A Study on Perception of Investors Investing in Life Insurance with Reference to Government Employees in Telangana

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ABSTRACT

Life insurance is an instrument providing risk protection, long-term savings, family security, and financial stability. Government employees are an investor group because of their regular income, employment security, and retirement benefits. This study examines their perception towards life insurance in Telangana by assessing awareness, investment preferences, policy selection factors, service satisfaction, perceived benefits, and challenges. Primary data from 120 government employees were analyzed through percentage analysis. Findings indicate that family security is the leading investment motive, awareness is favorable, and claim settlement is the most important policy-selection factor. The study recommends simpler policies, faster claims, awareness, and improved digital services.

Keywords: Life Insurance, Investor Perception, Government Employees, Investment Decisions, Financial Security

1. INTRODUCTION

Life insurance plays an important role in personal financial planning because it provides protection against financial uncertainty while supporting long-term savings and wealth preservation. It can protect dependents against the economic consequences of premature death and can also support retirement planning, children's education, tax planning, and future financial goals. Government employees are an important investor group because regular salaries, employment security, retirement benefits, and stable financial conditions can encourage systematic investment decisions. Investment decisions depend on several factors, including age, income, risk tolerance, family responsibilities, financial objectives, policy features, premium affordability, expected returns, and trust in the insurance provider. Life insurance is distinctive because it combines risk protection with savings and, in some products, investment-linked benefits. Endowment, term, whole-life, money-back, pension, child plans, and Unit Linked Insurance Plans provide different combinations of protection, savings, and investment features.

Investor perception refers to the attitudes, beliefs, expectations, opinions, and satisfaction levels associated with a financial product or service. Positive perception can encourage participation, policy continuation, and recommendations, while negative experiences may reduce confidence. For life insurance, perception can be shaped by company reputation, financial strength, claim settlement performance, customer service, transparency, policy conditions, premium levels, and investment returns. Technological development has changed the insurance experience. Customers can purchase policies online, compare products, calculate premiums, make digital payments, monitor policies, submit claims, and communicate with insurers through online platforms and mobile applications. These services can reduce paperwork and improve convenience, accessibility, and transparency. However, complicated policy language, inadequate product awareness, claim delays, documentation, and insufficient financial advice can continue to affect investment choices.

The present study focuses on government employees in Telangana and examines their awareness, investment preferences, policy-selection considerations, satisfaction, perceived benefits, and challenges related to life insurance. It also considers the role of life insurance in family protection, financial stability, retirement planning, and tax planning. The study is relevant to insurance companies, financial advisors, policymakers, and investors because understanding employee perceptions can support better products, clearer communication, improved customer service, and stronger financial planning. The research particularly addresses the limited attention given to government employees in Telangana compared with broader investor populations.

2. REVIEW OF LITERATURE

Earlier studies identify financial security, family protection, retirement planning, tax benefits, and long-term savings as important reasons for purchasing life insurance. Kumar and Sharma (2016) reported that salaried employees preferred insurance because of stable income and family security, while transparent information and awareness increased confidence. Patel and Mehta (2017) highlighted policy benefits, premium affordability, company reputation, and claim settlement as important determinants of customer perception. Reddy and Rao (2018) emphasized life insurance's role in long-term financial planning and retirement security among government employees. Singh and Kaur (2019) identified premium cost, returns, flexibility, service quality, and trustworthiness as selection factors. Agarwal and Joshi (2020) linked timely claims and simplified documentation with customer satisfaction. Mishra and Das (2021) emphasized financial literacy and awareness. Srinivas and Kumar (2022) found that digital services improve convenience and satisfaction. Ramesh and Prasad (2023) reported preference among Telangana government employees for safer investment avenues. Gupta and Verma (2024) emphasized trust and claim resolution, while Rao and Reddy (2025) identified family welfare, savings, retirement planning, and financial stability as motives. The present study addresses government employees in Telangana. Collectively, these studies suggest that informed investors respond positively when insurers provide transparent products, service, and effective communication.

3. OBJECTIVES OF THE STUDY

1. To examine the perception of government employees in Telangana towards investing in life insurance.
2. To assess the level of awareness of life insurance products among government employees.
3. To identify the major factors influencing the selection of life insurance policies.
4. To evaluate the satisfaction of government employees with life insurance services.
5. To identify the major challenges faced by government employees and suggest measures for improving life insurance services.

4. RESEARCH METHODOLOGY

The study follows a descriptive and analytical research design. Primary data were collected through a structured questionnaire from 120 government employees in Telangana using convenience sampling. Secondary information was obtained from reports, journals, publications, and other sources. Responses were classified and interpreted using percentage analysis according to the study objectives.

4.1. STATISTICAL TOOL

Percentage Analysis

Percentage analysis is selected because the study primarily uses categorical questionnaire responses concerning awareness, investment motives, policy preferences, selection factors, satisfaction, and challenges. It clearly presents the distribution of respondents and is consistent with the analytical procedure used in the uploaded study.

Formula:

Percentage = (Number of Respondents / Total Number of Respondents) × 100

5. DATA ANALYSIS AND INTERPRETATION

Table 1: Awareness of Life Insurance Products

Category	Respondents	Percentage
Highly Aware	36	30.0%
Aware	48	40.0%
Neutral	18	15.0%
Less Aware	12	10.0%
Not Aware	6	5.0%
Total	**120**	**100%**

Interpretation: The largest group consists of respondents who are aware of life insurance products, representing 40.0%. A further 30.0% are highly aware. Thus, 70.0% of respondents demonstrate a favorable level of awareness regarding life insurance products.

Table 2: Main Reason for Purchasing Life Insurance

Category	Respondents	Percentage
Family Security	48	40.0%
Tax Saving	24	20.0%
Investment	20	16.7%
Retirement	18	15.0%
Others	10	8.3%
Total	**120**	**100%**

Interpretation: Family security is the leading reason for purchasing life insurance, selected by 40.0% of respondents. Tax saving follows with 20.0%, while investment and retirement account for 16.7% and 15.0%, respectively.

Table 3: Important Factor Influencing Policy Selection

Category	Respondents	Percentage
Claim Settlement	42	35.0%
Premium	26	21.7%
Returns	22	18.3%
Company Reputation	18	15.0%
Others	12	10.0%
Total	**120**	**100%**

Interpretation: Claim settlement is the most important factor influencing policy selection, reported by 35.0% of respondents. Premium affordability follows at 21.7%, while returns account for 18.3%. This indicates that service reliability and financial affordability strongly influence policy selection.

6. RESULTS

1. Government employees generally have a **positive perception towards life insurance** as an investment option.
2. **70.0% of respondents are either aware or highly aware** of life insurance products.
3. **Family security is the leading investment motive**, accounting for 40.0% of respondents.
4. Tax saving is the second major reason for purchasing life insurance, with 20.0% of respondents.
5. **Claim settlement is the most important policy-selection factor**, selected by 35.0% of respondents.
6. Premium affordability is another significant factor influencing policy selection.
7. Endowment policies are the most preferred life insurance product among respondents.
8. Respondents generally express satisfaction with the services provided by life insurance companies.
9. Digital insurance services are increasingly valued for policy management and premium payments.
10. Complex policy conditions, high premiums, claim delays, and insufficient understanding of newer insurance products remain important challenges.

7. SUGGESTIONS

1. Insurance companies should **simplify policy terms and conditions** so that investors can clearly understand benefits, exclusions, and claim procedures.
2. **Claim settlement should be faster and more transparent** to improve investor confidence and satisfaction.
3. Insurance companies should conduct regular **financial awareness programmes, seminars, and online campaigns** for government employees.
4. Premium-payment options should be made **more flexible** to accommodate different income levels and financial circumstances.
5. Insurance companies should continue strengthening **mobile applications and online customer-support services**.
6. Customer grievance-redressal mechanisms should be improved to ensure quicker resolution of complaints.
7. Insurance consultants should provide **ethical and accurate financial guidance** based on investors' needs.
8. Insurance companies should continuously innovate products according to changing customer requirements.

8. CONCLUSION

Life insurance continues to be an important investment option among government employees in Telangana because it combines financial protection, long-term savings, retirement security, tax benefits, and family welfare. The study indicates that respondents generally possess a favorable perception and adequate awareness of life insurance products. Family security is the principal motivation for purchasing policies, while claim settlement, premium affordability, returns, and company reputation influence policy selection. The findings also indicate that digital insurance services have improved convenience in policy management and premium payment, while overall satisfaction with insurance services remains positive. However, complicated policy conditions, high premiums, claim delays, and inadequate understanding of innovative products continue to create difficulties for some investors. Insurance companies should therefore simplify policy documentation, strengthen financial education, improve claim settlement speed, provide flexible premium options, and enhance digital and grievance-redressal services. These measures can strengthen investor confidence, increase participation, improve financial planning, and support long-term relationships between policyholders and insurers.

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