

# A Study on the Impact of Covid-19 On Life Insurance Awareness in Tirupur City

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## Abstract

Insurance serves as a safeguard against financial loss and is a crucial component of risk management, primarily used to protect individuals from unexpected or uncertain events. In an insurance agreement, the insured pays a fixed premium to the insurer in return for financial compensation in the event of a covered loss. This study explores how life insurance companies continued to provide services to customers during the COVID-19 pandemic and how their efforts influenced and encouraged customers to purchase additional policies. The research also assesses customer satisfaction with the services provided. Primary data collection methods were used, and the information gathered was analyzed using various statistical tools, including Percentage Analysis, Chi-Square Test, Likert Scale, Correlation, and Rank Analysis. These tools helped in understanding consumer perceptions, the effectiveness of services offered, and the overall impact of insurance companies during the pandemic period.

**Keywords:** *Life Insurance, COVID 19, Customer Satisfaction*

## Introduction

A life insurance policy is a contract with an insurance company. In exchange for premium payments, the insurance company provides a lump-sum payment, known as a death benefit, to beneficiaries upon the insured's death. Typically, life insurance is chosen based on the needs and goals of the owner. Term life insurance generally provides protection for a set period of time, while permanent insurance, such as whole and universal life, provides lifetime coverage. It's important to note that death benefits from all types of life insurance are generally income tax-free.

There are many varieties of life insurance. Some of the more common types are discussed below.

- Term Life Insurance
- Universal Life Insurance
- Whole Life Insurance

## **Statement of the Problem**

The research aims to identify and address key issues related to consumer behavior toward life insurance companies during the COVID-19 pandemic. This study seeks to provide insights into how consumers perceive life insurance providers in this context. It will also assist companies in understanding how individuals evaluate, interpret, and respond to the quality of services and policy offerings, helping insurers improve their approach to meet customer expectations more effectively.

## **Objectives of the Study**

The overall objectives of the study are:

- To explore the key factors that motivated individuals to purchase life insurance during the COVID-19 pandemic.
- To examine the types and quality of services delivered by insurance companies during the COVID-19 period.
- To assess the level of public awareness and understanding of life insurance.
- To analyze the operational activities and roles of insurance companies.
- To evaluate customer satisfaction levels regarding life insurance services.

## **Research Methodology**

Research methodology is a systematic way to solve the research problems. The methodology of the research process is as follows:

### **Tools Used**

The collected primary data were fed in SPSS (Statistical Package for Social Science) and MS Office. From which, all required sub tables were prepared. For statistical analysis, tools like Percentage and Chi-Square test and Correlation has been used

### **Tools of Analysis**

- Percentage Analysis
- Likert Scale
- Chi-square Test
- Correlation
- Rank Analysis

## Data Collection

Data can be collected with the help of two methods. They are

- Primary Data
- Secondary Data

Primary Data are collected directly from the customer through the questionnaire.

Secondary Data has been collected by referring to various journals, magazine and websites.

For this research data is collected through primary method.

## Study Area

The area selected for this study is limited within the Tirupur City.

## Sampling Design

The researcher must define the target population. The people in Tirupur city is the sample population for the study. On the bases of convenient sampling the people are grouped on the basis of geographical area and sample size taken for the study is 217 respondents.

## Review of Literature

1. Shivanand H. Lengti (2009) in his article “Insurance Disputes in India” revealed that the insurance consumers have the option to select the appropriate authority and forum. It may be the insurance ombudsman or the consumer councils, to settle their disputes.
2. Praveen Sanu, GauravJaiswal and Vijay Kumar Panday (2009) in their article, “A Study of Buying Behaviour of Consumers towards Life Insurance Company”, Prestige institute of Management and Research, Gwalior, revealed that in present Indian market, the investment habits of Indian consumers are changing very frequently. The individuals have their own perception towards various types of investment plans.
3. Patil, P.B. and Thakkar, P.N. (2007) article “Impact of Disinvestment on Banking and Insurance Sector” revealed that a strong competition among the insurance companies has led to better services. Now most of the companies pursue customer centric approach, rather than product centric leading to customer-retention ratio.
4. A study conducted by SunaynaKhurana (2008) article “Customer Preferences in Life Insurance Industry in India”, revealed that the insurance sector plays a very important role in the development of any economy. It is necessary for the economic and overall development of any country. In today’s competitive economy, the business, finance and insurance sector plays a very important role. More and more job opportunities are available in these sectors.

## Company Profile

### Life Insurances

Term life insurance is designed to provide financial protection for a specific period of time, such as 10 or 20 years. With traditional term insurance, the premium payment amount stays the same for the coverage period you select. After that period, policies may offer continued coverage, usually at a substantially higher premium payment rate. Term life insurance is generally less expensive than permanent life insurance.

### Universal Life Insurance

Universal life insurance is a type of permanent life insurance designed to provide lifetime coverage. Unlike whole life insurance, universal life insurance policies are flexible and may allow you to raise or lower your premium payment or coverage amounts throughout your lifetime. Additionally, due to its lifetime coverage, universal life typically has higher premium payments than term.

### Whole Life Insurance

Whole life insurance is a type of permanent life insurance designed to provide lifetime coverage. Because of the lifetime coverage period, whole life usually has higher premium payments than term life. Policy premium payments are typically fixed, and, unlike term, whole life has a cash value, which functions as a savings component and may accumulate tax-deferred over time.

## Simple Percentage Analysis

**Table - I Demographic Factors of the Respondents**

<i>Factors</i>	<i>Particulars</i>	<i>Frequency</i>	<i>Percentage</i>
Gender	Male	119	54.8 %
	Female	98	45.2%
Marital Status	Married	114	52.5%
	Unmarried	103	47.5%
Monthly Income	Below 5000	10	4.6%
	5001-10000	58	26.7%
	10001-15000	96	42.2%
	Above 15000	53	24.4%
Type of Family	Nuclear	119	54.8%
	Joint Family	98	45.2%

**Source: Primary Data**

## Likert Scale

### DISTRIBUTION OF SAMPLE RESPONDENTS ACCORDING TO SATISFACTION WITH THE SERVICE

Satisfaction Level	No of respondents	Likert Scale	Total
Satisfied	60	4	240
Good	77	3	231
Neutral	64	2	128
Dissatisfied	16	1	16
Total	217	10	615

Source: Primary Data

**Likert Scale =  $\sum (FX) / \text{Total No of respondents}$**

$$= 615/217$$

$$= 2.83$$

Likert scale value is 2.83 and it is greater than the third value, so the respondents are good with the service.

## Chi - Square Analysis

**H<sub>0</sub>** = There is no association between monthly income and payment of policy premium.

**H<sub>1</sub>** = There is an association between monthly income and payment of policy premium.

Chi-Square Tests			
	Value	Df	Asymptotic Significance (2-sided)
Pearson Chi-Square	7.591 <sup>a</sup>	9	0.576

Source: Primary Data

### Interpretation

In the above table, the P value (0.576) is greater than the significant value (0.05), so the null hypothesis is accepted. We conclude that there is no association between monthly income and payment of policy premium.

### Correlation

$H_0$  = There is no relationship between monthly income and payment of policy premium.

$H_1$  = There is a relationship between monthly income and payment of policy premium.

Correlation		
	Pearson Correlation	Asymptotic Significance (2-sided)
Pearson Correlation	0.081	0.236

Source: Primary Data

### Interpretation

In the above table, the significant value (0.236) is greater than the P value (0.05), so the null hypothesis is accepted. We conclude that there is no relationship between monthly income and payment of policy premium.

### Rank analysis

#### Factors influencing while choosing insurance during covid

Factors	1(5)	2(4)	3(3)	4(2)	5(1)	Total	Rank
High Bonus Rate	26	52	67	48	24	217	IV
	13.5	52.5	112	169.5	205.5	553	
Coverage of Risk	75	63	48	25	6	217	I
	38	107	162.5	199	214.5	721	

<b>Good response</b>	6	30	63	74	43	217	<b>V</b>
	3.5	21.5	68	137	196	426	
<b>Savings and return</b>	23	80	56	39	19	217	<b>III</b>
	12	63.5	131.5	179	207.5	593.5	
<b>Security</b>	24	62	82	39	10	217	<b>II</b>
	12.5	55.5	127.5	188	212.5	596	

## Interpretation

From the above table, it is found that the people consider Coverage of Risk as the primary factor followed by Security, Savings and Returns, High Bonus rate and finally Good Response.

Majority of the respondents consider **Coverage of Risk** as the primary factor while choosing insurance.

## Conclusion

Insurance is a significant financial commitment, and chances are you'll purchase several policies over the course of your life. That's why it's important to understand what each type of insurance covers and how it works—so you can make informed choices. Don't just focus on the lowest premium; instead, consider what kind of protection the policy offers. The goal is to avoid wasting money on coverage that doesn't match your needs, while ensuring that the right policy can offer vital support for you and your family in times of crisis.

Based on the findings of this study, it was evident that a large number of people chose to buy life insurance during the COVID-19 pandemic. Many viewed it primarily as a tool for protection, with secondary importance placed on its role as a savings instrument. Interestingly, the amount of coverage people opted for also increased during this period. This suggests that life insurance played a significant and impactful role in people's financial planning and sense of security throughout the pandemic.

## References

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