

An Exposition of Life Insurance Policies Buying Behaviour: A Study in Hyderabad

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ABSTRACT

India's life insurance industry is one of the biggest in the world and yet paradoxically India is also an underinsured market. Life insurance is a complex, high involvement product and mostly preferred by salaried class as a tax saving instrument. According to a study by S&P's Ratings Services Global Financial Literacy Survey conducted in 2015, close to 76% of Indian adults do not adequately understand key financial concepts which are lower than the worldwide average of financial literacy. It becomes imperative to understand customer segments based on perceptions towards life insurance. Segmentation, targeting and positioning are cornerstones of strategic marketing. This research paper makes a modest attempt to explore and understand customer segments using cluster analysis, and discuss marketing implications. The study identifies five clusters and the variables which significantly differ across segments. The study finds that there are differences in perception towards life insurance, product preferences, and influence of agents and friends in buying of life insurance.

KEYWORDS: Life insurance, Cluster analysis, Perception, Buying behaviour, Hyderabad.

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