a preferred choice among investors because of its credibility, extensive product portfolio, and commitment to policyholder interests. The findings provide valuable insights for insurance companies to enhance customer satisfaction and develop innovative products aligned with investor expectations.

Keywords: Life Insurance, LIC, Investor Perception, Investment Option, Financial Security, Tax Benefits, Risk Coverage, Savings, Insurance Policies, Investment Behaviour.

I. INTRODUCTION

Life insurance has become an integral component of modern financial planning by providing financial protection and investment benefits simultaneously. It serves as a safeguard against uncertainties while enabling individuals to accumulate long-term savings and wealth. The growing complexity of financial markets has encouraged investors to seek investment avenues that offer stability, security, and reasonable returns. Life insurance products,

particularly those offered by the Life Insurance Corporation of India (LIC), have gained considerable popularity due to their reliability and diversified benefits. Insurance policies provide protection against unforeseen events while offering tax advantages and savings opportunities [1]. Financial planning has become increasingly important in contemporary society [2]. Investors seek avenues that combine security with returns [3]. Life insurance contributes significantly to wealth accumulation [4]. LIC plays a dominant role in the Indian insurance sector [5]. Awareness regarding insurance investments has improved considerably [6]. Risk management remains a primary concern for investors [7]. Insurance products provide long-term financial stability [8]. Tax incentives encourage policy purchases [9]. Investor confidence influences insurance adoption [10]. Product innovation has transformed insurance services [11]. Digital platforms have enhanced policy accessibility [12]. Financial literacy affects investment decisions [13]. Customer satisfaction influences policy retention [14]. Claim settlement efficiency determines insurer credibility [15].

The insurance sector has witnessed substantial growth due to rising disposable income, increased financial awareness, and supportive regulatory frameworks. Investors today evaluate insurance products based on multiple factors such as premium affordability, policy benefits, company reputation, service quality, and claim settlement performance [16]. Insurance investments help diversify portfolios [17]. Long-term savings motivate policy purchases [18]. Investor attitudes influence market growth [19]. Insurance awareness contributes to financial inclusion [20]. Economic development supports insurance penetration [21]. Customer expectations are evolving rapidly [22]. Technological advancements improve service delivery [23]. Investment-linked insurance products have gained attention [24]. Risk coverage remains a major attraction [25]. Transparency strengthens customer trust [26]. Service quality affects policyholder loyalty [27]. Financial security is a key determinant of insurance adoption [28]. Investor preferences continue to evolve with changing market conditions [29]. Understanding investor perception towards LIC is therefore essential for enhancing product offerings and strengthening customer relationships [30].

II. LITERATURE REVIEW

Several researchers have examined investor perception and the role of life insurance as an investment option. Vijayalakshmi and Ramasamy reported that efficient investment management enhances the financial stability of insurance companies [1]. Shieh et al. found that operational efficiency significantly influences insurance company performance [2]. Ray et al. highlighted the challenges and growth prospects of the Indian insurance industry [3]. Pattnaik et al. identified LIC as the most preferred insurer based on decision-making models [4]. Murthy and Kumar discussed emerging trends and developments in the insurance sector [5]. Studies have shown that awareness significantly affects insurance adoption [6]. Financial literacy enhances investment participation [7]. Trust plays a vital role in policy selection [8]. Company reputation influences customer preference [9]. Product quality affects policyholder satisfaction [10]. Risk perception shapes investment behavior [11]. Tax benefits encourage insurance investments [12]. Customer service quality determines retention rates [13]. Technological innovation improves accessibility [14]. Digital insurance platforms have increased customer engagement [15].

Further research has emphasized the importance of demographic and socio-economic factors in shaping investor behavior. Age influences risk tolerance and policy preferences [16]. Income levels affect investment capacity [17]. Educational qualification impacts financial awareness [18]. Occupation determines investment priorities [19]. Savings motives drive insurance purchases [20]. Risk coverage remains a significant determinant [21]. Liquidity considerations affect investment decisions [22]. Claim settlement efficiency strengthens investor confidence [23]. Product innovation enhances competitiveness [24]. Customer relationship management improves satisfaction [25]. Market awareness influences purchase intention [26]. Financial security motivates policy adoption [27]. Regulatory reforms support industry growth [28]. Investment diversification increases policy attractiveness [29]. Overall, previous studies confirm that life insurance is increasingly perceived as a valuable investment and protection instrument, with LIC maintaining a strong position due to its trustworthiness, extensive network, and customer-centric services [30].

III. RESEARCH METHODOLOGY

The present study adopts a descriptive research design to analyze the perception of investors towards life insurance as an investment option with special reference to LIC. Both primary and secondary sources of data were utilized. Primary data were collected through a structured questionnaire distributed among respondents. Secondary data were gathered from journals, books, research articles, insurance reports, company publications, and official websites. The study focused on understanding investor awareness, preferences, and expectations regarding life insurance policies. The target population consisted of investors who had knowledge of insurance products and investment opportunities.

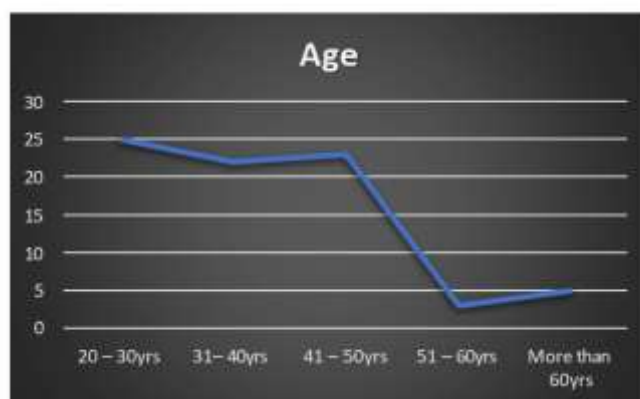
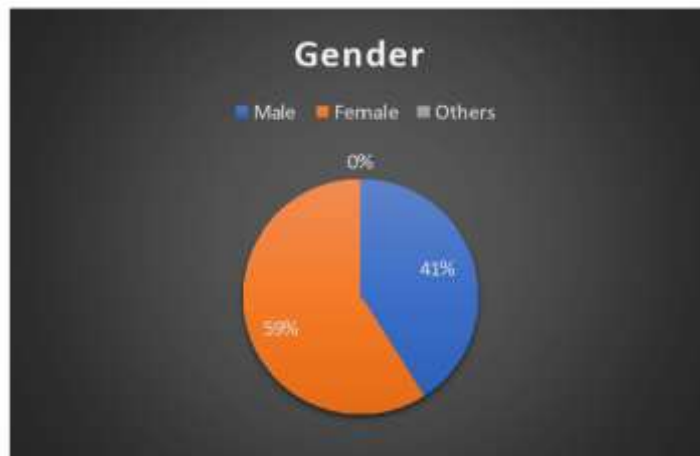
A sample size of 150 respondents was selected using the simple random sampling technique. The collected data were classified, tabulated, and analyzed using statistical tools such as percentage analysis, frequency distribution, mean values, and descriptive statistics. The questionnaire included demographic variables such as age, gender, education, occupation, and income level, along with questions related to insurance awareness, investment preferences, and policy satisfaction. Data interpretation was carried out to identify patterns and relationships among variables. The findings were presented through tables, charts, and graphical representations to facilitate a comprehensive understanding of investor perceptions. The methodology ensured reliability, validity, and objectivity in evaluating the role of LIC as an investment option and provided meaningful insights into customer behavior and investment decision-making processes.

IV. RESULTS & DISCUSSION

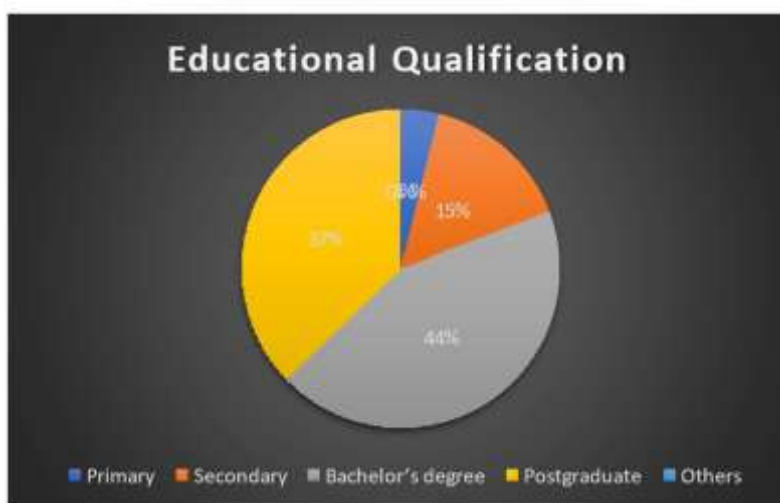
The analysis revealed that a majority of respondents were aware of life insurance products and considered them an important component of financial planning. Investors demonstrated a strong preference for long-term investment options due to the security and stability associated with insurance policies. LIC emerged as the most recognized and trusted insurance provider among respondents. Savings, investment benefits, safety, and tax advantages were identified as the primary reasons for purchasing life insurance policies. The demographic analysis indicated that working professionals and individuals with moderate to high income levels showed greater interest

in life insurance investments. Investor awareness regarding insurance products was found to be relatively high, suggesting increasing financial literacy and market penetration.

Gender	No of respondents	Percentage
Male	32	41%
Female	46	59%
Others	0	0%
Total	78	100%

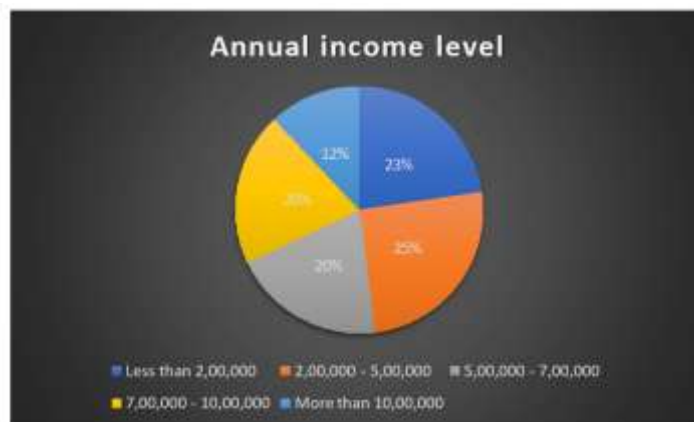


Educational Qualificatio	Frequency	Percentage
Primary	3	3.8
Secondary	12	15.4
Bachelor's degree	34	43.6
Postgraduate	29	37.2
Others	0	0
TOTAL	78	100

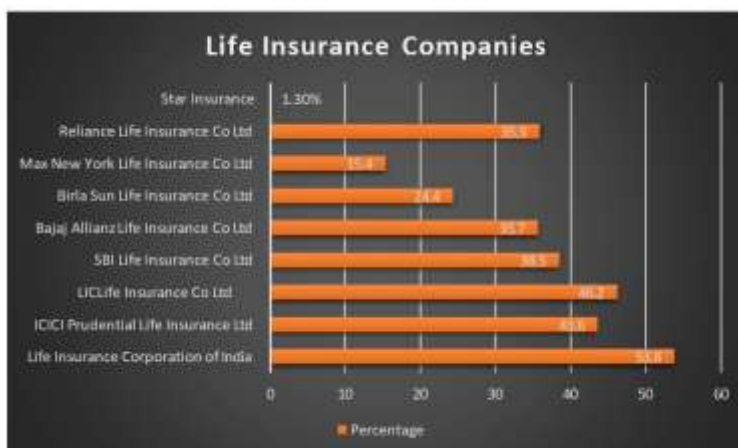
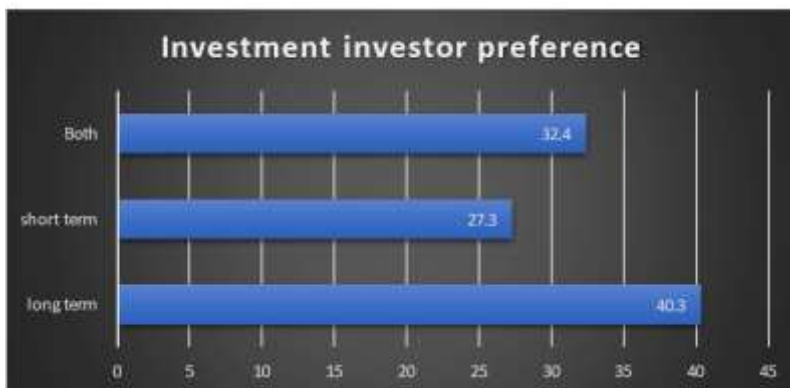


The study further revealed that policyholders expected prompt claim settlement, transparency, quality service, and reliable customer support from insurance providers. Most respondents perceived LIC as a dependable institution capable of fulfilling these expectations. The findings indicate that investor perception is significantly influenced by factors such as company reputation, policy features, service quality, and financial security. Insurance products offering a balance between protection and returns were preferred over purely investment-oriented alternatives. The results also highlight the importance of effective communication and awareness programs in strengthening customer trust and encouraging policy adoption. Overall, the findings confirm that life insurance is regarded not only as a risk management tool but also as a strategic investment option capable of supporting long-term financial goals. LIC's established market presence, extensive branch network, and customer confidence contribute significantly to its favorable perception among investors.

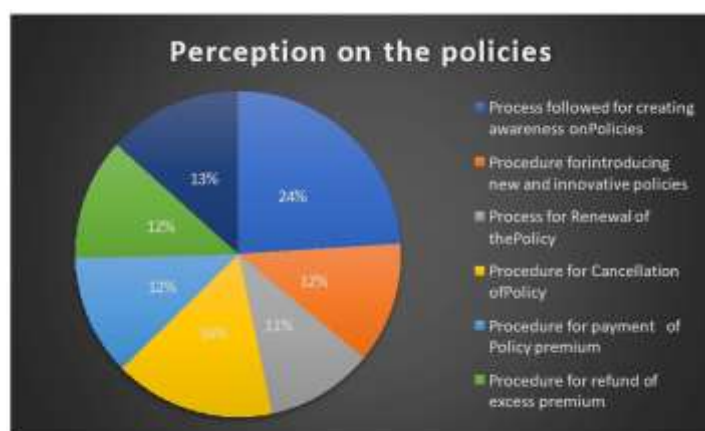
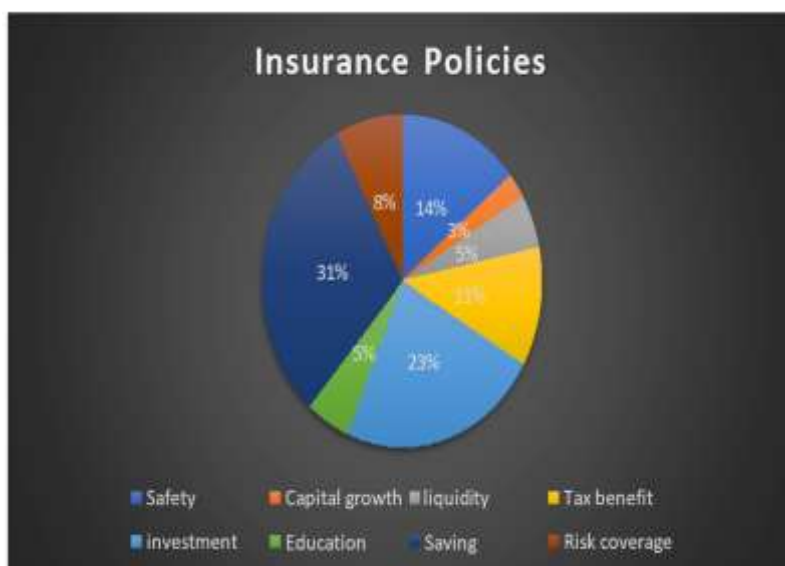
Occupation	Frequency	Percentage
Agriculture	2	2.6
Self Employed	21	27.3
Government Employed	4	5.2
Private Sector Employee	32	41.6
Retired, Unemployed	6	7.8
Students	10	13
Others	3	2.5
TOTAL	78	100

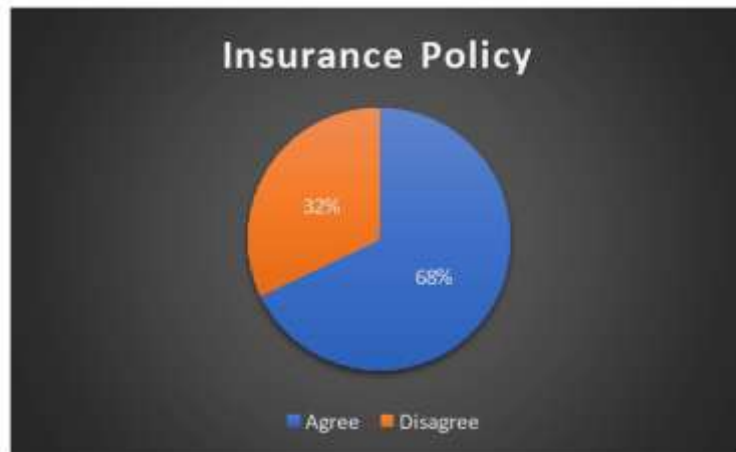


kind of investment	Frequency	Percentage
long term	31	40.3
short term	21	27.3
Both	26	32.4
Total	78	100



Particulars	Frequency	Percentage
Safety	11	14
Capital growth	2	3
liquidity	4	5
Tax benefit	9	11
investment	18	23
Education	4	5
Saving	24	31
Risk coverage	6	8





V. CONCLUSION

The study concludes that life insurance has evolved from a traditional risk protection mechanism into a comprehensive financial planning and investment instrument. Investors increasingly recognize the dual benefits of insurance policies in providing financial security and facilitating long-term wealth creation. The findings indicate that awareness regarding life insurance products is relatively high, and investors consider factors such as safety, savings, tax benefits, claim settlement efficiency, and company reputation while selecting insurance policies. LIC continues to maintain a dominant position in the insurance market due to its credibility, financial strength, customer trust, and extensive product portfolio. The study further reveals that investors prefer policies that offer a balanced combination of protection and investment returns. Prompt claim settlement, transparency, and service quality significantly influence customer satisfaction and loyalty. The growing importance of financial planning and risk management is expected to further enhance the demand for life insurance products in the future. Insurance companies should focus on innovative product development, customer education, digital service enhancement, and personalized financial solutions to meet evolving investor expectations. LIC can strengthen its market leadership by continuously improving customer experience and expanding awareness initiatives. Overall, life insurance remains a valuable investment avenue that contributes to financial stability, wealth accumulation, and social security. The study provides useful insights for policymakers, insurance companies, and investors in understanding the factors influencing investment behavior and improving the effectiveness of life insurance services in India.

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