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A STUDY ON CUSTOMER PERCEPTION ON LIFE INSURANCE POLICIES AND ANALYSIS OF FACTORS INFLUENCING CUSTOMERS, WITH SPECIAL REFERENCE TO PAPUM PARE DISTRICT, ARUNACHAL PRADESH

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Abstract

Life insurance provides financial protection against risks and also serves as an important channel for long-term savings and investment. In India, the liberalization, privatization and globalization reforms of 1991 increased competition in the life insurance sector and expanded the range of products and services available to customers. Against this background, the present research examines customer perception, awareness, satisfaction and buying behaviour regarding life insurance policies in Papum Pare District of Arunachal Pradesh, with particular attention to the Banderdewa, Naharlagun, Itanagar, Doimukh and Nirjuli areas. The study also seeks to identify factors influencing policy choice and satisfaction, including product attributes, premium affordability, benefits, service quality, company reputation, trust and the role of agents or advisors. The research is designed as a mixed approach using primary and secondary data. Primary information is proposed to be collected from 300 policyholders through a structured questionnaire and interviews, while secondary information will be obtained from insurance offices, official company sources, books and journals. The analysis will be described by using pie chart to examine the data collected. The study addresses a localized research gap concerning consumer decision-making and awareness of life insurance in Papum Pare District of Arunachal Pradesh. Its findings are expected to contribute to a better understanding of policyholders' information needs, satisfaction and decision-making, while providing a basis for recommendations concerning awareness and customer service.

Keywords: *Life Insurance, Customer Perception, Awareness, Satisfaction, Buying Behaviour, Policyholders, Insurance Services, Papum Pare, Arunachal Pradesh.*

1. Introduction

Human life is exposed to financial and personal risks, and life insurance is an important mechanism for managing the financial consequences of such risks. The Indian life insurance sector has undergone substantial transformation since the economic reforms of 1991. The entry of private insurers and increasing competition have broadened consumer choice and made customer perception, awareness and satisfaction increasingly important dimensions of insurance business. The research synopsis underlying this paper identifies perception and satisfaction as important components of the life insurance business and focuses on the changing expectations of policyholders in a competitive environment.

The Life Insurance Corporation of India (LIC) was established on 1 September 1956 under the LIC Act, 1956. The synopsis describes LIC as having a significant role in extending life insurance across India. It also notes the development of private-sector competition after liberalization and identifies 26 life insurance companies in the Indian market as of March 2026.

The present study concentrates on Papum Pare District, with specific attention to Banderdewa, Naharlagun, Itanagar, Doimukh and Nirjuli. The synopsis emphasizes that local policyholders may have inadequate information about insurance products, benefits and regulatory provisions, and that agents or advisors can play a major role in influencing purchase decisions.

2. Review of Literature

Earlier research has examined life insurance demand through demographic, socioeconomic and psychographic variables. The synopsis notes that macro-level studies provide information about aggregate demand but do not necessarily explain the individual or household decision-making process.

Rajni M. Shah (2007) examined consumer awareness and emphasized the potential of the rural and semi-urban market.

LavanyaVedagiri Rao (2008)studied innovation and new service development in private life insurance companies and highlighted the importance of customers in shaping service innovation.

Harpreet Singh &PreetiSingh (2011) analysed the Indian insurance industry in the pre- and post-reform periods and discussed increasing competition between LIC and private insurers.

Vijay Kumar (2012) examined factors influencing urban and rural consumers in Haryana and reported the importance of insurance agents, income, economic status, product attributes and price.

C. Balaji (2015) studied awareness and satisfaction among policyholders and reported a substantial role of agents as a source of information. Other studies cited in the synopsis identify quality, accessibility, company type, recommendations, service promptness, trust, company reputation, tax benefits, risk coverage and savings motives as relevant considerations in insurance purchase decisions.

The reviewed literature therefore establishes the relevance of awareness, service quality, product characteristics, trust, agents, company reputation and socioeconomic characteristics. However, the synopsis identifies a specific gap: limited research has attempted to understand consumer buying behaviour and the motives underlying life insurance decisions in the Papum Pare District context, particularly in relation to possible mis-selling and inadequate product knowledge.

3. Statement of the Problem

The research problem arises from the possibility that policyholders may possess insufficient knowledge about life insurance companies, products, benefits and regulatory provisions. The synopsis states that perception, buying behaviour and satisfaction of policyholders are not adequately known in Papum Pare District and that customers may be influenced by other persons, particularly advisors, when purchasing policies. The study therefore seeks to identify the factors, problems and challenges experienced by policyholders and to examine their awareness and satisfaction.

4. Objectives of the Study

1. To study the buying behaviour and perception of policyholders towards life insurance policies and services.
2. To analyse factors influencing policyholders' satisfaction towards policies of life insurance companies.
3. To study policyholders' awareness towards life insurance companies.

5. Methodology

The study was conducted during the year 2025-26. The information related to customer perception towards Life Insurance Companies and Products for the areas of Banderdewa, Naharlagun, Itanagar, Doimukh and Nirjuli,

Dist.Papum Pare, Arunachal Pradesh has been collected from various primary sources like using google form, household visits, office visit, etc. The details of the data collected from District Papum Pare are given in Table 1. All the important data related to customer perception towards Life Insurance Companies and Products were collected by visiting and interviewing the various households, office employees, educated youth, farmers, etc. using pre structured questionnaire in by using likert scale type in Google form using online platform as well as offline (hardcopy fill up) of 100 respondents.

Table No.1: Details of the surveyed area as per respondents recorded:

S.No.	**Area Name**	**Respondents (in %)**
1	Banderdewa	**30 %**
2	Nirjuli	**10 %**
3	Naharlagun	**10%**
4	Itanagar	**40 %**
5	Doimukh	**10 %**

Data collected from respondents- Banderdewa – 30% respondents, Nirjuli – 10%,

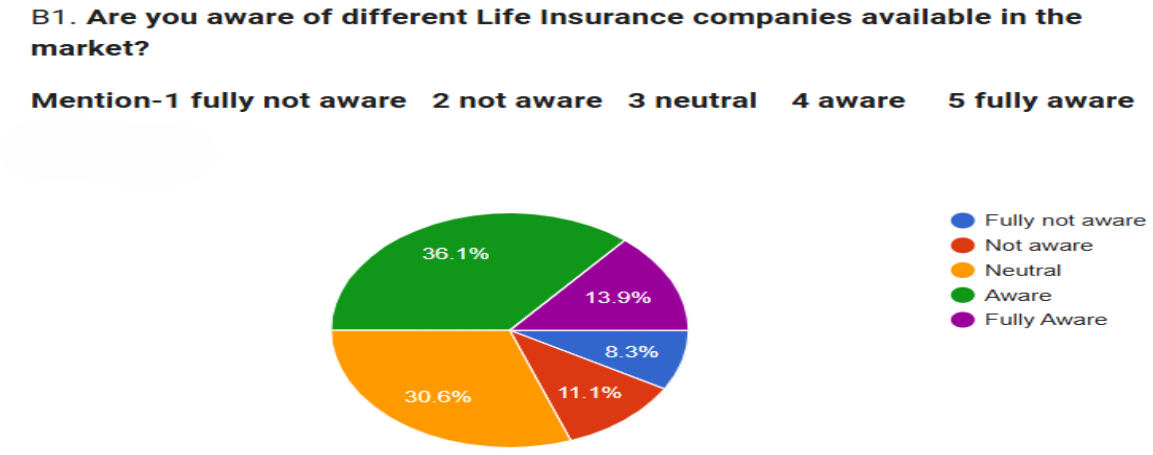
Naharlagun -10 %, Itanagar -40% and from Doimukh – 10%, **total number of respondents- 100**.

As per the findings and data collected from the above mentioned respondents (from table 1), we havecolleceted following information as per **Table no.2** (below)-on awareness and knowledge regarding life insurance companies, it is found that about 50% of the respondents are aware about various Life Insurance Companies that exist in the market, 19.4 % are not aware and 30.6% are neutral which indicates no idea. **Table No. 2:-**

S.No.	Particular	Respondents in %
Q1.	Awareness about different life insurance companies exist in the market	Fully aware 13.9%
		Aware 36.1%
		Neutral 30.6%
		Not Aware 11.1%
		Fully Not Aware 8.3%

The above mentioned information is interpreted in pie chart figure no.1 below.

Figure No. 1:-



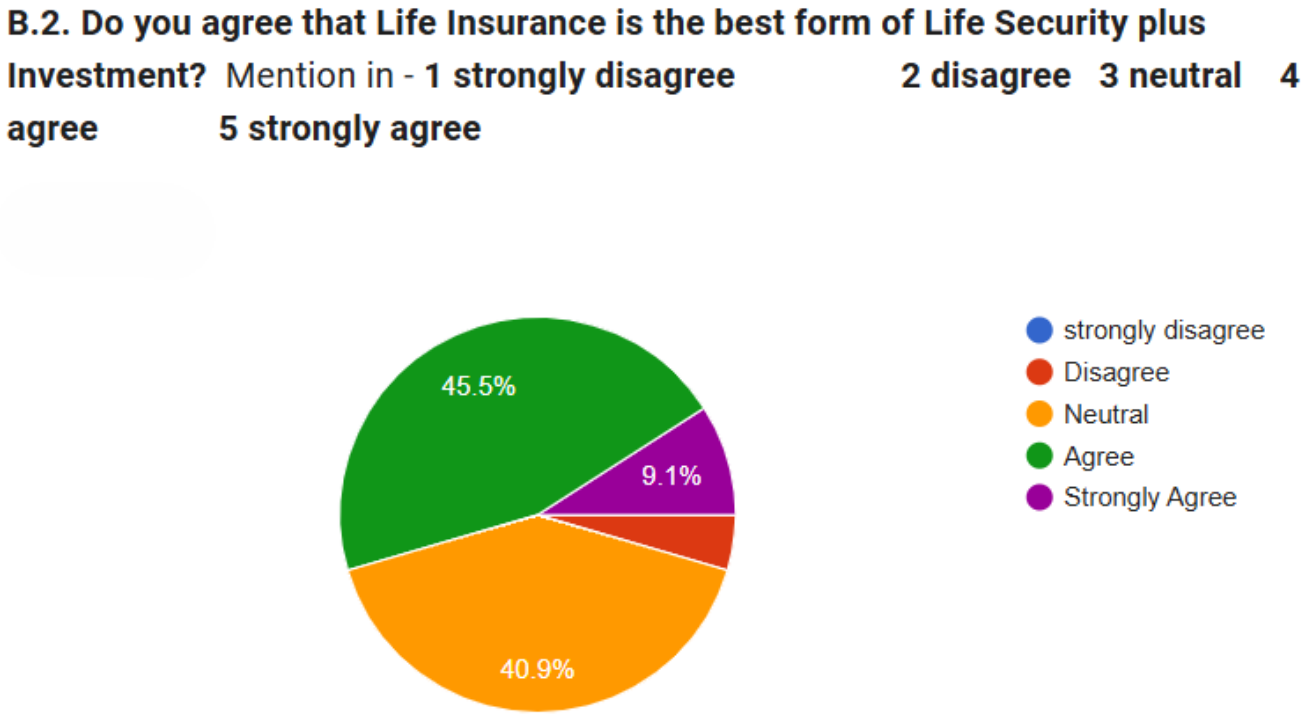
As per the findings and data collected from Table no.3- Life Insurance is the best form of Life Security plus Investment, it is found that 54.6% of respondents are agreed, 4.5% respondents not agreed and 40.9 % are neutral.

Table No.3:-

Q. No.	Particular	Respondents in %
Q2.	Life Insurance is the best form of Life Security plus Investment	Fully agree 13.9%
		Agree 36.1%
		Neutral 30.6%
		Not Agree 11.1%
		Fully Not agree 8.3%

The above mentioned information is interpreted in pie chart figure no.2 below.

Figure No.2



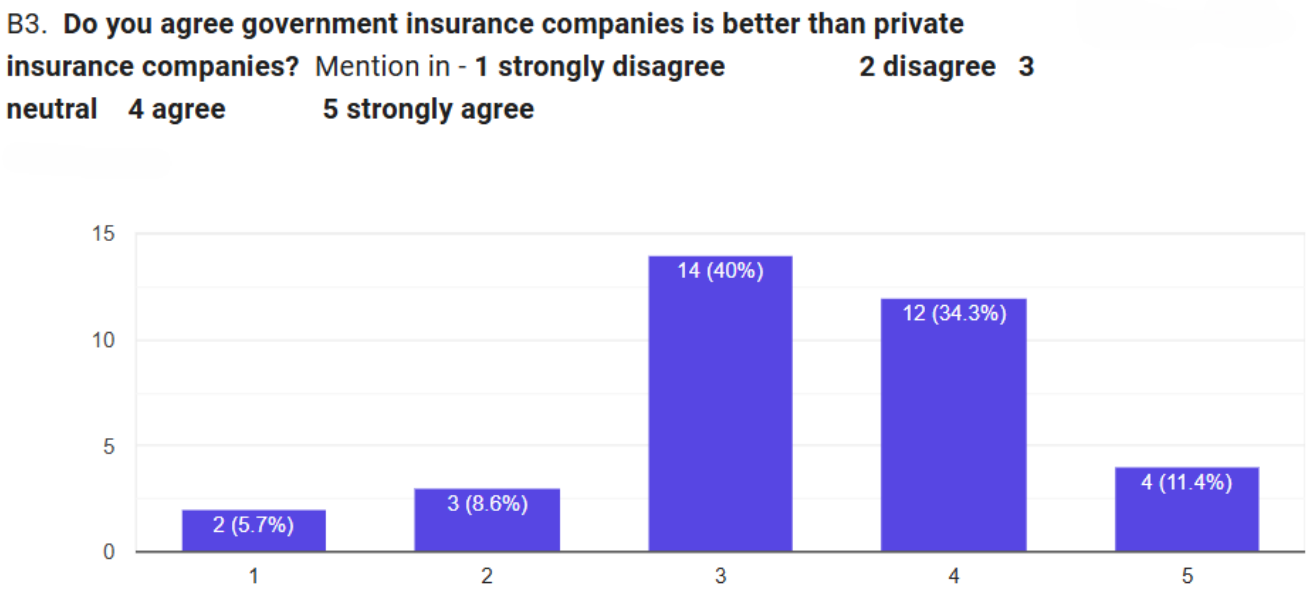
As per the findings and data collected from Table no.4- Among the Life Insurance Companies, Government Life Insurance Companies are better than Private Life Insurance Companies- from table no.4 it is found that 45.7% respondents agreed, 40% of respondents are neutral i.e. no idea, 14.3% are not agreed.

Table no.4.

Q.No.	Particular	Respondents in %
Q3.	Government Life Insurance Companies are better than Private Life Insurance Companies	Strongly agree 11.4%
		Agree 34.3%
		Neutral 40%
		Not Agree 8.6%
		Fully Not agree 5.7%

The above mentioned information is interpreted in bar diagram figure no.3 below.

Figure No.3



6. Scope and Significance of the Study

The study covers policyholders' perception and awareness towards life insurance companies, products and services in Papum Pare District. The study also covers the importance and benefits of life insurance, and demographic factors associated with buying decisions.

The study is significant because localized evidence can complement national-level studies of insurance demand. Understanding how policyholders receive information, what factors influence their choices, and how satisfied they are with products and services can help identify areas requiring greater consumer awareness and clearer communication. The research may also be useful to researchers, insurance intermediaries and organizations interested in improving customer-oriented insurance services in Arunachal Pradesh.

7. Limitations

The study identifies limitations related to time, resources, access, respondent understanding, language, possible response bias, cooperation from insurance-company employees and the restricted sample size of 100 respondents& policy holders. These limitations should be considered when interpreting the eventual empirical findings and when assessing the extent to which results can be generalized beyond the selected study area of Papum Pare Dist. of Arunachal Pradesh.

8. Conclusion

Life insurance operates not only as a mechanism of financial protection but also within a wider environment of savings, investment, service delivery and consumer decision-making. In a competitive Indian insurance market, customer perception, awareness and satisfaction are important areas of the research. The present study focuses on the relatively localized context of Papum Pare District, Arunachal Pradesh, and seeks to examine the factors influencing policyholders' buying behavior, perception and satisfaction. Its distinctive contribution lies in connecting consumer-level decision-making with awareness, product benefits, service experience and the role of insurance intermediaries in the selected geographical setting. The present study states that about 50% of respondents do not have proper awareness about life insurance, and companies can take special measures to reach out to promote and make aware about their information, awareness and product knowledge which can lead to increase their sales activities. The proposed empirical investigation of 100respondents &policyholders,

supported by questionnaire and interview data and analyzed through quantitative techniques, provides a structured basis for addressing the identified research gap.

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