

A Study on Policy Holder's Satisfaction towards Life Insurance Corporation of India (LIC) with Special Reference to Coimbatore City

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ABSTRACT

Insurance service was initiated in the medieval period during the 13th century. In India, the marine insurance is initially started the protection followed by Fire Insurance and Life Insurance. In the year 1956, 154 insurance, 16 non-insurance and 75 provident organizations penetrated the life Insurance trade after the early stage of complexity. Though LIC played a key role in improving the range, quality and price of insurance products, the overall insurance penetration was still quite low in Indian market. The policy holders are facing problems in the insurance industry and the researcher has taken effort to analyze the satisfaction of the policy holders in the present study. The study has intended to analyze the policy holder's satisfaction towards LIC policies in Coimbatore city. The study uses only primary data for the purpose of collection of data questionnaire have been prepared and collected from the policy holders. Adequate care has been exercised to collect unbiased data from the respondents. 200 questionnaires were collected from the policy holders for the purpose of the study. The period of the study is April 2017 to August 2018. The researcher is applied the statistical tools such as Percentage, Standard Deviation, Kendall's Coefficient Concordance, t-Test, ANOVA and Chi-square test.

Keywords: LIC policies, policy holder, private companies.

INTRODUCTION:

Insurance service was initiated in the medieval period during the 13th century. In India, the marine insurance is initially started the protection followed by Fire Insurance and Life Insurance. In the year 1956, 154 insurance, 16 non-insurance and 75 provident organizations penetrated the life Insurance trade after the early stage of complexity. The first inclusive legislation was initiated at the Insurance Act of 1938 which offered severe state power over insurance trade in the nation. Though LIC played a key role in improving the range, quality and price of insurance products, the overall insurance penetration was still quite low in Indian market. As a result, there was vast untapped potential in the rural sector. The people life is focus to risks like unfortunate death, precipitate passing away, disablement and joblessness. In fact, the human being from the existence when the globe was youthful is a type of investigate for security. Risk and uncertainty are incidental to life. Insurance does not avert or eliminate loss arising from uncertain events; it only spreads the loss over a large number of people who insure themselves against that risk. The main principle underlying insurance is the pooling of risks. The business is related to the protection of the economic value of assets. There is a normally expected life time for the asset clearing which time it is expected to perform. Insurance is a mechanism that helps to reduce such adverse consequences.

REVIEW OF LITERATURE

The existing literature reviews are explained about the insurance services and satisfaction of the policy holders in the present study. The important reviews are given below:

Kirubashini (1991) in her study found that majority of the respondents were aware of endowment Assurance policy and only less number of respondents was aware about PLI and ULIP. The study also revealed that there was no relationship between the factors Viz., liquidity, return, risk coverage and policyholders with regard to promotional factor, all the factors considered in the study were related to policy holding.

Khan (2002) has attempted to know the opportunity and prospects in the career of a life insurance salesman. It explained about what a good career is and how a good career should be for selling of life insurance, there is no age barrier and need no previous occupation experience but only tend to be attractive, professional and create opportunities in building personality the relationship of the life insurance salesman with the client is not temporary and the service rendered has no substitution. The researcher had observed that life insurance salesman remain in a sense permanent because the client put all the problems and worries in the hands of life insurance salesman.

Jagannath et.al. (2006) analyzed that consumer satisfaction is important to all the insurance companies in general. This paper has discussed the major issued and challenges a LIC in India the author has identified and discusses the issued and challenges such as the regulatory frame work, simplification and rationalization of insurance laws the authors have conducted that the successes would depend on the LIC India's ability to understand the customer needs and offer the service at the lowest price with best quality.

Primal and Joshi (2006) in their paper on insurance sector in India. A SWOT analysis made an attempt to conduct SWOT analysis of the INS sector of India. The study related that in India, out of 80 million insurance individual, only 20 million have punched insurance, which implies that merely 10percent of the house hold families have access to INS. India's INS mark offers immense growth opportunity considering rising disposable income levels of the middle class. Two major categories of the insurance sector are life in a general insurance. INS has been seen in India as a saving and tax minimization instrument rather than as a financial production.

Ravi Shanker (2003) has attempted to know the objectives, namely the reforms adopted by LIC after nationalization its impact, influencing factors in competition and marking strategies adopted by the insurance companies the finding and the study are as per the reforms the direct insures to have a minimum paid up capital of Rs 1 billion interest policy holders funds only in India and to restrict international companies to a minority equity holding of 20 percent in any new company.

Subashini & Velmurugan (2016) has studied the policyholder's satisfaction level and the primary data utilized for the research. The samples of 300 respondents used for the study and the researchers have not satisfied with the insurance services due to IRDA regulations.

STATEMENT OF THE PROBLEM:

Ever since the Nationalization, LIC has diversified its activities. Its business schemes takes into consideration the changing requirement of the society and policies with distinctive features have been introduced. Such policies have evoked good public response. All these lead to an all round growth in LIC operation. The policyholders are the persons who determine the success or failure of LIC. Such policyholders should be made satisfied. Moreover LIC being a service oriented public sector organization; it could easily impress the target public. Rendering quality services to policyholders would mean winning the respect and affection of and maintaining policyholder's relationship. Consumer service is important to the in industry in the changed scenario customer satisfaction is assumed as a price important service to the customers as LIC has to face competition form new entrants. There is a greater need to adopt market friendly posture. Already, LIC is changing to keep pace at the market force. After the entry of new players in the Indian insurance sector, the customers expect better customer service especially in the areas of claim settlement and issuance of policies. The policy holders are facing problems in the insurance industry and the researcher has taken effort to analyze the satisfaction of the policy holders in the present study.

OBJECTIVES OF THE STUDY:

- To show the policyholders demographic profile in the present study.
- To examine the policyholders satisfaction level on the plans of LIC in India.
- To analyze the relationship between premium amount of policy and satisfaction on preference of private policy.

METHODOLOGY:

The study has intended to analyses the policy holder's attitude towards LIC policies in Coimbatore city. The study uses only primary data for the purpose of collection of data questionnaire have been prepared and

collected from the policy holders. Adequate care has been exercise to collect unbiased data from the respondents. 200 questionnaires were collected from the policy holders for the purpose of the study. The period of the study is April 2017 to August 2018. The researcher is applied the statistical tools such as Percentage, Standard Deviation, Kendall’s Coefficient Concordance and Chi-square test.

SCOPE OF THE STUDY:

LIC is one which supports human life. Through there are many banks, post offices, private financiers, financial institutions which provide fund facility and security, why people prefer and go for LIC because if many benefits offered by it such as marriage life, children’s education, tax relief and others. Among the various benefits offered by LIC, people mostly prefer children’s education, risk oriented life and family protection. In this background, the researchers studies about the LIC policies and the various benefits.

ANALYSIS AND INTERPRETATION:

The researcher has analyzed the policyholder’s satisfaction level and the factor influences in the premium amount and satisfaction in the present study.

Table 1: Demographic Variables of Policyholders in Coimbatore City

Sl. No.	Factors	Variables	No. of Respondents	Percentage
1.	Gender	Male	113	56.5
		Female	87	43.5
2.	Age	Up to 20 years	41	20.5
		21-35 years	77	38.5
		Above 35 years	82	41.0
3.	Marital Status	Married	113	56.5
		Unmarried	87	43.5
4.	Educational Qualification	Up to school	66	33.0
		Diploma	25	12.5
		U.G	47	23.5
		P.G	32	16.0
		Professional	30	15.0
5.	Monthly Income	Up to Rs.5000	24	12.0
		Rs.5001-10000	82	41.0
		Rs.10001-15000	66	33.0
		Above Rs.15000	28	14.0
6.	Type of family	Joint	85	42.5
		Nuclear	115	57.5
7.	Occupation	Self-employed	44	22.0
		Professional	43	21.5
		Agriculture	24	12.0
		Govt/Pvt. Employee	47	23.5
		Others	42	21.0
8.	Source of Awareness	Neighbors	43	21.5
		Relatives	24	12.0
		Agents	60	30.0
		Advertisement	58	29.0
		Radio	7	3.5
		Others	8	4.0
9.	Mode of payment	Cash	125	62.5
		Cheque	48	24.0
		ECS	22	11.0
		Others	5	2.5
Total			200	100.0

Source: Primary Data

The table-1 reveals that the demographic profile of the policy holders in the current study. The study contains mostly male respondents and nuclear type of family respondents are dominating in this research work. The age group of above 35 years has taken policies and they were also married respondents in the study. They are earning salary between Rs.5,001 to Rs.10,000 slabs and paying policy premium by cash. The policy holders have awareness from their agents and mostly government employees who have taken insurance policy for life and tax exemption purpose.

Table 2: Kendall’s Coefficient Concordance and Mean Rank

Variables	Mean Rank	
Long term investment	5.47	
to provide attractive benefit	5.24	
Additional bonus	5.30	
Provision for higher education	5.38	
Payable for limited period	5.34	
Innovative plan	5.62	
Financial benefit	5.18	
Loyalty	6.13	
Attractive investment	5.76	
Tax benefit	5.60	
Kendall’s	W. Value	Table value
	0.009	0.4

Source: Calculated Value

Table -2 interpreted the Kendall’s Coefficient Concordance test was used test their similarities among the policy holders in assigning the ranks with the coefficient rank. The loyalty benefit and investment plans were ranked first in the present study. Since the calculated value is 0.009 to compare with table value is 0.4 it is conclude that there is no similarities among the policy holders normally as low.

Table 3: Satisfaction Score of Policy holders in Different Plans

		Satisfaction score		
		Mean	S.D	No.
Type of policy	Whole life policy	23.70	3.18	50
	Endowment policy	22.52	2.76	23
	Money back policy	24.34	3.35	59
	Term assurance	22.71	2.92	21
	Children policy	24.23	2.42	39
	Others	23.13	3.83	8
TOTAL		23.73	3.09	200

In the present study, the policyholders had satisfied with the money back polices (24.34) and followed by the children policies (24.23) for long term benefits.

Null Hypothesis: There is no significant relationship between total premium amount group and satisfaction on preference of private policy.

Table 4: Chi- Square Analysis

	Calculated Value	Table Value	Df	Sig.
Chi-Square	29.440	32.671	21	NS

Source: Primary Data Ns- Not Significant

The table-3 illustrated Chi-square test applied to find whether there is a significant relationship between total premium amount group and satisfaction regarding preference of private policy. Since the calculated value is less than the tabulated value the null hypothesis is accepted and it is concluded that the total premium amount group does not influence the preference of private policy.

CONCLUSION:

Life Insurance Corporation of India is one of the major service organizations. It built up good image among customers and it has done remarkable business for long years. The challenges before LIC are that the private companies. However, the policy holders perception in view of the entry of private company towards Life insurance business is found only favour LIC and not in favour of private insurance companies in view of advantage that it is public sector organization. Today maximum number of people have the knowledge of insurance and its benefits as a results the urban population got more attention and it let to good insurance. Penetration in urban area as well as the rural areas also. The findings and suggestion of the study taken into consideration it will be useful for the company to have further growth in stable manner.

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