



A STUDY ON FACTORS AFFECTING CUSTOMER'S INVESTMENT TOWARDS LIFE INSURANCE POLICIES OF LIC IN COIMBATORE CITY

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ABSTRACT

The Life Insurance Corporation of India plays an important role in providing insurance protection against death and old age on the one hand and accelerating the growth of our economy. This is obvious because of the fact that the life insurance touches every section of the society privileged and under privileged, agricultural and industrial labour employed and self-employed etc. and provides economic security to all and sundry. The Life Insurance Corporation of India is an important constituent of India's capital market. It collects huge funds for the public and invests them in agriculture, industry, transport and in a number of other economic activities.

INTRODUCTION

Life insurance is a must for everyone because life is very precious. With a population of over one billion, national and international life insurance companies, see India as a land of opportunities and a market for big business. Until 1999, the business of life insurance in India was the monopoly of life insurance Corporation of India (lic). Privatization witnessed dynamic changes in the insurance industry and most of the private insurance companies are joint ventures with recognized foreign players across the globe. Customers are the main pillar of life insurance business. Since customers are becoming more demanding and complex, therefore, it is important for the insurance companies to understand the factors which are significant to the customers for purchasing of insurance plans. Since customers are becoming more demanding and complex, therefore, it is important for the insurance companies to understand the factors which are significant to the customers for purchasing of insurance plans.

STATEMENT OF THE PROBLEM

The Life Insurance Industry has been a dynamic one ever since the gates were thrown open

to the private players. This study has been carried out to find out the factors influencing the selection process of an insurance product that would help the company to develop their marketing strategy. A lot has happened in product innovation, product training, customer focus etc. This study gives information about the market contacts, motivational factors that might influence the customer's decision to buy an insurance product which would serve as basic information for the company to understand the customer's requirements and to meet out their needs effectively. The company has to initiate further development to fine tune the policy formulation to gear up the business. Increase in sale of insurance products of the insurance company is based on the decision process of the customer in selecting an insurance marketing.

OBJECTIVES OF THE STUDY

- To study the factors affecting customers' preferences towards life insurance products.
- To know the satisfaction level of customers with respect to issuers.
- To analyze the purchase decision-making patterns of life insurance customers.



- To examine the attribute the customers prefer while purchasing the life insurance policy.

TOOLS USED FOR ANALYSIS

The primary data were collected, tabulated and analyzed. The statistical tools used for analysis of the study are;

- Simple Percentage Analysis
- Likert Scale Analysis

LIMITATION OF THE STUDY

The following are the limitations of the study;

- Based on the time constraints only 120 respondents were collected
- The result of the study is applicable for Coimbatore city only
- This study covers only the Life Insurance Policy holders of LIC

REVIEW OF LITERATURE

Rao (2014) Explained that liberalisation of the financial services sectors has led to insurance companies functioning increasingly under competitive pressures; so companies are directing towards increasing customer satisfaction and loyalty. This study is an endeavour to examine and evaluate the various CRM initiatives in life insurance companies and compare the strategies used by public sector LIC with private sector companies.

Mayakkannan Raman (2018) this study explores satisfaction level of customers towards Life Insurance Corporation in Chennai city. Due to increasing awareness among people about their uncertainty of life and increasing competition in Insurance Sector, it is significant for Insurance Companies to understand the requisite of their customers. The main aim of the study is based on primary data which is collected through questionnaire among 150 policyholders in Chennai and data were analyzed with multi variety statistical tools like percentage.

DATA ANALYSIS AND INTERPRETATION

In this chapter the analysis and interpretation of “A study on customers satisfaction towards investment on life insurance with special reference to Coimbatore city is presented based on the opinion of sample of 120 respondents selected from Coimbatore city through a questionnaire containing 23 question is where analysed through 2 different tools and there are as follows,

- Simple percentage analysis
- Likert scale analysis

PERCENTAGE ANALYSIS

The data gathered for the study is also presented in terms of percentage. The percentages are calculated to the total of the subject. In the chapter were analysis and interpretation.

FORMULA

$$\frac{\text{Number of respondents}}{\text{Total number of respondents}} * 100$$

**Table 4.1.1
AGE OF THE RESPONDENTS**

S. No	Age	No. of Respondents	Percentage
1	Below 20	14	12
2	21 - 30	52	43
3	31 - 40	31	26
4	Above 40	23	19
	Total	120	100

INTERPRETATION

From the above table it reveals that, 12% of the respondents are below the age of 20 years,

43% of the respondents are 21-30 years, and 26% of the respondents are 31-40 years and 19% of the respondents are above 40 years.

**Table 4.1.2
GENDER OF THE RESPONDENTS**

S.N O	Gender	No.of Respondent	Percentage
1	Male	64	53
2	Female	56	47
	Total	120	100

INTERPRETATION

From the above table it shows that 53% of the respondents are male and 47% of the respondents are female.

**Table 4.1.3
MARITAL STATUS OF THE RESPONDENTS**

S. No	Married Status	No. of Respondents	Percentage
1	Married	88	73
2	Unmarried	32	27
	Total	120	100



INTERPRETATION

From the above table it reveals that 73% of the respondents are married and 27% of the respondents are unmarried.

LIKERT SCALE ANALYSIS

A Likert Scale analysis is a Method of measuring attitudes. Ordinal scale of response of a question or statement, ordered in hierarchical sequence from strongly negative to strongly positive, used mainly in behavioural science and psychiatry, In Likert's method, a person's attitude is measured by combining (additional or averaging) their responses across all items.

FORMULA

Likert scale =

$$\frac{\sum(Fx)}{\text{Total number of respondents}}$$

F = Number of Respondents
x = Likert Scale value
(FX) = Total Score

TABLE: 4

RESPONDENTS SATISFACTION WITH THE SERVICES OF LIC

S.N	Categories	No. of respondents	Likert scale	percentage
1	Highly Satisfied	14	4	56
2	Satisfied	42	3	126
3	Neutral	56	2	112
4	Dissatisfied	8	1	8
	total	120		302

$$\begin{aligned} \text{Likert Value} &= \frac{\sum fx}{\text{No. of Respondents}} \\ &= \frac{302}{120} \\ &= 2.5 \end{aligned}$$

INTERPRETATION

Likert scale value is 2.5 is greater than the mid value (2) so the respondents are satisfied with the service of the LIC.

FINDINGS, SUGGESTIONS AND CONCLUSION

- 43% of the respondents of the age of 21-30.
- 53% of the respondents are male.
- 73% of the respondents are married.
- 44% of the respondents are under the educational level upto under graduate.
- 44% of the respondents are earning the values of Rs. 25001-50000.
- 62% of the respondents are in nuclear family.

- 37.5% of the respondents are under the occupational status as private employees and agricultures.
- 38% of the respondents are having more than 3 dependents.
- 44% of the respondents are using the insurance policy for their investment purpose.
- 45% of the respondents prefer for their long term plan.
- 52% of the respondents are aware by agents.
- 48% of the respondents are preferring age group of 26-35 years.
- The respondents are satisfied with the penalty charged on the late payment of premium on LIC.
- The respondents are satisfied with the bonus and interest of the LIC.
- The respondents are satisfied with the pre and post paid services of the LIC.
- The respondents are satisfied with the services offered by the LIC.
- The respondents are satisfied with the riders' benefits of the LIC.

SUGGESTIONS

- The customer satisfaction should be the main focus of any service firm especially to the life insurance company. This will result in customer retention leading to improved profitability and growth of the life insurance companies.
- The life insurance company should ensure effective marketing information and communication facilities. The strategic planning should be adopted deliberately to identify and satisfy the customer's needs and wants.
- The Life Insurance Company should invest in advertising, conduct road shows, and spend money on hoardings, so that it can propagate better awareness better awareness about its various lesser known products.
- LIC should also tie up with several other banks apart from the existing ones to sell its products ie, through bancassurance.

CONCLUSION

The competitive climate in the life insurance market has changed over the last few years due to the regulations of IRDA (Insurance Regulatory and Development Authority) and the expectations of the policyholders are also changing. Insurance companies are targeting upon the policyholders by giving them returns with the mission to make them satisfied. The life insurance companies must take care to ensure that every



policyholder is totally satisfied as a result its customer base has grown significantly. While designing the marketing strategy, They have to frame the strategies in two aspects ie, to win over the hearts of the policyholders and to tackle the competition. This is possible only through the agents and employees in life insurance companies. A lot is to be done by the life insurance companies to maximize the satisfaction of the policyholders and improve the quality of service.

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