



A STUDY ON SATISFACTION POLICY HOLDERS TOWARDS THE PRODUCTS OF LIFE INSURANCE CORPORATION OF INDIA, SALEM DISTRICT

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Abstract

Insurance is one of the segments of financial market. Insurance provides financial protection against a loss arising out of happening of an uncertain event. The major objectives of this research are to ascertain the socio-economic profile of sample respondents and identify the satisfaction level of policyholders in LIC's services. This research has also endeavors to develop the policy holder's satisfaction. Primary data has been collected for this present study. The primary data was collected from 539 sample respondents from salem district, by simple random sampling method. Interview schedule was the tool used to collect the data from the selected sample respondents. Suggested this study, the analysis is identified that educational qualification and monthly income are found to be associated with policy holder's satisfaction. They need comfortable environment to move with officials, and new strategies to make the services offerings more effective and efficient. LIC should spread its wings to rural areas; To conclude this study; the policyholders of LIC are satisfied with the parameters concerned with taking policy, and they are more satisfied with insurance companies.

Keywords: Policyholders' Satisfaction And Awareness, Lic`S Services, Products Of Lic Of India Risk Coverage Claim And Settlement.

Introduction

Insurance is one of the major segments of financial markets. Economic development of any country is mainly based on financial market. It transfers the resources from savers to the users. Since insurance is the part of the financial sector positive and far-reaching changes towards betterment have come into being in both life and non-life insurance markets. Perceived benefits rather than actual benefits are the backbone of marketing of goods and services and marketing of life insurance is no exception. So, insurance sector found a new dimension to increase its business. Insurance product packaged savings with risk management feature. Insurance sell the promise to pay on future date for a pre-defined contingency. Insurance is an arrangement to deal with the unpleasant contingencies. The essence of insurance is sharing of losses and substitution of certainly for uncertainly. In an increasingly competitive economy the need for insuring against risk is well recognized.

The present business scenario is totally consumer oriented. Every company faces stiff competition from its competitors, each provides the best product at competitive rates. As a result customers have a lot of choices to get the best with the least cost. To face this competition, it is very important to know customer's behavior, their needs, preference and also the motivation factors.

Review of Previous Literature

Preeti Upadhyay (2013)¹ This paper is presented in policy holder's protection in insurance and risk management sector. Through the study of concepts procedures, objectives and scope. It highlights the policy holders' protection in insurance sector and finance society. And policy holders' perception regarding the insurance sector the problem being faced by them. Through this paper an effort is made to remove the wrong perceptions. The overall analysis is the whole protection of the every policy holder which is invests in the insurance.

¹ preeti, u. (2013, february 2). Satisfaction of the Policy Holders Protection in Insurance Sector: A Case Study. p. 32.

K. Sankaranarayanan (2014)² In a contract of an Insurance, by insurer agrees or undertakes in consideration of a sum of Money (premium) to make good the loss suffered by the insured against a specified risk such as fire and any other similar contingency or compensate the insured or beneficiaries on the happening of a specified events such as accident or death . The insurance company established on 1970. The Government after careful study of the situation resorted to nationalization by an Act of parliament which began to function on 1st Sep 1956. The Objectives of the study is to study the various policies offered by LIC of India, and to study the consumer and preference towards LIC of India.

Santosh Anagol (2015)³ in this paper agents overwhelmingly recommend unsuitable, strictly dominated products, which provide high commissions to the agent. Agents cater to the beliefs of uninformed consumers, even when those beliefs are wrong. We also find that agents appear to focus on maximizing the amount of premiums (and therefore commissions) that customers pay, as opposed to focusing on how much insurance coverage customers need. A natural experiment requiring disclosure of commissions for a specific product results in agents recommending alternative products with high commissions but no disclosure requirement. A follow-up agent survey sheds light on the extent to which poor advice reflects both the commission incentives as well as agents' limited product knowledge.

Dr. N. Senthilkumar (2016)⁴ This study oriental life insurance company is the first insurance companies in India which is started on 1818 by Europeans at Kolkata. The Indian Life Assurance Companies Act, 1912 was the first statutory measure to regulate life business. In 1928, the Indian Insurance Companies Act was enacted to enable the Government to collect statistical information about both life and non-life business transacted in India by Indian and foreign insurers including provident insurance societies. In 1938, with a view to protecting the interest of the Insurance public, the earlier legislation was consolidated and amended by the Insurance Act, 1938 with comprehensive provisions³ for effective control over the activities of insurers. In 1956 the life insurance companies was nationalized. The LIC absorbed 154 Indian, 16 non-Indian insurers as also 75 provident societies—245 Indian and foreign insurers in all. The LIC had monopoly till the late 90s when the Insurance sector was reopened to the private sector.

Shilpa Agarwal (2017)⁵ This paper is aimed at examining the status of LIC of India in pre & post liberalized era as well as estimating future trend of insurance business of LIC of India, as to analyze its future position in the day- by- day enhancing competition The Indian Life Insurance Industry has faced many obstacles and challenges to attain its present position. With the change in the consumer perception on life insurance and its awareness and penetration, the industry has witnessed a remarkable growth in its business. A major cause for this upliftment is indeed the acceptance and adaptation of liberalization privatization and globalization (LPG)

Dr. I. Meenakshi (2018)⁶ The Life Insurance Corporation of India (LIC) is the largest life insurance company in India and also the country's largest investor. More and more new private insurance companies are coming up year after year. And, these new and private life insurance companies adopt aggressive marketing strategies to introduce their products and to tap the potential policyholders. It is witnessed that new policies like ULIPs are introduced by these new private life insurance companies. It is in this concept this study has been undertaken to assess and analyze the preference of policyholders towards insurance services offered by public and private life insurance companies.

² K. Sankaranarayanan, R. (2014, July 1). Customer satisfaction of life insurance policies with reference to Nagapattinam district . p. 162.

³ Santosh Anagol, S. (2015, Oct 1). Understanding the Advice of Commissions-Motivated Agents: Evidence from the Indian Life Insurance Market . p. 1.

⁴ Dr. N. Senthilkumar , K. (2016, Oct 10). LIFE INSURANCE INDUSTRY IN INDIA-AN OVERVIEW . pp. 30-36.

Statement of the Problem

Insurance products are basically risk protection products. But in India, it is the most mis-sold product and it is sold as investment product rather than a risk protection product. Therefore, the policyholders' intent for buying an insurance policy itself is a research question. So, finding out the reasons and factors influencing the selection of life insurance product is necessary for better service. The retention of policyholders largely revolves around the identification and satisfaction of policyholders' needs and requirements. Policyholders' satisfaction or dissatisfaction gives an opportunity for improving quality of service in order to remain commercially competitive and to develop market base. The perceptions of policy holders on life insurance product will be conducted in Salem district to provide valuable suggestions for the penetration of the industry.

Objectives of the Study

The present study has the following objectives: Hereafter, the Life Insurance Corporation of India is known as LIC of India in this study:

1. To study the reasons for the selection of LIC of India.
2. To measure the level of satisfaction policyholders about life insurance services.

Methodology

The study was based on survey method. This study both primary and secondary data. The primary data was collected from one two hundred and seventy sample respondents by using interview method from Salem District. Samples were chosen by adopting convenient sampling method. The interview schedule has been prepared in such a way that the respondents are able to express their opinion freely and frankly. A well structured interview schedule was framed with the help of the Research Supervisor, the research experts and the LIC managers in the study area. Interview schedule was the tool used to collect the pertinent data from the selected sample respondents.

Analysis and Interpretation: The primary data collected through structured questionnaire has been analysed and summarized as follows:

Table 1

S.No	Demographic Factor	No. of Respondents	Percentage
1.	Gender		
	Male	175	64.81
	Female	95	35.18
2.	Age		
	20-25 yrs	31	11.48
	26-30 yrs	76	28.15
	31-35 yrs	97	35.93
	Above 36 yrs	66	24.44
3.	Educational Qualification		
	Illiterate	50	18.51
	Secondary / Higher Secondary	102	37.78
	Degree	99	36.67
	Post Graduate	19	7.04
4.	Occupation		
	Government Employee	144	53.33
	Employee in Private Concern	62	23.96
	Business	33	12.22
	Others	31	11.48
5.	Areas of Residence		
	Rural	67	24.81
	Semi Urban	144	53.33
	Urban	59	21.85

	Monthly Income in Rs.		
6.	Below 10,000	134	49.63
	10,001 – 20,000	72	26.67
	20,001 – 30,000	32	11.85
	30,001 – and above	32	11.85
	Family Type		
7.	Joint	107	39.63
	Individual	163	60.37
	Marital Status		
	Single	88	32.59
	Married	182	67.40
	Family Size		
8.	2 – 3	163	60.37
	4 – 5	86	31.85
	6 and Above	21	7.78
	Select the investment if Life Insurance		
9.	Family Protection	67	24.81
	Good Savings	23	8.51
	Tax Benefits	128	47.41
	To Meet Future Expenses	18	6.67
	Compulsion of Insurance	34	12.59
	How many Policy you have		
10.	One	122	45.19
	Two	128	47.41
	Three	18	6.67
	More than Three	2	0.74
	Awareness of LIC		
11.	Recommended by Friends	41	15.19
	Recommended by LIC Agent	171	63.33
	Through Advertising	13	4.81
	Recommended by Relatives	23	8.52
	Recommended by LIC Officers	22	8.15
	Reasons for selection of LIC Policies		
12	Government Sector	211	78.15
	Government Guarantee	204	75.55
	Eldest Insurance Company	199	73.70
	Variety of Polities Available	129	47.78
	Numerous Branches	177	65.55
	Premium Collection offices in	194	71.85
	Friendly Agents	189	70.00
	Politeness of Staff Members	75	27.78
	Easy Loan Procedure	52	19.25
	Settlement of Claims	88	32.59
Error free services at the branch	199	73.70	

Source: Primary data

Table-1 exhibits the demographic profile of the selected respondents of the study. Out of the 270 respondents, nearly 65 percent are Male group, 36 percent of the respondents belong the Age from 31 to 35 years old, 38 percent respondents are completed Secondary Education, 53 percent respondents are working in Government offices and living in semi urban area, nearly 50 percent respondents earning Less than Rs. 10,000, 60 percent respondents belong to Nuclear Family, 68 percent respondents are come under Married Category, 60 percent

respondents are having a Family Members between 2 and 3, nearly 25 percent respondents select the LIC policy for Family Protection, 47 percent respondents are having Only One Policy from LIC of India, 63 percent policyholders select the policy with the help of LIC's Agent, more than ten factors are opined by the total respondents about the reasons for the selection of LIC of India in Salem district, out of which, the majority of the respondents select the insurance company for the purpose of Government sector as well as Government guarantee.

Table 2 Level of Satisfaction of Respondents By Using Statistical Measure

Services	Level of satisfaction					Statistical measures	
	Always 2	Many times 1	Some time 0	Rarely -1	Never -2	Mean	Standard Deviation
Quickness in issuing premium Receipt	174	60	36	0	0	1.515	0.71
Ready availability of records	105	101	34	15	15	1.053	1.06
Prompt payment of policy loans.	147	68	32	6	17	1.20	1.125
Prompt payment of surrender values	102	91	52	12	13	0.95	1.08
Prompt payment of policy claims	138	85	25	22	0	1.246	0.937
Error free service at the branch	102	106	62	0	0	1.146	0.765
Prompt and willing service	108	100	58	4	0	1.154	0.808
Courteous reception at branch office	79	123	46	12	10	0.915	0.99
Prompt receipt of letters.	87	106	45	15	17	0.862	1.115
Knowledge and courtesy of the branch employees	83	127	36	4	20	0.915	1.088
Treatment with personal touch	96	100	47	15	12	0.93	1.075
Basic need in branch office	108	114	25	0	23	1.053	1.118
Appearance of physical facility in the branch office	75	106	58	27	4	0.815	0.998
Layout of the office	53	128	50	14	25	0.623	1.132
Situation of branch office farway from the main place of town / city	58	27	41	44	100	- 0.369	1.5696
Happiness as customer of L.I.C. based on your experience with the branch.	110	100	35	16	9	1.062	1.028

Source: Primary Data

Table 2 clearly shows the respondents opinion towards the satisfaction of services rendered by LIC of India in Salem branch. In order to analyze customer's satisfaction, scaling technique has been used to quantify the results. „Always“ is assigned a scale of 2, „Many Times“ is assigned a scale of 1, „Some Times“ is assigned a scale value of 0, „Rarely“ is assigned a negative scale value of -1 and „Never“ is assigned by negative scale value of -2. Negative denotes dissatisfaction while positive value shows satisfaction over the services.

From the above table it is concluded that where the mean value exceeds 1 there is a satisfaction with regard to the service offered by LIC. The following are the services with high level of satisfaction, since the mean value is more than 1.

Quickness in issuing premium receipts with Mean value of 1.515, policy claim payment with 1.246, loan

payment with 1.20, prompt and willing service with 1.154, error free service with 1.146, happiness as customer of LIC with 1.061, ready availability of record and basic need in branch office with mean value 1.053, with regard to layout of branch office the level of satisfaction is low as the Mean value is 0.623.

In the above table for satisfaction with regard to situation of branch office far away from city/ town, the Mean value is negative, i.e., -0.369. Hence there is no dissatisfaction with regard to the situation of branch office faraway from city/town and the respondents feel that the branch offices situated within their reach.

Suggestions

The following suggestions are recommended for improving the performance of the Life Insurance Corporation of India, Salem District.

1. Product satisfaction can be improved by keeping the premium low while enhancing the returns and liquidity aspects of the LIC products in comparison with other financial products. Since the cost of life policy (premium) is based on mortality rate, management expenses and investment income, any improvement in these variables should go to the benefit of policyholders.
2. Liquidity of life insurance policies can be improved by introducing short-term products. Moreover, if value added benefits like switch-over option to other plans, introduction of flexible products, rider benefits and the like are added to the existing product benefits, it would increase product satisfaction among the policyholders.
3. To improve the tangibility dimension of branch offices, customer facilities like seating arrangements, drinking water, toilets and the like may be provided where these facilities are found inadequate.
4. Since the majority of the population lives in rural areas, the LIC needs to develop the proposal forms in the regional language so that the customers are able to understand what is contained in the form. The cooling period of 15 days presently fixed may be extended to 30 days, entitling the policyholder to return the policy and claim premium refund subject to the insurer's charges and cost of risk cover provided.

Conclusion

Salem district is basically depended on agricultural business. After liberalization of an economy and privatization of the insurance industry, the insurance knowledge of the rural people is very poor. They need comfortable environment to move with officials, and new strategies to make the services offerings more effective and efficient. LIC should spread its wings in rural areas; it will enable the policy holders rather they approach in urban area. As per this study, the analysis is identified that educational qualification and monthly income are found to be associated with policyholder's satisfaction. LIC has to create awareness among female policy holders, regarding the benefits of the LIC policies. To conclude this study; the policyholders of LIC are satisfied with the specified parameters concerned with investing in LIC policy. The policyholders of LIC are more satisfied with the services of LIC of india.

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