A STUDY ON POLICY HOLDER'S SATISFACTION TOWARDS SERVICES OFFERED BY LIC WITH REFERENCE TO HYDERABAD DISTRICT

Ramesh Naik
Research Scholar,
Department of Commerce
Osmania University, Hyderabad,
Telangana State.

Prof. D. Chennappa
Department of Commerce
Osmania University, Hyderabad,
Telangana State.

Abstract

This article explains Risk transfer mechanism that ensures full or partial financial compensation for the loss or damage caused by event(s) beyond the control of the insured party. Under an insurance contract, a party (the insurer) indemnifies the other party (the insured) against a specified amount of loss, occurring from specified eventualities within a specified period, provided a fee called premium is paid. It is a promise of compensation for specific potential future losses in exchange for a periodic payment. Insurance is designed to protect the financial well-being of an individual, company or other entity in the case of unexpected loss. Some forms of insurance are required by law, while others are optional.

Keywords: LIC, Insurer, IRDA, Life insurance, Health insurance, Risk

INTRODUCTION

Insurance is a basic form of risk management which provides protection against possible loss to life or physical assets. All assets have some economic value attached to them. There is also a possibility that these assets may get damaged / destroyed or become non-operational due to risks like breakdowns, fire, floods, earthquake etc. Different assets are exposed to different types of risks like a car has a risk of theft or meeting an accident, a house is exposed to risk of catching fire, a human is exposed to risk of death/accident. The purpose of insurance as a method of transferring risk is to provide economic protection against the losses that may be incurred due to uncertain predicaments caused by disability, death of an earning family member or economic losses. The events that cause losses may or may not occur during the operative time of the contract of insurance. People, therefore, opt for life insurance purely for the reason of uncertainties in life. Life Insurance gives the insured a kind of peace of mind as he is assured of making up the loss in the event of such uncertainties in life.

REVIEW OF LITERATURE

C. Sunitha (2014) – In her ph.D. thesis on "Customer satisfaction in Life Insurance with special reference to women policy holders in Thanjavur District" examined the preferences and factors considered by women policy holders while taking policy, the criteria followed by women policy holders while selecting an Insurance agent and the satisfaction about the performance of agents and their level of satisfaction towards the services provided by LIC of India.

Uma et al. (2015) – Uma in their article titled "A survey of Life insurance Awareness, Perception and Preferences", observes that majority of customers are satisfied with the policy features whereas few customers are dissatisfied with the incomplete information provided to them and suppression of information about policy terms and conditions.

Thakkar (2016) – "A study on Consumer Behaviour Towards Life Insurance Industry", found that to know the investment behaviour of individuals with related to life insurance and also to know the problems faced by them. The study was conducted amongst the investors (policy holders) of Kolhapur city. His study revealed that Insurance advisor is the main influencer in buying decision of life insurance consumers. They depend largely on the insurance advisor.

Rao (2017) – Rao in his article "Policy holder's perceptions on LIC Policies and Services with reference to Srikakulam District in Andhra Pradesh", has observed that insurance occupies an important position in the financial sector of the economy. The Life Insurance Corporation of India has devised several policies to satisfy the diversified needs of the customers. The main objective of this research is to study the policy holder's perceptions on LIC policies and services with reference to Srikakulam district in Andhra Pradesh.

Vijay Kumar (2018) – Vijay Kumar in his ph.D. thesis, "A Contemporary Study of factors influencing Urban and Rural consumers for buying different Life Insurance policies in Haryana" makes an in-depth study of factors influencing buyer behaviour for buying life insurance policies in Haryana. The study outlines that the insurance agent was the most influential factor for selecting the life insurance policy among rural and urban policy holders.

Sharma (2019) – Sharma conducted a study on "Service Quality and Customer Satisfaction of Insurance" with 300 samples. The study exposed that service quality has a positive impact on customer satisfaction.

Prajapati and Barad (2020) – "To study the Investor's Behaviour towards Life Insurance Products", explained that the life insurance basically is a tool against protection of life or against any unforeseen event or death of individuals. It provides financial protection against such risks. The study revealed that Insurance Advisor is the main influencer in investment decision of life insurance investors and they depend largely on the insurance advisor.

NEED FOR THE STUDY

The review of literature revealed that most of the research works on life insurance business in India have concentrated on buyer and seller perceptions on life insurance products, service quality, customer satisfaction in life insurance industry, and distribution channels of life insurance sector.

There are very few studies which have concentrated on services rendered by LIC of India and its Agents. The study includes surveys and fact finding studies of various kinds. The major purpose of this research is descriptive study on policy holder's perception and level of satisfaction on service quality of LIC agents. It also states the affairs or problems as they exist and are faced at present by the respondents.

IMPORTANCE OF THE STUDY

The study analyses the perceptions of customers considering various parameters like services offered by LIC agents, availability of services, accessibility, behaviour towards customers, etc. which would help the company to know where they need to improve and they also would come to know the expectations of customers from them.

SCOPE OF THE STUDY

The study would examine the customer perceptions towards services rendered by LIC of India with its agents. The results of this research would help the company to have a better understanding about the consumer's perception towards life insurance products offered by LIC of India. It takes into consideration various parameters like total premium, accessibility, number of policies, number of branches, security and so on. Since it is a sample study, it takes into consideration only the public sector insurance company i.e. LIC of India and the customer survey is also based on the sample customers drawn from the city of Hyderabad. The study excludes from its purview the analysis of the financial performance of the companies in terms of profits, dividends, financial ratios, assets, etc.

OBJECTIVES OF THE STUDY

The study is taken up with the following objectives in view:

1. To study the policyholder's perception towards services offered by LIC of India.
2. To study the factors influencing consumers in selecting a policy from LIC of India.
3. To study the policyholder's satisfaction towards Life Insurance Corporation of India.

RESEARCH METHODOLOGY

The data for the study is collected from primary as well as secondary sources.

Primary sources:A survey method is adopted to collect primary data. A structured questionnaire is constructed to collect the data from policyholders. The questionnaire consists of 20 questions which are to be answered by the respondents.

Secondary sources:econdary data is collected from reports of IRDAI, IRDAI handbook on Indian Insurance Statistics, internet, books on related issues, company sources and research reports of various researchers in relevance to the study.

Sample size: The sample size for primary data collection is 100 life insurance policyholders of Life Insurance Corporation of India.

Sampling method: Convenience sampling method is adopted for selecting policyholders to collect the primary data.

Tools and Techniques for the analysis of the data:

One way ANOVA, Percentage method, graphs and charts are applied to analyse the primary data. All the data is analysed using MS-Word, MS-Excel and SPSS.

DATA ANALYSIS

This study covers the demographic profile of the policy holders, reasons for selecting the life insurance policy. It also presents the policy holder's opinion and satisfaction levels with regard to the policy opted, premium and distribution channels (agents).

Table 1: Age group of Respondents

Options	Number of respondents	Percentage (%)
Up to 25 years	26	26%
25 years - 35 years	33	33%
35 years - 45 years	23	23%
Above 45 years	18	18%
Total	**100**	**100%**

Interpretation: As may be observed from the table, 33% of the respondents are in the middle age group (25 years to 35 years). Those in the young age group (Up to 25 years) account for about 26% of the sample, 23% of the respondents are in the age group of (35 years to 45 years) and the remaining 18% of respondents are in the old age group (Above 45 years).

Table 2: Gender Classification

variable	Options	Number of respondents	Percentage (%)
Gender	Male	57	57%
	Female	43	43%
	Total	**100**	**100%**

Interpretation: It is clear from the above table that 57% of the respondents are male and remaining 43% of respondents are female.

Table 3 – Educational Qualifications

Variable	Options	Number of respondents	Percentage (%)
Educational Qualifications	Illiterate	12	12.0%
	Up to SSC	21	21.0%
	Intermediate	9	9.0%
	Graduation	26	26.0%
	Post graduate	32	32.0%
	Total	**100**	**100.0%**

Interpretation: Majority of the respondents i.e., 32% of the respondents are having Post graduation or higher education, 26% of respondents are having graduation, 21% of respondents are having SSC qualification, 12% of respondents are illiterate and 9% of respondents are having intermediate.

Table 4: Reasons for investing in Life Insurance Policy

Reason	Number of responses	Percentage (%)
Safety of Investment	51	30.5%
Tax Benefits	22	13.2%
High Returns	4	2.4%
Savings	57	34.1%
Life coverage	32	19.2%
Others	1	0.6%
Total	**167**	**100.0%**

Interpretation: It is observed from the above table that 34.1% of respondents mentioned Savings as the main reason for investing in a Life insurance policy. This is followed by those who invested for safety of investment (30.5%), life coverage (19.2%) and Tax benefits (13.2%). Returns did not figure significantly as the reason for investing in a life insurance policy (only 2.4%).

Table 5: Source of motivation to take a Life Insurance Policy

Source of Motivation	Number of responses	Percentage (%)
Friend	19	17.6%
Family member	44	40.7%
Colleague	5	4.6%
Media	2	1.9%
Insurance Agent	37	34.3%
Others	1	0.9%
Total	**108**	**100.0%**

Interpretation: With reference to the source of motivation, family members figured first with 40.7% of the respondents being influenced by a family member, followed by insurance agent (34.3%) and friend (17.6%). Colleagues influence on respondents was only 4.6%. This may be because of lack of awareness about life insurance policies or may be busy with their core business activities.

Table 6: Type of Policy taken

Type of Life Insurance Policy	Number of responses	Percentage (%)
Whole Life Policy	21	14.8%
Term Life Insurance Policy	39	27.5%
Endowment Policy	46	32.4%
Money Back Policy	32	22.5%
Pension Plan Policy	3	2.1%
Unit Linked Insurance Policy	1	0.7%

Total	**142**	**100.0%**

Interpretation:

Endowment policy is popular among the respondents i.e., 32.4%. Next highest is Term Life Insurance Policy and Money Back Policy with 27.5% and 22.5% of the respondents holding such policies respectively. Whole Life policy is preferred by 14.8% of respondents and Pension Plan policy by 2.1% of respondents. Unit Linked Insurance Policy is the least preferred with only 1% of respondents.

Policy holder's perception on various aspects of life insurance policy taken:

To test the significant difference between the following aspects related to satisfaction level of policyholders and the number of policies taken, a one way ANOVA test is conducted at 5% level of significance with (1,99) degrees of freedom. This test is applied to determine whether there is any significant difference between the means of satisfaction of policyholders and the number of policies taken. The relevant data is presented in the table 7.

H0: There is no significant difference in the satisfaction level of policy holders with regards to the factors considered for taking life insurance policy and number of policies taken.

Table 7: summary of One way ANOVA

	N	Mean	Standard Deviation	df	F	Sig.	H0
Premium	100	4.23	.777	99	1.949	.127	Accept
Policy Term	100	4.05	.925	99	2.315	.081	Accept
Interests	100	3.72	.911	99	2.100	.105	Accept
Pre & post Services	100	3.86	.899	99	.923	.433	Accept
Accessibility	100	3.86	.943	99	1.511	.217	Accept
Company Image	100	4.45	.833	99	1.488	.223	Accept
Security	100	4.51	.745	99	1.843	.145	Accept
Tax Benefits	100	4.13	.825	99	4.601	.005	Reject

Interpretation:

From the One way ANOVA results, it is observed that there is no significant difference in the level of satisfaction of policyholders with respect to factors considered for taking life insurance policy and the number of policies taken. As the Sig. (p) values are greater than 0.05, the null hypothesis is accepted. But with respect to tax benefits, it is observed that there is a significant difference in the level of satisfaction of policyholders with respect to factors considered for taking life insurance policy and the number of policies taken, where the Sig. (p) value is less than 0.05. Therefore null hypothesis is rejected.

SATISFACTION WITH SERVICES OFFERED BY THE LIC

The following table 9 presents the data related to the overall satisfaction on the services rendered by LIC Agent.

Table 9: Satisfaction with services rendered by LIC

Response	Gender			
	Male	Percentage	Female	Percentage
No	7	12%	7	16%
Yes	50	88%	36	84%
Total	**57**	**100%**	**43**	**100%**

Interpretation:
Out of 100 respondents who took policy from agent, majority are male respondents and 88% of the male respondents mentioned that they are satisfied with the services rendered by LIC agent. 84% of the female respondents mentioned that they are satisfied with the services rendered by LIC agent. 12% of the male respondents and 16% of female respondents mentioned that they are not satisfied with the services rendered by LIC.

Reasons for dissatisfaction about the services of LIC

There are 14% of the respondents i.e. 14 members out of 100 respondents who took policy from agent, have mentioned that they are not satisfied with the services rendered by the agents. The following table 10 indicates the reasons for dissatisfaction of policy holders.

Table 10: Reasons for dissatisfaction about the services of LIC Agent

Reason	Responses	
	Number of respondents	Percentage (%)
Does not explain terms and conditions	9	29.0%
Does not explain why company's policy is better than others	3	9.7%
Does not advice wisely	7	22.6%
Does not inform about renewal date	5	16.1%
Does not deliver the receipts in time	7	22.6%

Total	**31**	**100.0%**

Interpretation:

Majority of policy holders of LIC expressed that their agent does not explain terms and conditions, does not advice wisely and does not deliver receipts in time as the main reasons for their dissatisfaction about agent's services. This may be because once the policy has been sold the agent gets the commission on the policy as long as the premium is paid by the policy holders.

Overall satisfaction with Insurance policies of LIC of India:

The following table-11 presents the data related to the overall satisfaction on insurance policies of LIC of India.

Table 11 : Employment * Satisfaction with Insurance policies of LIC of India

Employment	**Satisfaction with Insurance policies of LIC of India**				**Total**
	Highly Satisfactory	**Satisfactory**	**Neutral**	**Dissatisfactory**	
Govt. employee	2	3	0	0	5
Private Employee	8	37	3	1	49
Self Employed	9	10	3	0	22
Retired	0	1	1	0	2
Student	1	6	5	0	12
Others	1	9	0	0	10
Total	**21**	**66**	**12**	**1**	**100**

Interpretation:

From the above table it is clearly observed that majority i.e. 66% of respondents are satisfied with the insurance policies of LIC of India. Out of satisfied respondents 37 respondents are private employees only. 21% of the respondents are highly satisfied and 12% of the respondents are neutrally satisfied. Only 1% of the respondents (private employee) are dissatisfied with the insurance policies of LIC of India.

Table 12: Policy holder's opinion to suggest others to take the policy from LIC of India

Options	Frequency	Percentage (%)
Yes	88	88%
No	12	12%
Total	100	100.0

Interpretation:

Out of 100 respondents 88% of the respondents opinion is to suggest others to take a policy from LIC of India as they are happy with the services provided by LIC of India.

Table 13: Reasons for not suggesting others to take policy from LIC

Reasons	Responses	
	Number	Percentage (%)
Delay in claim settlement	1	7.1%
Complex formalities	1	7.1%
High commission	2	14.3%
Lack of Trust	3	21.4%
Low guaranteed return	6	42.9%
Can't increase or decrease premium	1	7.1%
Total	**14**	**100.0%**

Interpretation:
Majority of the policy holders of LIC of India expressed that, low guaranteed return and lack of trust are the main reasons for not suggesting others to take a policy from LIC of India. Others opinion is that high commission delay in claim settlement, complex formalities and fixed premium are the reasons for not suggesting others to take policy from LIC of India.

CONCLUSION

It is concluded that companies need to develop the products keeping in view the requirement of prospective life insurance policy holders. They have to treat provision insurance as a service by assuring a financial security to the life of an individual rather than a profit making business. By charging affordable premium, maintaining transparency in policy related matters while offering it and efficient services after the sale of the policy with prompt actions on the quarries and complaints raised by policy holders will help any life insurance company to sustain and grow in the highly competitive environment.

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