



**PERCEPTION OF POLICYHOLDERS TOWARDS LIFE INSURANCE
CORPORATION OF INDIA**

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Abstract

Insurance plays a significant role to cover the life and business risk of millions. Due to privatisation now the insurance industry offers so many innovative products. Life Insurance Corporation of India is growing rapidly and reached new heights in Indian industry. At the same time, private insurance company posed stiff competition to the LIC. The objective of the study is to measure the perception level of policyholders towards products offered by LIC of India. The study is intended to collect data through a structured questionnaire from senior citizens as they are more aware of the performance of LIC. The study disclosed that the perception level of policyholders regarding the LIC is low. The companies should take steps towards making their policyholders remain fully apprised about the different offerings of the company and how the offerings are likely to improve the life of the policyholders.

Key words: perception, awareness.

Introduction

Insurance provides much of the security that is essential to the nation's economic growth. The insurance sector is growing rapidly and is gaining key position in the world economy. Insurance plays a significant role to cover the life and business risk of millions. Due to privatisation now the insurance industry offers so many innovative products. Life Insurance Corporation of India is growing rapidly and reached new heights in Indian industry. At the

same time, private insurance company posed stiff competition to the LIC. Within a short span of time, private insurance companies have acquired more than 25 per cent of the life insurance market. Because of competition, customers are also more aware of various services offered by these companies. They become more calculative not only in terms of risk coverage but also look forward for safety of investment and higher rate of returns on the saving in insurance sector.

In these competitive days the LIC offers a variety of life insurance policies such as whole life policy, endowment policy, money back policy, unit linked policy, Children's policy and the like. As a matter of fact, new life insurance plans are introduced to meet the demands of the changing social and economic environment by introducing a variety of new schemes. The LIC mops up the savings from the public for providing the money for welfare schemes. The various types of life insurance policies protect the interests of the cross section of people. LIC is introducing new schemes to the policy holders every year. Now a day there is heavy competition due to the entry of private insurance. They are introducing very attractive schemes. That is way they can dominate some percentage of Indian insurance market share, even though LIC still controls the maximum rate of the market by introducing many alternative investment opportunities. However, the success of LIC is depending upon the attitude of the policyholders. In this paper an effort is made to analyze policyholders' perception towards the performance of Life Insurance Corporation of India.

Review of Literature

Babitha Yadav and Anshuja Tiwari in their paper on “**A Study on Factors Affecting Customers Investment towards Life Insurance Policies**” identify those factors which influence customers policy buying decision and also analyze the preferences of customers while life policy investment decision-making. LIC is the most accepted and popular brand in life insurance, the market share of private insurers are gradually increasing with people trust and better services offered by them are some of the main findings of the study. Insurance companies should spread more awareness about life insurance, reduction in premium amount and giving more attention on need based innovative products are some of the suggestions provided by the researcher. The paper concludes with that demographic factors of the people play a major and pivotal role in deciding the purchase of life insurance policies.

Girish Kumar and Eldhose (2008) in their paper titled "**Customer Perception on Life Insurance Services: A Comparative Study of Public and Private Sectors**", well explained the importance of quality services and its significance in raising customer satisfaction level.

A comparative study of public and private sectors help in understanding the customer perception, satisfaction and awareness on various life insurance services

Murugesh V. (2015) in his paper on “**The Policyholders’ Preference and Satisfaction Towards Life Insurance Corporation of India’s Policies**” measured the policy holder’s awareness, their preference and their satisfaction level towards life insurance Corporation of India’s products. The study disclosed that 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. The study also disclosed that the most of the policyholders are satisfied with LIC.

Narayan, H. Jai (2009), in an article titled “**Role of CRM in Life Insurance Business**” has made an emphasis on importance of customer in the business of insurance. He explained in phase of growing market competition, there is an intense need to go beyond mere efficiency in designing products. To understand the customer’s needs and to convey what they have to offer would perhaps bring in higher efficiencies in customer service. Insurance business revolves around the customer and fair treatment to customers is need of an hour to win their loyalty and trust. In a service based organizations, customer service is the most dominating feature that differentiate and gives good return to the insurers. Proper dealing with customer complaints, effective customer grievances handling mechanism and fast claim settlement procedure are some of the ways through which satisfaction level of customers can be increased. Hence to serve the customers promptly and effectively is the key success of a life insurance business.

Objectives of the Study

The main objectives of the present study are as follows:

- To study the perception of policyholders towards products offered by LIC of India.
- To make suitable suggestions based on the study.

Scope of the Study

- The result of this research would help the company to have a better understanding about the consumer’s perception towards LIC of India.
- The study helps the LIC of India to focus the consumer’s preferences on the product which they offer.

Research Methodology

Data were collected through primary as well as secondary source. The primary data were collected through questionnaires from conveniently selected 80 LIC Policy holders. Secondary data were collected from published information from websites and other journals. Sample size consists of 80 LIC policy holders of Thrissur District, Kerala. Senior citizens were conveniently selected as they are more aware of LIC policies. For the proper analysis and interpretation of the collected data, percentage analysis and appropriate statistical tools have been used. The general findings of the study disclose the following:

- ❖ 58 per cent of the respondents are female.
- ❖ 92 per cent of the respondents are married.
- ❖ 67 per cent of the policyholders bought only one LIC policy and 53 per cent of the policyholders prefer money back policies.
- ❖ Out of 80 policyholders 52 per cent of policyholders prefer quarterly payment of premium.
- ❖ 84 per cent of the policy holders of LIC feel that formalities for opening a policy are not complex and do not take much time to start.

Perception of Policyholders

Respondents are asked to answer a set of questions in the five point Likert's scale regarding various aspects of the customer's perception towards Life Insurance Corporation of India. The respondents are scored as 1 for '**Strongly Disagree**', 2 for '**Disagree**', 3 for **neither 'Neither Agree nor Disagree'**, 4 for '**Agree**', and 5 for '**Strongly Agree**'. And 1 for '**Not Important**', 2 for '**Least Important**', 3 for '**Neutral**', 4 for '**Important**', and 5 for '**Highly Important**'. The mean score of each of 80 respondents are found out, based on which we calculate the Mean Percentage score [MPS = mean score x 100 / maximum possible score]. This score is classified into one of the four groups as low or poor if the mean per cent score is less than 35 per cent, average if the mean percentage score is in between 35 to 50 per cent, medium or good if the mean percentage score lies in the interval 50 to 75 per cent and high or excellent if the mean percentage score is above 75 per cent. The following table gives the Mean, SD, Mean Percentage Score and Coefficient of variance considered.

PERCEPTION OF POLICY HOLDERS REGARDING LIC

No.	STATEMENT	Mean	SD	Mean Percentage Score	CV	Level
1	LIC plan are attractive than other policies	4.66	0.55	37.3	11.72	Medium
2	Flexible products are available to meet customer needs	3.91	0.64	31.3	16.26	Low
3	Provides information regularly especially by agents	4.35	0.67	34.8	15.46	Medium
4	Reasonable premium	3.64	0.79	29.1	21.84	Low
5	LIC emphasis high quality of services than the volume of sales	4.3	0.87	34.4	20.27	Low
6	High rate of return on insurance products as compared to other savings	3.2	1.08	25.6	33.66	Low
7	Satisfactory level towards services offered by LIC	4.16	0.73	33.3	17.59	Low
8	Grievance Redressal Mechanism	3.44	0.63	27.5	18.31	Low

Source: Primary data

Results

1. From the above analysis it is clear that the statement relating to the policyholders' perception towards attractiveness of LIC policies shows the Mean Percentage Score is 37.3 per cent which indicates that there is also medium level of satisfaction among the respondents and the Coefficient of Variation is below 20 per cent which indicates that there is low level of variation.
2. The statement related to various products which are offered to the policyholders, the Mean Percentage Score is 31.3 which indicate that the policyholders have low satisfaction with flexibility and its Coefficient of Variation is 16.26 per cent indicate that there is low variation in the policyholders' opinion.
3. The statement relating to the information providing by the LIC especially the agents shows the Mean Percentage Score is 34.8 per cent, which indicate there is also medium level of satisfaction among the policyholders and in case of Coefficient of Variance, it is below 20 per cent which indicates that there is low level of variation in opinion.
4. The Mean percentage Score of the statement regarding the premium on LIC policies is 29.1 per cent which also indicate that there is low satisfaction in the case of premium and

Coefficient Variance is 21.84 per cent which means there is high degree of variation in the policyholders' opinion.

5. The statement regarding the quality of services provided by LIC policies shows the Mean Percentage Score is 34.4, which indicate there is also low level of satisfaction among the customers and the Coefficient of Variance is above 20 per cent that is 20.27 per cent which discloses high level of variation in their opinion.
6. In the case of return, the Mean Percentage Score is 25.6 per cent of high rate of return which indicate that there is low level of satisfaction and the Coefficient of Variation is above 20 per cent.
7. The statement regarding to the satisfactory level of LIC policies shows the Mean Percentage Score is 33.3 per cent, which indicate there is also low level of satisfaction among the customers and in case of Coefficient of Variance is below 20 per cent which indicates that there is low level of variation in opinion.
8. The Mean percentage Score of the statement regarding the Grievance Redressal Mechanism is 27.5 per cent which also indicate that there is low satisfaction and Coefficient of Variation is 18.31 per cent which means there is low degree of variation in the policyholder's opinion.

Conclusion

LIC dominates the Indian insurance industry. In today's competitive world especially with the entry of private sector insurance companies, customer satisfaction has become an important aspect to retain the customers, not only to grow but also to serve. Increased competition, wide range of product offerings and multiple distribution channels cause companies to value satisfied and highly profitable customers. The study intended to measure the perception level of policyholders on LIC. The study disclosed that the perception level of policyholders regarding the LIC is low. The companies should take steps towards making their policyholders remain fully appraised about the different offerings of the company and how the offerings are likely to improve the life of the policyholders. LIC should make sure that they are able to convince the policyholders about how their products are more beneficial to them as compared to the competitors.

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