

INVESTMENT PATTERN IN LIFE INSURANCE POLICY – A STUDY WITH SPECIAL REFERENCE TO POLICY HOLDER IN TIRUNELVELI DISTRICT

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Abstract

Investment in a commitment of present fund order to derive future income in the form of interest, dividends and appreciation in the value of securities. In other words, investment is commitment of money that is expected to generate additional money in future. Every investment entails some amount of risk. It requires “present certain” sacrifice for “future uncertain benefits”. All investments are risky and as such investor has to be choosy and highly selective in making investments, so that risk taken is lowest possible while the return share the highest feasible. The Life Insurance policy of India life insurance policy has been a Nation-builder since its formation in 1956. True to the objectives of nationalization, the life insurance policy the funds from the policy holders for the benefit of the community at large. The life insurance policy collects large amount of funds from the public and deploys the amount to the best advantage of the policy holders, the community at large and industrial development.

Keywords: Investment, Risk, Policyholder, Fund



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Introduction:

The investment pattern in life insurance Policy identifies the success of its business management .This is a combination of functions such as underwriting, risk-pooling and investment, collectively the ‘engine room’ of the investment business. The investment function encompasses the cash-to-cash cycle from collection of premiums, investment and claim settlement. In turn, investment also involves divestment and reinvestment. In perspective, the business of life insurance policy the management of its cash cycle, keeping investment fungible so as to enable claim settlement.

Liquidity is of significant importance. Safety of investment implies capital protection. When combined with pensions business, yield becomes important. Such an understanding leads us to an appreciation of the time-tested and honored principles of investment in the insurance sector proposed called Bailey’s principles. These principles revolve around the three simple axioms:, necessarily in that order. By nature, the investment style in the life insurance policy is conservative, as the principal’. Few people know that the origins of the ‘mutual’ fund lay in the insurance pool. Modern mutual funds operate in various style-boxes

ranging from the conservative to the aggressive. However, the investment philosophy in the life insurance and pension sector is conservative, and understandably so. The motivation of this study is to understand the constraints under which an investment manager operates in life insurance policy.

Review of literature :

Sonal Nena (2013)¹⁵, in her study-“*Performance Evaluation of Life Insurance (LIP) of Policy*” has tried to analyse growth and performance of LIP. She analysed the major source of income (Premium Earned) of the LIP, as well as the significant heads of expenses of LIP to measure the performance .This study has proved that LIP has been success in terms of creating value for its policyholders. The performance evaluation also showed consistent increase in its business. During the study period there was change in the performance of the LIP. So it was finally concluded that performance remained unchanged and LIP has maintained the market value of their products.

D. Sunayna Khurana (2013)¹⁷ in her article, “Analysis of Service Quality Gap in Indian Life Insurance Industry” says that Life insurance Policy in India offer similar kinds of plans and services, but they could provide differences in terms of service quality .In this context this research tried to find out the gap between Customer expectation & customer perception in the Life insurance Policy by examining a Sample of 200 customers of 10 top performing Life insurance companies in Haryana state.

The study found that there is highest gap in customer expectations and perceptions towards the competency dimension of service quality. That means customers are expecting high service quality and perceiving very less quality in case of services related to competency dimensions.

OBJECTIVES OF THE STUDY

The present study has the following objectives:

1. To study the various life insurance plans administered by the life insurance policy.
2. To study the operational performance of the Life insurance policy Tirunelveli District.
3. To evaluate the extent of utilization of different policies by different policy holders in Tirunelveli district.
4. To locate the factors which influence the extent of utilization of the services of Life insurance policyholders in Tirunelveli District.

5. To identify the attitude of the policy holders in Tirunelveli District towards the Life insurance policy and its advisors.

STATEMENT OF THE PROBLEM

In life Insurance policy generally, the insurance assured is payable with bonus either on the death of the policy holder or on the maturity of the policy, whichever is earlier, whereas in other forms of savings, the investor would get only the amount saved with interest. Life Insurance facilitates long term savings through easy installments called premiums. There are schemes in Life insurance policy to bear the educational and marriage requirements of the wards of policyholders. The Life insurance policy offers pension linked life insurance policy for those who are desirous of keeping their investment to provide for their old age requirements. Unit-linked plans are offered by the Life insurance policy for giving an opportunity for the discerning investor to benefit from the returns available in the capital market without going for direct investment in the life insurance policy sector.

Research Methodology

Any discussion on Investment of life insurance policy attracts attention of individuals. The discussion can be between individuals or it can be an expert`s advice on the television channel or internet or any other media of interest. It has been assumed that investment is an area of men. Historically due to the culture prevalent in India and most of the wage earners being the male members of the family, women were not involved in investment related discussions and were not participating in the investment decision making process.

Result and materials:

Data relating to the demographic profile of the respondents in the following tables

Table 1: Demographic profile of the respondents

Particulars	No. of Respondents	Percentage
Age		
25-35	3	6
35-45	22	44
45-55	12	24
55-65	7	14
Area Wise		
Rural	16	32
Urban	34	68
Income		
Upto 15000	12	24
15000-20000	30	60
25000-35000	5	10
35000-45000	3	6

Saving		
Below 5000	6	12
5000-7000	26	52
7000-9000	10	20
Above 9000	8	16

Source: Computed data

In the above data it is clear that 44 percent of the respondents belong to the Age group of 35-45, 68 percent of them reside in urban areas, 60 percent of them have a monthly income of Rs. 15000-20000, 52 percent of them saving of Rs. 5000-7000 and 66 percent of them spending Rs. 8000-10000.

Conclusion:

After the analysis & interpretation of data by the researcher it is concluded that Investors are very well aware about investment avenues that are available in Pune , India but still investors are preferring to invest in their money in bank deposit, real estate . The data analysis of research reveals that the safety is concerned as important factor while doing investment, so remaining avenues are less found less considerable while doing investment by investors. Especially in a city like Pune where Real estate is always on the high or up, this is not at all bad investment option. But there is no fixed return and the risk and amount of investment is high. It is absolutely essential and needed to save what you earn, to have a plan for your own future, and to resist the spending funds that you do not already have.

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