



A STUDY ON PERCEPTION AND SATISFACTION OF LIC POLICY HOLDERS WITH SPECIAL REFERENCE TO ERNAKULAM DISTRICT

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ABSTRACT

The most important aspect of human life is its uncertainty. In the modern industrialized era, human life and property are inevitably exposed to different kinds and varying degrees of risks and uncertainties. Human beings, to protect themselves and their property from total disaster, resort intelligently to protection coverage extended by the insurance companies which act as a trustee to the amount collected through premiums and provide certainty in the place of uncertainty. This research paper reveals the awareness, satisfaction and problems of LIC policy holders. Chi square test, Five-point Likert scale are mainly used for this study. This study has been undertaken mainly to highlight the perception, satisfaction and problems of Life insurance policy holders. There are a number insurance companies are available now. But the role of LIC influencing peoples has to be calculated. In this highly competition environment LIC has to satisfy the customers to gain more than other insurance companies. So understanding the customer needs, their problems will enable the insurance company to design appropriate products determining price correctly and increase their profitability.

KEYWORDS: LIC Schemes, LIC Policy Holder, Satisfaction, Perception

INTRODUCTION

A very prominent step taken by human beings to mitigate the eventualities of life is investment in insurance companies which act as a protector of future ambitions and aspirations of the people. Insurance is a co-operative device which safeguards financially both longevity of human life or premature mishaps when man, out of genuine concern for his dependents, ensures his life taking into account the various unforeseeable risk factors that are prevalent everywhere.

The maturity amount takes care of not only the dependents of the insured, but also of self, when he is neglected or forsaken by his family members. Middle income groups certainly resort to insurance companies for their future financial needs and commitments. The salaried group depends upon

insurance for saving for the future as well as for tax saving purpose.

Life Insurance business in India is being done by the Life Insurance Corporation of India (LIC), a statutory corporation and a monopoly in life insurance business, among other things, with the objectives of covering the risk of the life of the insured and to promote savings.

The LIC became a life insurance products supermarket dispensing varieties of life insurance products to the investors. The Government of India extended its support to the life insurance business of the LIC by way of income tax benefits to the savings of the policy holders in life insurance policies, permitting the policy holders to pay premiums through deductions in salaries and no income tax on the benefits from life insurance policies.

SIGNIFICANCE OF THE STUDY

This study has been undertaken mainly to highlight the perception, satisfaction and problems of Life insurance policy holders. There are a number insurance companies are available now. But the role of LIC influencing peoples has to be calculated. In this highly competition environment LIC has to satisfy the customers to gain more than other insurance companies. So understanding the customer needs, their problems will enable the insurance company to design appropriate products determining price correctly and increase their profitability. The concept of consumer satisfaction occupies a central position in marketing thought and practice. Satisfaction is a major outcome of marketing activity and serves to link processes culminating in purchase and consumption with post purchase phenomena such as attitude change, repeat purchase, and brand loyalty.

REVIEW OF LITERATURE

Rajni M. Shah (2007) "Creating Consumer Awareness in Life Insurance" has analysed as how to harness huge untapped market potential for life insurance to the benefit of vast rural and semi urban populace. The paper has quoted the famous line - "customer is business, business is people, people are customers" in context of consumer awareness. **Lavanya Vedagiri Rao (2008)** in article, "Innovation and New Service Development in Select Private Life Insurance Companies in India" try to examine how service firms actually innovate by interviewing Zonal managers of select 10 private life insurance companies in India. The research stated that Private Life Insurance organizations use systematic procedures in the areas of New Service Development (NSD) Strategies and deploy that for new services & the study also reports on how the organizations involve their customers in the service innovation process. Another observation from the study was that the top executives of all the ten companies participate in the idea generation stage. This research strongly concluded that liberalization of the life insurance industry, the customer will be the single most important factor forcing changes in the life insurance business and on life insurance company part NSD is an ongoing activity in the organization.

Harpreet Singh & Preeti Singh (2011), in their research, "An Empirical Analysis Of Insurance Industry In India" have analysed the overall performance of Life Insurance Industry of India between pre- and post economic reform era and also measure the current status, volume of competitions, challenges faced by the Life Insurance Corporation of India and lastly to measure the effectiveness of investment strategy of LIC over the period 1980 to 2009. They have highlighted the role of LIC as a primary player in life insurance and how there is growth in performance of Indian Life Insurance industry and

LIC due to the policy of LPG. They have summarised that Total investment of LIC rose from Rs 4587.7 crores in 1979 to Rs. 762891.7 crores in 2009. Proportion of premium collected by LIC out of total premium collected by life insurance industry is declined from 97% in 2001-02 to 74% in 2007-08. It indicates the increasing competition from private sector. **Vijay Kumar (2012)**, in his PhD thesis, "A Contemporary Study of Factors Influencing Urban and Rural Consumers for Buying Different Life Insurance Policies in Haryana", makes an indepth study of the factors influencing buyer behaviour for buying life insurance policies in Haryana. The survey was conducted in Haryana on 1000 policyholders. The study outlines that the insurance agent was the most influential factor for selecting the life insurance policy among rural and urban policyholders. The other crucial determinants of buying behaviour were also identified such as income, economic status, product attributes, agent attributes, and price. The result indicates that there was a significant difference in the buying behaviours of rural and urban policyholders. **C. Balaji (2015)**, in his paper- Customer awareness and satisfaction of life insurance policy holders with reference to Mayiladuthurai town tries to measure awareness among the urban and rural consumer about the insurance sector and also the various policies involving various premium rates. The study was conducted by examining around 100 sample respondents which revealed that 100% of respondents are aware of the life insurance policies; where as 87% of the respondents came to know about insurance policies through agents. But it also came to light that Most of the respondents are aware of government insurance company LIC and in the private sector HDFC Standard Life insurance. Finally the research concludes that the penetration level of insurance in India is only 2.3% when compared to 9-15% in the developed nations. So there is a huge market for the Insurance products in the future in India.

OBJECTIVES

1. To study whether there is any significant association between the demographic variable gender and level of awareness.
2. To examine the level of satisfaction on LIC policy holders with regards to different factors.

RESEARCH METHODOLOGY

Research design is the arrangement of condition for collection and analysis of data in a manner that aims to combine to the research purpose with economy in procedure. Stratified sampling method is used for this study. Sample size is 50 respondents. Primary and secondary data are used for this study. chi-square test and Likert scale are used for this study to analyse the data.

DATA ANALYSIS AND INTERPRETATION**Response relating to the level of awareness of the following policies****Table no 1.**

Policies	Full Aware		Partial Aware		Just Aware		Not Aware	
	No	Percentage	No	Percentage	No	Percentage	No	Percentage
Children's Policy	22	44	15	30	9	18	4	8
Endowment Policy	6	12	9	18	19	38	16	32
Group Insurance Policy	11	22	20	18	8	16	11	22
Joint Life Policy	23	46	16	40	7	14	4	8
Money Back Policy	21	42	18	32	6	12	5	10
Pension Plan	22	44	19	38	6	12	3	6
Term Policy	3	6	10	20	25	50	12	24
Women Policy	8	16	19	38	17	34	6	12
Whole Life Policy	8	16	16	32	15	30	11	22
Plans for Handicapped	6	12	14	28	18	36	12	24

Interpretation:

The table shows that 44 percentage of the respondents are fully aware of children's policy, and eight percentage are not aware about that.38 percentage of respondents just aware about the endowment policy and 12 percentage are fully aware about that.22 percentage are fully aware and 22 percentage are not aware about Group insurance policy. The majority of 46 percentage are fully aware about joint life policy, and only 8 percentage are not aware about that.42 percentage are fully aware about Money back policy and only 10 percentage are not aware about that.44 percentage are fully aware about pension plans and only six percentage not aware about that.50 percentage of the respondents just aware about the term policy, and

only 6 percentage are fully aware about that.38percentage are partially aware about women policy and 12 percentage are not aware about that.32 percentage are partially aware about whole life policy and 16 percentage are fully aware about that.36 percentage of respondents just aware about the plans for handicapped and 12 percentage are fully aware about that.

Objective 1: To study whether there is any significant association between the demographic variable gender and level of awareness.

H_0 : There is any significant association between gender and level of awareness.

H_1 : There is no significant association between gender and level of awareness.

Table no : 2

Gender	Level of Awareness			Total
	Fully aware	Partial aware	Not aware	
Male	15	17	3	35
Female	5	7	3	15
Total	20	24	6	50

Table no: 3

O	E	O-E	(O-E) ² /E
15	14	1	0.07
5	6	1	0.16
17	16.8	0.04	0.0024
7	7.2	0.04	0.0055
3	4.2	1.44	0.34
3	1.8	1.44	0.34
			0.9179

$X^2 = 0.9179$

Degree of freedom = $(r-1)(c-1) = (2-1)(3-1) = 2$

Level of significance = 5 percentage

Table value = 5.991

Interpretation:

Here calculated value is less than the table value ($0.9179 < 5.991$), so we accept the null hypothesis. So gender and level of awareness are interdependent, i.e., there is association between gender and level of awareness.

Objective 2: To examine the level of satisfaction on LIC policy holders with regards to different factors.

Level Of satisfaction - (Likert Scale 5 Point)

- 5 – Highly satisfied
- 4- Satisfied
- 3- Neutral
- 2 – Dissatisfied
- 1 – Highly dissatisfied

Table no: 4

Services	Highly Satisfied		Satisfied		Neutral		Dissatisfied		Highly Dissatisfied	
	No	Weight	No	Weight	No	Weight	No	Weight	No	Weight
Motivation given by agent	22	110	16	64	3	9	6	12	3	3
Promptness in issuing policy	13	65	19	76	4	12	9	18	5	5
Premium amount	19	95	21	84	7	21	3	6	0	0
Variety of policies	13	65	19	76	9	27	4	8	5	5
Loan facility	11	55	16	64	2	6	12	24	9	9
Claim settlement	12	60	17	68	6	18	9	18	6	6
Grievance redressal	10	50	17	68	12	36	8	16	3	3

Ranking Method

Table no: 5

No	Particulars	Total Score	Mean Score	Rank
1	Motivation given by agent	198	3.96	2
2	Promptness in issuing policy	176	3.52	4
3	Premium amount	206	4.12	1
4	Variety of policies	181	3.62	3
5	Loan facility	158	3.16	7
6	Claim settlement	170	3.4	6
7	Grievance redressal	173	3.46	5

Interpretation

From the above table it can be understood that first rank and second rank is given for Premium amount and motivation given by agent respectively, from that it is cleared that respondents are more satisfied with these two factors.

FINDINGS

Majority of respondents are having Life insurance, and the next higher percentage is whole life policy. Chi – square reveals that there is significant association between gender and level of awareness. Likert scale finds that most of the respondents highly satisfied with premium amount, followed by satisfied with motivation given by agent. A large number of respondents are satisfied with the general services provided by LIC. Most of the respondents are partially aware about the general services of LIC, followed by fully aware. Most of the respondents are fully aware about joint life policy followed by Children's policy, money back policy and pension plan.

CONCLUSION

The study reveals that there is significant association between gender and level of awareness. It also finds that most of the respondents highly satisfied with premium amount, followed by satisfied with motivation given by agent. The study on "The perception and satisfaction of LIC policy holders with special reference to Ernakulam District" focuses on satisfaction level on different factors. The main aspects of taking LIC is for the protection of spouse and children, and most of the respondents are having life insurance. It can be concluded that most of LIC policy holders are satisfied with the general services provided by LIC.

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