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RESEARCH ARTICLE

“EXPLORING FACTORS INFLUENCING INFORMATION SOURCE PREFERENCES IN THE LIFE INSURANCE INDUSTRY: A FACTOR ANALYSIS APPROACH

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Abstract

This research investigates the availability of information sources preferences for individuals seeking life insurance policies. With the life insurance landscape evolving rapidly, understanding the accessibility and efficacy of information is crucial. This study examines various sources including insurance agents, company websites, online platforms, social media, and traditional media. Through quantitative surveys, it assesses the comprehensiveness, reliability, and impact of these sources on consumers' decision-making processes. The findings provide insights for insurance companies to enhance consumer education, improve awareness, and optimize communication strategies, ultimately fostering a more informed and empowered consumer base in the life insurance market. This research delves into the nuanced determinants influencing insured individuals' choices of information sources within the life insurance industry, employing a factor analysis methodology. Factor analysis is employed to identify and analyze the underlying dimensions. The study aims to uncover the key factors that influence insured persons' decision-making processes and satisfaction levels in Life insurance.

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Introduction:-

The life insurance industry stands at a critical juncture, marked by an ever-expanding array of information channels and a diverse clientele seeking protection and financial security. In this dynamic landscape, understanding the factors that shape insured individuals' preferences for information sources is paramount for insurers aiming to effectively communicate with and serve their customer base. This study embarks on an exploration of the intricate determinants influencing information source preferences within the life insurance industry, employing a factor analysis approach to uncover underlying dimensions driving consumer behavior.

Information plays a pivotal role in the life insurance sector, serving as the cornerstone of consumer decision-making processes. From researching policy options to evaluating coverage details and understanding terms and conditions, access to accurate and reliable information is essential for individuals navigating the complexities of life insurance. Moreover, with the advent of digitalization and the proliferation of online platforms and social media, the landscape of information dissemination has undergone a profound transformation, presenting both opportunities and challenges for insurers and consumers alike.

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Against this backdrop, this research endeavors to shed light on the factors that influence insured individuals' preferences for specific information sources. By systematically analyzing demographic, socioeconomic, and psychographic variables, the study aims to unravel the underlying dimensions driving consumers' choices among various channels such as insurance agents, company websites, online platforms, social media, and traditional media. Understanding these factors holds the key to unlocking insights that can inform insurers' communication strategies, optimize information channels, and enhance consumer engagement and decision-making processes.

Through a comprehensive examination of the interplay between consumer characteristics and information source preferences, this study seeks to contribute to a deeper understanding of the evolving dynamics within the life insurance industry. By leveraging the power of factor analysis, the research aims to uncover patterns, correlations, and latent constructs that elucidate the complex web of factors shaping consumers' information-seeking behaviors. Ultimately, the findings hold the potential to inform strategic initiatives aimed at improving insured customer education, fostering greater transparency, and promoting a more informed and empowered consumer base in the realm of life insurance.

Literature Review:-

This review explores the information source preferences of consumers in the life insurance industry. Understanding where individuals seek information about life insurance products and services is crucial for insurers and policymakers to effectively reach and educate consumers. The literature reveals a variety of sources utilized by consumers, ranging from traditional channels such as agents and brokers to digital platforms like websites and social media. **Festus** (2011) evaluated the factors underlying consumer perception towards investment in life insurance. The customers considered the most important factor was company loyalty and the last was company-client relationship. The recommendations were that the insurance companies should concentrate on consumers' loyalty, service quality, ease of procedures, satisfaction level, company's image and company-client relationship. **Babita and Anshuja**(2012) identified those factors which influenced customers' policy buying decision and also analyzed the preferences of customers while life policy investment decision making. The study concluded that demographic factors like gender, age and income positively affected the customer life policy buying decision but occupation did not influence the customer life policy buying decision. **Arul and Kannan** (2014) investigated the customers' preferences for selecting life insurance companies in Tamil Nadu. They also investigated the weak areas of service quality. The study revealed that product features like tax rebate, savings, investment and life cover and amount of premium, accessibility, advertising, proper redressal of complaints, better claim settlement, etc., have mainly influenced policyholders for the selection of life insurance companies.

Need for the study”

There is need to explore the factors that influence information source preferences in the life insurance industry through a factor analysis approach. It is driven by the evolving nature of the industry, the complexity of consumer decision-making processes, and the importance of enhancing consumer education and awareness. By uncovering the underlying dimensions shaping information source preferences, this study aims to provide valuable insights for insurers to optimize their communication strategies and better serve their customers in an increasingly competitive and dynamic marketplace.

Objective of the study”:-

To identify and analyze the key factors influencing information source preferences among individuals seeking life insurance within the life insurance industry using a factor analysis approach.

Research Methodology”:-

Research is the term used to describe a thorough and methodical exploration of pertinent facts. The principal objective of study is to uncover concealed truths that have yet to be unveiled, or to enhance the existing discoveries of prior research endeavours.

Data Collection Methods:

Once an investigation issue has been identified, the process of gathering data commences. The research is predominantly based on empirical evidence. The data for the study was collected from a combination of primary and secondary sources.

Primary Source:

Data (525 respondents) was gathered using well-structured questionnaires. Separate questionnaires were developed and distributed. The questionnaires included both open-ended and closed-ended questions.

Descriptive Statistics-Insured

Knowing both the mean and standard deviation provides a comprehensive picture of the distribution of values in the dataset, helping to identify patterns and characteristics within the data. The five point Likert scale is considered an interval scale. The mean is very significant. From (1 to 1.8, strongly disagree); (1.81 to 2.60, disagree); (2.61 to 3.40, Neutral); (3.41 to 4.20, Agree) and from (4.21 to 5.0, Strongly Agree)

Table-1.1:- Descriptive Statistics of Sources and extent of information accessed regarding life insurance-Insured.

S No	Sources and extent of information accessed regarding life insurance-Insured	Mean	S.D	Skewness	Kurtosis	Likert Scale
1	Insured individuals can readily access and understand information about insurance policies and associated risks.	3.3371	1.25044	-.417	-.886	Neutral
2	Understanding insurance options and associated risks helps insured individuals make informed decisions about whether to obtain insurance coverage and how to manage risks effectively in their lives.	3.5524	1.28987	-.794	-.476	Agree
3	Policy documents provide detailed information about benefits, exclusions, and policy terms.	3.5105	1.21315	-.630	-.471	Agree
4	Many insured individuals rely on insurance agents or financial advisors specializing in insurance to provide them with information and guidance.	3.4571	1.29612	-.531	-.854	Agree
5	Insured individuals often gather information directly from their insurance providers.	3.3429	1.24506	-.421	-.983	Neutral
6	The economic and social background of insured individuals play a crucial role in determining the affordability of insurance premiums and the extent of coverage	3.5486	1.27813	-.662	-.598	Agree
7	The economic and social background of insured individuals provides valuable insights into their financial security, risk management strategies, and overall well-being.	3.6590	1.14749	-.766	-.196	Agree

The Table 1.1 shows that the mean values vary between 3.3371 and 3.6590. This suggests that, across different samples or datasets, the average value lies within this range (Agree). The standard deviation values range from 1.1475 to 1.2961. This indicates the variability or dispersion of data points around the mean. A negative skewness value varies between -0.794 to -0.417 indicates that the tail of the distribution is longer on the left side (left-skewed or Negatively skewed). Negative kurtosis (less than 3) indicates a distribution with a flatter peak and thinner tails compared to a normal distribution.

Factor Analysis for insured.

Factorization of variables of seven dimensions from Sources and extent of information accessed regarding life insurance by Insured and Non-Insured.

Dimensions	Variables in the Dimensions
Sources and extent of information accessed regarding life insurance by Insured	7

Factor analysis has been applied to identify the latent factors of seven dimensions. Each of the seven dimensions data has been collected for both Insured as well as Non-Insured. Hence, the Insured dimensions are factorized and same factors are computed for Non-Insured as well. This computation will enable to perform the paired t test between the opinions of Insured with Non-Insured. Hence, seven factor analysis are performed and presented.

Bartlett's Test of Sphericity

Before conducting factor analysis, Bartlett's Test of Sphericity and the Kaiser Meyer Olkin (KMO) Test was used to examine whether the sample data was suitable for factor analysis. The χ^2 of Bartlett's Test of importance of expectation and perception toward service customer satisfaction reveals high relativity and P values are 0.000. The KMO values are all higher than 0.9. This indicates that the sample data is suitable for factor analysis.

Table-1.2:-

"KMO and Bartlett's Test"		
"Kaiser-Meyer-Olkin Measure of Sampling Adequacy".		.713
"Bartlett's Test of Sphericity"	"Approx. Chi-Square"	2218.297
	"df"	21
	"Sig."	.000

From above table -1.2, it is concluded that the strength of the relationship among variables is strong, because of the value of KMO Statistics is .713 and our null hypothesis (Correlation matrix is identity matrix) for Bartlett's test has been rejected since P-Value is .000. So, Factor analysis can be applied.

Table 1.3:- Communalities and MSA of Sources and extent of information.

S No	Sources and extent of information for Insured	Communalities	MSA
1	Insured individuals can readily access and understand information about insurance policies and associated risks.	.622	-.019
2	Understanding insurance options and associated risks helps insured individuals make informed decisions about whether to obtain insurance coverage and how to manage risks effectively in their lives.	.876	-.115
3	Policy documents provide detailed information about benefits, exclusions, and policy terms.	.925	.078
4	Many insured individuals rely on insurance agents or financial advisors specializing in insurance to provide them with information and guidance.	.596	-.032
5	Insured individuals often gather information directly from their insurance providers.	.678	.307
6	The economic and social background of insured individuals play a crucial role in determining the affordability of insurance premiums and the extent of coverage	.919	-.041
7	The economic and social background of insured individuals provides valuable insights into their financial security, risk management strategies, and overall well-being.	.700	.573 ^a

Measures of Sampling Adequacy (MSA) – Anti image Correlations

Table 1.3 reveals that Sources and extent of information for Insured variables have Communalities ranging from 0.596 to 0.925 and MSA values ranging from -0.115 to 0.307. Therefore, those Sources and extent of information for Insured variables are fit for factorization.

Table 1.4:- Variance Explained by Sources and extent of information for Insured.

"Total Variance"									
"Component"	"Initial Eigenvalues"			"Extraction Sums of Squared Loadings"			"Rotation Sums of Squared Loadings"		
	"Total"	"% of Variance"	"Cumulative %"	"Total"	"% of Variance"	"Cumulative %"	"Total"	"% of Variance"	"Cumulative %"
1	3.057	43.671	43.671	3.057	43.671	43.671	3.057	43.671	43.671
2	1.246	17.794	61.464	1.246	17.794	61.464	1.246	17.794	61.464
3	1.013	14.478	75.942	1.013	14.478	75.942	1.013	14.478	75.942
4	.914	13.064	89.006						
5	.558	7.977	96.983						
6	.169	2.409	99.392						
7	.043	.608	100.000						
"Source : Survey Data"									

“Extraction Method: Principal Component Analysis”

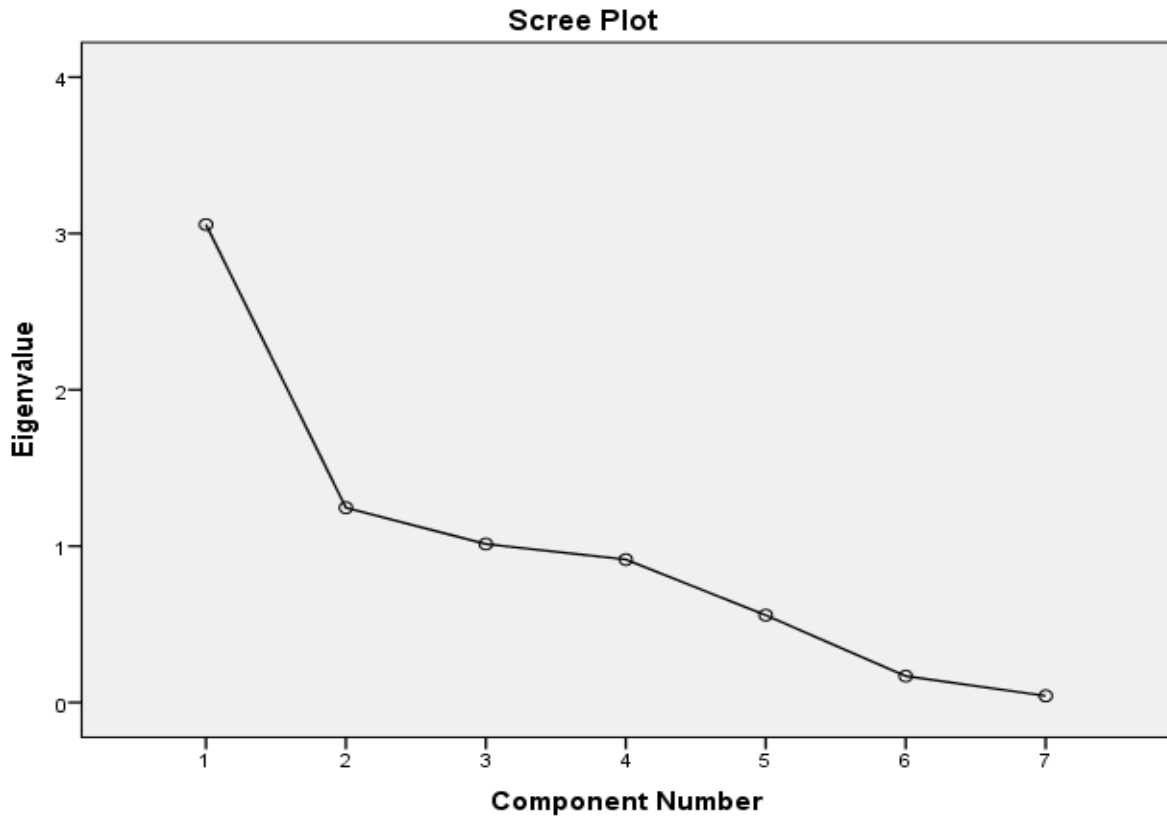


Table 1.5:- Sources and extent of information for Insured.

Factors	Variables	Factor Loading
Factor 1 Policy Documents	Policy documents provide detailed information about benefits, exclusions, and policy terms.	0.961
	The economic and social background of insured individuals play a crucial role in determining the affordability of insurance premiums and the extent of coverage.	0.959
Factor 2 Economic and social background of insured	The economic and social background of insured individuals provides valuable insights into their financial security, risk management strategies, and overall well-being.	0.789
Factor 3 Accessible and Understandable Insurance Information for Insured Individuals"	Insured individuals can readily access and understand information about insurance policies and associated risks.	0.729

Tables 1.3 and 1.4 show that 7 Sources and extent of information for Insured Factors variables have been grouped into three independent dominant factors which explain 75.94% of variance in the Sources and extent of information for Insured factor in them.

The most dominant factor 1 explains **43.671 %** variance in the **sources and extent of information** Factors variables and it contains 3 factor variables of Policy documents, Economic and social background of insured and Accessible and Understandable Insurance Informationfor Insured Individuals in the order of importance of their relative correlations with it and therefore, it is labeled as **Policy documents**.

The second most dominant factor 2 explains **17.794%** of variance in the sources and extent of information factor variables and it is made of 1 sources and extent of information variables economic and social background of insured individuals and therefore, it is named **as economic and social background of insured individuals**.

The third most dominant factor explains 14.478% of variance and it is made of 1 variables as **Accessible and Understandable Insurance Information for Insured Individuals** and it is labeled as same.

Thus, three independent factors have been extracted out of 7 variables of which the **Policy document factor** is the most dominant one, followed by **economic and social background of insured individuals** and **Accessible and Understandable Insurance Information for Insured Individuals** factor.

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