

The Policyholders' Preference And Satisfaction Towards Life Insurance Corporation of India's Policies.

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ABSTRACT: *Gradually, the market share of private insurers went up and till financial year 2012-2013 reached as high as 42%. The market share of LIC decreased after the entry of private insurers but it doesn't mean that the growth of LIC got down. LIC continues its growth even after a cut throat competition from the private players. On the demand side, growth is being fuelled by the growing population base, rising purchasing power, increased insurance awareness, increased domestic savings and rising financial literacy. The suppliers are correspondingly playing a market making role as competition intensifies and differentiation become necessary for profitable growth. Life Insurance Corporation of India offer innovative products to attract further business from both existing and new policyholders. In this regard the researcher is interested to undertake a study on the policyholders' preference and satisfaction with regard to Life Insurance Corporation of India's policies.*

Key words: *Awareness, Competition, Market, Private insurers, Profitable growth.*

I. INTRODUCTION

Life Insurance Corporation of India was formed on September 1, 1956 by an Act of parliament, viz., the Life Insurance Corporation Act, 1956, with a capital contribution of ₹.50 million from Government of India. Before 1950 there were 245 companies in private sector doing Life Insurance Business. These companies were merged, nationalised, and brought under Life Insurance Corporation of India. The management of corporation is looked upon by a committee of 15 members appointed by the Central Government and one of them appointed as the Chairman of the Corporation. It has 1 Central Office, 7 Zonal Offices, 106 Divisional Offices, 2048 Branch Offices and 112 Satellite Centres all over India.

With the opening of insurance sector in India, the share of private insurer was very less. Total share of private insurer was just 2% in 2001-2002. It was because of any reason which includes creditability on private players. But soon because of innovative & customized products, novel distribution channels, aggressive marketing etc private players gave a tough competition to the public sector company (LIC).

II. OBJECTIVES

1. To study the policy holders awareness towards life insurance corporation of India's products.
2. To study the factors influencing the policy holders preference towards Life Insurance Corporation of India's policies.
3. To study the opinion and satisfaction of the policyholders towards the policies of Life Insurance Corporation of India.
4. To study the problems faced by the policy holders regarding their insurance products.
5. To give suggestions based on findings of the study.

III.METHODOLOGY

3.1.Area of the Study

The study is conducted in Coimbatore city, which is "Manchester of south India". Coimbatore is well known for its textile industries and has an excellent potential for industrial and agricultural growth. The district population was 42, 71,856 in 2011 population survey and 73 percent of people have literacy in the district; people have sufficient knowledge about to choose the insurance companies and policies.

3.2.Period of the Study

The present study aims at preference of the policyholders with regard to the various policies of Life Insurance Corporation of India. The primary data were collected from the respondents by the questionnaire during the year 2014.

3.3.SOURCE OF DATA

3.3.1. Primary Data

The researcher has collected the primary data through the questionnaire. The questionnaire was distributed directly by the researcher himself to the sample, respondents.

3.3.2. Secondary Data

The data were collected from various secondary sources like journals, books, magazine, newspapers and websites.

3.3.3 Sample Design

For the purpose of study, policyholders of Life Insurance Corporation of India were selected based convenient sampling technique.

3.3.4. Sample Size

The sample size of the study is 200 respondents.

3.4. Statistical Tools Used for Analysis

The collected data were analysed and presented in the form of tables to suit the study and also to interpret the results. The following tools were used to analyse the data.

- ❖ Percentage Analysis
- ❖ Weighted Average Rank Analysis
- ❖ Chi-Square Analysis

All the analysis were carried out with help of computer using of SPSS (Statistical Pack for Social Science) software.

IV. REVIEW OF LITERATURE

Kunjalsinha (2013)¹ in his study stated that insurance companies are working in a highly competitive market where consumers have many companies and products to choose from. Hence it becomes necessary for insurance companies to maintain loyal customer base by increasing customer loyalty through improved service quality. The data were collected from the individuals who bought life insurance policy of various life insurance companies after February 2005 in five selected cities of Gujarat. His study given by factor analysis is performed were five factors are derived namely, sincere and prompt services, comparison and courteous, meticulous and customers orientation, flexibility and tangibility. The study emphasises that the customers should be given prompt service. They should feel safe in their dealings with the company and the company should give individual attention to the customer.

Rajeshwari.K and Karthesswari.S (2012)² in their study stated that majority of the respondents (54.24%) were in the age group 21 to 40 years.70% of the respondents were male, and most of the male policyholders are taking the policy in their own interest. a female persons are given importance as nominees, 30.79% respondents preferred endowment policy , 40.50% of the respondents have continuously taken the policies from LIC of India, 81.5 % respondents paid the premium regularly, and are very careful on non lapsation. Among the policy holders whose policies lapsed, they were not able to pay the premium due to the financial difficulty.

1. Kunjalsinha,“Measurement of Services Quality A Life Insurance Industry Perspective,” Journal of Marketing Vitas, Volume 3, No: 1 January – June.2013, pp 4-9.
2. Rajeshwari.K and Karthehwari.S “Purchase Decision of Life Insurance Policy Holders: An Outlook,” Indian Journal of Marketing Volume:42 Number:6 June 2012 pp4-1

V. FIGURES AND TABLES

Factors	Sources	Policy holders	Percentage
Gender of respondents	Male	121	61
	Female	79	39
Age of the Respondents	21 to 30 years	129	64
	31 to 40 years	40	20
	41 to 50 years	21	11
	Above 50 years	10	5
Educational qualification of the Respondents	No formal education	27	13
	School level	61	31
	Collegiate level	74	37
	Professional level	38	19
	Employee	76	38

Occupation of the Respondents	Professional	43	22
	Businessman	35	17
	Agriculturist	14	7
	House wife/ students	32	16
Monthly income	Below ₹ 10,000	71	36
	₹ 10,000 to ₹ 20,000	84	42
	₹ 20,001 to ₹ 30,000	34	17
	₹ 30,001 to ₹ 40,000	7	3
	Above ₹ 40,000	4	2
Awareness About LIC's Policies	Through friends and relatives	74	37
	Through development officers/agents	56	28
	Through advertisement	70	35

Factors	Sources	Respondents	percentage
Premium Amount	Less than ₹ 1,000	51	25
	₹1,000 to ₹ 5,000	87	44
	₹5,001 to ₹ 10,000	50	25
	Above ₹10,000	12	6
Opinion about premium	Very high	26	13
	High	61	31
	Normal	106	53
	Low	7	3

CHI SQUARE

HYPOTHESIS

H₀: There is no significant relationship between educational qualification of the respondents and their source of awareness about life insurance Corporation of India's policies.

CHI SQUARE VALUE- EDUCATIONAL QUALIFICATION AND SOURCE OF AWARENESS OF THE RESPONDENTS

SOURCE OF AWARENESS				
EDUCATIONAL	Friends and relatives	Development officers/agents	Advertisement	TOTAL
No formal education	8	8	11	27
School level	24	19	18	61
Collegiate level	30	16	28	74
Professional level	12	13	13	38
TOTAL	74	56	70	200

Chi square results

S.no	Factor	Chi square value	Degree of freedom	pvalue	Result
1	Educational Qualification / Respondents sources of Awareness	3.837	6	.699	Accepted Null hypothesis

Significant – significant value (0.05)

NonSignificant -significant value (0.05)

RESULT

From the above chi square table it is clear that the **p** value is greater than significant value 0.05. Hence the null hypothesis is accepted. Thus it is found that there is no significant relationship between educational qualification of the respondents and their source of awareness about Life Insurance Corporation of India's policies.

HYPOTHESIS

H0: There is no significant relationship between the respondent's family size and total sum assured of the policy.

Table 4.25

CHI SQUARE VALUE-SIZE OF THE FAMILY OF THE RESPONDENTS AND THE TOTAL SUM ASSURED OF THE POLICY

SIZE OF FAMILY	TOTAL SUM ASSURED OF THE POLICY				
	Below ₹1,00,000	₹1,00,000 to ₹3,00,000	₹3,00,001 to ₹5,00,000	Above ₹5,00,000	TOTAL
Below 3	20	19	14	7	60
4 to 5	52	53	22	6	133
5 and above	1	3	3	0	7
TOTAL	73	75	39	13	200

Chi square results

S.no	Factors	Chi square calculated value	Degree of freedom	pvalue	Result
1	Family size/sum assured	11.503	9	.243	Accepted Null hypothesis

Significant – significant value (0.05)

NonSignificant -significant value (0.05)

RESULT

From the above chi square table it is clear that the **p** value is greater than significant value 0.05. Hence the null hypothesis is accepted. Thus it is found that there is no significant relationship between the respondent's family size and total sum assured of policy.

AVERAGE RANK ANALYSIS- FACTORS INFLUENCING RESPONDENTS' PREFERENCE TOWARDS LIFEINSURANCE CORPORATION OF INDIA'S POLICIES

FACTORS	Rank	I	II	III	IV	V	VI	VII	TOTAL SCORE	MEAN	RANK
	Value	7	6	5	4	3	2	1			
Risk coverage	Nos	61	69	36	8	6	5	15	1096	5.48	1
	Score	427	414	180	32	18	10	15			
Savings	Nos	66	42	47	14	12	11	8	977	4.885	2
	Score	462	252	141	56	36	22	8			
Family protection	Nos	27	33	40	51	21	15	13	817	4.085	3
	Score	189	198	120	204	63	30	13			

Tax relief	Nos	19	16	13	28	36	27	61	609	3.045	7
	Score	133	96	65	112	108	54	61			
Provision for old age	Nos	9	15	17	34	46	53	26	644	3.22	5
	Score	63	90	85	136	138	106	26			
Investment & wealth creation	Nos	8	10	33	29	40	52	28	765	3.825	4
	Score	56	60	165	116	120	104	28			
Loan	Nos	12	18	14	34	35	37	50	627	3.135	6
	Score	84	108	70	136	105	74	50			

The above table exhibits the weighted average rank analysis with regard to the factors influencing respondents' preference towards Life Insurance Corporation of India's policies. The analysis shows that risk coverage is the major influencing factor for selecting Life Insurance Corporation of India's policies as it has been ranked first (score 1096). Savings is ranked as second and family protection ranked as third. Investment and wealth creation and provision for old age as ranked fourth and fifth respectively. Loan facilities and tax relief are ranked as sixth and seventh respectively.

AVERAGE RANK ANALYSIS-PROBLEMS OF POLICY HOLDERS

Factor	Value	I	II	III	IV	V	Total score	Mean	Rank
		5	4	3	2	1			
Agent/Advisors are concentrated mostly to achieve the target without considering required services.	Nos	48	60	35	29	28	671	3.355	1
	Score	240	240	105	58	28			
Agents/ advisors do not have adequate knowledge as to the particular policy	Nos	42	34	56	47	21	629	3.145	2
	Score	210	136	168	94	21			
Difficult to contact/ meet the insurance officials and agents.	Nos	34	59	37	30	40	617	3.085	3
	Score	170	236	111	60	40			
The period time for the surrender of the policy is too lengthy	Nos	34	24	32	41	69	513	2.565	5
	Score	170	96	96	82	69			
No proper clarification of doubts	Nos	44	23	41	51	41	578	2.89	4
	Score	220	92	123	102	41			

The table exhibits the weighted average rank analysis with regard to the various problems faced by the respondents. The analysis shows that the agents and advisors are concentrated mostly to achieve the target without considering the required services is the major problem faced by the policyholders as it has been ranked first (score 671). The inadequate knowledge of the agents and advisors ranked as second and difficult to meet the insurance officials ranked as third, no proper clarification of doubts and the long period of the surrender of policy have been ranked as fourth and fifth respectively.

V. FINDINGS

- Majority (65%) of the respondents are in the age group of 21 to 30 years.
- Majority (61%) of the respondents are male.
- Most (37%) of the respondents' educational qualification is up to college level.
- Most (38%) of the respondents occupational status is employed.
- Most (42%) of the respondents' family monthly income is ₹. 10,000 to ₹. 20,000.
- Majority (52%) of the respondents are married.
- Majority (67%) of the respondent's family size is 4 to 5 members.
- Majority (48%) of respondent's have two earning members in their family.
- Most (37%) of the respondents got the awareness about the Life Insurance Corporation India's policies through friends and relatives.
- Majority (58%) of the respondents' (whose source of awareness is advertisement) media of awareness is television.
- Most (39%) of the respondents own whole life policies.
- Majority (57%) of the respondents took the insurance policies comp led and influenced by others. Among these respondents 39% of them are influenced by agents
- Most (39%) of the respondents total sum assured amount is ₹ 1,00,000 to ₹. 3,00,000.
- Most (44%) of the respondents pay the premium amount of ₹ 1,000 to ₹.5,000 and on quarterly basis.
- Most (39%) of the respondents pay the premium amount directly at LIC office.
- Majority (58%) of the respondents have not utilised the loan facilities.
- Majority (70%) of the respondents have not lodged any claim. Among the respondents who made the claims, majority of them lodged the claims on maturity of the policies.
- Majority (53%) of the respondent's opined that the premium amount of the policies is normal.
- Most (35%) of the respondents satisfactory level towards the bonus and other benefits is satisfied.

RECOMMENDATIONS

Based in the above findings of the study the following recommendations are made by the researcher.

- ❖ To increase the level of insurance penetration LIC may focus on bringing products that suit to the rural customers.
- ❖ LIC should also tie up with several other banks apart from the existing ones to sell its products i.e. through banc assurance.
- ❖ All the hidden charges should clearly be stated in the form and explained by the agent and LIC should provide better training to its agents.
- ❖ Claim settlement process should be made fast and must not involve lengthy decision making process.
- ❖ The existing competition can be tackled with prudent planning by reducing the rates of premium, increasing bonus rates and quality of services to policyholders.

VI. CONCLUSION

Life Insurance cannot afford to lose sight of its social relevance and shy away from its social responsibilities. It has to constantly study the emerging needs of the market, arising due to the change in the value of social life. Demographic changes also produce the different needs amongst the population. The contribution to the nation building through strengthening the economy of a country, improvement of the health care facilities, education as well as employment shall go a long way to ultimately improve the quality of the life of individual members of the society. Investment in infrastructure project shall set the country on a road to the progress one hand and create goodwill and favourable organizational image in the minds of public on the other hand. Life insurer will also have to play a role for encouraging development of technology and make its effective use by enhancing the matching skills of public. Still some actions by Life Insurance Corporation of India are needed for developing insurance market. The major factors playing the role in developing consumer's perception towards Life Insurance Policies are Consumer Loyalty, Service Quality, Ease of Procedures, Satisfaction Level, Company Image, and Company-Client Relationship. Insurance industry has to go ahead. A lot of opportunities are still waiting. This research will help in developing the market share, loyalty and further development in insurance sector.

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