CONSUMER BEHAVIOR IN LIFE INSURANCE MARKETING

A Study on Customer Awareness and Perception Towards Life Insurance Products with Special Reference to Tata AIA Life Insurance

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Abstract

Life insurance really matters for financial planning by financially protecting to individuals and their families against unforeseen circumstances. But the efficacy of life insurance rests on the availability of products and on customers' awareness, understanding and perception of policy features, premiums, benefits and claim methods; this research paper is investigating customer awareness and perception towards life insurance products, with special reference to Tata AIA Life Insurance.

The study is emphasizing on four major subfields - understanding of life insurance products, factors impacting product selection, the part of insurance advisors in building customer awareness and trust, and picked company-level and industry-level performance indicators, in actual application. Descriptive comparisons of reported premium income are being used by the examination, weighted new business premium, claim settlement ratios and insurance penetration, in real- world scenarios. A descriptive research design is embraced, mostly employing secondary information from Tata AIA Life Insurance, the Insurance Regulatory and Development Authority of India (IRDAI), and Government of India publications. What the report suggests is the importance of product transparency, premium affordability, fitting coverage and responsible advisory practices in supporting informed insurance decisions; it also is accentuating that company-level performance indicators can't independently establish customer satisfaction or individual policy suitability, in many respects. As, verified customer survey responses weren't available, the paper doesn't provide unsupported respondent percentages or claim completed primary fieldwork, on the whole.

Keywords: life insurance; customer awareness; customer perception; Tata AIA Life Insurance; insurance literacy; product selection; financial protection; claim settlement

1 Introduction

Life insurance is a significant component of personal financial planning; it financially is protecting to the dependants of an insured person in the event of their death, subject to the terms and conditions of the policy, and can help families manage financial responsibilities such as household expenses, outstanding loans, children's education and other long-term obligations, broadly speaking.

In spite of the importance of life insurance, buying a policy needs an understanding of a few factors, including the sum assured, premium payment term, policy duration, exclusions, maturity benefits and claim methods, in actual application. Customers may, in practice, recognise the notion of life insurance without fully understanding the differences between protection-oriented, savings-oriented and investment-linked products, in real-world scenarios. Customer awareness therefore goes beyond recognising an insurance company or its products; it entails understanding the purpose of a policy

likely, the benefits it's offering, the financial commitment included, in real-world scenarios; indeed, as, well, the conditions under the which benefits may be payable.

Tata AIA Life Insurance is the emphasize of this study, so the company is offering life insurance solutions designed around protection and savings-related financial needs, in many respects. Its business performance and published claim-related indicators are providing useful background for the investigation of the wider setting in which customers are deciding, on the whole.

The study is typically studying the relationship between product awareness, customer decision-making, advisor communication and company-level performance information, and also accentuates the importance of distinguishing published business statistics from actual customer experiences, in many respects.

2 Company profile: Tata AIA Life Insurance

The company operates in India's life insurance sector and resolves tackling diverse customer requirements, in many respects; indeed, Tata AIA Life Insurance Company Limited is a joint business attempt associated with Tata Sons Private Limited and AIA Group Limited, on the whole. Its broad product categories encompass:

Protection-oriented life insurance plans.

Savings and participating insurance products.

Unit-linked insurance plans.

Retirement and income-oriented resolutions.

The suitability of an insurance product rests on the customer's financial responsibilities, income, existing protection, future goals and ability to sustain premium payments, in real-world scenarios.

The company's profile is pertinent to this study, because customers may consider brand reputation, product range, published claim information and advisor support while checking an insurance provider, yet company reputation alone can't establish whether a particular policy is suitable for an individual, in actual application.

3 Review of literature and conceptual background

3.1 Financial literacy and insurance awareness

Insurance literacy is a specialised part of financial literacy, and financial literacy refers to an individual's ability to understand financial notions and use applicable information while financially deciding, in many respects.

A customer may probably be familiar with banking and savings, especially regarding investment products but may not fully understand insurance-specific ideas such as sum assured, underwriting, exclusions, policy lapse, nomination and claim documentation.

Insurance awareness should therefore be assessed, through the applied understanding rather than straightforward familiarity with insurance terminology, on the whole.

3.2 Customer perception and purchase decisions

Customer perception refers to how individuals gauge a product or service based on their expectations, understanding and available information.

In life insurance, customer perception may (to a meaningful extent) perhaps be impacted by affordability, projected benefits, policy duration, brand reputation, financial security and the clarity of product information, in real-world scenarios.

Customers must, in effect, consider whether the coverage is usually enough; a policy with a lower premium isn't necessarily the most suitable option; in turn, what's more, whether the premium commitment can (in practice) be preserved, throughout the needed period, on the whole.

3.3 Trust and brand reputation

Customers may consider the insurer's reputation, claim-related disclosures, customer support and transparency before deciding; so, trust is particularly significant in life insurance, because policies often entail long-term financial commitments, on the whole.

And yet, brand familiarity shouldn't replace a careful examination of policy conditions, exclusions, benefits and contractual obligations, in many respects.

3.4 Role of insurance advisors

Insurance advisors are helping customers understand distinct products, compare available options and spot policies that may, in practice, suit their financial needs, in actual application.

Effective advisory support entails explaining benefits, premium commitments, policy exclusions, surrender conditions and claim methods in clear language, in many respects; advisors should also distinguish between guaranteed benefits and projections that hinge on assumptions or market performance, in many respects.

3.5 Research gap

The available company and industry information is offering advantageous idea into the business activity and the broader insurance environment, in many respects, but still, these indicators don't directly explain how individual customers understand insurance products, why they pick particular policies or how they gauge advisor communication, in actual application.

There's therefore a need to analyse customer awareness and perception separately from company-level performance indicators; this study is tackling that gap, through a descriptive examination of insurance awareness, purchase considerations, advisory practices and published industry information, broadly speaking.

4 Research objectives

The study is normally guided by the following targets:

To investigate the level of customer awareness and understanding of life insurance products, policy features, premiums and claim protocols, broadly speaking.

To spot the key factors that impact customers when choosing life insurance products, including affordability, coverage, benefits and brand reputation, on the whole.

To understand the part of insurance advisors in educating customers and building trust.

To analyse chosen Tata AIA and life insurance industry performance indicators and understand how they offer context to customer perceptions, in real-world scenarios.

5 Research methodology

5.1 Research design

A descriptive research design is mainly being followed by the study, and aims to organise and study information relating to customer awareness, product-selection considerations, advisor communication and chosen company and industry indicators, in real-world scenarios.

5.2 Nature of the study

The research is mostly descriptive and analytical in nature, and is employing qualitative reading of published information and quantitative descriptive examination of picked company and industry statistics, on the whole.

5.3 Sources of data

The study is mostly based on secondary data collected from:

Tata AIA Life Insurance's formal website and company disclosures.

Tata AIA Life Insurance's Annual Report 2024-25.

IRDAI's Handbook on Indian Insurance Statistics 2024-25.

Government of India and Press Information Bureau publications.

Publicly available information relating to life insurance products and industry indicators.

5.4 Data analysis

Techniques The following procedures are employed:

Descriptive investigation.

Comparative examination of reported indicators.

Trend analysis of claim settlement ratios.

Percentage-based explanation of published statistics.

Tabular presentation and conceptual examination.

5.5 Primary data and questionnaire status

The SIP report includes a suggested questionnaire for assessing customer awareness, product preferences, trust and advisor communication, yet confirmed respondent-level data, a supported sample size and completed fieldwork records weren't available for this version of the study, in real-world scenarios.

No respondent percentages, average awareness scores or customer satisfaction findings are often introduced as completed research results, in actual application; well then the questionnaire is treated as a suggested instrument for future primary data collection, in actual application.

5.6 Scope of the study

The study is currently emphasizing on life insurance products and customer-related decision factors, with particular reference to Tata AIA Life Insurance, and studies the conceptual dimensions of customer awareness and perception and employs chosen company and industry indicators for context, broadly speaking.

The study doesn't try to establish the suitability of a precise insurance policy for an individual customer, on the whole.

6 Customer awareness and understanding of life insurance products

Customer awareness is a significant factor in informedly deciding; and thus, merely knowing that life insurance exists doesn't necessarily mean that an individual understands the coverage, policy conditions or financial commitments included, to a significant degree.

6.1 Understanding different types of life insurance products

Customers should, of course, maybe understand the broad differences between the major categories of life insurance products, on the whole.

Term Insurance - Term insurance mostly protects for a prescribed period; indeed, a maturity benefit is generally not payable, under a standard term plan if the insured survives the policy term, unless the particular product is offering otherwise, in actual application. Savings-Oriented Products, including These products may combine life protection with savings or maturity-related benefits; customers should, by design, distinguish between guaranteed benefits and benefits that rest on bonuses or other assumptions, in many respects. Unit-Linked Insurance Plans (ULIPs): These products link policy value to picked investment funds. Honestly, their values may rise or fall hinging on market performance, and customers should understand the associated charges, risks and policy conditions. Retirement-Oriented Products, namely These products are generally designed to support retirement-related financial planning, subject to their particular terms and benefit structures, on the whole.

6.2 Awareness of premiums and policy continuity

Premium affordability is an essential consideration when choosing an insurance policy; in fact, customers should, more accurately, gauge whether they can (in practical terms) continue paying premiums, throughout the needed period, in actual application. The effects of missed payments, grace periods, policy discontinuance and revival conditions should, in effect, also be understood by them, in many respects.

6.3 Awareness of policy exclusions and benefits

Policyholders should, more accurately, carefully review policy exclusions, waiting periods where applicable, eligibility conditions and the circumstances under the which benefits are mainly payable, to a significant degree.

They should, in practice, also understand the difference between guaranteed benefits and projected values, in actual application, and a projected benefit shouldn't be treated as a guaranteed outcome unless the policy contract specifically guarantees it, in actual application.

6.4 Awareness of claim procedures

Customers and nominees should, by design, know how to locate policy documents, contact the insurer and begin a claim, in many respects. Awareness of needed documentation and correct disclosure of pertinent information is significant, throughout the policy lifecycle, on the whole. Investigation, including The discussion suggests insurance awareness should be understood as a combination of product knowledge, premium understanding, policy-condition awareness and claim-process knowledge, in many respects; and thus, actual awareness levels among customers would need to be established, through the completed and confirmed survey responses, to a significant degree.

7 Factors influencing customer selection of life insurance products

The selection of life insurance products can be impacted by several financial and non-financial considerations, broadly speaking.

7.1 Premium affordability

The premium is typically one of the essential considerations when picking a policy. Customers generally are needing to assess the premium in relation to their income, regular expenses, savings and other financial responsibilities.

The lowest premium may not always offer enough coverage; so, a fitting decision should balance affordability with the protection needed.

7.2 Coverage amount and policy duration

The sum assured should be considered in relation to the customer's financial responsibilities, dependants, outstanding loans and future expenses, in many respects.

The policy term should, of course, also correspond with the period during the which financial protection is often needed, in actual application.

7.3 Benefits and policy features

Customers may, more accurately, consider maturity benefits, income benefits, riders, premium payment flexibility and other policy features, in real-world scenarios.

But still, they should, of course, carefully study the conditions attached to these benefits rather than counting only on promotional descriptions, on the whole.

7.4 Brand reputation and company performance

Brand reputation may, in practice, affect customer confidence; as, well, the insurer's public disclosures may (in actual operation) also be considered by customers, claim settlement information and service facilities, on the whole. Only the same, company-level indicators can't independently establish the suitability of a particular product or the quality of every customer interaction, broadly speaking.

7.5 Financial goals and individual requirements

Customers may, in effect, buy life insurance for diverse reasons, covering family protection, savings, long-term financial planning and retirement-related needs, to a significant degree.

The chosen product should be inspected according to the customer's actual financial aims rather than brand preference alone, broadly speaking.

Investigation: The report spots affordability, coverage, policy benefits, brand reputation and personal financial needs as essential subfields for assessing product selection, to a significant degree; indeed, the relative importance of these factors among actual Tata AIA customers can't be ranked without checked customer responses, in many respects.

8 Role of insurance advisors in customer education and trust

Insurance advisors are weighing heavily in explaining complicated insurance products and helping customers understand their options, in real-world scenarios.

8.1 Explaining policy features

Advisors should, by design, clearly communicate the sum assured, policy term, premium payment term, benefits, exclusions and applicable conditions, in many respects.

The explanation should be elementary enough for customers to understand without hinging entirely on technical vocabulary, broadly speaking.

8.2 Understanding customer requirements

The customer's income, dependants, financial responsibilities, existing coverage and long-term goals should be considered by advisors, before suggesting a product, in many respects.

This is helping connect the product discussion with the customer's actual needs.

8.3 Building trust through transparency

Trust can (to some degree) be strengthened through the precise information, clear communication and transparent disclosure.

Advisors should avoid introducing projected returns as guaranteed benefits and should encourage customers to review the formal policy documents and benefit illustrations, on the whole.

8.4 Supporting customers after purchase

Customers may, in practice, need help with policy servicing, updating personal details, premium payments and understanding claim procedures, in many respects; in fact, when a policy is normally sold, the advisor's part shouldn't end.

8.5 Digital tools and personal assistance

Digital tools can, of course, help customers compare products, review illustrations and access policy information, in real-world scenarios; in plain words the same, digital information should, more accurately, complement rather than replace proper explanations and customer understanding, on the whole.

Investigation - Responsible advisory practices can support informed decision-making by sharpening product understanding and transparency, in many respects, but still, the report doesn't comprise confirmed customer interviews or survey findings that would allow the actual efficacy of Tata AIA advisors to be measured, in real-world scenarios.

9 Analysis of Tata AIA and Indian life insurance industry indicators

This section investigates picked published indicators to understand the company's business scale and the broader insurance environment, on the whole.

9.1 Tata AIA total premium income

According to the SIP report, what Tata AIA reported was total premium income of ₹31,484 crore in FY2024-25, representing a reported year-on-year augment of 23% over FY2023-24, broadly speaking.

Table 1. Tata AIA total premium income, FY2024-25.

Particulars	Reported value	Period
Total premium income	₹31,484 crore	FY2024–25
Year-on-year growth	23%	FY2024–25

Explanation, namely Premium income shows the company's business scale and premium activity, so growth may be impacted by product mix, distribution, customer demand and market conditions; it shouldn't be treated as a direct measure of customer satisfaction or policy suitability, in many respects.

9.2 Individual weighted new business premium

Tata AIA reported individual weighted new business premium income of ₹8,511 crore in FY2024-25, in real-world scenarios.

Table 2. Individual weighted new business premium and total premium income, FY2024-25.

Indicator	Reported value	Financial year
Individual weighted new business premium income	₹8,511 crore	FY2024–25
Total premium income	₹31,484 crore	FY2024–25

Construal, such as Individual weighted new business premium represents a particular measure of new individual business, and is diverse from total premium income and shouldn't be treated as an interchangeable measure, on the whole.

Extra setting about new business activity is being offered by the figure but doesn't explain individual customer motives, in many respects, but still, whether a customer's needs are met by a product.

9.3 Claim settlement ratio

The claim settlement ratio is an essential company-level indicator relating to the handling of claims during a particular reporting period, on the whole.

The SIP report data the following individual death claim settlement ratios by number:

Table 3. Individual death claim settlement ratio by number, FY2020-21 to FY2025-26.

Financial year	Claim settlement ratio
FY2020–21	98.02%
FY2021–22	98.53%
FY2022–23	99.01%
FY2023–24	99.13%

Financial year	Claim settlement ratio
FY2024–25	99.41%
FY2025–26	99.45%

Interpretation, such as The reported ratio augmented from 98.02% in FY2020-21 to 99.45% in FY2025-26; thus, this represents an overall refinement in the published series, to a significant degree.

A higher claim settlement ratio may contribute to customer confidence, so all the same, it doesn't mean that every claim will automatically be payable. Individual claims are remaining subject to the policy contract, applicable disclosures and verification requirements.

9.4 Insurance penetration in India

Insurance penetration measures insurance premiums as a proportion of gross domestic product (GDP), so it's suggesting the overall insight of insurance activity to the economy, broadly speaking.

The SIP report introduces the following figures for FY2024-25:

Table 4. Insurance penetration in India, FY2024-25.

Insurance category	Penetration
Life insurance	2.7%
Non-life	1.0%

Explanation: The figures show the respective advancement of life and non-life insurance premiums relative to GDP, in real-world scenarios.

A broad picture of the Indian insurance sector is being offered by them.

Insurance penetration doesn't directly measure how well individual customers understand their policies; in turn, even so, whether their existing coverage is enough, broadly speaking.

9.5 Overall insurance sector premiums and policies

The SIP report also entries the following sector-level indicators for FY2024-25:

Table 5. Overall insurance sector premiums and policies, FY2024-25.

Indicator	Reported value
Total insurance sector premiums	₹11.93 lakh crore
Policies reported	41.84 crore

Construal - These figures suggest the scale of insurance activity in India; indeed, the reported policy count shouldn't automatically be interpreted as the number of unique insured individuals, since one individual may, to some extent, hold many policies and reporting categories may differ, to a significant degree.

9.6 Comparative understanding of performance indicators

The indicators inspected above represent diverse components of insurance activity.

Table 6. Comparative understanding of the performance indicators.

Indicator	What it measures	What it does not establish
Total premium income	Company-level premium activity	Individual customer satisfaction
Weighted new business premium	New individual business activity	Product suitability
		Guaranteed approval of every claim
Insurance penetration	Premiums relative to GDP	Individual insurance awareness
Total sector premiums	Overall industry premium volume	Quality of every insurance product

Analysis - The reported indicators are offering valuable setting about Tata AIA and the Indian insurance industry, on the whole, and yet, company performance and customer perception are separate dimensions, so customer-level research is needed to establish actual awareness and satisfaction, especially regarding trust-selection behaviour, in real-world scenarios.

10 Major findings of the study

Based on the secondary information and conceptual examination offered in the SIP report, the following findings emerge:

1. Insurance awareness entails several dimensions: Awareness includes understanding product categories, policy benefits, premium commitments, exclusions and claim procedures, rather than merely recognising an insurance brand.
2. Product knowledge is usually significant, such as Customers are needing to understand the differences between term insurance, savings-oriented policies, unit-linked plans and retirement-oriented products, in actual application.
3. Affordability is a key consideration: Premium commitments should be found in relation to income, expenses and the customer's ability to uphold the policy.
4. Coverage should reflect financial needs, namely The sum assured and policy duration should be considered in relation to dependants, loans and future financial responsibilities, broadly speaking.
5. Transparency supports informed decisions: Clear explanations of benefits, exclusions, charges and guaranteed versus non-guaranteed values are currently essential, in many respects.
6. Advisors have an educational function, namely Responsible advisors can, in effect, help customers understand policy features and compare alternatives, through the needs- based discussions, to a significant degree.
7. Published company indicators are providing business context, such as Tata AIA's reported premium income and claim settlement information provide useful background about its business activity and claims-related performance, to a significant degree.
8. Industry indicators more widely set - Insurance penetration and total sector premiums help explain the broader insurance environment in India, in real-world scenarios.
9. Company performance and customer perception must be respected - Published premium and claim-related indicators don't independently measure customer satisfaction, policy affordability or individual product suitability, to a significant degree.
10. Primary research remains essential, including Checked customer responses would be needed to measure actual awareness levels, customer preferences and experiences with insurance advisors, in many respects.

11 Recommendations

Based on the investigation, the following recommendations are generally suggested:

1. Raise customer awareness, like Insurance companies should, by design, simply inform explaining the purpose and differences between major life insurance products, in many respects.
2. Encourage needs-based product selection, including Product discussions should, in effect, consider income, dependants, existing coverage, debts and long-term financial goals, in real-world scenarios.
3. Explain policy conditions clearly: Premium payment terms, exclusions, surrender conditions, charges and claim requirements should be communicated before buy.
4. Distinguish guaranteed and projected benefits - Customers should be clearly informed about which benefits are contractually guaranteed and which rest on assumptions, bonuses or market performance, broadly speaking.
5. Strengthen advisor communication - Advisors should, in practice, encourage questions, explain policy documents and avoid misleading or exaggerated representations, broadly speaking.
6. Boost post-sale customer support, including access to clear information about premium payments, policy servicing, document updates and claim protocols should be had by Policyholders, on the whole.
7. Encourage informed product comparisons, like Customers should compare products employing akin coverage amounts, policy terms and premium payment structures, to a significant degree.
8. Expand customer-level research, including Future studies should, by design, collect actual customer responses to understand awareness, product preferences, trust and satisfaction, in real-world scenarios.
9. Preserve transparent company disclosures: Performance indicators should be introduced with clear definitions, reporting periods and pertinent source references, in actual application.

12 Limitations of the study

The study followingly limits:

- The research mostly rests on secondary information and publicly available company and industry disclosures, in real- world scenarios.
- No checked customer-level questionnaire dataset was available for this version of the study.
- The suggested questionnaire hasn't been treated as completed primary fieldwork.
- Company-level statistics can't independently establish individual customer satisfaction or product suitability.
- The study concentrates on chosen indicators and doesn't represent a complete financial or operational check of Tata AIA, to a significant degree.
- Company and industry figures are, of course, subject to the reporting periods and definitions employed by their original publishers, in many respects.
- The findings shouldn't be generalised to all Tata AIA customers or all Indian life insurance customers, on the whole.

13 Conclusion

Life insurance is an essential financial instrument that's helping individuals protect their families and manage long-term financial responsibilities; that said, the value of a life insurance policy rests on the product itself and on the customer's understanding of its benefits, shortcomings, premium commitments and claim methods, in actual application.

The study of customer awareness and perception towards life insurance products, with special reference to Tata AIA Life Insurance, is typically emphasizing four significant dimensions, such as product awareness, factors changing product selection, advisor communication and company and industry performance indicators, in real-world scenarios.

The examination is suggesting that customers need clear information to distinguish between protection-oriented, savings-oriented and investment-linked products. Affordability, coverage requirements, policy duration and transparency are, more accurately, essential considerations when picking an insurance policy. What's more, insurance advisors can contribute to informed decisions by explaining policy conditions, understanding customer requirements and preserving transparent communication.

The reported premium income, new business premium and claim settlement indicators usefully inform about Tata AIA's business activity, on the whole, and along the same lines, a broader view of India's insurance industry is being offered by insurance penetration and sector premium figures, in actual application. Well the same, these statistics shouldn't be took as direct proof of individual customer awareness, satisfaction or policy suitability.

As, well primary research including actual customer responses would help establish a more thorough understanding of customer awareness, preferences and perceptions towards Tata AIA Life Insurance, in actual application, and finally, the study emphasises the importance of financial literacy, transparent product information and responsible advisory practices in the life insurance sector, to a significant degree.

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