



# A Study to Identify Major Factors Affecting Purchase of Life Insurance in Gujarat

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**Abstract:** *The aim of this study was to identify the major factors influencing the purchase decision of customers while selecting life insurance products in Gujarat state. Thus an attempt has been made to study the customer buying behavior with a focus to identify the major factors. Many life insurance related variables were identified from previous studies and respondents of Gujarat state were queried about the product variables which strongly influence their purchase decision. Founded Variables were reduced through factor analysis to find out most influential variables and its importance on purchase decision. Findings reveal that F1 (Service Facilities by insurer), F2 (Socialization of customer), F3 (Easy access for customer), F4 (Product Attractiveness), F5 (Concern for family needs by customer) and F6 (Promotions by firm) are major factors that drastically influence for the choice of any life insurance product.*

**Key words -** *Consumer behavior, Consumer preference, Life insurance, Purchase decision.*

## I. INTRODUCTION

Insurance industry helps societies by two ways, on one side it helps sufferer of losses by overcoming their economical perils and on other side it provide fuel to economical development of nations through long term investment of funds collected in form of premium from customers. Life Insurance contract is a contract where by the insurer in consideration of premium paid either in lump sum or in periodical installments undertakes to pay annuity or a certain sum of money either on the death of insured or on expiry of a certain numbers of years. Thus goal of life insurance is to provide a measure of financial security for the family after the person who passed away. So, before purchasing a life insurance policy, one should consider financial situation and the standard of living he or she wants to maintain for his dependents or survivors. The principles which are applicable to life insurance are as follows: Principles of Utmost Good faith and Insurable interest.

### Consumer Behavior

Belch and Belch, (2001) defined consumer behavior as the process and the activities people engage in when searching for, selecting, purchasing, using, evaluating and disposing of products and services so as to satisfy their needs and desires. They found that for many products and services, purchase decision is the result of a long, detailed process while sometime it is more incidental and may result from little more than seeing a product prominently displayed at a discount price in a store. Schiffman and Kanuk, (2000) defined consumer behavior as the behavior displayed by consumers in the search for purchasing, evaluating and disposing of products, and services. Consumer behavior is concerned not only with what consumers buy, but how they buy, and how often they buy it.

In simple words Consumer behavior is defined as “all psychological, social & physical behavior of potential customers as they become aware of, evaluate, purchase, consume, & tell others about product & services”.

In particular, Exploratory Factor Analysis has been applied in this work. A set of 30 statements measured on a five point Likert scale (where 5 is strongly agree and 1 strongly disagree) regarding the opinion of respondents (derived through a survey) who owns the life insurance policies were coded. Each statement with its code, average score and standard deviation has been given in Table 1

## II. REVIEW OF LITERATURE

J. Stávková, L. Stejskal, Z. Toufarová (2007)<sup>11</sup> analyzed following 14 factors and its impact on consumer behavior : tradition and habit, necessity of need, former experience, recommendation of friends and relatives, recommendation of specialists, products' characteristics and parameters, product or services quality, brand, price, discount action, inspiration by an advertisement, endeavor to try out novelties, fashion trends, and design of product for different product when they purchase Food and non-alcoholic drinks, Alcoholic drinks and tobacco, Clothing and footwear, Health, pharmaceuticals and vitamins, Transport, Post and telecommunications, Recreation and culture need, Education, Boarding and accommodation, Other goods and services, and Housing equipment. Percentages of expenses on different commodity factor are as follow: Housing equipment-6.6% of the



expenses per one household's member. Transport- forms 13.5% of the households' expenses. Postage and telecommunication-constitutes 2.8% of the expenses, Boarding and accommodation-9.0% of the consumers' expenses., Other goods and services-9.9%, Health, pharmaceuticals, vitamins: constitute 3.5% of the expenses per one households' member ,Recreation and culture :9.4% of the general expenses and Education presents only 1% from the general households' expenses thus we can see that transportation is major reason for expenses. From above factor major five factors influencing during buying decision are quality, price, former experience, need and product characteristics.

Oriah Akir and Md. Nor Othman (2008) study integrates several dimensions affecting consumer decision making like attributes importance, demographic variables, and interpersonal influence and repurchase intention as well as the possible relationship among variables is developed. The findings revealed that purchasing high involvement products was regarded as a very important decision in comparison to purchasing low involvement products. Second, quality, price, brand name and product information had significant direct relationship on repurchase intention for high involvement products. While for low involvement products, price and brand name significantly predict consumers' repurchase intention.

Huihui Wang (2010) stated that increased levels of income, higher education levels, and demographics (such as family structure and the number of dependent children) were important factors in determining life insurance demand in China. Consumers with a broader knowledge of life insurance have a higher probability of owning life insurance. Moreover male Chinese consumers are having higher probability to own life insurance than a female.

Soumya Saha and Munmun Dey (2011) found that savings objective of majority of individual investors is 'to provide for purchase of assets' followed by the objectives 'to meet contingencies' and 'tax reduction' for which bank deposits are the most popular savings instrument among individual investors of Kolkata, as they are unique financial products which enable an average salaried person to get a balanced proportion of reasonable returns, along with safety of capital and liquidity. The liquidity provided will help investors meet the contingencies, which is one of their primary objectives of saving. This is followed by life insurance which again ensures safety of the capital along with reasonable returns and also provides tax savings. UTI MF occupies the third position highlighting its growing popularity among retail investors. The other saving instruments are not so popular due to the lack of awareness among investors. In the turbulent market conditions, MFs have been rated as the 'Most Favored Instrument' followed by bonds and shares. The investors are interested in earning higher return rather than regular safe returns. Investors' need for safety is foremost, followed by good return, liquidity, flexibility, tax benefit, capital appreciation, diversification benefits and professional management. Most influencing sources that investors attach high priority to reference groups, closely followed by published information, thereby preferring newspapers (general and business), and financial magazines prior to their purchase decision. Awareness about MF among respondents is dependent on age and income while independent of gender.

Dharmendra Singh (2011) reveals that product features, accessibility, low premium amount, advertising, proper redressal of complaints and better claim settlement are some of the factors that drastically influence the choice of a company. Most people admitted that their purchase decision was affected by the agents/brokers suggestions and advices of friends. While buying an insurance policy, most important criterion is whether a company is public or private. Older people consider life coverage as the most important reason while youngsters consider tax rebate as most prominent factors. Peoples regard word of mouth as very relevant factors for selecting a company.

Jordan Kjosevski (2012) researched results show that higher GDP per capita, inflation, health expenditure, level of education and rules of law are the most robust predictors of the use of life insurance. Real interest rates, ratio of quasi-money, young dependency ratio, old dependency ratio control of corruption and government effectiveness do not appear to be robustly associated with life insurance demand. Protection and enforcement of property rights will facilitate the demand of life insurance policies.

Dr. Dipin Mathur, Mr. Ashish Tripathi (2014), in their findings revealed that according to the ranks given the most important factors that influence customers for selecting a insurance companies are computerization and online transactions, connectivity with bank , speed and efficiency in transactions, clear communication and the least important factors are influential marketing campaign, free gifts for customers, peer group impression etc.

Mistry D. and Singh G. (2015), implied from the results of their study that for investors and insurance companies. Risk coverage, benefits, price/premium and associated services form the key components of core features of an insurance product.

Sandeep chaudhary(2016), whose main finding of the study reflected that there are six factors i.e. customised and timely services, better company reputation, effective service quality , customer convenience , tangible benefits and healthy customer client relationship that influence the consumer perception towards life insurance policy.

Dr. B. R. Patil (2016) believes that the purchasing decision of the consumer depends on quality, accessibility and promptness of services, which may lead a company acquire the top rank with a huge market share.

Mahdjour M and Benhabib A (2017) concludes that the "religious factor" has negatively affected the attitude of Algerian consumer towards insurance products, were some insurance products conflict with religious values and beliefs of the Algerian consumer, while the (reference of family/friends) factor did not have an influence on the Algerian consumer attitude towards insurance services.



### III. OBJECTIVES OF THE STUDY

To identify major influencing factors affecting purchasing decision of customer when purchasing any life insurance product.

### IV. RESEARCH METHODOLOGY

The study is Quantitative & descriptive in nature. The researcher adopted this research design to gather information from the respondents to identify major factors affecting the preferences and purchase decision of consumers when buying life insurance. The study was conducted with 1505 samples from Gujarat state. The sampling method adopted for the study was non-probability convenience where the researcher can select the sample elements based on the ease of researcher. Structured questionnaire was prepared to survey the respondents. The primary data has been collected through a structured questionnaire. The secondary data has been collected from the books, journals, magazines, online databases and websites.

With the help of literature reviews of previous studies researcher found out 30 major variables which affect the purchase decision of customers while purchasing life insurance products.

### V. RESEARCH ANALYSIS

Table 1  
Each statement with its code, average score and standard deviation

Descriptive Statistics of Statements			
Code	Statements	Average score	Std. Deviation
X1	Return is an important factor when I purchase any life insurance product.	3.80	1.193
X2	Ability of the life insurance product to fulfill my needs influences my decision to purchase that product.	4.10	.962
X3	I always look for the amount of sum assured when I purchase life insurance product.	3.78	.995
X4	I always look for liquidity options of my savings, before purchasing a life insurance product.	4.08	.947
X5	The decision of purchasing my life insurance depends on my awareness regarding product.	3.76	1.104
X6	The decision of purchasing my life insurance depends on my affordability to pay premium.	3.94	1.036
X7	I always do price comparison before purchasing any life insurance product	4.23	.888
X8	Availability of choices for modes (monthly, quarterly, half yearly and yearly) premium payment influences my decision to purchase life insurance.	3.74	1.163
X9	I always purchase life insurance keeping in mind my beneficiary than myself.	3.60	1.161
X10	Advertisement in media (news papers, Channels, Brochures) influences my decision to purchase life insurance.	3.80	1.121
X11	I purchase life insurance based on agent's recommendations.	2.81	1.188
X12	Recommendations of my relatives, influences my decision to purchase life insurance.	3.08	1.223
X13	Recommendations of my friends, influences my decision to purchase life insurance.	3.13	1.122
X14	Recommendations of my family members, influences my decision to purchase life insurance.	3.21	1.146
X15	Recommendations of my colleagues, influences my decision to purchase life insurance.	3.53	1.073



X16	While purchase life insurance, I always keep the <b>image of the company</b> in mind.	3.24	1.117
X17	I go through the <b>pamphlets/brochure</b> of the life insurance product before purchasing it.	4.08	.988
X18	I go through the internet/ <b>website</b> of the life insurance company before purchasing life insurance product.	3.76	1.092
X19	Paying premium through my employer ( <b>Salary Saving Scheme</b> ) influences my decision to purchase life insurance.	3.70	1.082
X20	The <b>location of the branch office</b> , influences my decision to purchase life insurance.	3.86	1.025
X21	<b>Claim settlement process</b> by insuring company, influences my decision to purchase life insurance.	3.69	1.056
X22	<b>Complaint redressal process</b> by insuring company, influences my decision to purchase life insurance.	3.94	1.000
X23	<b>Medical check- up process</b> adopted by insuring company	3.27	1.134
X24	<b>Documentation</b> work required for purchasing the life insurance product, influences my purchase decision.	2.97	1.238
X25	Long term <b>commitment</b> given by the company affects my decision to purchase life insurance.	3.87	1.028
X26	<b>Trustworthiness of the company</b> affects my decision to purchase life insurance.	3.76	1.047
X27	<b>Professional management</b> of my premium by the company affects my decision to purchase life insurance.	3.56	1.075
X28	<b>After sales service</b> provided by the company affects my decision to purchase life insurance.	3.35	1.156
X29	<b>Technology</b> adopted by insurer, affects my decision to purchase life insurance.	3.77	1.024
X30	<b>Former experience</b> with insurer, affects my decision to purchase life insurance.	3.73	1.011

After ensuring the reliability of scale and testing the adequacy of data, the set of 30 statements regarding a study on factors influencing decision of customers purchasing life insurance product in Gujarat were subjected to Factor Analysis. From above table communalities of some variables was found below 0.5, so starting from lowest communality value variables were removed one by one till communalities found is more than 0.5 after 8th iteration 22 variable having communality value more than 0.5 was considered for factor analysis.

Table 2  
KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.863
Bartlett's Test of Sphericity	Approx. Chi-Square	8293.684
	df	231
	Sig.	.000

**Table 3**  
Detail of variables removed during each Iteration so get communality extraction greater than 0.5

Iteration No.	No of variable removed	KMO value	Total Variance explained	Variable having lowest value removed
1	30th	0.902	49.3762449464875	X25: Long term commitment given by company affect my decision to purchase life insurance.
2	29th	0.898	50.0658109460358	X23: Medical check- up process adopted by insurance company ,influences my decision to purchase life insurance.
3	28th	0.896	50.8523405786106	X5: The decision of purchasing my life insurance depends on my awareness regarding product.
4	27th	0.891	51.7047968811248	X16: While purchase life insurance,I always keep the Image of company in mind.
5	26th	0.885	52.5596585858837	X24: Documentation work required for purchasing life insurance product , influences my decision to purchase life insurance.
6	25th	0.879	53.4751626595129	X4: I always look for liquidity options of my savings,before purchasing a life insurance product.
7	24th	0.874	54.5667253772684	X8: Availability of choices for mode(monthly,quarterly,half yearly and yearly) premium payment influences my decision to purchase life insurance.
8	23rd	0.873	55.8105470263013	X30: Former experience with insurer, affects my decision to purchase life insurance.



**Table 4**  
**Correlation Matrix**

Correlation Matrix <sup>a</sup>																						
	X1	X2	X3	X6	X7	X9	X10	X11	X12	X13	X14	X15	X17	X18	X19	X20	X21	X22	X26	X27	X28	X29
X1	1.000	.342	.292	.224	.108	.078	.166	.150	.156	.120	.194	.118	.126	.159	.258	.137	.138	.113	.156	.164	.199	.157
X2	.342	1.000	.287	.252	.173	.165	.070	.070	.103	.154	.148	.119	.195	.203	.120	.064	.225	.241	.314	.290	.264	.243
X3	.292	.287	1.000	.316	.204	.199	.048	.086	.099	.080	.172	.089	.156	.182	.108	.057	.257	.227	.242	.200	.241	.181
X6	.224	.252	.316	1.000	.241	.237	-.034	.058	.075	.092	.196	.078	.190	.183	.116	.057	.302	.264	.321	.216	.272	.249
X7	.108	.173	.204	.241	1.000	.173	.132	-.006	.078	.121	.149	.152	.264	.355	.117	.159	.241	.279	.210	.238	.209	.197
X9	.078	.165	.199	.237	.173	1.000	.113	.083	.054	.109	.110	.110	.169	.152	.118	.136	.198	.202	.222	.158	.145	.178
X10	.166	.070	.048	-.034	.132	.113	1.000	.328	.294	.209	.198	.247	.187	.079	.280	.301	.069	.121	.015	.085	.095	.095
X11	.150	.070	.086	.058	-.006	.083	.328	1.000	.428	.300	.285	.293	.033	-.081	.156	.249	.075	.104	.058	.117	.058	.104
X12	.156	.103	.099	.075	.078	.054	.294	.428	1.000	.615	.502	.507	.061	.051	.149	.174	.059	.126	.112	.126	.108	.118
X13	.120	.154	.080	.092	.121	.109	.209	.300	.615	1.000	.506	.612	.067	.104	.142	.171	.105	.114	.118	.177	.088	.126
X14	.194	.148	.172	.196	.149	.110	.198	.285	.502	.506	1.000	.439	.116	.085	.196	.151	.147	.160	.137	.203	.116	.136
X15	.118	.119	.089	.078	.152	.110	.247	.293	.507	.612	.439	1.000	.073	.122	.150	.161	.099	.171	.101	.188	.116	.159
X17	.126	.195	.156	.190	.264	.169	.187	.033	.061	.067	.116	.073	1.000	.397	.217	.158	.247	.233	.202	.223	.231	.208
X18	.159	.203	.182	.183	.355	.152	.079	-.081	.051	.104	.085	.122	.397	1.000	.219	.143	.252	.271	.225	.247	.226	.251
X19	.258	.120	.108	.116	.117	.118	.280	.156	.149	.142	.196	.150	.217	.219	1.000	.366	.165	.153	.118	.180	.141	.160
X20	.137	.064	.057	.057	.159	.136	.301	.249	.174	.171	.151	.161	.158	.143	.366	1.000	.261	.249	.072	.193	.167	.179
X21	.138	.225	.257	.302	.241	.198	.069	.075	.059	.105	.147	.099	.247	.252	.165	.261	1.000	.542	.316	.322	.392	.302
X22	.113	.241	.227	.264	.279	.202	.121	.104	.126	.114	.160	.171	.233	.271	.153	.249	.542	1.000	.344	.351	.418	.298
X26	.156	.314	.242	.321	.210	.222	.015	.058	.112	.118	.137	.101	.202	.225	.118	.072	.316	.344	1.000	.424	.435	.307
X27	.164	.290	.200	.216	.238	.158	.085	.117	.126	.177	.203	.188	.223	.247	.180	.193	.322	.351	.424	1.000	.441	.386
X28	.199	.264	.241	.272	.209	.145	.095	.058	.108	.088	.116	.116	.231	.226	.141	.167	.392	.418	.435	.441	1.000	.480
X29	.157	.243	.181	.249	.197	.178	.095	.104	.118	.126	.136	.159	.208	.251	.160	.179	.302	.298	.307	.386	.480	1.000

a. Determinant = .004 (It must be greater than 0.0001 according to Babin and Anderson)



Table 5  
Anti – Image Correlation Matrix

Anti-Image Matrices (After deleting variable X25,X23,X5,X16,X24,X4,X8,X30 one by one in each Iteration 1 to 8)																							
	X1	X2	X3	X6	X7	X9	X10	X11	X12	X13	X14	X15	X17	X18	X19	X20	X21	X22	X26	X27	X28	X29	
Anti-Image Correlation	X1	.818 <sup>a</sup>	-.245	-.169	-.097	.022	.049	-.074	-.051	-.030	.031	-.060	.005	.028	-.054	-.158	-.021	.011	.064	.016	.008	-.067	.005
	X2	-.245	.887 <sup>a</sup>	-.109	-.044	-.009	-.037	-.002	.005	.027	-.081	.011	.013	-.054	-.025	.021	.052	-.010	-.052	-.118	-.090	-.010	-.053
	X3	-.169	-.109	.894 <sup>a</sup>	-.138	-.067	-.090	.020	-.035	-.020	.042	-.058	.004	-.002	-.034	.009	.050	-.080	-.020	-.033	-.003	-.047	.012
	X6	-.097	-.044	-.138	.883 <sup>a</sup>	-.106	-.119	.125	-.028	.013	.006	-.105	.027	-.047	.010	-.025	.049	-.097	-.034	-.121	.035	-.037	-.067
	X7	.022	-.009	-.067	-.106	.890 <sup>a</sup>	-.037	-.083	.077	.021	-.007	-.039	-.052	-.077	-.206	.045	-.061	-.015	-.079	-.020	-.055	.007	-.007
	X9	.049	-.037	-.090	-.119	-.037	.895 <sup>a</sup>	-.066	-.026	.061	-.041	-.001	-.024	-.046	-.014	-.015	-.047	-.026	-.037	-.097	.011	.046	-.051
	X10	-.074	-.002	.020	.125	-.083	-.066	.814 <sup>a</sup>	-.188	-.108	.026	-.002	-.073	-.128	.027	-.142	-.140	.038	-.025	.055	.035	-.039	.006
	X11	-.051	.005	-.035	-.028	.077	-.026	-.188	.824 <sup>a</sup>	-.240	.001	-.040	-.058	.004	.152	-.004	-.134	-.009	-.019	-.005	-.046	.052	-.040
	X12	-.030	.027	-.020	.013	.021	.061	-.108	-.240	.825 <sup>a</sup>	-.364	-.220	-.126	.008	-.007	.015	-.003	.067	-.037	-.050	.056	-.044	-.006
	X13	.031	-.081	.042	.006	-.007	-.041	.026	.001	-.364	.798 <sup>a</sup>	-.198	-.389	.023	-.036	.008	-.044	-.046	.069	-.012	-.037	.034	.011
	X14	-.060	.011	-.058	-.105	-.039	-.001	-.002	-.040	-.220	-.198	.896 <sup>a</sup>	-.118	-.033	.049	-.075	.022	-.030	-.010	.013	-.069	.039	.010
	X15	.005	.013	.004	.027	-.052	-.024	-.073	-.058	-.126	-.389	-.118	.855 <sup>a</sup>	.037	-.043	-.010	.019	.038	-.074	.033	-.042	.000	-.048
	X17	.028	-.054	-.002	-.047	-.077	-.046	-.128	.004	.008	.023	-.033	.037	.871 <sup>a</sup>	-.271	-.076	-.004	-.059	-.006	-.016	-.029	-.041	-.014
	X18	-.054	-.025	-.034	.010	-.206	-.014	.027	.152	-.007	-.036	.049	-.043	-.271	.838 <sup>a</sup>	-.109	-.009	-.030	-.068	-.030	-.039	.022	-.085
	X19	-.158	.021	.009	-.025	.045	-.015	-.142	-.004	.015	.008	-.075	-.010	-.076	-.109	.834 <sup>a</sup>	-.258	-.007	.018	-.019	-.038	.018	-.018
	X20	-.021	.052	.050	.049	-.061	-.047	-.140	-.134	-.003	-.044	.022	.019	-.004	-.009	-.258	.828 <sup>a</sup>	-.132	-.086	.071	-.052	-.013	-.040
	X21	.011	-.010	-.080	-.097	-.015	-.026	.038	-.009	.067	-.046	-.030	.038	-.059	-.030	-.007	-.132	.871 <sup>a</sup>	-.365	-.037	-.035	-.106	-.043
	X22	.064	-.052	-.020	-.034	-.079	-.037	-.025	-.019	-.037	.069	-.010	-.074	-.006	-.068	.018	-.086	-.365	.874 <sup>a</sup>	-.078	-.066	-.147	.002
	X26	.016	-.118	-.033	-.121	-.020	-.097	.055	-.005	-.050	-.012	.013	.033	-.016	-.030	-.019	.071	-.037	-.078	.896 <sup>a</sup>	-.209	-.194	-.016
	X27	.008	-.090	-.003	.035	-.055	.011	.035	-.046	.056	-.037	-.069	-.042	-.029	-.039	-.038	-.052	-.035	-.066	-.209	.911 <sup>a</sup>	-.172	-.142
	X28	-.067	-.010	-.047	-.037	.007	.046	-.039	.052	-.044	.034	.039	.000	-.041	.022	.018	-.013	-.106	-.147	-.194	-.172	.875 <sup>a</sup>	-.294
	X29	.005	-.053	.012	-.067	-.007	-.051	.006	-.040	-.006	.011	.010	-.048	-.014	-.085	-.018	-.040	-.043	.002	-.016	-.142	-.294	.898 <sup>a</sup>

a. Measures of Sampling Adequacy(MSA) are on the diagonal , partial correlations in the off diagonal.

All this confirms the adequacy of data for application of Factor Analysis. Now, after ensuring the reliability of scale and testing the adequacy of data, the set of 22 statements regarding a study on factors influencing decision of customers purchasing life insurance product in Gujarat were subjected to Factor Analysis. Principal Component Analysis (PCA) was used for extraction of factors and the number of factors to be retained was on the basis of Latent Root Criterion (Eigen Value Criterion). An Eigen value represents the amount of variance associated with the factor. Thus, only the factors having latent roots or Eigen values greater than 1 are considered significant and accepted else disregarded. Perusal of Table 5.6 Indicates that only six components have eigen values greater than unity and total variance accounted for by these five factors is 56.708 percent and remaining 43.292 percent was explained by other factors.

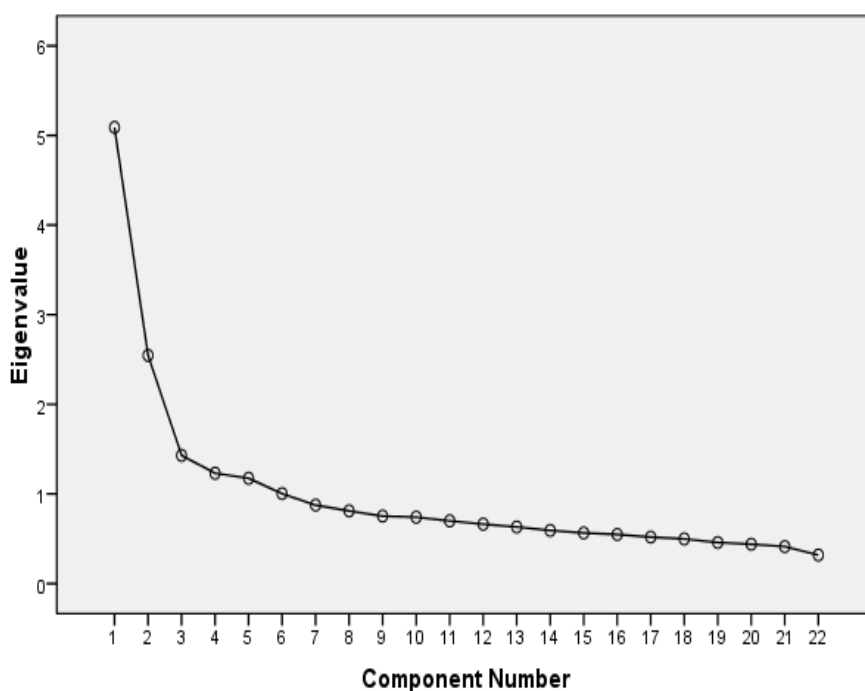
Table 6  
Total Variance Explained  
Total Variance Explained

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	5.089	23.134	23.134	5.089	23.134	23.134	2.899	13.178	13.178
2	2.546	11.574	34.708	2.546	11.574	34.708	2.801	12.734	25.912
3	1.430	6.501	41.209	1.430	6.501	41.209	1.866	8.480	34.391
4	1.231	5.596	46.805	1.231	5.596	46.805	1.732	7.871	42.262
5	1.175	5.342	52.147	1.175	5.342	52.147	1.612	7.325	49.587
6	1.003	4.561	56.708	1.003	4.561	56.708	1.567	7.121	56.708
7	.875	3.977	60.685						
8	.811	3.686	64.370						
9	.753	3.421	67.791						
10	.741	3.368	71.159						
11	.700	3.181	74.340						
12	.663	3.013	77.353						
13	.632	2.871	80.224						
14	.593	2.695	82.919						
15	.565	2.568	85.487						
16	.547	2.488	87.974						
17	.519	2.357	90.332						
18	.498	2.264	92.596						
19	.459	2.085	94.681						
20	.439	1.995	96.676						
21	.413	1.877	98.552						
22	.318	1.448	100.000						

Extraction Method: Principal Component Analysis.

Figure 1

Scree Plot





**Table 7**  
**Component Matrix**

Component Matrix <sup>a</sup>						
	Component					
	1	2	3	4	5	6
Complaint redressal process by insuring company , influences my decision to purchase life insurance.	.603	-.243		-.305		.204
Professional management of my premium by the company affect my decision to purchase life insurance.	.598	-.188		-.235	-.139	-.259
After sales service provided by the company affects my decision to purchase life insurance.	.596	-.316		-.240	-.262	-.209
Claim settlement process by insuring company , influences my decision to purchase life insurance.	.576	-.295		-.227	-.117	.254
Technology adopted by insurer, affect my decision to purchase life insurance.	.551	-.210		-.221	-.176	-.234
Trustworthiness of company affect my decision to purchase life insurance.	.551	-.301	-.262	-.110	-.116	
Recommendation of my Family members influences, my decision to purchase life insurance.	.495	.488	-.222		.133	
Ability of the life insurance product to fulfill my needs influences my decision to purchase that product.	.489	-.174	-.225	.360		-.213
The decision of purchasing my life insurance depends on my Affordability to pay premium.	.479	-.256	-.275	.230		.306
go through the pamphlets/brochure of life insurance product before purchasing it.	.450	-.199	.325		.370	-.108
always look for the amount of Sum Assured (SA) when I purchase life insurance product.	.450	-.183	-.223	.434		.219
Recommendations of my relatives, influences my decision to purchase life insurance.	.448	.668	-.178			
Recommendation of my friends, influences my decision to purchase life insurance.	.469	.624	-.243	-.114	.210	
Recommendation of my colleagues, influences my decision to purchase life insurance.	.468	.567	-.175	-.155	.209	
purchase life insurance based on Agent's recommendations.	.333	.518			-.375	.171
The location of the branch office, influences my decision to purchase life insurance.	.417	.157	.564	-.109	-.225	.136
Paying premium through my employer (Salary Saving Scheme) influences my decision to purchase life insurance.	.416	.117	.513	.234		-.119
Advertisement in different medias(newspaper,Channelx,Brochures) influences my decision to purchase life insurance.	.344	.382	.483		-.107	
Return is an important factor when I purchase any life insurance product.	.416			.641	-.214	-.237
go through the internet/website of the life insurance company before purchasing life insurance product.	.466	-.262	.229		.523	-.219
always do price comparison before purchasing any life insurance product.	.459	-.177	.114		.479	
always purchase life insurance keeping in mind to my beneficiary than myself.	.375	-.113				.588
Extraction Method: Principal Component Analysis.						
a. 6 components extracted.						

Thus, a model with these six factors can be considered adequate to represent the whole data. Communalities have also been shown in the last column.



Table 8  
Rotated Component Matrix

**Rotated Component Matrix\***

	Component					
	1	2	3	4	5	6
After sales service provided by the company affects my decision to purchase life insurance.	.774				.146	
Professional management of my premium by the company affect my decision to purchase life insurance.	.691	.149		.149	.129	
Technology adopted by insurer, affect my decision to purchase life insurance.	.663			.121	.116	
Trustworthiness of company affect my decision to purchase life insurance.	.616		-.107		.209	.206
Complaint redressal process by insuring company, influences my decision to purchase life insurance.	.588		.173	.157		.389
Claim settlement process by insuring company, influences my decision to purchase life insurance.	.551		.179	.133		.443
Recommendation of my friends, influences my decision to purchase life insurance.		.845				
Recommendations of my relatives, influences my decision to purchase life insurance.		.802	.176			
Recommendation of my colleagues, influences my decision to purchase life insurance.	.108	.780		.113		
Recommendation of my Family members influences, my decision to purchase life insurance.		.701			.161	.143
The location of the branch office, influences my decision to purchase life insurance.	.200		.722		-.102	.130
Advertisement in different medias (newspaper, Channelx, Brochures) influences my decision to purchase life insurance.		.248	.667			
Paying premium through my employer (Salary Saving Scheme) influences my decision to purchase life insurance.			.633	.232	.254	
I purchase life insurance based on Agent's recommendations.		.434	.464	-.348		.131
I go through the internet/website of the life insurance company before purchasing life insurance product.	.207			.775	.114	
I go through the pamphlets/brochure of life insurance product before purchasing it.	.166		.218	.638	.107	
I always do price comparison before purchasing any life insurance product.	.149	.130		.608		.292
Return is an important factor when I purchase any life insurance product.			.245		.783	
Ability of the life insurance product to fulfill my needs influences my decision to purchase that product.	.317			.131	.604	
I always look for the amount of Sum Assured (SA) when I purchase life insurance product.	.133				.522	.473
I always purchase life insurance keeping in mind to my beneficiary than myself.			.121	.115		.693
The decision of purchasing my life insurance depends on my Affordability to pay premium.	.241		-.118	.112	.339	.560

Extraction Method: Principal Component Analysis.  
Rotation Method: Varimax with Kaiser Normalization.  
a. Rotation converged in 7 iterations.



Table 8  
Factors Extracted

Factors Extracted	Factors					
	Factor-1	Factor-2	Factor-3	Factor-4	Factor-5	Factor-6
After sales service provided by the company affects my decision to purchase life insurance.	.774					
Professional management of my premium by the company affect my decision to purchase life insurance.	.691					
Technology adopted by insurer, affect my decision to purchase life insurance.	.663					
Trustworthiness of company affect my decision to purchase life insurance.	.616					
Complaint redressal process by insuring company, influences my decision to purchase life insurance.	.588					
Claim settlement process by insuring company, influences my decision to purchase life insurance.	.551					
Recommendation of my friends, influences my decision to purchase life insurance.		.845				
Recommendations of my relatives, influences my decision to purchase life insurance.		.802				
Recommendation of my colleagues, influences my decision to purchase life insurance.		.780				
Recommendation of my Family members influences, my decision to purchase life insurance.		.701				
The location of the branch office, influences my decision to purchase life insurance.			.722			
Advertisement in different medias(newspaper, Channel, Brochures) influences my decision to purchase life insurance.			.667			
Paying premium through my employer (Salary Saving Scheme) influences my decision to purchase life insurance.			.633			
I go through the internet/website of the life insurance company before purchasing life insurance product.				.775		
I go through the pamphlets/brochure of life insurance product before purchasing it.				.638		
I always do price comparison before purchasing any life insurance product.				.608		
Return is an important factor when I purchase any life insurance product.					.783	
Ability of the life insurance product to fulfill my needs influences my decision to purchase that product.					.604	
I always look for the amount of Sum Assured (SA) when I purchase life insurance product.					.522	
I always purchase life insurance keeping in mind to my beneficiary than myself.						.693
The decision of purchasing my life insurance depends on my Affordability to pay premium.						.560

Extraction Method: Principal Component Analysis.  
Rotation Method: Varimax with Kaiser Normalization.  
(Factor loading less than 0.52 have not been printed and variables have been sorted by loadings on each factors.)

Table 8

Factors	Code	Factor Loading	Statement	communalities
F1( Service Facilities)	X28	.774	After sales service provided by the company affects my decision to purchase life insurance.	.633
	X27	.691	Professional management of my premium by the company affect my decision to purchase life insurance.	.543
	X29	.663	Technology adopted by insurer, affect my decision to purchase life insurance.	.484
	X26	.616	Trustworthiness of company affect my decision to purchase life insurance.	.492
	X22	.588	Complaint redressal process by insuring company, influences my decision to purchase life insurance.	.566
	X21	.551	Claim settlement process by insuring company, influences my decision to purchase life insurance.	.552
F2(Socialization of customer)	X13	.845	Recommendation of my friends, influences my decision to purchase life insurance.	.728
	X12	.802	Recommendations of my relatives, influences my decision to purchase life insurance.	.686
	X15	.780	Recommendation of my colleagues, influences my decision to purchase life insurance.	.642
	X14	.701	Recommendation of my Family members influences, my decision to purchase life insurance.	.553
F3(Easy access for customer)	X20	.722	The location of the branch office influences my decision to purchase life insurance.	.598
	X10	.667	Advertisement in different medias(newspaper, Channel, Brochures) influences my decision to purchase life insurance.	.516
	X19	.633	Paying premium through my employer (Salary Saving Scheme) influences my decision to purchase life insurance.	.529
F4(Promotions by firm)	X18	.775	I go through the internet/website of the life insurance company before purchasing life insurance product.	.662
	X17	.638	I go through the pamphlets/brochure of life insurance product before purchasing it.	.501
	X7	.608	I always do price comparison before purchasing any life insurance product.	.495
F5(Product Attractiveness)	X1	.775	Return is an important factor when I purchase any life insurance product.	.686
	X2	.638	Ability of the life insurance product to fulfill my needs influences my decision to purchase that product.	.501
	X3	.608	I always look for the amount of Sum Assured (SA) when I purchase life insurance product.	.523
F6(Concern for family needs by customer)	X9	.693	I always purchase life insurance keeping in mind to my beneficiary than myself.	.517
	X6	.560	The decision of purchasing my life insurance depends on my Affordability to pay premium.	.517

Naming of factors

## VI. CONCLUSION

After analyzing the causes mentioned in table 1 to 9 in terms of variable X1 to X 22 it is concluded that factors influencing purchase decision of customer while purchasing life insurance are F1( Service Facilities), F2(Socialization of customer), F3(Easy access for customer), F4(Product Attractiveness), F5(Concern for family needs by customer) and F6(Promotions by firm).

This research may be helpful for the actuaries of Life insurance sector either to launch such a policy in the market, which can fulfill the said desires of the customers and insurance firm can take care of above mentioned factors and can target their customers in order to increase their sales and increase the penetration of life insurance.



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